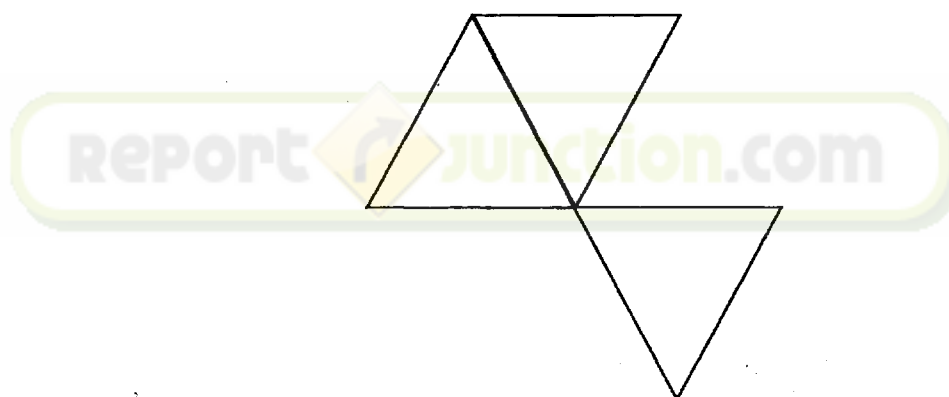


Net Vista Information Technology Limited

Regd. office : New Harileela House, 28/32, Mint Road, Mumbai - 400 001.

www.netvistait.com



A n n u a l R e p o r t 2 0 0 3 - 2 0 0 4

11th ANNUAL REPORT 2003-2004

NETVISTA INFORMATION TECHNOLOGY LIMITED

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

Rajiv.P. Samani

DIRECTORS

Dr.Anand Nathwani

Rashmikanth Shah

Bruce Madden

Ashok Ekbote

AUDITORS

JAIN ANIL & ASSOCIATES

CHARTERED ACCOUNTANTS

DHANUKAR WADI, KANDIVALI (WEST)

MUMBAI - 400 067.

REGISTERED OFFICE:

New Harileela House, 5th Floor,

28/32, Mint Road, Near G.P.O.,

Mumbai-400 001

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of NetVista Information Technology Limited will be held on Wednesday, 31st December, 2004 at 9.30 a.m. at **W.I.A.A Club Ltd., Malabar Hill, Opp. Kamala Nehru Park, Ridge Road, Mumbai-400 006** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended 30th June, 2004 and the reports of Directors and Auditors thereon.
2. To appoint Directors in place of Mr. Ashok Ekbote who retires by rotation and being eligible offers himself, for re-appointment.
3. To appoint the Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of 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, for reappointment of Mr. Rajiv Samani as Chairman and Managing Director of the Company for further period of five years w.e.f. 1.1.2005

"RESOLVED that pursuant to provisions of section 198,269,309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions and approvals as may be necessary the Company hereby approves the appointment of Mr. Rajiv Samani, as the "Managing Director" of the Company for a period of five years from 1st January, 2005 to 31st December, 2009 on the terms and conditions and the remuneration as approved by the Board of Directors on 8th December, 2004 and as set out in the Agreement, to be entered into between the Company and Mr. Rajiv Samani, a draft of which has been placed before the meeting and initialled by the Chairman for the purpose of identification.

RESOLVED FURTHER that the Board of Directors be and is hereby empowered and authorised to vary such terms and conditions of the Agreement as per the approval of the Central Government or otherwise including any increase or enhancement in remuneration not exceeding the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto, as may be agreed to by the Board of Directors and Mr. Rajiv Samani and that the aforesaid draft of the Agreement to be entered into between the Company and Mr. Rajiv samani be suitably amended to give effect to the same.

AND RESOLVED that the Board of Directors be and is hereby authorized to enter into Agreement on behalf of the Company with Mr. Rajiv Samni, as per the said draft of the Agreement.

By Order of the Board,

FOR NET VISTA INFORMATION TECHNOLOGY LTD.

**RAJIV SAMANI
CHAIRMAN & MANAGING DIRECTOR**

Place: MUMBAI

Date: 9th December, 2004

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 such proxy need not be a member of the Company. A Proxy from to be effective must be lodged with the registered office of the Company atleast 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 28th December, 2004 to 29th December, 2004 (both days inclusive).
3. Members are requested to notify immediately change in their address, to the Registrar and Transfer Agents of the Company, specifying full address with pin code number quoting Ledger Folio Number in all their correspondence and to bring the attendance with them to the Tenth Annual General Meeting. The address of Registrars & Transfer Agent Adroit Corporate Services Pvt. Ltd is 19, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (East), Mumbai – 400059.
4. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business to be transacted as per notice is given as an Annexure to this Notice.

Information required to be furnished under the Listing Agreement about the particulars of Directors proposed to be appointed/reappointed at the Annual General Meeting

1. **Mr. Ashok Ekbote, Director**

Mr. Ashok Ekbote is a qualified Engineer (B.Tech) and also a also did a Management course from Indian Institute of Management, Bangalore. He joined as a Graduate Trainee in TELCO in 1977 and served there for two years. He served in various leading Companies of India such as HCL, Bharat Gears Limited Oracle India and SAP India.

By the order of the Board,
FOR NETVISTA INFORMATION TECHNOLOGY LTD.

RAJIV SAMANI
CHAIRMAN & MANAGING DIRECTOR

Place: MUMBAI

Date: 9th December, 2004

ANNEXURE TO NOTICE

Explanatory Statement setting out material facts as required under Section 173 of the Companies Act, 1956 in respect of items of Special Business as per the Notice.

Item No.4

The Board of Directors at their meeting held on 8th December 2004 accorded their approval for reappointment of Mr. Rajiv Samani as the Chairman and Managing Director of the Company for a period of five years with effect from 1st January 2005. The appointment of Mr. Rajiv Samani as the Chairman and Managing Director is in accordance with the provisions of Schedule XIII of the Companies Act, 1956. He comes from a business family from U.K. and has done his M.B.A from IMD, Switzerland. He has got 18 years of overall experience in the business. He is a member of Federation of Indian Chambers of Commerce & Industry (FICCI) and All India Manufacturers Association (AIMA). He is also on the Governing Council of the Indo-Belgian Chamber of Commerce as well as various International Chambers of Commerce.

Mr. Rajiv Samani is interested in this Resolution since it pertains to his appointment. No other Director is interested or concerned in this Resolution.

The draft of the proposed agreement to be entered into between Mr. Rajiv Samani and the Company is available for inspection during 11.00 a.m. to 1.00 p.m. on any working day at Registered Office of the Company.



DIRECTORS REPORT including Management Discussion and Analysis Report

To
The Members,

The Directors have great pleasure in presenting the Eleventh Annual Report and audited statement of Accounts of the Company for the year ended June 30, 2004.

Financial Results and Review of performance:

The following are the financial highlights:

	(Rupees in Lacs)	
	2003-04	2002-03
Sales	2707.84	2999.00
Other Income	0.02	0.13
Profit before depreciation	795.85	841.04
Less: Depreciation	485.26	338.00
Profit/Loss before Tax	310.59	497.20
Less Provision for Taxation	---	---
Loss on sale of capital asset	---	---
Profit after Taxation	310.59	497.20

The company has achieved a turnover of Rs. 2707.84 Lacs against the turnover of Rs. 2999 Lacs of the previous year. The corresponding net profit for the year is Rs. 310.59 Lacs.

Review of Operations

Your company decided to take advantage of the announcement made by the Prime Minister on 15th August, 2002 to implement a competitive program to accelerate "E-Governance" at all level in the Government operations. The Government is also realizing that public-private partnership for success of any E-governance project. It expected that such E-governance will improve efficiency & transparency in their operations and bring less bureaucracy, more accountability & openness. Hence, your company has decided to enter into this new area of business which means IT enablement of various Government to business (G2B) processes

During the year the company has also entered into services like **Back office operations, Call centres, Data Processing, Insurance claim processing, Pay roll, Revenue Accounting etc. for Banks and Financial Institutions, Health Care companies and Logistic Companies.** Our vision is to strengthen your company's image as an organization promoting IT Industry and make it the "Most Valued Company" for all it's stakeholders. The effect of this operation will be reflected in the current financial year.

An overview of performance in 2004 -**A. Financial Condition :-****1.Share Capital :-**

At present authorized share capital of the company is Rs. 15 crore divided into 1 crore 50 Lakhs equity shares of Rs. 10/- each. During the year the company has not made any further issue.

2.Reserves and Surplus :-

In addition to the share premium account of Rs. 2.80 Crore the Company has carried forward Rs. 13.52 Crore to Profit & Loss Account.

3.Fixed Assets :-

Original cost	30/06/2003	30/06/2003
	(Net block in Rs.)	(Net block in Rs.)
Leasehold land	45,00,000	45,00,000
Building	21,561,930	21,561,930
Vehicles	1,171,720	540,861
Computers	-	20,739
Office Equipments	259,798	280,065
Air conditioner	55,381	59,742
Intellectual Property Rights	85,044,472	113,286,291

During the year the company has not added any other asset to the net block except intellectual property rights and a car which have been added during the year.

4. Investments –

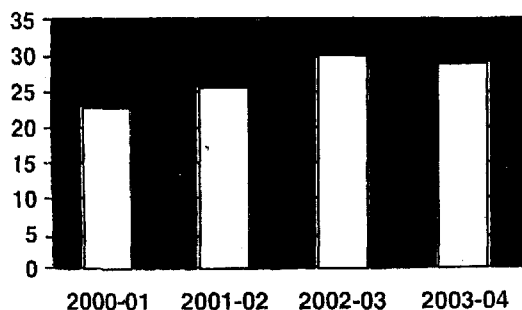
Your company has investments in equity of IPCL and Organic Coatings Ltd. to the tune of Rs. 67,311 & 3,36,000 respectively. In the current financial year the Company has made investment of Rs. 200,000/- and Rs. 300,000/- in the Prudential ICICI Mutual Funds and Templeton India Treasury management respectively.

5. Secured Loan –

Your company has repaid a loan of Rs. 2.69 crores to the bank. The balance amount is likely to be paid during the next 12 months.

This year your company witnessed decreased turnover of Rs. 291.16 Lakhs than that of the previous year and the corresponding fall in the Net Profit is Rs. 186.61 Lakhs. Your company being registered with STP & exempted from payment of tax.

Sales (Rs. in Crores)



Critical accounting policies

Your company is following the critical accounting policies are defined as those that in our view are most important to the portrayal of the Company's financial condition and results and that are most demanding on our calls on judgment.

Our revenue is of two types namely - Product Revenue & Service Revenue.

Product Revenue which is recognized when there is persuasive evidence of a contract, the product has been delivered, the sales price is fixed or determinable to the customer once it has been shipped, and title and risk of loss has been transferred. If we are obligated to perform installation services and a portion of the sales consideration is payable only on the completion of installation services, then the entire revenue is deferred and recognized on the completion of the installation services.

Service Revenue is recognized when there is a persuasive evidence of a contract, the sales price is fixed or determinable, and collectibility is reasonably assured. Time-and-materials service contract revenue is recognized as the services are rendered. Revenue from fixed-price, fixed-timeframe contracts is recognized in accordance with percentage of completion method.

Revenue Arrangements with Multiple Deliverables

In revenue arrangements with multiple deliverables we allocate the total revenues to be earned under the arrangement among the various elements based on their relative fair values. We recognize revenues on the delivered products or services only if:-

1. The above product or service revenue recognition criteria are met.
2. Undelivered products or services are not essential to the functionality of the delivered products or services.
3. Payments for the delivered product or services is not contingent upon delivery of the remaining products or services, and
4. There is a evidence of the fair value for each of the delivered or the undelivered products or services.

Initiative for business process improvements

NetVista's core purpose is to "leverage information, knowledge and technology to enhance human endeavor through the intelligence and relevant application of technology/ knowledge in diverse situations." In line with this core purpose, we have embraced Six Sigma into our business to achieve excellence and optimize our strength to achieve our goals. We believe that quality is a culture, expressed in the way we interact, identify and cater to the needs of our customer, and in the products and services we deliver to them. The primary focus of every NetVistaite is on "Customers", as a continually satisfied customer is true foundation for profitability and global competitiveness. Six Sigma methodology is practiced at corporate, business and support units' level to deliver better value in our services in terms of size, schedule, and quality, growth of the organisation, both in terms of number of associates as well as range and depth of competencies.

The year witnessed significant progress in collaborating with leading technology and product vendors. This ensures that the Associates are kept abreast of the latest development in the technology landscape.

Knowledge Initiative

Business excellence does not come about without a strong basis in knowledge practices. Therefore, the ones who stay ahead in the new economy are those who acts upon this realisation and build their funds of knowledge. This business need let to the conceptions of Knowledge Initiative (KI) in your Company.

Knowledge Initiative(KI) is an organisation – wide initiative that endeavours to bridge the information and knowledge gap among technical Associates, project Managers, Account Managers, pre-sales team and business development Associates by building the necessary hard and soft infrastructure for effective knowledge capture and reused.

Key-Window, your Company's knowledge networking portal, along with a set of innovative delivery mechanism developed by KI, is proven frame work for sharing and leveraging the knowledge available within and outside the organisation.

Industrial Development and Business Prospects

Fiscal 2004 (current year) has been one of the significant year in the history of the Indian IT industry. The year witnessed the treat of geo political issues, which had in the past years impacted business prospects as well as emergence of early indicators of improvement in global economic environment. Both these events augur well for the growth of the Indian IT services industry.

Customers are viewing IT services providers from a strategic perspective, thus enabling them to align and leverage IT strongly with their business objectives. During the year, there was an enhanced interest by global corporation to leverage the compelling value proposition offered offshore outsourcing. This translated into a higher number of customer visits and greater CXO level interaction. A number of CIO surveys also indicated the revival of growth in technology spending and increasing allocation of budget towards offshore outsourcing. After witnessing negative growth rates in some of the service segment like IS consulting and custom application development, the global IT services market is poised to grow at a CAGR of 5.4% over the next 5 years.

The fact that offshore outsourcing is being increasingly accepted as a strategic imperative by more organisations today than ever before is translating into a healthy pipeline in terms of opportunities. Our customer base offers significant scope for expanding our share of their spend and is indicative of the potential for growth momentum. We have invested significant resources in Relationship Management skills to nurture and grow the customer relationship that we have. We shall continue to invest in sharpening our skills and processing in partnering with them in their journey towards business excellence.

The growing share of revenues in Europe and Asia Pacific reflect our enhanced global footprint. The presence of our offshore center in USA is expected to strengthen our North American operations. With India economy on high growth phase, there is a great promise of growth in the domestic IT spending also. This will further open up the growth avenues for the IT industries.

Any regulatory measure, explicit or otherwise, introduced in our major markets as a response to the backlash again offshore outsourcing could impact our business.

Business Process Outsourcing continues to offer great promise. This segment is witnessing consolidation in India and also renewed confidence of MNCs in their captive units. The consolidation will bring about the required scale of operation making the industry mature and stable. NetVista's strategy of offering integrated solutions by bundling BPO service with IT services to customers is seeing in early signs of success. There are clear customer relationship synergies for the Indian IT companies to provide BPO services.

Revenues based on Geography :

Region	Year ended 30 th June 2004 (%)
North America	84.98
Europe	12.95
Rest of the World	2.07
Total	100.00

Revenues based on technology

Technology	Year ended 30 th June 2004
Software design & Development	78.67
Package Software Implementation	21.33
Total	100.00

Revenues based on Location :

Location	Year ended 30 th June 2004
Offshore	1.00
On Site	99.00
Total	100.00

Dividend

No dividend is recommended in this financial year.

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