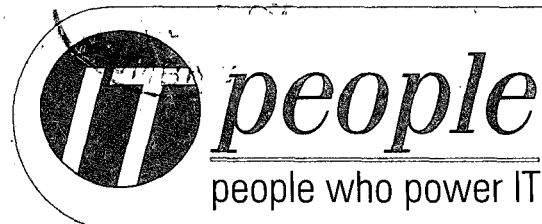
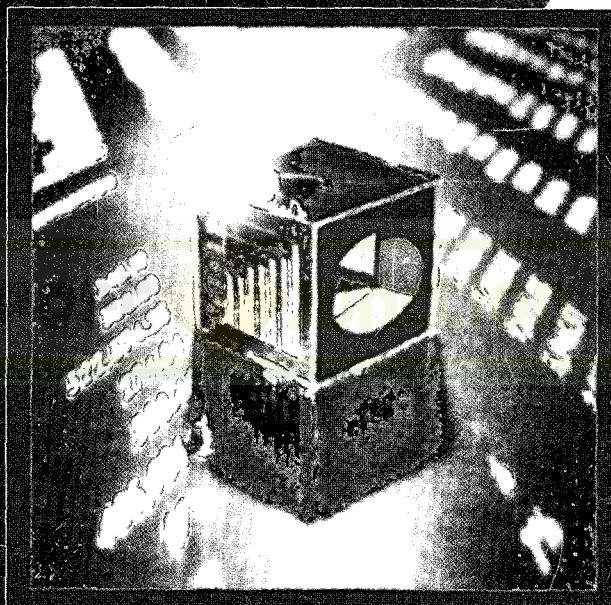


IT People (India) Ltd.

ANNUAL REPORT 2006-07



Global Presence



With presence in India
& spreading its wings across the globe

Vision



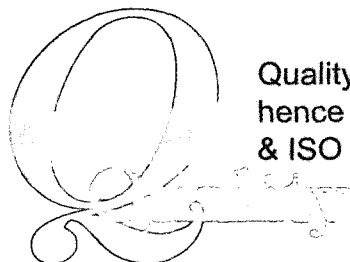
To create a global company focussed on
providing Human Capital Solutions
in the field of Information Technology.

Report Junction.com Mission

- To be the preferred and innovative provider and manager of Human Capital Solutions, driven by the most appropriate and current technology, systems and processes.
- To be an employer of choice and provide an environment of trust, empowerment and learning for its employees.
- To outperform market expectations and provide optimum returns on investment to its stakeholders.



Distinct Qualitative process



Quality to us is of utmost importance and
hence we are equipped with ISO 27001:2005
& ISO 9001 : 2000 certification

IT People (India) Ltd.**7th Annual Report 2006-2007****CORPORATE INFORMATION****BOARD OF DIRECTORS**

Mr. Ketan Sheth

Mr. Adi Cooper

Mr. Hemant Sonawala

Mr. H. R. Shah

Mr. Kishore Hegde

Chairman & Managing Director

Vice Chairman & Executive Director

Director

Director

Director

COMPANY SECRETARY

Mr. C. R. Bhagwat

AUDITORS

M/s. Gadgil & Co.,

Chartered Accountants, Mumbai

BANKERS

ICICI Bank Ltd.

Abu Dhabi Commercial Bank Ltd.

REGISTERED OFFICE

'IT People House'

A. K. Industrial Estate,

Veer Savarkar Flyover,

S. V. Road, Goregaon (West),

Mumbai - 400 062.

Tel : +91-22-2878 6600

Fax : +91-22-2878 6601

Website: www.itpeopleltd.in**REGISTRARS AND TRANSFER AGENT**

Mondkar Computers Private Limited

21, Shakil Niwas, Opp. Satya Saibaba Temple,

Mahakali Caves Road, Andheri (East),

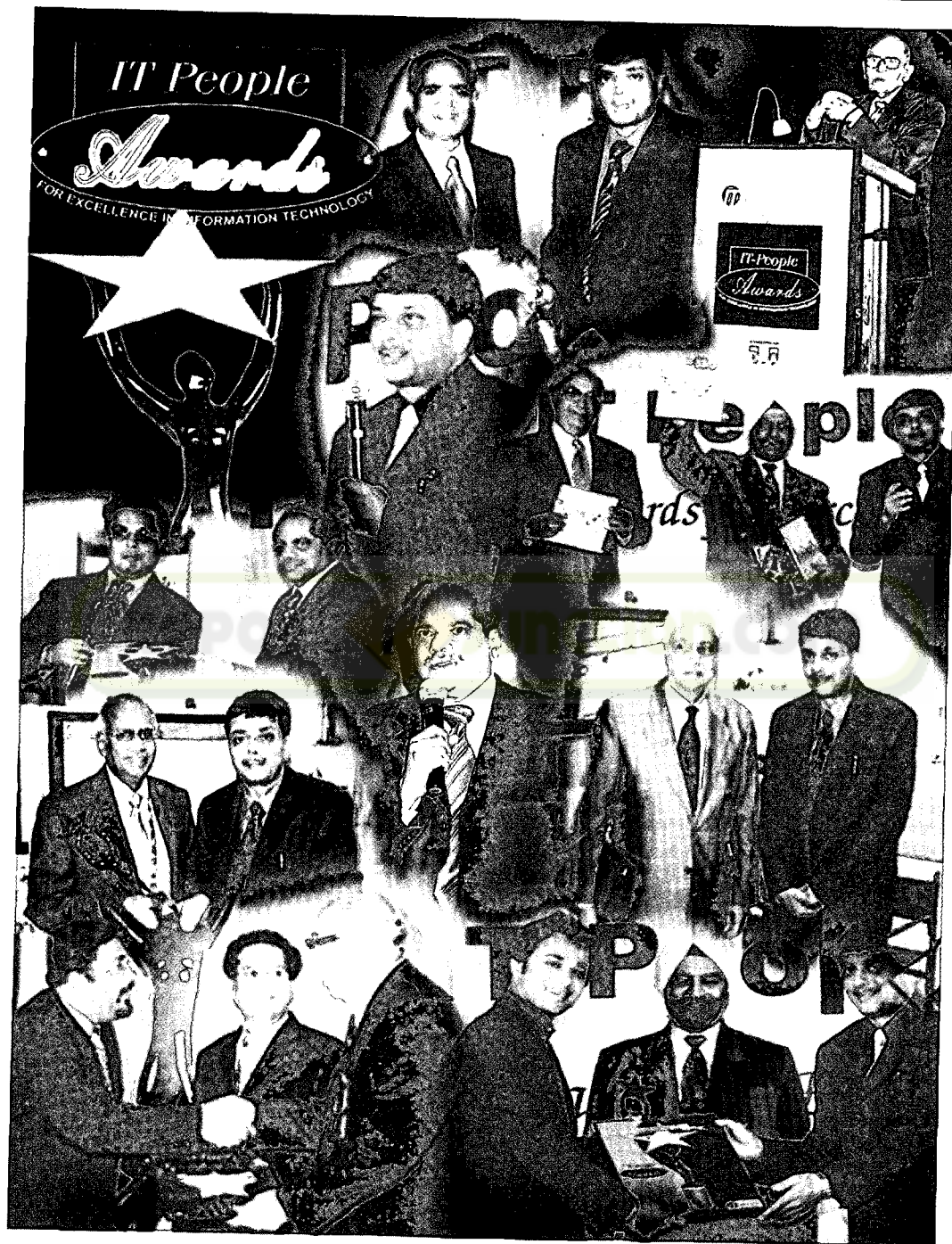
Mumbai - 400 093

Tel. : +91-22-2825 7641/ 2836 6620

Fax : +91-22-2820 7207

E-mail : mondkar_computers@rediffmail.com

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NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the Members of IT People (India) Limited will be held at EVENT BANQUET, Opposite Central Bank, Near Filmistan Studio, S. V. Road, Goregaon (West), Mumbai - 400062, on Friday, the 21st day of September, 2007 at 10.00 a.m., to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as on 31st March, 2007 and the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Kishore Hegde, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors 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. To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Hemant Sonawala, who was appointed as an additional director of the Company by the Board of Directors on October 12, 2006 and who holds office up to the date of this ensuing Annual General Meeting of the Company in accordance with the Section 260 of the Companies Act, 1956 and in respect of whom, the 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, liable to retire by rotation."

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

C. R. Bhagwat
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 : 25th July, 2007.

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. However, instruments of the proxies in order to be effective must be deposited at the Company's Registered Office at 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 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 Relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business as set out in item No. 4 above is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from the Wednesday, 19th September, 2007 to Friday, 21st September, 2007 (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 Agent 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 Agent, 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. 4**

Mr. Hemant Sonawala was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on October 12, 2006, 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 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.

IT People (India) Ltd.**7th Annual Report 2006-2007**

The Company would gain immensely from the knowledge and experience of Mr. Hemant Sonawala. A brief resume of Mr. Hemant Sonawala, 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. Hemant Sonawala 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.

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

C. R. Bhagwat
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 : 25th July, 2007.



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Seventh Annual Report of your Company along with the Profit and Loss Account for the year ended on 31st March, 2007 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 April 1, 2006 and March 31, 2007 are as follows:

(Rs. In Lakhs)

Particulars	Financial Year ended March 31, 2007	Financial Year ended March 31, 2006
Income from operations	1751.64	1108.76
Less : operating Expenses	1429.38	979.05
Operating Profit	322.26	129.71
Less : Financial Expenses	30.41	23.67
Less : Depreciation / Deferred Revenue Expenses	86.73	50.51
Profit Before Tax	205.12	55.53
Provision For Tax / Deferred Tax	(113.08)	3.57
Provision / Earlier Year Expenses W/off	10.19	—
Profit/(Loss) after Tax	308.01	51.96
Profit/(Loss) brought forward from previous year	(519.82)	(571.79)
Balance carried to Balance Sheet	(211.81)	(519.82)

Operations

During the financial year 2006-07, your Company earned total revenue of Rs. 1,751.64 lakhs compared with Rs.1108.76 Lakhs during the previous financial year 2005-06, registered a growth of 58%. Operating Profit for the financial year ended 31st March, 2007 stood at Rs. 322.26 Lakhs as against Rs. 129.71 Lakhs in the previous year, which has been increased by 148%. The Company achieved net profit of Rs. 308.01 lakhs in the current year as against Rs. 51.96 Lakhs in the previous year, and registered a substantial growth in net profit by 493% for the year ended 31st March, 2007.

Dividend

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

The Company provides Human capital Solutions focusing on the global Information Technology (IT) and ITES segment. The Company addresses vital requirements of the IT industry by providing recruitment services to all segments with growth potential. The Company's website www.itpeople.in is an IT focused job portal with unique search capabilities and a preferred jobs website for IT professionals in India. The Company spent significant portion of its total income in Fiscal 2006 on advertising and brand building and will continue to focus on building of its brand. The Company plans to capitalize on its existing brand equity and the fast changing dynamics of the IT Sector. The Company looks forward for technical feature and functional enhancement of the product delivery system by adding newer feature and keeping updated with the on going enhancement in the newer technology.

Further Public Issue of Equity Shares

The Company is proposing, subject to market conditions and other considerations, a further public issue of equity shares aggregating to Rs. 4525 lacs through 100% book building process. The Company has entered into a Memorandum of Understanding with the Managers to the issue, viz - M/s. Khandwala Securities Limited & Religare Securities Limited. The Company has also received in-principle approval from Bombay Stock Exchange Limited (BSE) vide letter dated March 20, 2007 and the observations of Securities and Exchange Board of India (SEBI) vide letter Ref. CFD/DIL/ PB/AC/98255/2007, dated July 9, 2007 in respect of the Draft Red Herring Prospectus (DRHP) filed with SEBI and BSE on 14th February 2007. The Company has also filed Red Herring Prospectus (RHP) with SEBI and Registrar of Companies (ROC), Maharashtra, Mumbai.

Change in the terms & conditions of 5% Redeemable Optionally Convertible Bonds

The Company has issued 7, 50,000 5% Redeemable Optionally Convertible Bonds (ROCB) to IT People Private Limited by private placement pursuant to the authority given to the Board by the Company at the Extra-Ordinary General Meeting of the shareholders of the Company held on the 10th February, 2006 and subsequent to the resolution passed by the Board at its meeting held on the 24th February, 2006. Thereafter IT People Private Limited requested the Company to convert the said Bonds from 5% Redeemable Optionally Convertible Bonds to 5% Redeemable Bonds vide its letter, dated. 30/09/2006. Accordingly, the Board has converted the Bonds from 5% Redeemable Optionally Convertible Bonds to 5% Redeemable Bonds, vide resolution passed on 12th October, 2006. The Bonds were repayable on 23rd February, 2007 but the Bondholder has confirmed and undertaken to extend the period of repayment for one more year and the same now shall be re-payable on or before 31st March, 2008.

Withdrawal of Employees Stock Option Plan (ESOP) 2005

Your directors have withdrawn the Employees Stock Option Plan (ESOP) 2005, vide resolution



passed on 27th October, 2006 pursuant to the recommendations made by the ESOP Committee and the sanctions so granted to the employees of the Company.

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 2007-2008.

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, 2007, 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, 2007 on a 'going concern' basis.

Cash Flow Statement

The cash flow statement for the year 2006 2007 is attached to the Balance Sheet.

Directors

Mr. Hemant Sonawala and Mr. M. R. Mondkar were appointed as Additional Directors of the Company pursuant to Section 260 of the Companies Act, 1956 with effect from 12th October 2006. However, Mr. M. R. Mondkar resigned from directorship w.e.f. 22nd January, 2007 and from the same date he was appointed as an Advisor to the Company. Your Directors wish to place on record its appreciation of the valuable service and guidance given by Mr. M. R. Mondkar during the tenure of his Directorship with the Company.

Mr. Hemant Sonawala would hold office of directorship up to the date of ensuing Annual General Meeting and is eligible for appointment as Director. Mr. Kishore Hegde retires by rotation and being eligible, offers himself for re-appointment in the ensuing Annual General Meeting.