

*12th Annual Report
2004-2005*



NET VISTA INFORMATION TECHNOLOGY LIMITED

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

12th ANNUAL REPORT 2004-2005

NETVISTA INFORMATION TECHNOLOGY LIMITED

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR
Rajiv.P. Samani

DIRECTORS

Dr.Anand Nathwani
Rashmikan Shah (Up to 28/4/ 2005)
Bruce Madden
Ashok Ekbote
Bipin N. Rachh (w.e.f. 30/01/2005)

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AUDITORS

JAIN ANIL & ASSOCIATES
CHARTERED ACCOUNTANTS

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 Twelfth Annual General Meeting of the members of NetVista Information Technology Limited will be held on Friday, 30th December, 2005 at 10.00 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, 2005 and the reports of Directors and Auditors thereon.
2. To appoint Directors in place of Mr. Bruce Madden 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 thought fit to pass with or without modifications, the following resolution as an ordinary resolution :

"**RESOLVED** that Mr. Bipin N. Rachh, who was appointed as an Additional Director of the company pursuant to the Article of Association of the Company and Section 260 of the Companies Act, 1956 and holds the office up-to the date of this Annual General Meeting, but being eligible for appointment and in respect of whom the Company has received notice in writing from a member proposing his candidature for the office of director be and is hereby appointed as director of the company.

By Order of the Board,

FOR NET VISTA INFORMATION TECHNOLOGY LTD.

**RAJIV SAMANI
CHAIRMAN & MANAGING DIRECTOR**

Place: MUMBAI

Date: 5th December, 2005

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 27th December, 2005 to 30th December, 2005 (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 Twelfth 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(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is attached hereto.

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. Bruce Madden, Director

Mr. Bruce Madden is a qualified M.B.A. having deep knowledge in the field of Information Technology.

ANNEXURE TO NOTICE

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956

As required by Section 173 (2) of the Companies Act, 1956, the following explanatory statement set out the materials facts relating to the business mentioned in item no. 4 of the accompanying notice.

ITEM NO. 4

Mr. Bipin N. Rachh, Chartered Accountants, possesses sound knowledge of accounts, audit, finance etc, was appointed as an Additional Director of the company pursuant to the Article of Association of the Company and Section 260 of the Companies Act, 1956 and holds the office up-to the date of this Annual General Meeting, Mr. Bipin N. Rachh is eligible for appointment and the Company has received notice in writing from some members signifying their intention to propose the candidature of Mr. Bipin N. Rachh, as Director of the company pursuant to Section 257 of the Companies Act, 1956. Your Directors recommended the resolution to be passed.

By Order of the Board,

FOR NET VISTA INFORMATION TECHNOLOGY LTD.

**RAJIV SAMANI
CHAIRMAN & MANAGING DIRECTOR**

Place: MUMBAI

Date: 5th December, 2005

DIRECTORS REPORT including Management Discussion and Analysis Report

**To
The Members,**

The Directors have great pleasure in presenting the Twelfth Annual Report and audited statement of Accounts of the Company for the year ended June 30, 2005.

Financial Results and Review of performance:

The following are the financial highlights:

(Rupees in Lacs)

	2004-05	2003-04
Sales	1545.62	2707.84
Other Income	0.01	0.02
Profit before depreciation	(1158.62)	795.85
Less: Depreciation	215.76	485.26
Profit/Loss before Tax	(1379.86)	310.59
Less Provision for Taxation	---	---
Loss on sale of capital asset	---	---
Profit after Taxation	(1379.86)	310.59

The company has achieved a turnover of Rs. 1545.62 Lacs against the turnover of Rs. 2707.84 Lacs of the previous year. The corresponding net loss for the year is Rs. 1379.86 Lacs as compare to profit was Rs. 310.59 Lacs in the previous year.

Review of Operations –**General –**

Your company decided to engage aggressively into BPO activities especially in the area of E-Publishing. This area has a lot of potential especially in the light of the developments taking place in the United States and Europe. Besides E-governance still remains the thrust area and will improve efficiency & transparency in their operations and bring less bureaucracy, more accountability & openness in governments. Hence, your company has decided to enter into this new area of business which means IT enablement of various Government to business (G2B) processes. In the forthcoming years your company will be taking up more projects in the areas of Back Office Operations for Banks and Financial Institutions, Health Care companies and Logistic Companies. In fact, several proposals are in the finalization stage. During the year the company felt it was prudent to write off the Intellectual Property Rights which were created during the last few years as they were not rendering sufficient incomes.

An overview of performance in 2005 –**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. 28.07 Lacs.

3.Fixed Assets :-

Particulars	30/06/2005	30/06/2004
	(Net block in Rs.)	(Net block in Rs)
Leasehold land	45,00,000	45,00,000
Building	21,561,930	21,561,930
Vehicles	1,036,604	1,171,720
Office Equipments	247,458	259,798
Air conditioner	52,750	55,381
Intellectual Property Rights	49,600,000	85,044,472

During the year the company has not added any other asset however IPR amounting to Rs. 864 Lacs are written off during the year.

4. Investments –

Your company has investments in equity of IPCL Rs.67,311, Organic Coatings Ltd. Rs.3,36,000, Prudential ICICI Mutual Funds Rs.2,00,000 and Rs. 300,000 in Templein India Treasury management. In the current financial year the Company has not made any investment.

5. Secured Loan –

Outstanding Loan at the end of the year is Rs. 22,520,002 negotiation with the Bank are in progress and the company is hopeful of settling the same at the earliest.

Sales (Rs. in Crores)

This year your company witnessed decreased turnover of Rs. 1545.62 Lakhs than that of the previous year and resulting in the loss of Rs. 1379.86 Lakhs. This is due to the one time write off of the Intellectual Property rights which the company felt appropriate to write off due to the reasons stated above.

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

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 act upon this realisation and build their funds of knowledge. This business need led 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. s

Industrial Development and Business Prospects

During the year the company has initiated the business of BPO in the sector of E-Publishing which will give the company a good profitability in the coming years. The company plans to grow through organic and inorganic growth strategies.

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. This industry is slated to grow 4 times by the year ended 2010 to become a 20,000 crores industry as per the latest report published by Mckinsey.

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.

Revenues based on Geography :

Region	Year ended 30 th June 2005 (%)
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 2005
Software design & Development	78.67
Package Software Implementation	21.33
Total	100.00

Revenues based on Location :

Location	Year ended 30 th June 2005
Offshore	1.00
On Site	99.00
Total	100.00

Dividend

No dividend is recommended in this financial year.

Fixed Deposits

Your Company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 and the rules framed thereunder.

Directors

Mr. Bipin N. Rachh was appointed as an Additional Director on the Board of the Company.

Mr. Bipin N. Rachh retires at the ensuing Annual General meeting and the Company has received requisite notices under Section 257 of the Companies Act, 1956, from some members signifying their intention to propose the candidature of Mr. Bipin N. Rachh for the office of the Director of the company and he is eligible for appointment

In accordance with the Articles of Association of the company Mr. Bruce Madden who retire by rotation at the forthcoming Annual General Meeting and being eligible offer himself for reappointment.

During the year Mr. Rashmikan Shah has resign as director of the company in view of other pressing assignment which prevent him for devoting adequate time to the company.

Yours directors placed on record their appreciation for the valuable services rendered by Mr. Rashmikan Shah during his tenure.

Director's Responsibility Statement

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors hereby confirm that:

- (i) In the preparation of the annual accounts, 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 made judgement and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- (iii) 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 the fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a going concern basis.

Auditors

M/s. Anil Jain & Associates, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Particulars of employees

Your directors state that, in terms of the requirements of section 217(2A) of the Companies Act, 1956, no employees of the company was in receipt of remuneration in excess of the limits prescribed under the Act.

Conservation of energy, technology and foreign exchange earnings and outgo

The particulars as prescribed under subsection (1)(e) of section 217 subsection (1)(e) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are as given in the Annexure "A" forming part of this report.

Corporate Governance Report

As per clause 49 of the Listing Agreement with the Stock Exchanges. a separate report on Corporate Governance and Management Discussion and Analysis together with the certificate from the Company's Auditors confirming the compliance of conditions of Corporate Governance is attached to this report.

Acknowledgement

Your directors thank the company's clients, vendors, investors and bankers for their continued support during the year. Your directors place on record their appreciation of the contribution made by employees at all levels, who, through their competence, hard work, solidarity, cooperation and support, have enabled the company to achieve consistent growth.