

IT People (India) Limited

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5th Annual Report
2004-2005

CHAIRMAN'S SPEECH

Dear Shareholders,

It gives me immense pleasure to introduce IT People (India) Ltd. as an emerging global company taking advantage of overall growth in the Information Technology Industry across the world. IT People's greatest assets are its business model and its human resources centric functions. India has established its identity on the global map due to its IT talent and IT People works very closely with this ever growing pool of human capital that has made India proud world over.

IT People is an integrated recruitment solution provider with two Business Divisions: IT People Consulting, that provides Professional services for leading IT organizations across the world and IT-People.com, the fastest growing Information Technology Job Portal.

IT People has developed a robust IT JOBS & CARRER PORTAL with the latest in technology and with rich inputs from the IT industry veterans with over 100 man years of experience. Staffing Industry is one of the fastest growing Industries worldwide.

IT People is focused to achieve market leadership in the IT recruitment space through Professional Services Division and it-people.com. The strong combination makes it the only organization in the world that offers IT recruitments through IT Contracting Services and Online Recruitment Solutions.

IT People has planned to grow at a speed that's more than the growth of the Industry in total, by acquisitions and consolidations. There is a strong focus on building the brand in the recruitment domain through a well-researched marketing plan.

Going forward, IT People strives to be the largest IT recruitment organization in the world with cooperation from all its shareholders, colleagues and fellow professionals contributing to the organization, the best of their abilities, and their strengths. The team is very confident to make a mark in the staffing and consulting sector.

I would like to express my gratitude to the Board of Directors, all Well Wishers and Shareholders for their continued support and co-operation.

Sincerely
Ketan Sheth
Chairman

BOARD OF DIRECTORS:

Mr. Ketan Sheth	<i>Chairman</i>
Mr. Ranjit Prabhu	<i>Wholetime Director</i>
Mr. Vikram Shah	<i>Director</i>
Ms. Sonal Sheth	<i>Director</i>

AUDITORS

M/s Gadgil & Co.,
Chartered Accountants

COMPANY SECRETARY

Ms. Monica Gandhi

REGISTERED OFFICE

IT People House
A.K. Industrial Estate,
Veer Savarkar Flyover,
S. V. Road, Goregaon (West),
Mumbai 400 062.
Tel. No. : 022 - 2876 6600
Fax No. : 022 - 2878 6601
Website : it-peopleindia.com

REGISTRARS AND TRANSFER AGENTS

Mondkar Computers Private Limited
21, Shakil Niwas, Opp. Satya Saibaba Temple,
Mahakali Caves Road, Andheri (East),
Mumbai 400 093
Tel.: 022 - 28257641/ 28366620
Fax: 022 - 28262920
E-mail: mcplrt@bom7.vsnl.net.in

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NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the Members of IT People (India) Limited will be held at Event banquet, Opp. Central Bank, Near Filmistan Studio, S.V. Road, Goregaon (West), Mumbai 400 062 on Friday, 23rd September, 2005 at 10.00 a.m.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company for the year ended 31st March, 2005 and the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint the Auditors and to fix their remuneration

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT Ms. Sonal Sheth, who was appointed as an additional director of the Company by the Board of Directors and who holds office upto the date of this Annual General meeting of the company in accordance with Section 260 of the Companies Act, 1956 and Article 116 of the Articles of Association of the Company and in respect of whom Company has received a notice from a member under Section 257 of the said Act proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation."

4. To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Vikram Shah, who was appointed as an additional director of the Company by the Board of Directors and who holds office upto the date of this Annual General meeting of the company in accordance with Section 260 of the Companies Act, 1956 and Article 116 of the Articles of Association of the Company and in respect of whom Company has received a notice from a member under Section 257 of the said Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation."

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

"RESOLVED THAT Mr. Ketan Sheth, who was appointed as an additional director of the Company by the Board of Directors and who holds office upto the date of this Annual General meeting of the company in accordance with Section 260 of the Companies Act, 1956 and Article 116 of the Articles of Association of the Company and in respect of whom Company has received a notice from a member under Section 257 of the said Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation."

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution

"RESOLVED THAT pursuant to the provisions of and subject to the limits specified under Sections 198, 269, 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the approval of the members be and is hereby accorded to the appointment and remuneration of Mr. Ranjit Prabhu as Whole-time Director of the Company for a period of 3 (three) years with effect from July 01, 2005 on the remuneration and terms and conditions as approved by the remuneration committee and as set out in the Explanatory Statement annexed to the Notice convening this Meeting and, with liberty to the Board of Directors to alter and vary the terms and conditions and/ or remuneration, subject to the same not exceeding the limits specified under the provisions of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Mr. Ranjit Prabhu's term of office as Whole-time Director, he will be paid the remuneration including all other benefits and perquisites set out in the Explanatory Statement as the minimum remuneration subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

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

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions if any, of the Companies Act, 1956 the regulations contained in the new set of Articles of Association of the Company as placed before the meeting be and are hereby adopted as the Articles of Association of the Company in place of the existing Articles of Association of the Company."

By Order of the Board of Directors
For IT People (India) Limited

Monica Gandhi
Company Secretary

REGISTERED OFFICE

IT People House
A.K. Industrial Estate,
Veer Savarkar Flyover,
S. V. Road, Goregaon (West),
Mumbai 400 062

Place : Mumbai

Date : August 02, 2005

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. HOWEVER, INSTRUMENTS OF THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE AT IT PEOPLE HOUSE, A.K. INDUSTRIAL ESTATE, VEER SAVARKAR FLYOVER, S.V. ROAD, GOREGAON (WEST), MUMBAI 400 062 NOT LESS THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ANNEXED TO THIS REPORT.
2. Members/ Proxies are requested to bring their Attendance Slip duly filled in along with their copy of Annual Report to the Meeting.
3. Corporate Members intending to send their authorised 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 relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business at item nos. 3 to 7 is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 20th September, 2005 to Friday, 23rd September, 2005(both days inclusive).
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 advise immediately about any change of address:
 - 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:**Item No.: 3**

Ms. Sonal Sheth was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 23rd December, 2004 pursuant to Article 116 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 she would hold office of Director upto the date of the ensuing Annual General Meeting and is eligible for appointment. The Company has received notice under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- from a member of the Company proposing her name as candidate for the office of Director.

The Company would gain immensely from the knowledge and experience of Ms. Sonal Sheth. A brief resume of Mrs. Sonal Sheth, nature of her expertise in specific functional areas and names of companies in which she holds directorship and membership/ chairmanship of Board Committees, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai is provided in the Report on Corporate Governance forming part of the Annual Report.

Ms. Sonal Sheth may be deemed to be concerned or interested in the resolution as it relates to her own appointment. Mr. Ketan Sheth may also be deemed to be concerned or interested in the said resolution being relative of Ms. Sonal Sheth.

The Board commends the Resolution set out at Item No. 3 of the Notice for your approval.

Item No.: 4

Mr. Vikram Shah was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 23rd December, 2004 pursuant to Article 116 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 he would hold office of Director upto the date of the ensuing Annual General Meeting and is eligible for appointment. The Company has received notice under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- from a member of the Company proposing his name as candidate for the office of Director.

The Company would gain immensely from the knowledge and experience of Mr. Vikram Shah. A brief resume of Mr. Vikram Shah, nature of his expertise in specific functional areas and names of companies in which he holds directorship and membership/ chairmanship of Board Committees, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai is provided in the Report on Corporate Governance forming part of the Annual Report.

None of the other Directors is concerned or interested in the resolution except Mr. Vikram Shah, whose appointments sought.

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

Item No.: 5

Mr. Ketan Sheth was appointed as an Additional Director of the company at the meeting of the Board of Directors held on 31st January, 2005 pursuant to Article 116 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 he would hold office of Director upto the date of the ensuing Annual General Meeting and is eligible for appointment. The Company has received notice under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- from a member of the Company proposing his name as candidate for the office of Director.

The Company would gain immensely from the knowledge and experience of Mr. Ketan Sheth. A brief resume of Mr. Ketan Sheth, nature of his expertise in specific functional areas and names of companies in which he holds directorship and membership/ chairmanship of Board Committees, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai is provided in the Report on Corporate Governance forming part of the Annual Report.

Mr. Ketan Sheth may be deemed to be concerned or interested in the resolution as it relates to his own appointment. Ms. Sonal Sheth may also be deemed to be concerned or interested in the said resolution being relative of Mr. Ketan Sheth.

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

Item No. 6

The Board of Directors of the Company, at its meeting held on June 28, 2005 has, subject to the approval of Members, appointed Mr. Ranjit Prabhu as Whole-time Director of the Company for a period of three years with effect from 1st July, 2005 on the remuneration and other terms as approved by the remuneration committee and as mentioned here under:

Salary : Rs. 1,00,000/- (Rupees One Lakh only) per month with the Scale 1,00,000 -20,000/ 30,000/ 40,000 - 3,00,000/-

Performance Linked Bonus : He would also be paid performance linked bonus if and as may be decided by the Board of Directors from time to time, not exceeding 50% of the salary.

Perquisites : He shall be entitled to same benefits and perquisites as applicable as per the prevailing rules of the Company and as may become applicable from time to time.

However, the above shall be payable within the limits prescribed in schedule XIII of the Companies Act, 1956, as existing or as modified/ re-enacted from time to time in the event of loss or inadequacy of profit in any financial year.

Other Terms:

1. He shall be entitled to privilege leave as per the rules of the Company. The encashment of leave, if any, shall be as per the prevailing rules of the Company.
2. He shall also be entitled for reimbursement of entertainment expenses incurred in the course of business.
3. He shall not be entitled to receive sitting fees for attending meetings of the Board of Directors or a Committee thereof.
4. Subject to the overall supervision and control of the Board of Directors and limits imposed by the Memorandum and Articles of Association of the Company and provisions of the Companies Act, 1956 he shall be responsible for overall supervision of the Company's day to day operations and for regular reporting of Company's activities to the Board of Directors and performing the duties that may be delegated to him from time to time.

The office of Whole-Time Director may be terminated by the Company or the concerned Whole-time Director by giving 1(one) months prior notice in writing.

The terms and conditions set out for appointment and payment of remuneration herein may be altered and varied by the Board of Directors as it may deem fit from time to time subject to the limits imposed under the provisions of companies Act, 1956.

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

The Board commends the approval by the members of the appointment of Mr. Ranjit Prabhu as Whole-time Director of the Company.

Item No. 7

The present Articles of Association of the Company are not in conformity with the latest amendments in the Companies Act, 1956. It is therefore proposed to adopt a new set of Articles of Association having regulations in conformity with the latest amendments in the Companies Act, 1956.

A special resolution is therefore proposed at Item No. 7 of the accompanying notice as required under Section 31 of the Companies Act, 1956.

The Directors commend the passing of the said resolution.

None of the Directors of the Company is concerned or interested in the said resolution.

A draft copy of the new set of the Articles of Association to be adopted and also a copy of the present Articles of Association are available for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on working days.

By Order of the Board of Directors
For IT People (India) Limited

Monica Gandhi
Company Secretary

REGISTERED OFFICE

IT People House
A.K. Industrial Estate, Veer Savarkar Flyover,
S. V. Road, Goregaon (West), Mumbai 400 062
Place : Mumbai
Date : August 02, 2005

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifth Annual Report of your company along with the Profit and Loss Account for the year ended on 31st March, 2005 and the Balance Sheet as on that date and Auditors' Report thereon.

Financial Highlights	(Rs. in Lakhs)	
Year ended March 31, 2005	2005	2004
Income from operations	485.14	64.30
Other Income	0.56	0.00
Less: Operating Expenses	41.65	39.93
Operating Profit	73.06	24.37
Less: Financial Expenses	0.00	0.08
Less: Depreciation / Deferred Revenue Expenses	48.95	160.83
Profit Before Tax	24.10	(136.54)
Provision For tax	Nil	Nil
Profit/(Loss) after Tax	24.10	(136.54)
Profit/(Loss) brought forward from previous year	(595.90)	(459.36)
Balance carried to Balance Sheet	(571.79)	(595.90)

Operations :

The Company has during the year under review achieved a turnaround of fortunes. During the year under review company has achieved Gross Revenue of Rs. 485.70 Lakhs against Rs. 64.30 Lakhs the previous year, an increase of 655.37%. Operating Profit for the year ended 31st March, 2005 stood at Rs. 73.06 Lakhs against Rs. 24.37 Lakhs for the previous year, a rise of 200%. After providing for Rs. 48.95 Lakhs towards Depreciation and Deferred Revenue Expenses, Company earned profit of Rs. 24.10 Lakhs against a loss of Rs. 136.54 Lakhs for the previous year.

Business Outlook

With the IT industry MNCs competing for the skilled IT manpower, companies are experiencing acute shortage of skilled IT professionals. Companies often find it difficult to recruit highly skilled and quality software professionals for urgent project needs. Our company has made extensive plans to leverage this new phenomenon by offering Professional Services to fill the gap of IT manpower experienced by the Indian and MNC companies.

The Company has already established nationwide presence by opening offices at the major IT hubs and other locations such as Delhi, Hyderabad, Bangalore, Pune for the purpose of efficient servicing of clients and for administrative convenience.

Listing :

The Equity Shares of the Company are listed on The Stock Exchange, Mumbai. The Company has paid the Annual Listing Fees to the Stock Exchange for the year 2005-2006.

IT People Stock Option Plan, 2005

The Board has pursuant to approval of scheme by the shareholders at the Annual general Meeting held on September 30, 2004 approved the IT People Stock Option Plan, 2005 at their Meeting held on March 14, 2005 for attracting and motivating employees and rewarding their performance and association with the Company. The aim was also to retain the best talent and develop a sense of ownership among employees within the organization.

The Board of Directors/ compensation committee has not granted any options during the financial year ended March 31, 2005.

Director's Responsibility Statement:

It is hereby confirmed that:

- i. in preparation of the accounts for the financial year ended 31st March, 2005, 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, 2005 on a 'going concern' basis.

Dematerialization of Shares

The Company shares are admitted with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). 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 58 A of the Companies Act, 1956 during the year under review.

Directors:

Ms. Sonal Sheth and Mr. Vikram Shah were appointed as additional directors of the Company pursuant to section 260 of the Companies Act, 1956 with effect from 23d December, 2004 and Mr. Ketan Sheth was appointed as an additional director of the Company pursuant to section 260 of the Companies Act, 1956 with effect from 31st January, 2005. Accordingly, they would hold office of directorship upto the date of ensuing Annual General Meeting and are eligible for appointment as Directors.

Mr. D. A. Gadgil and Mr. M. N. Chaturvedi have resigned as Directors of the Company with effect from 1st August, 2004 and 23rd December, 2004 respectively.

Your Directors wish to place on record its appreciation of the valuable service and guidance given by them during the tenure of their Directorship with the Company.

Mr. Ranjit Prabhu resigned as Managing Director of the Company with effect from 10th March, 2005 and was subsequently appointed as whole-time director of the Company with effect from 01st July, 2005 for a period of three years subject to the approval of shareholders.

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 of the devoted efforts put in by all the company's employees for achieving good results under challenging conditions.

Auditors

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.

Member are requested to appoint the auditors.