



IT People (India) Ltd. Annual Report 2007-08

8th Annual Report



EIGHTH ANNUAL REPORT 2007-08

BOARD OF DIRECTORS

Mr. Ketan Sheth
Mr. Suhas Ganpule
Mr. Kishore Hegde

Chairman & Managing Director
Non-Executive & Independent Director
Non-Executive & Independent Director

COMPANY SECRETARY

Mr. C. R. Bhagwat

AUDITORS

M/s Gadgil & Co., Chartered Accountants

REGISTERED OFFICE

IT People House
A.K. Industrial Estate
Veer Savarkar Flyover
S.V. Road, Goregaon (west),
Mumbai- 400062
www.itpeople.in

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

Eighth Annual General Meeting on Tuesday, December 30, 2008 at 10.00 a.m. at EVENT
BANQUENT, Opposite central Bank, Near Filmistan Studio, S.V.Road, Goregaon (West),
Mumbai: 400062

Topics Content	Page no
Notice	3
Chairman Review	11
Directors Report	12
Management Discussion & Analysis	19
Corporate Governance	21
Auditors Report	34
Balance Sheet	39
Profit & Loss	40
Cash Flow Statement	41
Consolidated Schedules	42
Significant Accounting Policies	47
Notes To financial Statement	49
Attendance Slip	55
Proxy Form	56

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.



EIGHTH ANNUAL REPORT 2007-08

IT PEOPLE (INDIA) LIMITED

**IT People House, IT People House, Veer Savarkar Flyover, S.V. Road, Goregaon (West),
Mumbai- 400062**

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the Members of IT People (India) Limited will be held on Tuesday, December 30th, 2008 at 10.00 a.m. at EVENT BANQUET, Opposite central Bank, Near Filmistan Studio, S.V.Road, Goregaon (West), Mumbai: 400062 to transact the following business:

ORDINARY BUSINESS:

1. To consider & approve the Consolidated Audited Balance Sheet as at 31st March 2008 and Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kishore Hegde, who retires by rotation and being eligible, offers himself for re-appointment
3. To 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. Appointment of Mr. Suhas Ganpule 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. Suhas Ganpule who was appointed by the Board of Directors as an Additional Director of the Company with effect from October 31, 2008 and who holds office upto the date of the forthcoming 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 Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.”

5. Investment u/s 372A of the Companies Act, 1956.

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

"RESOLVED THAT pursuant to section 372A and other applicable provisions, if any, of the Companies Act, 1956, and in accordance with the provisions of Articles of the Company and subject to further approval of statutory and other authorities as may be necessary and subject to such terms, conditions, stipulations, alterations and modifications, if any, as may be prescribed by such authorities while granting such approvals and which may be agreed by the Board of directors of the Company to make investments and to provide loan, give securities, guarantee in excess of limits specified under section 372A in the Market Place Technologies Private Limited in their absolute discretion deem beneficial and in the interest of the Company subject to the maximum aggregate amount not exceeding Rs.14,25,00,000 (Fourteen Crore and Twenty Five Lacs only)."

"RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorized to negotiate the terms, condition, quantum of loan, repayment, interest and other related matters for providing any loan, guarantee and securities to the above bodies corporate and to do all such deeds and things as may be deemed expedient and necessary to give effect to this resolution."

6. Subdivision of Shares

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

"RESOLVED THAT pursuant to the provisions of sections 16, 94(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof for the time being in force), enabling provisions in the Articles of Association of the Company and relevant guidelines issued by the Securities and Exchange Board of India (SEBI) and other authorities as may be applicable in respect of subdivision of shares into smaller denomination, consent of the Company be and is hereby accorded to the Board of Directors of the Company to sub-divide 3,50,00,000 (Three Crores Fifty Lacs) Equity Share of the nominal value of Rs. 10/- (Rupees Ten only) each in the share capital of the Company into 17,50,00,000 (Seventeen Crores Fifty Lacs) Equity Shares of the nominal value of Rs. 2/- (Rupees Two only) each.

“RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company, relating to share capital, be and is hereby altered by deleting the same and substituting in its place instead, the following as new Clause V:

The Authorized Share Capital of the Company is Rs. 60,00,00,000/- (Rupees Sixty Crores only) divided into Rs.52,50,00,000/- consisting of 26,25,00,000 (Twenty Six Crores and Twenty Five Lacs only) Equity Shares of Rs. 2/- (Rupees Two only) each and Rs.7,50,00,000 (Rupees Seven Crores and Fifty lacs only) Unclassified Share Capital with the power to the Board of Directors of the Company to classify the said unclassified shares into a suitable class of such face value, at its sole discretion, at the time of further issue of shares.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorized to make such other applications to the appropriate authorities and to do all acts, deeds, matters and things in connection therewith and incidental thereto as may be considered necessary, desirable or expedient to give effect to this resolution.”

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 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 explanatory statement setting out the material facts concerning the special business mentioned under item Nos. 4, 5 & 6 of the Notice pursuant to as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
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 Register of Members and the Shares Transfer Books of the Company will be closed from Friday, December 26, 2008 to Tuesday, December 30, 2008 (both days inclusive).
5. The Record date for the purpose of reckoning the names of the equity shareholders of the Orient Information Technology Limited (Transferor Company), who shall be entitled to Equity Shares of the Company is Tuesday, December 30, 2008.



EIGHTH ANNUAL REPORT 2007-08

6. The members are requested to bring the copy of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting.
7. Members are requested to address all the documents, transfer deeds, demat requests, and other communications with respect to shares in physical mode to the Registrar & Share transfer Agents of the Company, M/s. Mondkar Computers Private Limited, directly quoting their full name, Folio No. and Name of the Company.
8. 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.



REGISTERED OFFICE:

IT People House,
Veer Savarkar Flyover,
S. V. Road, Goregaon (West),
Mumbai 400 062
Place: Mumbai
Date: December 5, 2008

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

C. R. Bhagwat
Company Secretary



EIGHTH ANNUAL REPORT 2007-08

EXPLANATORY STATEMENT IN RESPECT OF ITEMS NOS. 4, 5 & 6 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the business under Item No. 4, 5. & 6.

ITEM NO. 4

The Board of Directors of the Company appointed Mr. Suhas Ganpule as an Additional Director of the Company with effect from October 31, 2008 pursuant to Section 260 of the Act and Article 116 & 120 of the Articles of Association of the Company. Under Section 260 of the Act, Mr. Suhas Ganpule ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director. A notice under Section 257 of the Act has been received from a Member signifying his intention to propose his appointment as a Director.

PROFILE

Mr. Suhas Ganpule,

Mr. Suhas Ganpule is B.COM, L.L.B., C.A.I.I.B. and A.C.S. He was a Wholetime Director with B4U Channel before starting his own practice. He was Company Secretary with Over the Counter Exchange of India and also held senior positions in Accounts, Finance & Legal . Presently he is a visiting faculty to Western India Regional Counsel /ICSI at Sydenham College for imparting Oral Coaching.

Brief information of Mr. Suhas Ganpule is given in the Annexure attached to the Notice. The Board considers it will gain immensely from the knowledge and experience of Mr. Suhas Ganpule and should continue to avail itself of the services of Mr. Suhas Ganpule and accordingly commends the Resolution at Item No. 4 for approval by the Members.

Mr. Suhas Ganpule is concerned or interested in Item No.4 of the Notice

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

ITEM NO. 5

Our Company M/s IT PEOPLE (INDIA) LTD. was in the process of acquiring 100% stake in M/s Marketplace Technologies Private Ltd. In the process of the said acquisition and merger, our Company acquired shares in M/s Marketplace Technologies Ltd. worth Rs.14,25,00,000 (Fourteen Crore and Twenty Five Lacs only).

Subsequently, due to global economic slow-down and adverse market conditions which adversely affected the Indian markets especially the capital & financial markets (which M/s Marketplace Technologies Pvt. Ltd focused and serviced), the Company, in-view of the changed economic scenario, the merger with the said Company was called off and could not be completed. As the Company had already acquired 28.5% stake of M/s. Marketplace Technologies Pvt. Ltd in the initial stages of the acquisition & merger process, this investment now in the books of the Company appears as an inter-corporate investment. This investment of 28.5% in M/s Marketplace Technologies Pvt. Ltd. exceeds the limit prescribed under Section 372A.

Section 372A of the Companies Act 1956 requires approval of the shareholders by way of special resolution for investment in the equity shares of another body corporate beyond the limits specified in the said section.

As the investment was made in the accordance with the approval of Acquisition and Merger of M/s Marketplace Technologies Pvt. Ltd. from the shareholders a specific approval u/s 372A was then not required, hence not obtained. Your Company thus proposes to ratify the same as the said investment already made in M/s Marketplace Technologies is beneficial and in the long-term interest of the Company. For your information, under the current circumstances post approval Honorable High Court order of the Merger, the paid-up capital and free reserve of your company has increased and the said investment is well within the limits of Section 372A of the Companies Act, 1956.

The special resolution set out in the Item No.5 of the Accompanying notice is recommended by the Board for the approval of members.

ITEM NO. 6

The Company has received Amalgamation Order from the Honorable High Court, dated December 3rd, 2008 approving the amalgamation of Orient Information Technology Limited (OITL) with our Company. After the Amalgamation, the Authorized Share Capital of the Company amounts to Rs.60,00,00,000 (Sixty Crores) which comprises of the following:

PARTICULARS (Post Merger)	AMOUNT
AUTHORIZED SHARE CAPITAL (BEFORE SUB DIVISION)	
3,50,00,000 Equity Shares of Rs 10/- each	35,00,00,000
8, 75, 00,000 Equity Shares of RS. 2/- each	17,50,00,000
Unclassified Share Capital	7,50,00,000
TOTAL	60,00,00,000



EIGHTH ANNUAL REPORT 2007-08

As is evident from the above table, Authorized Share Capital of the Company comprises of Equity shares bearing different face value. In order to bring the face value at par, the Board of Directors of the Company recommends Subdivision of 3,50,00,000 Equity shares of Rs 10/- each into 1,75,00,00,00 Equity shares of Rs 2/- each.

The Authorized Share Capital of the Company after Sub Division would comprise of the following:

PARTICULARS (Post Merger)	AMOUNT
AUTHORIZED SHARE CAPITAL (AFTER SUB DIVISION)	
26,25 ,00,000 Equity Shares of RS. 2/- each	52,50,00,000
Unclassified Share Capital	7,50,00,000
TOTAL	60,00,00,000

Consequent to the above, it is necessary to alter the Capital Clause of the Memorandum of Association of the Company:

The Ordinary Resolution in Item No 6 seeks to make corresponding amendments in Clause V of the Memorandum of Association of the Company to give effect to the sub-division of the shares.

The Ordinary Resolution set out in Item No. 6 of the accompanying notice is recommended by the Board for the approval of the members.

REGISTERED OFFICE:

IT People House,
Veer Savarkar Flyover,
S. V. Road, Goregaon (West),
Mumbai 400 062
Place: Mumbai
Date: December 5, 2008,

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

C. R. Bhagwat
Company Secretary