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**Board of Directors****Chairman**

Mr. N. V. Simhadri

Mr. Gajanand Gupta, Director  
Mr. Pradeep Dutta, Director  
Mr. Sunil Goyal, Whole Time Director  
Ms. Nidhi Sharma, Director

**Listing**

The Bombay Stock Exchange  
The Calcutta Stock Exchange  
The Luxembourg Stock Exchange

**Registered Office**

2nd Floor, Plot No. J-1/12,  
Block-EP & GP, Sector-V,  
Salt Lake , Kolkata-700091  
Tel : +91 33 2357 2610/11  
Fax No : 33 2357 2612  
e-mail : info@ikftech.in  
website : www.ikftech.in

**Registrar & Share Transfer Agent**

Big Share Services Pvt Ltd.  
E-2/3, Ansa Industrial Estate  
Sakivihar Road, Sakinaka  
Andheri(East), Mumbai-400072  
Tel : +91 22 2847 0652, 4043 0200  
Fax : + 91 22 2847 5207  
Email : info@bigshareonline.com

**Statutory Auditor**

M/s.Agarwal Vishwanath & Associates  
Chartered Accountants  
7-B, Dacers Lane  
Kolkata-700069

**Bankers**

Axis Bank Limited  
Corporation Bank Limited  
ICICI Bank Limited  
UCO Bank Limited

**Annual General Meeting**

Date : 25th August, 2012  
Time : 3.00 P.M.  
Day : Saturday  
Venue : Rang Durbaar-Swabhumi,  
89C, Moulana Abul Kalam Azad Sarani  
Opp. of Subhash Sarovar  
Kolkata 700 054

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## Message from Chairman

Dear Shareholders,

We are pleased to share the Annual Report of your company for the financial year 2011-2012. It was an eventful year and seen in the context of the last three years, the period has been marked by unprecedented challenges and exciting opportunities.

It was a challenging year with unprecedented economic uncertainty in Europe, geopolitical upheaval in the Middle East and a slowing down of economic growth across Asia. These events had a profound effect on demand and margin outlook for industrial products across the world. In many ways, we are still feeling the after-shocks of the financial meltdown of 2008 and 2009 with leading economies continuing to suffer from low growth and the resultant adverse impact on demand for most products and services.

The year 2011-2012 marked a significant landmark for the IT-BPO industry as it crossed the milestone of USD 100 billion in revenues. The Industry performance this year demonstrated the sector's ability to innovate and deliver differently in order to maintain the growth trajectory.

More importantly, companies are investing in building platforms and productized solutions to drive future growth opportunities. The Industry is expanding into newer geographies and verticals where the growth is 1.4 times than in the mature markets. Emergence of a vibrant start-up product ecosystem creating solutions for India and the world also enhanced the product opportunity for India.

Building an enterprise is much like rearing a child from infancy to adulthood. As a newborn grows up, she requires a huge amount of nurturing and nourishment. From infancy to childhood and from childhood till she reaches youth, the kid demands attention and most importantly patience. And then one day, the kid matures into a youth, ready to stand on their own, make their own mark and make their parents and family members who took in all the hardships proud. So it is with organizations.

From a start-up to its growth phase and till it reaches a steady-state, an organization demands a disproportionate amount of nurturing and resources. It needs to explore possibilities and opportunities, gain knowledge and expertise, and build an ecosystem around it to strengthen its foundation for the future. Organizations are like living organisms and it is equally important to inculcate the right culture and values, develop symbiotic relationships with its stakeholders and know the world around it. And then one day, it transforms from childhood to youth – ready with veins and muscles that can create significant value for all stakeholders.

Our reputation for excellence and integrity – earned through the consistent delivery of quality solutions and by adhering to the highest standard of business conduct through principles of Corporate Governance continues to be our most valuable assets. As we position ourselves for the future and our standard of excellence, integrity and accountability will serve us well.

## About Company

As you all know that IKF technologies Ltd is a Company with authorized share capital of Rs 100 Crores engaged in the business of software development, call center, BPO, production of Bio-diesel and plantation of Jatropha. IKF technologies Ltd was incorporated on 22<sup>nd</sup> February, 2000 as a public Ltd Company under the Companies Act, 1956. The vision with which the Company was formed “Consistently deliver ingenious, comprehensive, efficient, cost effective business solutions through IT for global market by creating a professionally stimulating and happy environment for our team where professionals thrive along side the growth of our company”. The Company at present is listed on the Bombay Stock Exchange (BSE), the Calcutta Stock Exchange and the Luxembourg stock Exchange.

The group's main activity is to provide information technology and business process outsourcing services delivered to its client globally.

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### **Diversification**

The Company has been diversified into various segments like BPO, Telecom, IT and Bio fuel.

#### ***IT & BPO :***

As the main operation of your company, which generates the highest portion of total revenue, has proved to be a success of the Company. As the days are passing by, more and more businesses are coming up with huge capacity of generating future revenue which can be utilized for further expansion of your Company. New contracts with the leading new contracts with the leading organizations in India and outside India have helped in the advancement of the business of your Company. I am proud to state that this division of your company has acquired the prominent place in the BPO business in India.

#### ***Telecom :***

Telecom section of your company has contributed to a large extent to the world telecom business. We have now products like high speed Broadband Internet Access and VOIP (Voice Over Internet Protocol), Wi-Fi solutions for housing complex, Point to Point Fiber connectivity.

#### ***Bio- Fuel :***

Rudolph Diesel had said “The use of vegetable oils for engine fuel may seem insignificant today. But such oils may become in course of time as important as petroleum and coal tar products of the present time.”

Mr. Diesel’s foresight has been proved to be the factual truth of today.

We are working on the growth of operation of bio fuel division which is looked after through our SPV viz. IKF Green fuel Limited. The operation includes plantation of Jatropha in the states like Meghalaya, Jharkhand, Rajasthan, Madhya Pradesh, Gujarat and Karnataka and also producing the diesel in Udaipur, Rajasthan. We are planning to increase the capacity of production to 100 tons per day.

### **2012 OUTLOOK**

We are able to express confidence and optimism because we’ve made some good strategies choices along the way, e.g. we’ve built competencies in high-end, hard to execute outsourcing. Unlike typical business process outsourcing- a crowded, undifferentiated sector that often involves back office tasks we’ve developed an ability to take on complex analytical processes and reinvent them as a series of sub-processes that can be performed in a global assembly line.

We have built a business that is further differentiated in its global reach, its embrace of technology and its consultative depth. Our Solution teams apply sophisticated technologies to our production operations, which enhance both our margins and our clients’ immediate and future savings. Our consultants help our client companies develop and align business and technology strategies and redesign business processes to drive internal efficiency and effectiveness.

I would conclude by thanking you for being a part of IKF story, my management team and I appreciate your support and encouragement. We look forward to pursuing continuing improved performance- for our clients, bankers and shareholders- 2012.

With best wishes to all of you.

Sd/-

**N. V. Simhadri**

**Chairman**

**Date : 27<sup>th</sup> July, 2012**

**Place : Kolkata**

## NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of the Company will be held on Saturday, the 25th day of Aug, 2012 at 3.00 P. M. at Rang Durbaar-Swabhumi, 89C, Moulana Abul Kalam Azad Sarani, Opp. of Subhas Sarobor Kolkata 700 054 to transact the following businesses:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 and Profit and Loss Account for the year ended on that date together with the Reports of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Gajanand Gupta, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pradeep Dutta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s Mandawewala & Co., Chartered Accountants as statutory auditors of the Company in place of M/s Agarwal Vishwanath & Associates, Chartered Accountants, the retiring auditors who have expressed their unwillingness for re-appointment and to authorize the Board to fix their remuneration.

### SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
“**RESOLVED THAT** Ms. Nidhi Sharma, who was appointed as an Additional Director of the Company with effect from 30th January, 2012 to hold office till the date of Annual General Meeting, be and is hereby appointed as a director of the Company whose office shall be liable to determination through retirement by rotation.”
6. To consider and if thought fit, to pass, with or

without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** Mr. Sunil Kumar Goyal, who was appointed as an Additional Director of the Company with effect from 19th May, 2012 to hold office till the date of Annual General Meeting, be and is hereby appointed as a director of the Company whose office shall be liable to determination through retirement by rotation.”

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

“**RESOLVED THAT** pursuant to the provisions of sections 198,309,269 and Schedule XIII of the Companies Act, 1956. and other applicable provisions, if any, consent of the members be and is hereby given for appointment of Mr. Sunil Kumar Goyal as Executive Director of the Company, for a period of 3 years with effect from 19th May, 2012 on a Monthly remuneration not exceeding Rs 1, 00, 000/-CTC (Rupees One Lac only) payable by way of salary or perquisites or a combination thereof, excluding the reimbursement of expenses as may be decided by the Board from time to time.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any year during the period of incumbency, the aforesaid remuneration shall be payable as the minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any committee/ sub-committee of the board) be and is hereby authorized to fix the terms and conditions of the appointment of Mr Sunil Kumar Goyal as Executive Director of the Company and to vary the same from time to time, including those pertaining to the remuneration payable to him, within the aforesaid limit.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including committee/ sub-committee of the Board) be and is hereby authorized to take all necessary steps to give effect to these resolutions.”

**By Order of the Board of Directors  
For IKF Technologies Ltd.**

Sd/  
(Mohit)  
Company Secretary

**Registered Office :**

2nd Floor, Plot no. J-1/12  
Block- EP & GP  
Sector-V, Salt Lake  
Kolkata-700091

Date : 27th July, 2012

Place : Kolkata

**NOTES :**

**A. APPOINTMENT OF PROXY :** A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.

**B. CORPORATE MEMBERS :** Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.

**C.** Members/Proxies attending the meeting are requested to bring their copy of AGM Notice to the Meeting.

**D.** In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

**E.** The Register of Members and Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> August, 2012 to 25<sup>th</sup> August, 2012 (both days inclusive).

**F. QUERIES AT THE AGM :** Queries proposed to be raised at the Annual General meeting may be sent to the company at its registered office at least seven days prior to the date of AGM to enable the management to compile the relevant information to reply the same in the meeting.

**G. EXPLANATORY STATEMENT :** The relative Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 5,6,7, are annexed hereto.

**H. INSPECTION OF DOCUMENTS :**

Documents referred to in the notice etc., are open for inspection at the registered office of the Company at all working days except Saturday between 11 A.M. and 2 P. M. up to the 25<sup>th</sup> August, 2012, day of the Annual General Meeting. Copies of the Memorandum and Articles of Association of the Company and the documents referred to in the Notice etc., shall be open for inspection at the Registered Office of the Company on any working day between 11 A.M. and 2 P.M. up to the date of the AGM and also at the general meeting venue during the meeting.

**I.** The Register of Directors' Shareholdings, maintained under Section 307 of the Companies Act, 1956, shall be available for inspection by the members at the AGM venue during the meeting.

**J.** Members/ proxies are requested to produce the enclosed attendance slips duly filled and signed as per the specimen signature recorded with the company for admission to the Meeting Hall. Members who hold shares in de-materialized form are requested to bring their client ID and DP ID Numbers for easier identification of their attendance at the meeting.

**K. ADDRESS CHANGE INTIMATION :**

Members are requested to notify immediately any change in their address to the company or its share transfer agent. In case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants without any delay.

**L.** In all correspondence with the Company, members are requested to quote their Account/folio numbers and in case their shares are held in the dematerialized form, their client ID Numbers and their DP ID Numbers.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956,**

**ITEM NO. 5 :**

Pursuant to Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, the Board of Directors of the Company had appointed Ms. Nidhi Sharma as the Additional Director with effect from 30<sup>th</sup> January, 2012 to hold office until the date of ensuing Annual General Meeting. The Board is proposing to appoint her as a director in the ensuing Annual General Meeting. Accordingly, the resolution is placed before the members for their consideration and approval. The Board recommends the proposed resolution for adoption in the larger interest of the Company.

Brief profile and other details of Ms. Nidhi Sharma as per Clause 49 of the Listing Agreement are provided in the Report on Corporate Governance forming part of the Annual report.

None of the Directors except Ms. Nidhi Sharma herself is interested and concerned at Item no. 5 of the notice.

**ITEM NO. 6 :**

Pursuant to Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, the Board of Directors of the Company had appointed Mr. Sunil Kumar Goyal as the Additional Director with effect from 19<sup>th</sup> May, 2012 to hold office until the date of ensuing Annual General Meeting. The Board is proposing to appoint him as a director in the ensuing Annual



General Meeting. Accordingly, the resolution is placed before the members for their consideration and approval. The Board recommends the proposed resolution for adoption in the larger interest of the Company.

Brief profile and other details of Mr. Sunil Kumar Goyal as per Clause 49 of the Listing Agreement are provided in the Report on Corporate Governance forming part of the Annual report.

None of the Directors except Mr. Sunil Kumar Goyal himself is interested and concerned at Item no. 6 of the notice.

#### **ITEM NO. 7 :**

The Board of Directors of the Company had in their meeting held on 19<sup>th</sup> May, 2012 subject to the approval of the members appointed Mr. Sunil Kumar Goyal as the Executive Director for a period of 3 years.

The present proposal is to seek member's approval for the appointment of Mr. Sunil Kumar Goyal on the terms and conditions as set out in the resolution in terms of the applicable provisions of the Companies Act, 1956. The terms as laid down in the resolution may be treated as an abstract of the terms of appointment of Mr. Sunil Kumar Goyal under Section 302 of the Companies Act, 1956.

A brief profile of Mr. Sunil Kumar Goyal as stipulated under clause 49 of the Listing Agreement is provided in the Corporate Governance forming part of the Annual Report. His continuation on the Board will enable the

Company to gain from his considerable knowledge and expertise in the field of finance and operations in relation to the company's business.

Company has received a notice in writing along with the requisite deposit under section 257 of the Companies Act, 1956 proposing the candidature of Mr. Sunil Kumar Goyal for the office of director of the Company in the ensuing AGM.

None of the Directors except Mr. Sunil Kumar Goyal himself is interested and concerned at item no. 7 of the notice.

**By Order of the Board of Directors  
For IKF Technologies Ltd**

Sd/-

(Mohit)

Company Secretary

Registered Office:  
2<sup>nd</sup> Floor, Plot no.J-1/12, Block- EP & GP  
Sector-V, Salt Lake, Kolkata-700091

Date: 27th July, 2012

Place: Kolkata



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## DIRECTORS REPORT

For the Financial Year 2011-12

**Dear Members,**

Your Directors are pleased to present the Thirteenth Annual Report together with the Audited Financial Accounts and Auditors Report thereon for the year ended 31<sup>st</sup> March, 2012.

### Financial Results

The performance of the Company for the financial year ended 31<sup>st</sup> March 2012 is summarized below :

Particulars	F.Y. 2011-12 ₹ (thousand)	F.Y. 2010-11 ₹ (thousand)
Income from Operations	3,38,864	6,02,108
Other Income	7,625	22,283
Total Expenditure	3,38,184	5,58,521
Profit Before Exceptional and Extraordinary item and Taxes	8,305	65,870
Provision for Taxation	1,761	10,043
Net Profit/(Loss)	6,544	55,827
Equity Share Capital	4,306	4,306

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### **1. Results of Operation :**

Total income in Financial Year 2011-12 is Rs 3,464.89 Lacs. Our reputation for excellence and integrity – earned through the consistent delivery of quality solutions and by adhering the highest standard of business conduct through principles of Corporate Governance – continues to be our most valuable assets. As we position ourselves for the future and our standard of excellence, integrity and accountability will serve us well.

### **2. Management Discussion & Analysis Report**

Management Discussion & Analysis Report for the year under review, stipulated under Clause 49 of the Listing Agreement with the Stock Exchange in India, is presented in a separate section forming part of the Annual Report.

### **3. Fixed Deposits :**

During the year under report your Company has not accepted any Fixed Deposit under section 58A of the Companies Act, 1956 as such; no amount of principle or interest was outstanding as of the balance sheet date.

### **4. Listing :**

During the year under review, the Company continued to remain listed on The Bombay Stock Exchange, Calcutta Stock Exchange and Luxembourg Stock Exchange.

### **5. Financial Statements**

#### **Subsidiary Companies :**

As per Section 212 of the Companies Act, 1956, your Company is required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of the subsidiaries to its Balance Sheet. Your Directors believe that the audited consolidated accounts present a full and fair picture of the state of affairs and financial conditions of the Company and its subsidiaries. In terms of the Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, a general exemption has been granted from the compliance of Section 212 of the Companies Act, 1956, requiring holding companies to attach with their balance sheet, a copy of the balance sheet, profit and loss account and other documents of each of its subsidiaries, provided that the Board of Directors of such companies have given consent, by way of a resolution, for not attaching the Accounts & Reports of the subsidiary companies concerned with the balance sheet of the Company and that the conditions prescribed in the said Circular are complied with. Your Board at their meeting held in July, 2012 have given their consent for not attaching, inter alia, the balance sheet, profit and loss account and other relevant reports and statements of its subsidiary companies to the balance sheet of your Company as on March 31st, 2012 and have also agreed to comply with the conditions prescribed in the said Circular.

In view of the above Circular, the balance sheet, profit and loss account and other documents and statements of the subsidiaries have not been attached to the Balance Sheet as on March 31st, 2012 of your Company. The Annual Reports-2012 of the subsidiaries will be made available to the shareholders of the Company and its subsidiaries upon receipt of written requests from them. The Annual Reports-2012 of the subsidiary companies will also be kept for inspection by the shareholders of the Company at the Registered Offices of the Company and its subsidiaries at the Company's Office at 2nd Floor, Plot No. J-1/12, Block EP & GP, Sector-V, Salt Lake, Kolkata- 700091 between

09.30 a.m. and 12.30 p.m. on any working day.

In compliance with the requirements of the aforesaid Circular, a Statement showing relevant details for the year ended March 31st, 2012 of subsidiaries of the Company have been included in the Consolidated Financial Statements of the Company which forms part of this Annual Report.

## **6. Directors :**

In accordance with the provisions of Companies Act, 1956 and as per the Articles of Association of the Company, Mr. Gajanand Gupta, and Mr. Pradeep Dutta Directors, who retires by rotation and offer himself for re-appointment.

Mr. Sunil Kumar Goyal was opted as an additional director of the Company with effect from 19th May, 2012, pursuant to the Companies Act, 1956, read with Article 96 of the Articles of Association of the Company; Mr. Sunil Kumar Goyal holds office of Director up to the date of the Annual General Meeting. The Company has received notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Mr. Sunil Kumar Goyal for the office of the Director under the provision of Section 257 of the Companies Act, 1956. None of the Directors are interested other than Mr. Sunil Kumar Goyal in the resolution.

Ms. Nidhi Sharma was opted as an additional director of the Company with effect from 30th January, 2012, pursuant to the Companies Act, 1956, read with Article 96 of the Articles of Association of the Company; Ms. Nidhi Sharma holds office of Director up to the date of the Annual General Meeting. The Company has received notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Ms. Nidhi Sharma for the office of the Director under the provision of Section 257 of the Companies Act, 1956. None of the Directors are interested other than Ms. Nidhi Sharma in the resolution

None of the Directors are interested other than Ms Nidhi Sharma in the resolution.

Mr. Manoj Rungta has resigned from the Board w.e.f. 01.12.2011.

Mr. B. B. L. Madhukar has resigned from the Board w.e.f. 01.01.2012.

Ms. Nidhi Sharma has joined the Board as Additional Director of the Company w.e.f. 30.01.2012

Mr. Mukesh Kumar Goyal has resigned from the Board w.e.f. 04.04.2012.

Ms. Uma Rawla has resigned from the Board w.e.f. 10.05.2012.

Mr. Sunil Kumar Goyal has joined the Board as Additional Director of the Company w.e.f. 19.05.2012.

## **7. DIRECTORS RESPONSIBILITY STATEMENT :**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors Responsibility Statement, it is hereby confirmed that:

- I. In the preparation of the Annual Accounts, the applicable Accounting Standards has been followed and there have been no material departures from the same.
- II. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2012 and of the profit of the

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Company for the year ended on that date.

- 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 annual accounts of the Company on a going concern basis.

## **8. AUDITORS :**

The Auditors, M/s Agarwal Vishwanath & Associates, Chartered Accountants, will hold office until the conclusion of the ensuing Annual General Meeting and shall not be re-appointed as they have expressed their unwillingness for re-appointment as statutory auditor of the Company in the ensuing Annual General Meeting.

On recommendation of Audit Committee, the Board has suggested the appointment of M/s Mandawewala & Co. Chartered Accountants, as statutory auditors in place of M/s Agarwal Vishwanath & Associates, Chartered Accountants if appointed by members as statutory auditors shall hold the Annual General meeting upto the next Annual General meeting of the Company. A certificate has been received from them as required u/s-224(1B) of the Companies Act, 1956 to the effect that their appointment, if made, would be within the limits specified in the said section.

## **AUDITORS' REPORT :**

The Notes on Accounts and the comments of the Statutory Auditors in the Auditors Report are self explanatory and do not call for any further comments.

## **9. Disclosure as per Listing Agreement Clause 32**

The cash flow statement in accordance with the Accounting Standard Cash Flow Statement (AS-3) issued by ICAI is appended to this Annual Report .

## **Clause 43A**

Your Company's Shares are listed on the Bombay Stock Exchange Limited, Calcutta Stock Exchange and Luxembourg Stock Exchange.

## **10. PARTICULARS OF EMPLOYEES**

### **PERSONNEL**

Your Company has talented and dedicated professional employees to achieve the Company's goal. To retain and develop these employees, human resources group has been working with an objective to enhance employee competence through various initiatives and maximizing employee contribution towards the organizational goals.

The Company has a number of initiatives to attract, retain and develop talent in the organization. Some of them include the employee referral scheme, internal job rotation, training and development programs, etc.

The Board of Directors has been addressing the employees on periodic basis to provide information on development of the Company and to understand the concerns of the employees.

Further, in a knowledge based industry, your Company understands that the employees are the main assets of a Company and it is necessary that they feel challenged to use their intellectual skills to the best of their abilities and add value to themselves even as they add value to the Company. Thus to have an independent assessment of the work environment, is approachable, appreciable and maintains confidentiality and is able to guide decision making.

The Information required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended is not being furnished since there was no employee covered under this section during the year, who was in receipt of remuneration exceeding the prescribed limit.

Your directors also place on record their deep sense of appreciation of the services of the staff and workers of the company, who have contributed for the administration for the company's affairs.

#### **11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Particulars as prescribed under 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 set out in **Annexure 1** to this Report.

#### **12. CORPORATE GOVERNANCE & CODE OF CONDUCT:**

A Good Corporate Governance process aims to achieve balance between shareholders' interest and corporate goals by providing long term vision for the business and establishing systems that help the Board of Directors ("the Board") in understanding and monitoring risk at every stage of corporate evolution process to enhance the trust and confidence of the stakeholder without compromising with laws and regulations.

Your company has complied with the provision of clause 49 of the listing agreement relating to corporate governance and believes the initiatives on Corporate Governance will assist the management in the efficient conduct of the business and in meeting its obligation to all its stakeholders.

#### **13. GO GREEN INITIATIVE:**

Very recently the Ministry of Corporate Affairs, Government of India, through its Circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send the annual reports and other official documents to their shareholders electronically as part of its green initiatives in Corporate, provided the email address of the shareholder is obtained by the Company from the shareholders.

This move by the Ministry will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit. Keeping the above in view, your Company proposes to send documents such as the Notice of the Annual General Meeting and Annual Reports henceforth to the shareholders by Electronic means, to the e-mail address provided by them and/or made available to the Company by the Depositories. In absence of any communication from the shareholders, email id in the records of depositories shall be considered registered email id of the respective shareholder. All the shareholders who hold their shares in physical form and whose e-mail address

are not available with the Company, may if they wish to receive the Annual Report in electronic form, please send their email addresses to the company. The Company solicits active cooperation of shareholders in helping the Company to implement the e-governance initiatives of the Government.

#### **14. INVESTOR SERVICES :**

In compliance to the requirements of the newly inserted Clause 54 of the Listing Agreement with Stock Exchanges, the Company has dedicated a separate page for Investor Services in its website [www.ikftech.in](http://www.ikftech.in). This page contains prescribed particulars for the information of the investors. The Company would keep on updating these particulars as and when necessary.

#### **15. ACKNOWLEDGEMENT :**

Your directors express sincere thanks to ICICI Bank Limited, Axis Bank Limited, Corporation Bank, Kotak Mahindra Bank, UCO Bank and various Stock Exchanges for their support and encouragement.

Your Directors take this opportunity to thank all investors, clients, vendors, regulatory and government authorities, for their continued support. Your Directors also wish to place on record their appreciation of the contribution made by the business partners/associates at all levels.

The Board also wishes to place on record its appreciation & thank to all the employees for their generous Co-operation for smooth functioning of your Company.

**For & on behalf of the Board**

**Sd/-  
N. V. Simhadri  
Chairman**

**Date : 27th July, 2012  
Place : Kolkata**

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## Annexure-1

### 1. RESEARCH & DEVELOPMENT

Risks are inherent in the Information technology sector businesses. The Management of the company gives utmost importance to the R & D activities. The company carries on innovations in process development, cost reduction, quality improvement, process implementations and process controls.

In keeping with its spirit of “Skillfully applying the most sought-after, fast-growing pertinent technology to yield total solutions in the most critical business areas .When performance speaks we wouldn’t want words to interrupt.” IKF wish to be ahead of the times through endless creativity, inquisitiveness, and pursuit of improvement. IKF Technologies actively carries out research and development activities. Our R&D activities can be broadly classified into **two areas**,

- (a) Product development and improvements performed independently within each business division,
- (b) R&D undertaken mainly by the “Research & Development Center” separate from the activities of our business divisions and with a view toward company-wide management strategy.

#### **(a) R&D Activities Carried Out by the Business Divisions**

In each of our internal divisions various initiatives, centered on the technical departments, are being

taken to promote the advanced development of future products that will lead the world in functionality, quality, and low cost. The results of these R&D activities are unveiled at an internal technology exhibition in each division. This allows them to absorb the latest technologies and we create opportunities for them to deepen their practical business experience in product development through exchanges with the other technical divisions within IKF technologies and cooperation with other members of IKF group.

#### **(b) Research & Development Center Activities**

IKF has its own “Research & Development Center”, carrying on Research and Development activities. This undertakes the advanced development of fundamental technologies which will be the keys to the future products of each division, and advanced research for the development of new products for new businesses as well as development of materials and other technologies that will come to serve as the common foundation for all divisions. There are a multitude of research and development results and prototypes such as a wide variety of functional. From this point forward research and development will continue into new technology themes for every field including e-learning, IT/ITES, Bio-Fuel etc.



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## Specific areas in which Research & Development ( R & D )is being carried out by the company

During the year, the company has carried out Research and Development in the following areas.

### i) E-learning

In today's scenario every Company needs e-learning technology to grow. E-learning techniques are required for the management of increasing scale and more complex learning challenges. e-learning technology becomes an important toll in reaching employees in widely disturbed locations. IKF can use e-learning technologies in many creative ways to create educational opportunities for the India's rural children, to meet demanding business requirements, training needs for personnel working in various departments, common leadership development, sharing of knowledge in variety of engineering disciplines.

### ii) IT/ITES

As enterprises embark on their transformation journeys, a reliable IT application backbone becomes essential to manage the requirements of an ever evolving business. IKF's Packaged application portfolio includes the entire gamut of packaged application services right from package evaluation, selection, implementation, post-implementation support and development, version upgrades and Master Data Management services.

IKF has expert practices for the following solutions:

- Enterprise Resource Planning.
  - Supply chain management.
  - Customer Relationship management.
  - Supplier relationship management.
- Project Management, oversight and control includes:

Project Planning, Scheduling, Scope/Time/Cost Management, Project Tracking, Project status reporting.

**Software requirement** : Requirements Fundamental, Requirements Gathering, Requirements Analysis and Documentation, Requirements validation and Review.

**Software design** : Design criteria, Software Structure and Architecture, Implementation Design, Design reviews,

**Software construction** : Organizational Coding Guidelines, Coding, code reviews, Unit testing.

**Software testing** : test planning, test process, conducting test, test results and analysis.

**Software Maintenance** : Maintenance planning, change management and impact analysis, maintenance and change management process.

**Software Quality Assurance** : Quality Planning, Work Product Reviews, Process Tailoring, Metrics, Improvement Actions.

**Configuration & Change Management** : Configuration Planning, Change Request Management, Impact Analysis.

## 2. Conservation of Energy

Conservation of energy is given top priority by the Company. Although the operations of the Company are not energy intensive, the management has been highly conscious of criticality of conservation of energy at all the operational levels and efforts are made in this direction on a continuous basis. Adequate measures have been planned to conserve and reduce energy consumption whenever possible by using energy efficient equipments.

During the year, the Company has taken following measures towards energy conservation :

1. Organizing the procedures in such a way that energy losses are minimized by eliminating

idle running. This has helped in reducing per unit energy consumption.

2. Modifying the processes so as to reduce per unit consumption of energy.
3. Optimization of electrical load by matching motor power capacity to the exact organizational requirements.

Future Proposals for conservation of energy :

The Company is planning to enter new agreements and implement new measures which will play instrumental role in bringing down the cost of energy in addition to improving quality.

### **3. Technology absorption**

Your Company continues to use state-of-the-art technology for improving the productivity and

quality of its services. The Company realizes that in order to stay competitive and avoid obsolescence, it would have to invest in new technology across multiple services offered by it. Hence, the Company is making every effort to develop methods for adapting and effectively deploying new technologies.

The Company believes that technological obsolescence is a reality. Only progressive research and development will help us to measure up to future challenges and opportunities. We invest in and encourage continuous innovation. During the year under review, expenditure on technology absorption is not significant in relation to the nature and size of operations of your Company

### **Exchange earning and outgo.**

<b>Particulars</b>	<b>2011-2012</b>	<b>2010-2011</b>
Foreign currency earning:	10,926	28,807
Foreign currency expenditure:	481	1,444
Revenue Expenditure		

**For & on behalf of the Board**

**Sd/-  
N. V. Simhadri  
Chairman**

**Date : 27<sup>th</sup> July, 2012  
Place : Kolkata**

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**COMPLIANCE CERTIFICATE  
ON CORPORATE GOVERNANCE**

To  
The Board of Directors  
M/S IKF Technologies Limited

We have examined the compliance of conditions of Corporate Governance by IKF Technologies Limited ("the Company") for the period ended 31<sup>st</sup> March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the condition of Corporate Governance.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

**For Agarwal Vishwanath & Associates  
Chartered Accountants  
Firm Reg. No.323024E**

**Date:19<sup>th</sup> May, 2012  
Place: Kolkata**

**Sd/-  
CA Vishwanath Agarwal  
Partner  
Membership No.54806**

## MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

### OVERVIEW

The Financial Statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India. Various estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflects in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

We provide a broad and expanding range of knowledge process outsourcing services as well as publishing and a related information technology service that helps companies create and manage information more effectively and economically. Our solutions enable organizations to find new ways to transform in efficient business process, improve operations and reduce costs.

### INDUSTRY STRUCTURE AND DEVELOPMENT



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The Indian information technology sector continues to be one of the sunshine sectors of the Indian economy showing rapid growth and promise. Indian IT-BPO industry Poised to become a US\$ 225 billion industry by 2020, the Indian information technology (IT) industry has played a key role in putting India on the global map.

The IT sector has become one of the most significant growth catalysts for the Indian economy. In addition to fuelling India's economy, this industry is also positively influencing the lives of its people through an active direct and indirect contribution to various socio-economic parameters such as employment, standard of living and diversity. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services, according to National Association of Software and Service Companies (NASSCOM).

The Indian BPO industry achieved a significant milestone in FY 2012 it earned more than USD 15 billion in revenue and now directly employs more than a million young people. It is also an established fact that the potential is 10X more and many of the leading Fortune 500 companies have only begun their off shoring journey.

Over the last 2–3 years, many providers have revamped their capabilities to deepen client relationships, refocused delivery organization around key verticals (for example, banking, telecom), built new delivery models, and increased the width and depth of their services. Now the industry leaders are signaling a move towards delivering tangible business impact as opposed to relying only on improving cost quality equation.

While the performance and potential continue to impress, not everything is as rosy as it sounds. On the demand side, the outlook for 2012 is uncertain. External factors like pricing pressure,

delays in decision making, political pressure due to the impending US presidential election, and decline in volumes will continue to bother the industry. On the supply side, our analysis of more than 250 accounts suggests that more than half these accounts deliver lower than industry growth rates and margins. Only a handful (less than 10 per cent) of accounts are able to deliver profitable growth, that is, more than 15 per cent CAGR growth rates and greater than 20 per cent EBITDA.

However, this is not the first time that the industry is dealing with a downturn. The industry did a remarkable job of coming out of a low demand phase in 2008–09. There are substantial learning from the 'star accounts' that have successfully delivered above industry benchmark level growth rates and profitability, even during the 2008–09 recession. These accounts have aligned strongly on objectives with the senior client leadership teams, delivered 10–15 per cent productivity year-on-year, disproportionately focused on impacting revenue, for their clients and systematically reduced delivery costs per employee.

Additionally, industry leaders have been talking about non-linear growth, transformational outsourcing, driving synergies between IT and BPO organizations and moving up the value chain in terms of skill sets. So the grim outlook for 2012–13 may hold a blessing in disguise and catalyze industry movement to focus more on business outcomes and innovation.

## **BUSINESS OUTLOOK**

India retained its numero uno position as the world's leading sourcing location for IT-BPO services, despite the rise of several alternative sourcing locations, with a share of over 58 per cent in 2011.

Industry body NASSCOM said, the pace of export of the Indian IT-BPO sector is expected to cross the landmark \$ 100 billion in 2011-2012.

With its large English-speaking and relatively low cost workforce, India remains a preferred outsourcing destination for Companies in developed markets. India's share in global outsourcing was 58 % in 2011, up from 55 % in 2010.

But rising wages and other costs have been threatening the country's predominant position in the outsourcing market. Factors such as currency volatility will remain in focus after a sharp fall in the rupee against the U.S. dollar helped local software exporters in the October- December period.

Exports from the sector may grow 11%-14% in the year that starts April 1 to \$ 76 billion - \$ 78 billion compared with an estimated \$ 68 billion this fiscal year, an increase of about 16 %. This number can rise if the BPO transaction volumes and economies in certain geographies pick up further.

Indian software exporters earn only 90 % of their revenue from Europe and the U.S, which are faced with major economic challenges. The sector was hit hard through 2011 as clients delayed decisions because of economic problems, political turmoil and natural disasters.

According to a report published by Tech Navio, the process Outsourcing Industry, India is expected to grow at a compound annual growth rate of 27.7 %, during 2010-2014. The most important factor that will aid in the growth of the industry is the favorable government policies.

The Indian IT service sector's liquidity situation is expected to remain comfortable in 2012, backed by their high cash balances, low debt levels and positive free cash flows from the recurring and critical nature of IT services.

## Way Forward

"As we go forward, the upcoming years will encompass the positive outcome of the new transformation journey we have undertaken today. The new transformed service delivery framework of ours will be extremely business focused, will deliver confidence and manage risks for our clients, will use modern business re-alignment methodologies; and at the same time enable sustained savings and create value. The small pain that the Company is facing today will transform into optimistic results which will be visible after a few quarters. This in turn will enable the Company to take an upward turn, accelerate growth performance and deliver much more positive results.

M&A activity is likely to continue in 2012, with Indian IT services companies focusing on acquiring targets in specific industry verticals and geographies. The possibility of large-scale acquisitions, which either drain liquidity substantially or increase leverage, continues to be a credit concern.

The possibility of large-scale acquisitions, which drain liquidity substantially or increase leverage, continues to be a credit concern.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has built adequate systems of Internal Controls aimed at achieving efficiency in operations, optimum utilization of resources, effective monitoring and compliance with all applicable laws. The internal control mechanism comprises of a well defined organizational structure, documented policy guidelines, predetermined authority levels and processes commensurate with the level of responsibility. The audit Committee of the Board reviews major internal audit reports as well as the adequacy of Internal controls.



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## Human Capital

Employees are the core of our organization and all our initiatives are focused around providing the 'best in our class' services to them. We believe that the human capital is the most valuable asset of our Organization. People from central nervous system of IKF and its growth and evolution is attributed to them. Rightly then the leadership team devotes substantial focus in developing and furthering the intellectual potential of our people. We nurture our talent with passion and compassion. We provide our employee a transparent and level playing work environment that fosters the culture of collaborative working, meritocracy and on the job career progression.

Employees are the core of our organization and all our initiatives are focused around providing the 'best in class' service to them. Events, workshops and awareness sessions on health & wellness ensure we have a healthy & fit workforce. We have various benefits that are provided to our employees at no extra cost. Along with the physical well-being we also lay a lot of emphasis on the emotional & mental well-being. Our in-house psychologists help employees vent out their challenges on a personal and a professional level. These experts help them with various tips and techniques to deal with their concerns to achieve a perfect work-life balance.

To simplify day-to-day chores, we have banking, insurance and tax planning helpdesks at our campuses, which provide an easy access to our associates.

We encourage our employees to dedicate and devote their time to various social causes as well. The E-Shiksha which is dedicated to the cause of education of underprivileged children and women empowerment provides opportunity to all our employees to volunteer and make a difference.

The key elements that define our culture include:

## Recruitment

We have built our global talent pool by recruiting new talent from esteemed universities, colleges and institutes in India and through need based hiring of project leaders and middle managers. We have the policy of recruiting only people who have consistently shown high levels of achievement.

We also rolled out new performance management system (PMS) during the year with an aim to provide transparency and visibility in employee evaluation process. The new PMS gives equal importance to goals achieved as well competencies displayed.

## Training and Development

Our continuous training, education and career development programmes are designed to ensure our technology professionals to enhance their skill sets in alignment with their respective roles and to achieve a niche over others. Most new hired students complete approximately 6 weeks of integrated on-the-job training prior to being assigned to an IKF business unit. We continually provide our technology professionals with challenging assignments and exposure to new skills, technologies and global opportunities.

## Remuneration

Compensation is an important motivator when time comes to reward achievement of the desired organizational results. Our management ensures to take into consideration the compensation factor.

It is said "that money is a powerful source of "Motivation". We have adopted the remuneration strategy that can reinforce the organization culture as desired. These Organizational cultures enable to link the pay with performance. Our Remuneration policies reflect our business objectives. These remuneration policies are communicated to everyone soon after a decision is taken, so that we do not fail to get the desired results due to poor communication. Our



Company also has the right combination of benefits which are non-cash compensation / performances linked incentive and motivate employees and make them stay to help in the progress.

## SEGMENT WISE PERFORMANCE

### IT'S DIVISION ( Indian Scenario)

India is now globally known for its new mantra-Information Technology; which has its root in the 'strategic infection' started by the success of India's exports led software industry. The information technology is the world's largest and fastest growing industry and increasingly finding applications in all sectors of the economy. Today, India is a large, vibrant and one of the fastest growing economies in the world. As a result of impressive growth of the economy, steadily increasing purchasing power of the people and aspirations of the young, India is one of the fastest growing markets for BPO. The domestic demand for electronic hardware is estimated at US\$ 400 billion by 2020.

High offshore component of delivery and superior execution in multi-location delivery continue to be key differentiators. Broad-based industry structure; IT led by large Indian firms, BPO by a mix of Indian and MNC third-party providers and captives, reflects the depth of the supply-base. While the larger players continue to lead growth, gradually increasing their share in the industry aggregate; several high-performing Small and Medium Enterprises (SMEs) also stand out.

With a large pool of skilled manpower-chartered accountants, doctors, MBAs, lawyers, research analysts-India would be able to add value to the global KPO business and its high-end processes like valuation research, investment research, patent filing, legal and insurance claims processing, online teaching, media content supply, among others. Skilled manpower and multi lingual capabilities combined with the advantages

of lower costs can help the country to emerge as a frontrunner in KPO, globally. Increasing adoption of technology in the domestic industries is already beginning to reflect in their enhanced performance and competitiveness.

### Indian IT-BPO Industry

According to the National Association of Software and Services Companies (NASSCOMM) data, IT-BPO sector in India aggregated revenues of US\$ 88.1 billion in Fiscal Year (FY) 2011, generating direct employment for over 2.5 million people. The industry focused on emerging verticals, markets and customer segments, driving innovation-led transformation in client organizations and transforming its internal operations. The domestic IT-BPO market witnessed the Indian consumers going up the IT maturity curve, return of economic growth, efforts by organisations and the government to increase technology adoption, and emergence of new delivery platforms thus driving growth.

### Key Highlights during FY 2011

As per NASSCOMM, following were the key highlights of Information Technology industry for the Fiscal Year 2011:

- \* The IT-BPO sector in India is estimated to aggregate revenues of US\$ 88.1 billion in FY 2011, with the IT software and services sector (excluding hardware) accounting for US\$ 76.1 billion of revenues.
- \* During FY 2011 direct employment is expected to reach nearly 2.5 million, an addition of 240,000 employees, while indirect job creation is estimated at 8.3 million.
- \* As a proportion of national GDP, the sector revenues have grown from 1.2 per cent in FY 1998 to an estimated 6.4 per cent in FY 2011.
- \* The share of IT-BPO industry in the total Indian exports (merchandise plus

services) increased from less than 4 per cent in FY 1998 to 26 per cent in FY 2011.

- \* Export revenues (including Hardware) estimated to reach US\$ 59.4 billion in FY 2011; Domestic revenues (including Hardware) of about US\$ 28.8 billion; total industry estimated to reach US\$ 88.1 billion.
- \* Software and services revenues (excluding Hardware), comprising over 86 per cent of the total industry revenues, expected to post US\$ 76.1 billion in FY 2011; estimated growth of about 19.1 per cent over FY 2010
- \* The upbeat domestic IT-BPO spending trend will continue in FY2012 as the industry is expected to grow at 16 per cent to reach US\$ 20 billion.
- \* IT spending expected to significantly increase in verticals like automotive and healthcare while the government, with its focus on e-governance, will continue to be a major spender.

### Domestic IT-BPO Industry

NASSCOMM data has revealed that, the year 2011-12 characterized a landmark year as aggregate revenue for the Indian IT-BPO sector is estimated to cross USD 101 billion. Continuing as the bastion for the sector, exports accounted for ~USD 69 billion, growing by 16.3 percent over the last fiscal year.

Despite challenges in the global market conditions, India sustained its growth trajectory. Some of the other pivotal factors that have contributed to this growth include new business models, organization efficiencies, services around disruptive technologies such as cloud, mobility, analytics, social media, and flexible product portfolios and virtualized solutions. For FY 2013, the export revenues are expected to grow by 11-14 per cent while the domestic revenues will grow by 13-16 percent.

Strong economic growth, rapid advancement in technology infrastructure, increasingly

competitive Indian organizations, enhanced focus by the Government and emergence of business models that help provide IT to new customer segments are the key drivers for increased technology adoption in India.

The domestic segment (including Hardware), that accounts for 33 per cent of the industry, grew by 16 per cent (including hardware) in FY 2011, to reach US\$ 26.43 billion which in dollars is equivalent to US\$ 28.8 billion a growth of 21 per cent

IT services is one of the fastest growing segment in the Indian domestic market, rising by 16.8 per cent to reach US\$ 10.03 billion, driven by localised strategies designed by service providers

Hardware and IT Services account for 75 per cent of total revenues

Domestic BPO segment has grown by 16.9 per cent in FY 2011, to reach US\$ 2.54 billion, driven by demand from voice based services, in addition to adoption from emerging verticals, new customer segments, and value based transformational outsourcing platforms.

- \* Indian software product segment is estimated to grow by 14 per cent to reach US\$ 3.14 billion, fuelled by replacement of in-house software applications to standardized products from large organisations and innovative start-ups.
- \* Government sector is a key catalyst for increased IT adoption- through sectors reforms that encourage IT acceptance, National governance Programmers (Neap), and the Unique Identification Development Authority of India (UIDAI) programmed that creates large scale IT infrastructure and promotes corporate participation.
- \* Continued IT investments by mature verticals along with Greenfield initiatives by emerging verticals are fuelling the growth of IT adoption in India.

- \* Indian service providers are using localised strategies to increase their market share in the domestic IT Services Market .
- \* Increased spending capabilities and improved technology acceptance driving growth.

### **Our Company Services**

IKF is Equipped with necessary quality certifications and a large team of competent E-gov professionals, IKF has devised several Outcome based E-governance solutions / strategies. These are useful for customers in India and even Commonwealth countries. IKF solutions for G2C/G2B/G2G services have been adopted by progressive states and large organizations in India in domains like Citizen Services Delivery, Municipal Corporations, and Water and Electricity Distribution companies.

### **Future Outlook**

Countries recognize that e-government has become a unique and powerful tool for governments. It has contributed to making public administration significantly more efficient and effective. It has, in its own right, forced governments into rethink in organizations, responsibilities, business processes, and collaborative and co-operative arrangements within and across levels of government and also forced governments to take a whole-of-public sector view of their service provision to citizens and businesses.

IKF has achieved credible success in its niche domains and focus states in India. Encouraged by the increasing focus of Indian states on achieving E-governance and by the positive response to our solutions and strategies; we have now plans in place to explore the ever increasing market for E-governance in many other Indian States and commonwealth countries.

### **E . BIO FUEL DIVISION**

The depleting sources of fossil fuel, ever increasing crude oil prices, increasing energy demand and global environmental concern are driving the world to look for alternative fuel. Bio fuels, renewable liquid fuel extracted from biological raw material, have proved to be a good substitute for oil.

India, a fast growing economy is facing the challenge of meeting a rapid increase in its energy demand. Presently, India mainly depends on imports for its petroleum requirement due to stagnating domestic crude production and increase in energy consumptions.

The trend over the last decade shows an increased consumption and significantly increased crude oil import bills. The Government of India is, therefore, very seriously looking for alternate energy sources and bio-fuels happens to be the front runner.

### **BIO- DIESEL ACCEPTABLE TO MAJOR CONSUMERS**

- \* Mercedes Benz has approved Bio diesel Testing in its cars in India.
- \* Haryana State Transport Corporation Switched to using 5% Bio-diesel from June2005 after 1 year of trials.
- \* BEST in Mumbai is running a bio diesel trial on its buses.
- \* Karnataka State Road Transport Corporation (KSRTC) - Test trials for their buses on 5% bio-diesel blends.
- \* Andhra Pradesh State Road Transport Corporation (APSRTC) - Test trials for their buses on 5% bio-diesel blends.
- \* Indian Railways - Tested 5% blend on Shatabdi Express.

### **Global Scenario of Bio diesel Market**

The Global markets for bio diesels are entering a period of rapid, transitional growth, creating both

uncertainty and opportunity. The first generation bio diesel markets in Europe and the US have reached impressive bio diesel production capacity levels, but remained constraint by feedstock availability. In the BRIC nations of Brazil, India and China, key government initiatives are spawning hundreds of new opportunities for feed stock development, biodiesel production, and export, said Bio Diesel 2020 expert.

A fundamental transition in global fuel production is now happening. In the year 2007, there were only 20 oil producing nations supplying the needs of over 200 nations. By the year 2010, more than 200 nations become bio diesel producing nations and suppliers. The world is entering a new era of participation by emerging market nations in global green energy production for transport fuels.

Bio Diesel feedstock markets worldwide are in transition from increasingly expensive first generation feedstock Soy, rapeseed and palm oil to alternative, lower cost, non-food feedstock. As a result, a surge in demand for alternative feedstock driving new growth opportunities in the sector. Bio Diesel growth from non-food feedstock is gaining traction around the world, said expert. For exp. China recently set aside an area the size of England to produce jatropha and other non-food plants for Bio Diesel. India has up to 60 million hectares of non-arable land available to produce jatropha, and intends to replace 20% of diesel fuel with jatropha-based bio diesel. In Brazil and Africa, there are significant programs underway dedicated to producing non-food crops jatropha and castor for bio diesel.

An increasing number of second generation bio diesel projects are now emerging in anticipation of growing sustainability concerns by governments, and in response to market demands for improving process efficiencies and greater feedstock production yields.

Many Governments are now revising their bio fuels policies in a reactive or a proactive manner. If governments continue to pro-actively support and promote research & development in second

generation technologies including renewable diesel, BTL bio mass to liquids projects, algae and cellulosic diesel; and if governments continue to actively support the development of sustainable, alternative, lower cost feed stock such as algae, jatropha, castor, used vegetable oil, tallow, and other sustainable feedstock, the prospects for achieving bio diesel targets may be realized faster than anticipated.

From 2008 to 2020, a series of transitions biodiesel industry will create winners and losers. Biodiesel producers that are best able to evolve and adapt to transitions in technology, markets, and feed stock and government policies are most likely to succeed over the long term.

### **Opportunities and Outlook**

The initial results from the study Bio Diesel 2020. A Global Market survey find that new developers, farmers, feedstock providers, producers and investors who can meet growing demands for supply are expected to benefit from this emerging market.

In addition, this study finds key advantages in the future will be available to producers and investors to supply future needs with new and improved technologies; alternative feed stocks with higher yields such as jatropha and algae bio diesel; production scalability and flexibility options; supply chain, distribution and co-location strategies; innovative risk management strategies; and industry friendly government targets and tax incentives committed to promoting the awareness and growth of the industry.

### **Indian Scenario of Biodiesel market**

The Indian Bio fuel market has been consistently witnessing growth and developments for past few years. The government of India is injecting huge amount of money and resources into the development of this sector in an attempt to reduce dependency on imported oil. High volatile oil prices and production levels have further enlightened the need for continuous developments of this sector.



According to the research report Emerging Bio Fuel Market in India the Indian ethanol consumption is projected to grow at a CAGR of around 4% during 2009-2018. The trend of high consumption will not be limited to ethanol but bio diesel will also upsurge in consumption in coming years. Due to fluctuation of oil prices in the international market and continuously increasing oil import, the Indian bio fuel sector is expected to see robust growth in coming years. Currently ethanol dominates the Indian Bio fuel sector, with huge potential in terms of production; the Indian bio fuel industry will prove to be a good position for bio fuel producers.

Again India is highly dependent on outside sources to satisfy its energy needs. Jatropha has emerged as a possible solution for India's biodiesel demands of the future. Jatropha is considered to be an ideal feedstock for bio diesel production in India as it has multiple advantages including high yield on wasteland, low cost production and high potential for employment generation. The Government of India has supported jatropha cultivation for bio diesel production through a variety of ways like National Bio fuel policy, 2008.

#### **FACTORS THAT MAY AFFECT RESULTS OF THE OPERATION**

**General economic conditions:** General economic slowdown may compel our clients to postpone their decisions to acquire newer technology and reduce their IT & BPO operations cost. In turn such scenario may affect our revenue and profitability.

**Pricing Pressure:** The Indian IT market (domestic) has been viewed as a highly emerging market compared to other markets, hence it has become a focused market for several large Indian IT & BPO firms & various global IT giants. But highly competitive scenario creates pricing pressure on the Company, which may affect its gross margin in the long run.

**Human Resources:** Our services business is a highly Human resource intensive. An increased demand of IT & BPO professionals may result in increased attrition which may affect our business in the short term.

#### **HUMAN RESOURCES**

The company's HR endeavor this year would be to bring in the concept of "Shared Leadership" approach and build a climate of best HR practices as we move forward this year. For an organization like ours, which thrives on technology and manpower, the process to appoint the new leadership team, which is both dynamic and sensitive towards the requirements of the employees and stakeholders, has far reaching and strategic consequences. Keeping this in mind, we followed a consultative process to evolve many options and then deliberated on the strengths of each before arriving at a final view of the new leadership team.

The company seek all stakeholders' support and cooperation in helping the Company further enriching employee value enhancement proposition for the year ahead thereby building a stronger, bigger and better employee base, based on the principles of 'Caring, Sharing and Leading.

#### **CAUTIONARY STATEMENT**

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply government regulations and taxation natural calamities and so on over which the Company does not have any direct control.

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## **Code of Business Conduct and Ethics for Directors and Management Personnel**

In compliance with Clause 49 of the Listing Agreement, the Company has adopted a Code of Ethics for Principal Executives and Senior Financial Officers. This Code is applicable to all the members of the Board, the executive council and senior financial officers. This code is in addition to the Company's Code of Business Conduct, applicable to all the employees of the company.

A copy of the said Code of Ethics for Principal Executives and Senior Officials and the Code of Business Conduct is available on our website [www.ikftech.in](http://www.ikftech.in)

All the members of the Board and the executive council and senior financial officers have affirmed compliance to the code of Ethics for Principal Executive and senior financial Officers and the Code of Business Conduct, as at March 31, 2012. A declaration to this effect signed by Executive Director and the CFO is provided in the CEO/CFO certification section of the Annual Report.

To the Shareholders of IKF Technologies Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

**Date : 27<sup>th</sup> July, 2012**

**Place : Kolkata**

**Sd/-**

**Chief Financial Officer**

**Exercising power and decision-making for a group of people is called governance. It happens everywhere – from urban centres to rural villages – and the well-being of a community depends on the choices made by people granted this authority.**

## REPORT ON CORPORATE GOVERNANCE

A Good Corporate Governance process aims to achieve balance between shareholders' interest and corporate goals by providing long term vision for the business and establishing systems that help the Board of Directors ("the Board") in understanding and monitoring risk at every stage of corporate evolution process to enhance the trust and confidence of the stakeholder without compromising with laws and regulations.

### CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY

The Company's core values - Innovation, Insight and Integrity imbibe in itself the Corporate Governance Philosophy. The Company's governance structure, which is based on this philosophy, is as follows:

- 1) The Board and its Committees, consisting of professionals of repute who provide strategic planning and direction (Innovation);
- 2) The Operating Board consisting of professionals having domain knowledge and experience (providing the Insight) and
- 3) Execution freedom of the Operating Board and the employees in particular within the framework of accountability (Integrity).

The Company is in compliance with the requirements of the guidelines on corporate governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges.

### 1. Board Composition and Particulars of Directors.

#### i) Board Composition

The Company has Five Directors. Out of Five Directors four directors are Non Executive Directors and one is Executive Director. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2012 have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/ Memberships held by them in other companies are given in separate table. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships/ Memberships of Board Committees include only Audit and Shareholders/Investors Grievance Committees.

The following functions came under the purview of the board of directors and its committees.

- Review of financial plans and budgets
- formulating strategic business plans
- monitoring high end projects
- keeping shareholders informed regarding plans, strategies and performance

The Board has adopted guidelines which are in line with the applicable legal requirements.

### Directors Profile

Brief resume of all the Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships, memberships/chairmanships of Board Committees and their shareholding in the Company are provided below:

**a) Mr. N.V. Simhadri** is an LL.B. and M.Com from Nagpur University. He is an expert in various fields like legal, financial and taxation. Mr. Simhadri has held senior positions for over 25 years in the companies like SAIL, Ballarpur, Karvy, TCS, Aditya



Birla group. He is also associated with Institute of Company Secretaries of India, Institute of Cost and Work Accountants of India and Institute of Bankers.

He is holding the directorship of the Company since October, 2010 as a Non-Executive Director. He is the member of Audit Committee, Remuneration Committee and Chairman of Share Holders' Grievance Committee. He does not hold any shares in the Company

**b) Mr. Gajanand Gupta** is a Chartered Accountant and completed the same in the year 1992. He possesses much knowledge and expertise in the field of finance, taxation and law related matters. Mr. Gajanand Gupta is a qualified Chartered Accountant with 20 years experience. He is well versed with the various industries scenario.

He is holding a directorship in the Company since October 31st, 2006 as a Non Executive Director. He is the Chairman of Audit Committee and Remuneration Committee. He does not hold any shares in the Company .

**c) Mr. Pradeep Dutta**, age 58 years, holds a Masters of Economics with specialization in Industrial Economics. Upon completion of his studies, Mr. Dutta had started his career in the year 1972 as a Research Assistant with Monopoly Restrictive Trade Practices under Department of Company Law, Govt. of India

Mr. Dutta was associated with IKF Technologies as an Executive Director till January 24, 2011. During his tenure, Mr. Dutta, with his deep insight and varied experience provides guidance in the overall activities of the company. He plays a major role in formulating the business policies and decision making of the company. Mr. Dutta is a man of perfection and his vision is well defined towards the growth and success of the company. His incalculable career achievements can not be limited in few lines. He does not hold any shares in the Company.

**d) Mr. Sunil Kumar Goyal** is a Commerce Graduate. He possesses much knowledge and expertise in field of finance. He has vast experience in E- Governance project and portfolio Management.

Mr. Goyal is a Promoter Director and holds 54, 00,000 shares in his name as on 31<sup>st</sup> March 2012 and is holding directorship in the Company since 19 May 2012. He is member of Investor/Share Holders' Grievance Committee.

**e) Ms. Nidhi Sharma** is MCA having vast knowledge & 8 years rich Experience across several projects & clients in Black Box Testing, SI, SIT, UAT, Prod- Support AMDOC Ensemble Billing, CRM, CSM, BSS-OSS. She is holding directorship in Company since 30 Jan 2012.

She is a member of Investor/Share holder's grievance committee, Remuneration Committee & audit Committee. He does not hold any shares in the Company.

## **2. Board meetings :**

Among other things, key matters like periodic operations and financial results, acquisitions, joint ventures, capital / operating budgets, findings / comments of the Statutory, Internal and other Auditors, risk management, internal controls, issue of capital and other resource mobilization efforts are considered and deliberated by the Board. The Board also regularly deliberates on the Company's positioning in the Indian and global IT scenario and adopts and approves the strategy for medium and long term growth.

Name	Category	Designation	Date of Appointment	Date of Resignation	Number of directorship in other companies	No. of Board Meeting Attended
Mr. Manoj Rungta	ED	Whole Time Director	31-Jan-11	01- Dec -11	-	2
Mr. Mukesh Kumar Goyal	ED	Whole Time Director	04-Apr-09	04- Apr-12	-	4
Mr. N.V. Simhadri	INED	Director	19-Oct-10	N.A.	-	4
Mr. G.N. Gupta	INED	Director	31-Oct-06	N.A.	-	4
Ms. Uma Iyer Rawla	INED	Director	31-Jan-11	10-May-12		2
Mr. Pradeep Dutta	NED	Director	25-Jan-05	N.A.	-	1
Mr. Sunil Kumar Goyal	WTD	Additional Director	19-May-12	N.A.	1	0
Ms. Nidhi Sharma	INED	Additional Director	30-Jan-12	N.A.	-	1
Dr. B. B. L. Madhukar	INED	Director	30-Mar-10	01-Jan-12	-	2
Mr. R. P. Singh	INED	Director	23-Jul-05	27-May-11	-	0

**Legend: INED=Independent Non-Executive Director, NED= Non-Executive Director, ED= Executive Director and WTD= Whole Time Director**

### Number of Board Meetings held and dates on which held

Four Board meetings were held during the year. The Company had at least one Board Meeting in every three months and the maximum gap between two Board Meetings is less than four months. The details of Board Meeting are as under :

Sr. No.	Date Of Board Meeting	Board Strength	No. Of Directors present
1.	27.04.2011	8	5
2.	10.08.2011	7	4
3.	01.11.2011	7	5
4.	30.01.2012	5	4

Dates of Board meetings are decided in advance and accordingly intimated to the Board members so as to enable the directors to plan their schedule accordingly. The date has also been notified to BSE for further disclosure and published as part of the Annual Report. All the Board meetings conducted during the financial year 2011-2012 were held at our corporate office at A-56, IKF House, Sector-16, Noida- 201301, U.P., India and the Regional office at Sugam Business Park, J-6, Block EP & GP, Salt Lake City, Kolkata- 700091. The Company Secretary drafts the agenda for each meeting, along with explanatory notes and distributes these in advance to the directors. However, certain exigent matters are tabled at the Board Meeting with the approval of the Chairman. Every Board member is free to suggest items for inclusion in the agenda. As per the provisions of Companies Act, 1956 and clauses under Listing Agreement, the Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the annual shareholders' meeting. Additional meetings are held, when necessary. Presentations are made to the Board on various functional and operational areas of the Company including Marketing operations, major projects, financial highlights etc. The agenda placed before the Board inter alia includes the following :-

- Annual operating plans and Capital and Revenue budgets.
- Quarterly and Annual Financial results of the Company.
- Terms of reference of Board Committees.
- Minutes of meetings of Audit Committee and other Committees of the Board, as also resolutions passed by circulation.
- Details of investment in any joint venture/ subsidiary.
- New projects and expansion plans.
- Status of various projects.
- Risk management and minimization process.
- HR related issues.
- Safety / Security related matters
- General notices / matters of interest of Directors.
- Periodic reports to the Board on :-
  - Project status
  - Risk Management
  - Secretarial Audit
  - Compliance of laws
  - Disciplinary cases

Independent directors are expected to attend at least four Board meetings in a year.

- i) Minimum Four meetings are held every year. In case of business exigencies or urgency of matters resolution are passed by circulation. The meetings are usually held in the Corporate Office of the Company at IKF House, A-56, Sector-16, Noida-201301 or the Regional Office at Sugam Business Park, J-6, Block EP & GP, Salt Lake City, Kolkata- 700091.
- ii) All divisions are advised to schedule their work plan particularly with regard to approval/ decision at the Board. The information is forwarded to the Company Secretary so that the same can be included in the agenda of the Meeting. The agenda papers are finalized in consultation with the Executive Director. Agenda and Notes to the Agenda are circulated to the Directors in advance. All the material information is included in the Agenda papers for facilitating the focused discussion in the meeting. Respective Divisions give the report about their divisions in the form of presentations.
- iii) The Company Secretary records the Minutes of the Meeting. Draft minutes are circulated to all the members of the Board for their perusal and approval. The final minutes are entered in the Minutes Book within 30 days from the conclusion of the Meeting.
- iv) The important decisions taken at the meeting are communicated to the Departments/Divisions. Action taken report is placed at the immediate succeeding meeting of the Board for their noting.

### 3. Board Committees :

Currently, the Board has three committees : Audit Committee, Remuneration committee and Investor Grievance committee.

The Chairman of the Board, in consultation with the Company Secretary and the committee chairman, determine the frequency and duration of the committee meetings. Normally, all the committees meet at least four times a year. Recommendations of the committees are submitted to the entire Board for approval.

As per our Articles of Association the Quorum for meetings is either two members or one third of the members of the committee, whichever is higher.

Details of the Committees and other related information are provided hereunder:

#### **Audit Committee: Composition, Chairman and the Name of Members**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

During the year our Audit Committee comprised of the following independent directors:

Name of Director	Position	Category
Mr. G. N. Gupta	Chairman	Independent and Non-Executive Director
Dr. B.B.L. Madhukar*	Member	Independent and Non-Executive Director
Mr. N.V. Simhadri	Member	Independent and Non-Executive Director
Ms. Nidhi Sharma^	Member	Independent and Non-Executive Director

\*Dr. B.B.L. Madhukar resigned as Director & Member w.e.f. 01.01.2012

^Ms. Nidhi Sharma appointed as Director & Member w.e.f. 30.01.2012

### Audit Committee Attendance during the fiscal 2012

Four audit committee meetings were held during the year – on April 27, 2011; August 10, 2011; October 31, 2011 and January 30, 2012.

Name	Category	Number of Meetings during the year 2011-2012	
		Held	Attended
Mr. G.N Gupta	Independent, Non-executive	4	4
Mr. N.V. Simhadri	Independent, Non-executive	4	4
Dr. B.B.L. Madhukar	Independent, Non-executive	4	2
Ms. Nidhi Sharma	Independent, Non-executive	4	1

### REMUNERATION COMMITTEE

The purpose of the remuneration committee shall be to discharge the Board's responsibilities relating to compensation of the Company's executive directors and senior management. The committee has the overall responsibility of approving and evaluating the remuneration plans, policies and programs for executive directors and senior management. During the year no Remuneration Committee meeting was held.

During the year our Remuneration Committee comprised of the following independent directors:

Name of Director	Position	Category
Mr. G.N. Gupta	Chairman	Independent and Non-Executive Director
Dr. B.B.L. Madhukar*	Member	Independent and Non-Executive Director
Mr. N.V. Simhadri	Member	Independent and Non-Executive Director
Ms. Nidhi Sharma^	Member	Independent and Non-Executive Director

- \*\*Dr. B.B.L. Madhukar resigned as Director & Member w.e.f. 01.01.2012

- ^ Ms. Nidhi Sharma appointed as Director & Member w.e.f. 30.01.2012

### Remuneration committee charter

The purpose of the remuneration committee of the Board of Directors shall be to discharge the board's responsibilities relating to compensation of the Company's executive directors and senior management. The committee has the overall responsibility of approving and evaluating the compensation plans, policies and programs for executive directors and senior management.

### Membership and organization

The remuneration committee will be appointed by the Board and serve at its discretion. The remuneration committee shall consist of no fewer than three members. The members of the remuneration committee shall meet as per the listing standards of BSE.

### RESPONSIBILITIES AND AUTHORITY

Specific responsibilities of the committee include:

- The committee shall review the performance of all the executive directors for each quarter, on the basis of detailed performance parameters set for each of the executive directors at the beginning of the year. The remuneration committee may, from time to time, also evaluate the usefulness of such performance parameters, and make necessary amendments.
- The committee may also make recommendations to the Board with respect to incentive plans.
- The committee may form sub-committees and delegate authority to them when feels appropriate.
- The committee shall make regular reports to the Board.

### Remuneration to the Directors

Remuneration paid to Mr. Mukesh Kumar Goyal, Whole Time Director during the financial year 2011-12 was Rs. 11,90,323/- and other out of pocket expenses.

Remuneration paid to Mr. Manoj Rungta, Executive Director during the financial year 2011-12 was Rs. 10,00,000/- and other out of pocket expenses.

The Company does not pay any remuneration to the Non-Executive Directors.

### Investors/Shareholders Grievance Committee

Presently the Investors/Shareholders Grievance Committee comprises three directors.

Name of Director	Position	Category
Mr. N.V. Simhadri	Chairman	Independent and Non-Executive Director
*Mr. Mukesh Kumar Goyal	Member	Independent and Non-Executive Director
**Dr. B. B. L. Madhukar	Member	Independent and Non-Executive Director
^Ms. Nidhi Sharma	Member	Independent and Non-Executive Director

- \*Mr. Mukesh Kumar Goyal resigned as Director & Member w.e.f. 04.04.2012
- \*\*Dr. B.B.L. Madhukar resigned as Director & Member w.e.f. 01.01.2012
- ^ Ms. Nidhi Sharma appointed as Director & Member w.e.f. 30.01.2012

### **Investors/Shareholders Grievance Committee Attendance during the fiscal 2012**

Four Investors/Shareholders Grievance committee meeting was held during the year – May 26, 2011; August 10, 2011; October 31, 2011 and January 30, 2012

Name	Category	Number of Meetings during the year 2011-2012	
		Held	Attended
Mr. Mukesh Kumar Goyal	Whole time Director	4	4
Dr. B.B.L. Madhukar	Independent, Non-executive	4	2
Mr. N.V. Simhadri	Independent, Non-executive	4	4
Ms. Nidhi Sharma	Independent, Non-executive	4	1

### **Terms of Reference**

The committee deals with various matters relating to –

- Transfer / transmission of shares.
- Issue of share certificate in lieu of lost, sub-divided, consolidated, rematerialized or defaced Certificates.
- Review of shares dematerialized and all other related matters.
- Investors' grievance and redressal mechanism.

The Secretarial department of the company and registrar and transfer agents attends expeditiously to all grievances / correspondences of the shareholders and investors. All the complaints received from the shareholders have been resolved through out the year and numbers of complaints remained unresolved at the end were two.



### 3. General Body Meetings

#### Location and time, where last three AGMs held

Financial Year Ended	Date	Time	Venue	Special Resolution Passed
March 31, 2009	August 28, 2009	3:00 pm	City Centre Royal Bengal Room, Block DC, Sector I, Salt Lake City, Kolkata - 700064	Special Resolution has been passed relating to approval from shareholders u/s 81(1A)
March 31, 2010	June 11, 2010	3:00 pm	Eco Space (IT Park), Ambuja Realty-Hospitality Division, Plot No. 2F/11, New Town Rajarhat, Kolkata - 700156	Special Resolution has been passed relating to approval from shareholders u/s 81(1A)
March 31, 2011	May 27, 2011	3:00 pm	City Centre, Royal Bengal Room, Block DC, Sector I, Salt Lake City, Kolkata - 700064	Special Resolution has been passed relating to approval from shareholders u/s 81(1A)

**Note:** No resolution was passed through Postal Ballot in last Annual General Meeting.

### 3. Disclosure :

- a) Disclosures on materially significant related transactions i.e., transactions of the company of a material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with interests of the company at large:

The detail of transactions with related parties has been set out in Notes to Accounts which is forming part of the Annual Report.

All transactions with companies in which the Promoters are deemed to be interested were duly authorized by the Board and were in line with approvals received from the Central Government wherever applicable.

- b) Details of non-compliance by Company, penalties structures imposed on the Company by Stock Exchanges or SEBI or any statutory or any matter related to capital markets during the last three years:

There has been no instances of non – compliance by the Company on any matter related to capital market during the last three years and hence no penalties structures imposed on the Company by Stock Exchanges or SEBI or any statutory authority.

- c) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:

All the mandatory requirements of Clause 49 of the Listing Agreement has been set out in the respective section of this Annual Report along with declaration of CEO/CFO, Certificate of Chartered Accountant etc.

#### 4. Means of Communication

- a) Quarterly results : Quarterly Results are published in “Business Standard” and “Kalantar”  
The audited as well as the unaudited results are displayed on the website of the Company at [www.ikftech.in](http://www.ikftech.in) .
- b) Presentations : Various presentations have been made to the Institutional Investors in conferences and business meetings. The Company has not displayed official news releases.
- c) Annual Report : Annual Report containing, inter alia Audited Annual Accounts, Audited Annual Accounts of the Subsidiaries, Directors Report, Auditors Report and other important information is circulated to members and other entitled thereto. Management Discussion and Analysis Report forms part of the Annual Report.
- d) Email Id for Investor Grievance : The email id designated exclusively for investor servicing is [cs@ikftech.in](mailto:cs@ikftech.in) .

#### 5. General Shareholder Information

Date : 25<sup>th</sup> August, 2012  
Time : 3.00 P. M.  
Day : Saturday  
Venue : Rang Durbaar-Swabhumi  
89C, Moulana Abul Kalam Azad Sarani  
Opp. of Subhash Sarovar  
Kolkata 700 054

a) **Financial Calendar :**

Results for the First quarter (April-June)	First week of August
Results for the Second quarter (July-September)	First week of November
Results for the Third Quarter (October-December)	Last week of January
Annual Results (April-March)	Fourth week of May

b) **Book Closure Date** : 23<sup>rd</sup> August, 2012 to 25<sup>th</sup> August, 2012

c) **Listing of Equity Shares, GDR's on Stock Exchanges :**

1) **Listing of Equity Shares**

**Bombay Stock Exchange Limited (BSE)**

Phirozee Jeejeebhoy Towers, Dalal Street,  
Mumbai-400 001

**Calcutta Stock Exchange Association Limited(CSE)**

7, Lyons Range, Kolkata 700 064

2) **GDRs Stock Exchange**

**Luxembourg Stock Exchange**

11 Avenue de la Porte- Neuve, L-2227  
Luxembourg

**Overseas Depository**

The Bank of New York Mellon  
101 Barclay Street,  
22<sup>nd</sup> Floor,  
New York NY 10286 USA

**Domestic Custodian**

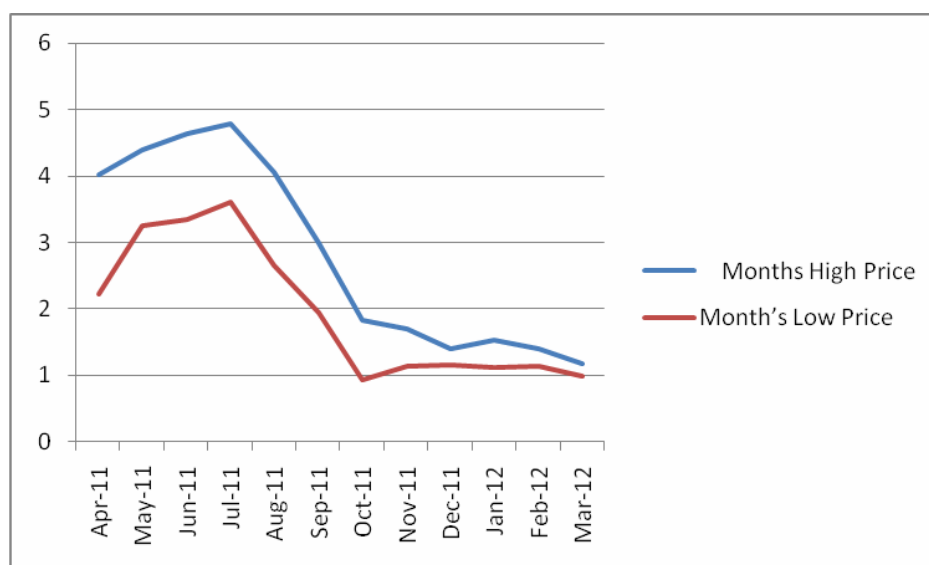
ICICI Bank Limited  
Empire Complex  
414, Senapati Bapat Marg,  
Lower Parel, Mumbai, India- 400013

a) **Payment of Listing Fees** : Annual Listing Fees for the year has been paid by the Company to BSE.

b) **Stock Market Data**

Month	( In ₹ per share) Months High Price	BSE Month's Low Price
April 2011	4.02	2.21
May 2011	4.39	3.25
June 2011	4.64	3.33
July 2011	4.78	3.60
August 2011	4.05	2.65
September 2011	2.99	1.93
October 2011	1.84	0.92
November 2011	1.70	1.12
December 2011	1.41	1.14
January 2012	1.54	1.11
February 2012	1.41	1.13
March 2012	1.18	0.98

### Share Price on BSE for the year 2011-2012



a) **Registrar & Share Transfer Agent**

Bigshare Services Pvt. Limited

E-2/3, Ansa Industrial Estate,

Sakivihar Road, Sakinaka,

Andheri (East),

MUMBAI – 400 072.

Tel : +91 22 2847 0652, 4043 0200

Fax : +91 22 2847 5207

Email : info@bigshareonline.com

g) **Share Transfer System :**

All the transfers received are processed and approved by the share transfer committee which normally meets twice in every month or more depending on the volume of transfers. The Board has delegated the authority for approving the transfer to the Executive Director and/or Company Secretary. The Company obtains from the Company Secretary in practice half yearly certificates of compliance with the share transfer formalities as required under cause 47(c) of the Listing Agreement with the Stock Exchange and files a copy of the same with the Stock Exchange.

## H) DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2012

Range of Shares	No. of Shareholders	Shareholding Percentage	No. of shares Capital	% of Total
1 - 5000	89,081	93.42	90274475	20.97
5001 - 10000	3,485	3.65	27558105	6.40
10001 - 20000	1,456	1.53	21485901	4.99
20001 - 30000	501	0.53	12678620	2.94
30001 - 40000	228	0.24	8136723	1.89
40001 - 50000	175	0.18	8245192	1.91
50001 - 100000	227	0.24	16903883	3.93
100001 - 999999999	198	0.21	245298541	56.97
<b>Total</b>	<b>95,351</b>		<b>430581440</b>	<b>100.00</b>

## CATEGORIES OF SHAREHOLDING AS ON MARCH 31, 2012

SI.No.	Category	No. of Shares	% of Paid Up Capital
1.	Promoters	38026036	8.83
2.	Corporate Bodies	47051633	10.93
3.	General Public	199491083	46.33
4.	NRIs/OCBs	3048942	0.71
5.	Clearing Members	179762	0.04
6.	GDR	131371440	30.51
7.	FIs	11412544	2.65
	<b>Total</b>	<b>430581440</b>	<b>100.00</b>

### Liquidity

The Company's Equity Shares are actively traded on BSE. The turnover during the year 2011-12 is ₹ 33.89 Crs. and Number of shares that have been traded is 14,75,25,292.

### Address for Correspondence

#### A) INVESTOR CORRESPONDENCE

- a) For transfer / dematerialization of shares and any other query relating to the shares of the company

Big Share Services Pvt. Limited  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Sakinaka,  
Andheri (East),  
MUMBAI – 400 072.  
Tel : +91 22 2847 0652, 4043 0200  
Fax : +91 22 2847 5207  
Email : info@bigshareonline.com

b) For shares held in Demat form :  
Depository Participant

c) Any query on the Annual Report and for other correspondence  
M/s. IKF Technologies Limited  
2<sup>nd</sup> Floor, Plot No. J-1/12, Block EP & GP, Sector-V, Salt Lake, Kolkata- 700091  
Email Id : cs@ikftech.in

**( Mohit )**  
***Company Secretary***



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## CEO / CFO Certification

To  
The Board of Directors  
IKF Technologies Limited

Dear Sirs,

We have reviewed the financial statements read with the Cash Flow statement of IKF Technologies Limited for the year ended 31st March, 2012 and to the best of our knowledge and belief we state that:

- (a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that may be misleading;
- (ii) These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations;
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting . We have evaluated the effectiveness of Internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operating of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) Significant changes in the Internal control over financial reporting during the year.
  - (ii) Significant changes in accounting policies made during the year and that the same have been disclosed in the notes to the Financial statements; and
  - (iii) Instances of significant fraud of which we have become aware the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Your's sincerely

**Date : 27th July 2012**  
**Place : Kolkata**

**Sd/-**  
**Chief Financial Officer**

## AUDITORS' REPORT TO THE MEMBERS OF IKF TECHNOLOGIES LIMITED

We have audited the attached Balance Sheet of M/s. IKF Technologies Limited as at 31st March 2012, the related Profit and Loss Statement and the Cash Flow Statement of the Company for the year ended on that date, annexed hereto and report that :-

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amount and disclosures on the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) Order 2003 issued by the Central government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclosure in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order

Further to our comments in the Annexure referred to above, we report that :

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit :

(ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from an examination of those books;

(iii) The said Balance Sheet, Profit and Loss Account and Cash Flow Statement are in agreement with the books of account;

(iv) In our opinion the Profit & Loss Account and the Balance Sheet of the Company Comply with the Accounting Standards referred to in the sub-section (3C) of Section 211 of the Companies Act, 1956;

(v) On the basis of written representation received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2012 from being appointed as a Director in term of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

(vi) Subject to our comments given in paragraph (vii) below, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read the notes thereon give the information required by the Company Act, 1956, in the manner so required give a true and fair view, in conformity with accounting principles generally accepted in India

a) in the case of Balance Sheet of the state of affairs of the company as at 31st March, 2012

b) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date and

c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**For Agarwal Vishwanath & Associates**  
**Chartered Accountants**

**Firm Reg. No. 323024E**

**Sd/-**

**CA Vishwanath Agarwal**  
**Partner**

**Membership No. 54806**

**Date : 19th May 2012**  
**Place : Kolkata**

## ANNEXURE TO THE AUDITORS' REPORT

(i) (a) The Company has maintained proper records of Fixed Assets showing full particulars, including quantitative details and situation of Fixed Assets.

(b) The physical verification of the Fixed Assets was conducted by the management at the year end which is in our opinion is reasonable having regard to the size of the Company and nature of its fixed assets. The company is in process of reconciliation of physically verified fixed assets with the fixed assets register and management represents based on their judgment that there will not be any material discrepancies.

(c) There was no major disposal of Fixed Assets during the year.

(ii) The company is a service company, primarily rendering information technology enabled service and business process outsourcing (BPO) service. Accordingly it does not hold any physical inventory. Thus paragraph (ii) of the order is not applicable.

(iii) As informed to us, the company has not granted/taken unsecured loans to/from companies, firms or other parties covered in the register maintained under section 301 of Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of fixed assets and sale of services.

v) Based on the audit procedure applied by us and according to the information and explanations given to us by the management, we are of the opinion that there was no transaction need to be entered in the register maintained under Section 301 of the Companies Act 1956.

vi) The Company has not accepted deposits from public with in the meaning of Section 58A and 58AA of the Companies Act, 1956.

vii) In our opinion, the company has an internal audit system within the Company, which is required to be further, strengthen.

viii) The Central Government has not prescribed for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for service rendered by the company.

ix) According to the information and explanations given to us by the Company, the Company is not regular in depositing undisputed statutory dues with the appropriate authorities. According to the information and explanations given to us there are undisputed amounts payable in respect of Income Tax, ESI, Service Tax, Professional Tax were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable. Details are as follows

Particulars	Amount (₹ in '000)
ESI	1,336
Professional Tax	85
Service Tax	9,102
TDS	1,730
<b>Total</b>	<b>12,253</b>

x) The Company does not have any accumulated loss and it has not incurred any cash losses during the current financial year and in the immediate preceding financial year.

xi) In our opinion and according to the information and explanations given to us by the management we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or bank.

xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not

granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.

xiv) As informed and explained to us, the Company has dealt / traded in securities or debentures during the year under review and in some cases the transfer formalities is under process.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loan taken by its associates or subsidiaries from bank or financial institutions.

xvi) According to the information and explanations given to us, the Company did not have any term loan outstanding during the year.

xvii) On the basis of information received from the management and based on our examination of the Balance Sheet of the Company as at 31st March 2012 we find that the funds raised on a short-term basis have not been used for long-term investments and vice-versa.

xviii) On the basis of information received from the management during the year no allotment has been made by the company. SEBI has issued a notice to the company that it is not suppose to issue any further equity shares or any other instrument convertible into equity shares or alter their share capital in any manner without its directions

xix) The Company did not have any outstanding debentures during the year.

xx) The Company has not raised money through public issue during the year.

xxi) According to the information and explanation given to us no fraud on or by the Company has been noticed or reported during the year.

**For Agarwal Vishwanath & Associates**  
**Chartered Accountants**  
**Firm Reg. No. 323024E**

**Sd/-**  
**CA Vishwanath Agarwal**  
**Partner**  
**Membership No. 54806**

**Date : 19th May 2012**  
**Place : Kolkata**

## Balance Sheet as at 31st March, 2012

(₹ in '000)

Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	430,581	430,581
(b) Reserves and Surplus	2	983,263	1,033,044
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	1,020	1,046
(b) Deferred tax liabilities (Net)	4	9,231	11,540
(c) Other Long Term Liabilities	5	940,416	678,271
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	6	538	279
(b) Trade payables	7	264,796	425,203
(c) Other current liabilities	8	38,454	15,684
(d) Short-term provisions	9	25,327	39,276
<b>Total</b>		<b>2,693,626</b>	<b>2,634,924</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) <i>Fixed assets</i>	10		
(i) Tangible assets		72,816	102,624
(b) Non-current investments	11	296,823	245,241
(c) Long term loans and advances	12	103,593	116,484
(d) Other non-current assets	13	58,467	64,807
<b>(2) Current assets</b>			
(a) Current investments	14	10,537	13,178
(b) Trade receivables	15	1,590,047	1,550,838
(c) Cash and cash equivalents	16	1,105	408,610
(d) Short-term loans and advances	17	533,449	98,107
(e) Other current assets	18	26,789	35,035
<b>Total</b>		<b>2,693,626</b>	<b>2,634,924</b>

For Agarwal Vishwanath & Associates  
**CHARTERED ACCOUNTANTS**  
 Firm Reg. No. 323024E

**FOR & ON BEHALF OF THE BOARD**

Sd/-  
**CA Vishwanath Agarwal**  
 Membership No : 54806  
 Partner

Sd/-  
**Sunil Kumar Goyal**  
*Whole Time Director*

Sd/-  
**N. V. Simhadri**  
*Director*

Date: 19th May 2012  
 Place: Kolkata

Sd/-  
**Mohit**  
*Company Secretary*

## Profit and Loss statement for the year ended 31st March, 2012

(₹ in '000)

Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I. Revenue from operations	19	338,864	602,108
II. Other Income	20	7,625	22,283
<b>III. Total Revenue (I +II)</b>		<b>346,489</b>	<b>624,391</b>
<i>IV. Expenses :</i>			
Purchase of Stock-in-Trade	21	118,941	367,182
Employee benefit expense	22	96,450	60,585
Financial costs	23	285	130
Depreciation and amortization expense	24	41,013	27,902
Other expenses	25	81,495	102,722
<b>Total Expenses</b>		<b>338,184</b>	<b>558,521</b>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	8,305	65,870
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		8,305	65,870
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		8,305	65,870
X. Tax expense:			
(1) Current tax		4,070	7,333
(2) Deferred tax		(2,309)	2,710
XI. Profit(Loss) from the period from continuing operations	(IX-X)	6,544	55,827
<b>XII. Profit/(Loss) for the period</b>		<b>6,544</b>	<b>55,827</b>
XIII. Earning per equity share:			
(1) Basic	35	0.02	0.13
(2) Diluted		0.02	0.13

**For Agarwal Vishwanath & Associates**  
**CHARTERED ACCOUNTANTS**  
 Firm Reg. No. 323024E

**FOR & ON BEHALF OF THE BOARD**

Sd/-  
**CA Vishwanath Agarwal**  
 Membership No : 54806  
 Partner

Sd/-  
**Sunil Kumar Goyal**  
*Whole Time Director*

Sd/-  
**N. V. Simhadri**  
*Director*

Date: 19th May 2012  
 Place: Kolkata

Sd/-  
**Mohit**  
*Company Secretary*



## NOTES TO THE FINANCIAL STATEMENTS

(₹ in '000)

### NOTE 01 : SHARE CAPITAL

A) Disclosure pursuant to Note no. 6(A) (a,b & c) of Part I of Schedule VI to the Companies Act, 1956

<u>Share Capital</u>	As at 31 March 2012		As at 31 March 2011	
	Number	₹	Number	₹
<b>Authorised</b> Equity Shares of ₹ 1/- each	1,000,000,000	1,000,000	1,000,000,000	1,000,000
<b>Issued, Subscribed &amp; Paid up</b> Equity Shares of ₹ 1/- each	430,581,440	430,581	430,581,440	430,581
<b>Total</b>	<b>430,581,440</b>	<b>430,581</b>	<b>430,581,440</b>	<b>430,581</b>

B) Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956  
(Following disclosure should be made for each class of Shares)

Particulars	Equity Shares 2011-12		Equity Shares 2010-11	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	430,581,440	430,581	430,581,440	430,581
Shares Issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	<b>430,581,440</b>	<b>430,581</b>	<b>430,581,440</b>	<b>430,581</b>

### NOTE 02 : RESERVES & SURPLUS

Disclosure pursuant to Note no. 6(B) of Part I of Schedule VI to the Companies Act, 1956

<u>Reserve &amp; Surplus</u>	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>a. Capital Reserve</b>		
Opening Balance	34,128	42,336
Less: Exchange Fluctuation Difference (Note 42)	34,128	8,208
Closing Balance	—	34,128
<b>b. Security Premium</b>		
Opening Balance	837,512	837,512
Closing Balance	837,512	837,512
<b>c. Surplus</b>		
Opening balance	161,404	105,577
(+) Net Profit/(Net Loss) For the current year	6,544	55,827
(-) Exchange Fluctuation Difference (Note 42)	22,197	—
Closing Balance	145,751	161,404
<b>Total</b>	<b>983,263</b>	<b>1,033,044</b>

(₹ in '000)

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>NOTE 03 : LONG TERM BORROWING</b>		
<u>Unsecured Loan</u>		
Car Loan	1,020	1,046
<b>TOTAL</b>	<u>1,020</u>	<u>1,046</u>
<b>NOTE 04 : DEFFERED TAX LIABILITIES (NET)</b>		
Deferred Tax Liabilities	9,231	11,540
<b>TOTAL</b>	<u>9,231</u>	<u>11,540</u>
<b>NOTE 05 : OTHER LONG TERM LIABILITIES</b>		
<u>Trade Payables</u>		
Sundry Creditor for Services	940,416	678,271
<b>TOTAL</b>	<u>940,416</u>	<u>678,271</u>
<b>NOTE 06 : SHORT TERM BORROWING</b>		
<u>Unsecured Loan</u>		
Car Loan	538	279
<b>TOTAL</b>	<u>538</u>	<u>279</u>
<b>NOTE 07 : TRADE PAYABLES</b>		
<b>SUNDRY CREDITORS</b>		
Sundry Creditor for Services & Expenses	264,796	425,203
<b>TOTAL</b>	<u>264,796</u>	<u>425,203</u>
<b>NOTE 08 : OTHER CURRENT LIABILITIES</b>		
Statutory Liabilities	26,548	8,666
Other Liabilities	11,880	7,018
Bank Overdraft due to Reconciliation	26	—
<b>TOTAL</b>	<u>38,454</u>	<u>15,684</u>
<b>NOTE 09 : SHORT TERM PROVISIONS</b>		
Provision for Income Tax	25,326	38,752
Provision for Fringe Benefit Tax	1	524
<b>TOTAL</b>	<u>25,327</u>	<u>39,276</u>
<b>NOTE 10 : FIXED ASSETS (As per Annexure- A)</b>		
- Tangible	72,816	102,624
<b>TOTAL</b>	<u>72,816</u>	<u>102,624</u>

(₹ in '000)

Particulars	As at 31 March 2012		As at 31 March 2011	
	units	₹	units	₹
<b>NOTE 11 : NON - CURRENT INVESTMENTS</b>				
<b>Investment in Equity Instruments</b>				
<u>Investment in Equity Share (Unquoted)</u>				
<b><u>(a) In Subsidiaries</u></b>				
IKF Technologies (PTY) Ltd	100	43,450	100	43,450
IKF Telecom Inc.	1,500	65	1,500	65
IKF Greenfuel Ltd	19,977,000	199,770	19,977,000	199,770
Biofel FZE	1	558	–	–
<b><u>(b) In Joint Venture</u></b>				
Falcon Search.Com LLC, Dubai	–	–	120	1,706
<b><u>(c) In Others</u></b>				
IKF Salampuria Agrotech Ltd.(Rs.10/- each)	25,000	250	25,000	250
Hightime Marketing Private Ltd (Rs.10/-each)	369,300	36,930	–	–
Orion Projects Pvt. Ltd (Rs.10/-each)	4,000	2,000	–	–
Pratham Projects & Finance Ltd.(Rs.10/- each)	5,000	500	–	–
Ramdhan Mohan Lal Builders Pvt. Ltd (Rs.10/- each)	20,000	2,000	–	–
Rewtiraman Developers Pvt. Ltd(Rs.10/-each)	6,000	300	–	–
Siber Software Service(India) Ltd(Rs.10/-each)	600,000	6,000	–	–
SSS Glass Pvt. Ltd(Rs.10/-each)	500,000	5,000	–	–
<b>TOTAL</b>		<b>296,823</b>		<b>245,241</b>
Aggregate amount of unquoted investments Market value(Face Value) Rs. 296822928 (Previous Year Rs.245241070)		296,823		245,241

(₹ in '000)

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>NOTE 12 : LONG TERM LOANS AND ADVANCES</b>		
<b>(a.) Security Deposit</b>		
For Rent, Telephone & Others	15,637	17,434
<b>(b.) Other Loan &amp; Advances</b>		
<u>Unsecured, Considered Good</u>		
Advances	87,956	99,050
(Recoverable in Cash or in Kind or Value to be Received)		
<b>TOTAL</b>	<b>103,593</b>	<b>116,484</b>
<b>NOTE 13 : OTHER NON CURRENT ASSETS</b>		
<b>Fixed Deposit with Bank</b>	21,573	21,658
<b>Misc Asset</b>		
GDR Issue Expense	5,293	11,548
Pre Operative Expenditure	31,601	31,601
	<b>58,467</b>	<b>64,807</b>
<b>NOTE 14 : CURRENT INVESTMENTS</b>		
<b>Investment in Partnership Firm</b>		
<b>R 2 R Seva</b>	10,537	13,178
	<b>10,537</b>	<b>13,178</b>
<b>NOTE 15 : TRADE RECEIVABLE</b>		
(Unsecured Considered Good)		
Debts exceeding for more than Six Months	1,492,247	1,277,886
Others	97,800	272,952
<b>TOTAL</b>	<b>1,590,047</b>	<b>1,550,838</b>
<b>NOTE 16 : CASH AND CASH EQUIVALENTS</b>		
<b>(a) Balances with Banks</b>		
<u>With Scheduled Banks in Current Accounts</u>	251	3,322
<u>With Non Scheduled Banks in Current Accounts</u>	-	404,928
<b>( b) Other Bank Balance</b>		
-Unclaimed Dividend Account	265	265
<b>(c) Cash on Hand</b>		
As certified by management	589	95
<b>TOTAL</b>	<b>1,105</b>	<b>408,610</b>
<b>NOTE 17 : SHORT TERM LOANS AND ADVANCES</b>		
<b>Other Loan &amp; Advances</b>		
<u>Advances</u>	533,449	98,107
(Recoverable in cash or in kind or for value to be received)		
<b>TOTAL</b>	<b>533,449</b>	<b>98,107</b>
<b>NOTE 18 : OTHER CURRENT ASSETS</b>		
<b>Fixed Deposit with Bank</b>	14,800	11,395
<b>For Taxation</b>		
Fringe Benefit Tax	-	522
Self Assessment Tax	-	10,335
Advance Income Tax	1,000	50
T.D.S	10,989	12,733
	<b>11,989</b>	<b>23,640</b>
	<b>26,789</b>	<b>35,035</b>

(₹ in '000)

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>NOTE 19 : REVENUE FROM OPERATIONS</b>		
BPO Income	100,427	51,774
Income from Travelling Business	12,087	-
Transaction Fees Received (E Mitra)	9,635	2,731
Data Entry Income	13,084	-
Software Sales	178,431	426,596
Software Services	10,248	32,431
Income from Telecom Division	12,378	5,390
IT/ITES & Others	2,574	-
Income from Computer Training	-	83,186
<b>TOTAL</b>	<b><u>338,864</u></b>	<b><u>602,108</u></b>
<b>NOTE 20 : OTHER INCOME</b>		
Interest Received	4,879	17,470
Rent Income	2,400	4,400
Income From Partnership Firm R2R Seva	16	185
Miscellaneous Income	330	228
<b>TOTAL</b>	<b><u>7,625</u></b>	<b><u>22,283</u></b>
<b>NOTE 21 : PURCHASE OF STOCK IN TRADE</b>		
Software Purchase	110,879	362,290
Bandwidth & VOIP Purchase	8,062	4,892
	<b><u>118,941</u></b>	<b><u>367,182</u></b>
<b>NOTE 22 : EMPLOYEE BENEFIT EXPENSE</b>		
Salary and Allowances	92,899	58,184
Directors Remuneration	2,190	1,450
Staff Welfare Expenses	1,361	951
<b>TOTAL</b>	<b><u>96,450</u></b>	<b><u>60,585</u></b>
<b>NOTE 23 : FINANCIAL COST</b>		
Bank Charges	285	130
<b>TOTAL</b>	<b><u>285</u></b>	<b><u>130</u></b>
<b>NOTE 24 : DEPRECIATION AND AMORTIZATION EXPENSE</b>		
<b>Depriciation</b>		
(As per Annexure - A)	<b>34,759</b>	<b>21,648</b>
Preliminary Expenses Written off	6,254	6,254
	<b><u>41,013</u></b>	<b><u>27,902</u></b>

(₹ in '000)

Particulars	As at 31 March 2012 ₹		As at 31 March 2011 ₹	
<b>NOTE 25 : OTHER EXPENSE</b>				
<u>(a) Operating Expenses</u>				
Expenses of Travelling Business	11,300		—	
Transaction Fee	7,321		2,006	
Computer Training Expenses	—		44,515	
Other Expenses	1,450	20,071	1,498	48,019
<u>(b.) Administrative Expenses</u>				
Advertisement	331		732	
Electricity Expenses	9,643		6,579	
Freight & Transport	2,938		1,950	
Hotel , Lodging & Marketing Expenses	252		132	
Legal & Professional charges	3,170		2,903	
Listing Fees	1,079		1,532	
Local Conveyance	1,172		673	
General Office Maintenance Expenses	7,062		8,763	
Rent	23,304		20,491	
Printing & Stationary	814		959	
Repairs & Maintenance	2,749		2,537	
Licenses & Fees	451		456	
Telephone & Postage	6,574		3,287	
Balances W/off	31		479	
Fluctuation in Foreign Exchange	131		441	
Travelling Expenses	1,280		2,354	
Paid to Directors				
- As Meeting Fee	173	61,154	165	54,433
<u>(c) Auditor Rumeration</u>				
As Audit Fees	270	270	270	270
<b>TOTAL</b>		<b>81,495</b>		<b>102,722</b>



For the F.Y. : 2011-2012

(Annexure - A)

(₹ in '000)

PARTICULARS	Gross Block				Depreciation				Net Block		
	As on 01.04.2011	Additons during the year	Sub-Total	Disposals during the year	As on 31.03.2012	up to 31.03.2011	During the period	Adjustment	Up to 31.03.12	As on 31.03.12	As on 31.03.11
<b>TANGIBLE</b>											
Air Conditioners	2,720	-	2,720	-	2,720	943	247	-	1,191	1,530	1,777
Computer Hardware & Software	221,130	1,983	223,113	-	223,113	145,430	30,766	-	176,196	46,918	75,700
Electrical Equipment & Fittings	6,158	818	6,977	-	6,977	2,476	582	-	3,058	3,918	3,682
Generator	1,120	-	1,120	-	1,120	383	102	-	484	636	737
Furniture & Fixtures	13,788	674	14,462	-	14,462	6,299	1,436	-	7,736	6,726	7,488
Office Equipments	2,749	461	3,210	-	3,210	664	339	-	1,003	2,207	2,084
Motor Car	3,920	759	4,679	-	4,679	1,813	660	-	2,473	2,206	2,107
UPS	1,493	253	1,746	-	1,746	997	256	-	1,252	494	497
Lease Hold Land	1,132	-	1,132	-	1,132	-	-	-	-	1,132	1,132
Building	8,880	-	8,880	-	8,880	1,460	371	-	1,831	7,049	7,420
<b>Total</b>	<b>263,090</b>	<b>4,948</b>	<b>268,039</b>	<b>-</b>	<b>268,039</b>	<b>160,465</b>	<b>34,759</b>	<b>-</b>	<b>195,224</b>	<b>72,816</b>	<b>102,624</b>
<b>Previous Year</b>	<b>206,153</b>	<b>56,938</b>	<b>263,090</b>	<b>-</b>	<b>263,090</b>	<b>138,816</b>	<b>21,648</b>	<b>-</b>	<b>160,464</b>	<b>102,626</b>	<b>67,336</b>

\*\* Note : Building represents cost of construction carried on a structures taken on rent.

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## **SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE FINANCIAL STATEMENTS**

### **A. SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Basis of preparation**

- a) The financial statements of IKF Technologies Limited (the company) have been prepared under the historical cost convention on the accrual basis of accounting and comply with the mandatory Accounting Standards (AS) issued by the Institute of Chartered Accountants of India.
- b) As required by revised schedule VI, the Company has classified assets and liabilities into current and non - current based on the operating cycle. An operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Since the normal operating cycle is not determinable, the operating cycle has been considered as 12 months and the Assets & Liabilities are segregated between Current & Non Current on the basis of management's decision.

#### **2. Use of estimates**

The preparation of financial statements requires management to make assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses. Actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in current and future periods.

#### **3. Revenue Recognition**

The company derives its revenues primarily from IT Enabled services, Telecom & Project Business process outsourcing operations (BPO) and Bio Fuel division. Revenue from IT enabled services and project comprises income from time and material and fixed contracts. Revenue from time and material contracts is recognized on the basis of software development and billable in accordance with the terms of contracts with clients. Maintenance revenue is recognized ratably over the period of the underlying maintenance agreement. Revenue from business process outsourcing operations arises from both time based and unit priced client contracts. Such revenue is recognized on completion of the related services and is billable in accordance with the specific terms of the contracts with the clients. Rates & Taxes are accounted for Cash Basis.

#### **4. Fixed Assets**

Fixed Assets are stated at cost of acquisition less accumulated depreciation thereon. Direct costs are capitalized until assets are ready to be put to use. Fixed assets purchased in foreign currency are recorded at the actual rupee cost incurred. Building represents cost of construction carried on structures taken on rent. Lease under which the company assumes substantially all the risks and rewards of ownership are classified as "Finance Lease". Lease Assets are capitalized at the fair value of the assets or the present value of the minimum lease payments at the inception of the lease, which is lower.

#### **5. Depreciation**

Depreciation on Fixed Assets are provided under Written Down Value Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 on pro-rata basis.

## 6. Investments

Investments in Indian / Foreign Subsidiary Company are stated at cost.

## 7. Foreign currency Transaction

Foreign currency transactions are recorded at rates of exchange prevailing on the dates of the respective transaction.

(₹in '000)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Foreign Currency Earning #	10,926	28,807
Foreign Currency Expenditure #		
Revenue Expenditure	481	1,444
# On Receipt & Payment Basis		

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Foreign Currency monetary assets and liabilities outstanding at the year end are translated at the exchange rate prevailing as on Balance Sheet Date. Exchange rate difference arising on account of conversion / transaction of such assets / liabilities are recognized in the accounts.

## 8. Provisions & Contingencies

The company recognizes a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

## 9. Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is treated as an impairment loss.

## 10. Earning per share

The earning per share (basic & diluted) is computed by dividing the net profit attributable to the Equity share holders for the period by the weighted average number of equity shares outstanding during the period.

## 11. Retirement Benefits & Other Employee Benefits

### Defined Contribution Plans

Company's Contribution to Provident Fund & Employees State Insurance Corporation are recognized as expenses of the year.

### Defined Benefit Plans

No provision has been made for Gratuity Liability & Leave Encashment is provided as none of the employees of the company has served for a period more than 5 years.

## 12. Intangible Assets

Capital Issue Expenditure & GDR Issue Expenditure are written off over a period of 5 years. As per ICAI Clarification after the AS – 26 became mandatory expenses which do not meet the definition of an Asset as defined in AS – 26 will be expensed as and when incurred.

## 13. Income Tax

Taxation is accounted on the basis of the “Liability Method” which is generally followed in India. Provision is made for income tax based on computation after considering rebates, relief and exemption under the Income Tax Act, 1961. In accordance with the Accounting Standard “Accounting for Taxes on Income” issued by the institute of Chartered Accountants of India, Deferred Tax Liability has been calculated on timely difference between Accounting Income and the Taxable Income for the year and quantified using the Tax rates enacted or substantively enacted .

## 14. Cash Flow Statement

The Company adopts the Indirect Method in the preparation of Cash Flow Statement. For the purpose of Cash Flow Statement Cash & Cash equivalent consist of Cash in hand, Bank Balances.

## 15. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statement.

## B. NOTES TO THE FINANCIAL STATEMENTS

26. In the opinion of the Board and to the best of their knowledge and belief, the value on realization of Current Assets, Loans & Advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet. The provision of all known liabilities is adequate and is neither excess nor short of the amount reasonable necessary.

27. Net Deferred Tax Liability for the Year of ₹ 23,09,009/- as per Accounting Standard 22 on Accounting for Taxes on Income pertaining to timing difference between the Accounting Income and the Taxable Income has been recognized by the management in the profit and loss account. Component of Net Deferred Tax Liability as on 31.3.2012 is as under:

	(₹ in '000)		
	As on 1.4.2011	For the Year	As on 31.3.2012
Difference between Book Value and Tax Written Down Value	11,541	(2309)	9231

28. The company’s software development centers in India are Software Technology Park (STP) units under the Software Technology Park guidelines issued by the Government of India. They are exempted from customs and central excise duties and levies on imported and indigenous capital goods. The company has executed legal undertakings to pay customs duty in respect of imported capital goods in the event of certain terms and conditions are not fulfilled.

29. Estimated amount of contracts remaining to be executed on Capital account (net of advances) and not provided for as at 31st March 2012 ₹.NIL

30. As per Accounting Standard 15 “Employees Benefit”, the disclosures of Employees benefits as defined in the Accounting ‘Standard are given below :

Contribution to defined Contribution Plan, recognized as expense for the year are as under :

	2011-12 (₹. in ‘000)
Employer’s contribution to Provident Fund & pension Fund	1521
Employer’s contribution to ESI	2590

31. The Company has made an investment of ₹ 10,537,471.67 in a Firm in which the Company is a partner The particulars of the Firm is as follows :

a) Name : M/s. R 2 R Seva		
b) Details of Capital Account :	Capital as on 31.03.2012	Profit sharing ratio
Name of the Partners		
M/s. IKF Technologies Ltd	10,537,471.67	99%
Mr. Sunil Kumar Goyal	–	1%

32. Related Party Disclosure in accordance with Accounting Standards 18 issued by the Institute of Chartered Accountants of India :

(a) Subsidiaries and entities where control exists :

IKF Technologies PTY Ltd.  
IKF Telecom Inc.  
BIOFEL FZE  
IKF Green Fuels Ltd.  
R2R Seva

(b) Key management personnel:

Key executive management personal of the company represented on the Board:  
Mr. Sunil Kumar Goyal                      Whole Time Director

Non executive / independent director on the board

Mr. Gajanand Gupta                      Director  
Mr. Pradeep Dutta                      Director  
Mr. N.V. Simhadra                      Director  
Ms. Nidhi Sharma                      Director

(c) Significant transaction with related party :

(₹. in ‘000)

Particulars	31.03.12	31.03.11
Investment in Subsidiaries	243843	243285
Salary to Executive/Whole Time Directors	2190	1450

33. During the year investment of ₹ 5.273 crs. has been assigned by the debtors of the company for which the transfer formalities is under process.

34. The disclosure requirement of Accounting Standards 17 “Segment Reporting” issued by the Institute of Chartered Accountants of India :

The disclosure requirement of Accounting Standards 17 “Segment Reporting” issued by the Institute of Chartered Accountants of India, the company is not required to report primary segments information on consolidation basis including the business conducted through its subsidiary as the Group’s operation predominantly relates to provide information technology and business process outsourcing (BPO) service delivered to clients.

35. Calculation of earning per share in accordance with the Accounting Standards 20 “Earning Per Share” issued by the Institute of Chartered Accountants of India, considering the weighted number of Equity shares outstanding during the year :

Particulars	(₹. in ‘000)	
	Year ended 31.03.12	Year ended 31.03.11
Net Profit /(Loss) for the year (Rs)	6544	55826
Weighted number of Equity Shares	430581440	430581440
Earning Per Share (Basic)	0.02	0.13
Nominal Value per share	Re. 1	Re. 1

36. The Company is mainly engaged in the business of IT enabled services & project and business process outsourcing operations (BPO). Such services are not capable of being expressed in any generic unit and hence it is not possible to give the quantitative details required under paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act 1956.

37. The management has carried out an impairment test in accordance with the Accounting Standard 28 issued by the Institute of Chartered Accountants of India on all its cash generating units (CGU). As there was no impairment, no provision has been made in the books.

38. Auditors Remuneration includes :

Particulars	(₹. in ‘000)	
	31.03.12	31.03.11
As Statutory Audit Fees	245	245
As Tax Audit Fees	25	25
Total	270	270

39. The Balances of Debtors, Creditors & Advances are subject to confirmation.

40. The Company does not possess information as to which of its suppliers are ancillary industrial undertakings/small scale industrial undertaking holding permanent registration certificate Issued

by the Directorate of Industries of a State or Union territory. The interest on delayed payment to Small scale and ancillary industrial undertaking Ordinance 1992, cannot be ascertained. However the company has not received any claim in respect of interest.

41. Contingent Liabilities :

- i) The company has furnished a Performance Bank Guarantee of ₹ 200.00 Lakhs to ICICI Bank Ltd. and a Financial Bank Guarantee of ₹10.00 Lakhs to Corporation Bank in respect of the ISP License.
- ii) The company has lien on FDR for ₹116.62 Lakhs of Corporation Bank to e-Mitra Society for various districts
- iii) The Company has been imposed a penalty of ₹ 0.45 Lakhs by the JCIT u/s 272A(2)(k) for which appeal has been made in the CIT (Appeals).
- iv) The company has received a demand order from the Income Tax Department of ₹103.41Lakhs for the Assessment Year 2009-10 for which the case is pending before CIT (Appeals).

42. Exchange Fluctuation shown in Note – 2 represents the difference between the transaction rate & realization rate of foreign currency repatriated in India / advance given for Bio Fuel project during the financial year related with the GDR issue.

During the year the Company has received / transferred its full GDR proceeds. There is a Foreign Exchange Fluctuation loss of ₹ 56,324,255.02 in respect of Advances given to BIOFEL, FZE on account of BIO Fuel Project and amount repatriated into India. Out of the Loss a sum of ₹ 34,127,526 is adjusted from Capital Reserve and the balance amount of ₹ 22,196,729.02 is adjusted from Profit & Loss Account.

43. SEBI has issued a notice to the company that it is not suppose to issue any further equity shares or any other instrument convertible into equity shares or alter their share capital in any manner without its directions.
44. The figures of Jaipur Branch has been incorporated on the basis of the financial statement received from the branch, which is subject to confirmation.
45. Previous year's figures have been regrouped / rearranged wherever necessary, to confirm to the current period presentation.
46. Figures in brackets shows negative balances
47. Note '1 to '46' form an integral part of accounts and have been duly authenticate

**As per our report of this date annexed**

**For Agarwal Vishwanath & Associates**  
**CHARTERED ACCOUNTANTS**  
Firm Reg. No. 323024E

**Sd/-**  
**CA Vishwanath Agarwal**  
Membership No : 54806  
Partner

**Date: 19th May 2012**  
**Place: Kolkata**

**For & on behalf of the Board**

**Sd/-**  
**Sunil Kumar Goyal**  
**Whole Time Director**

**Sd/-**  
**Mohit**  
**Company Secretary**

**Sd/-**  
**N. V. Simhadri**  
**Director**



## CASH FLOW STATEMENT AS AT 31ST MARCH 2012

(₹. in '000)

	Amount (₹)	Amount (₹)
<b><u>Cash Flows from operation activities</u></b>		
Net Profit before Taxation		8,305
Adjustment for :		
Depreciation (+)	34,759	
Miscellaneous Expenses w/off (+)	6,254	
Interest (-)	4,879	45,892
Operating profit before working capital changes		<b>54,198</b>
<u>Add:</u>		
Increase in Long Term Liabilities (+)	262,119	
Increase in Current Liabilities (+)	(155,398)	
Decrease in Sundry Debtors (+)	(39,210)	
Increase in Loans & Advances (+)	(414,121)	(346,610)
Cash Generated from operations		<b>(292,412)</b>
<u>Cash Flow from Investing Activities</u>		
Purchase of Fixed Assets (-)	(4,948)	
Investment in Indian / Foreign Subsidiary (+)	(48,942)	(53,890)
Net cash used in Investing Activities		
<u>Cash Flow from Financing Activities</u>		
Decrease in Reserves	(56,324)	
Interest (+)	(4,879)	(61,203)
Net cash generated in Financing Activities		(61,203)
Net increase in cash/ cash equivalent during the year		(407,505)
Cash and Cash equivalent at beginning (+)		408,610
Cash and Cash equivalent at the end		<b>1,105</b>
<u>Breakup of Cash &amp; Cash Equivalent as at 31st March 2012</u>		
Cash in Hand		589
Cash at Bank		516
		<b>1,105</b>

Notes : The Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standards - 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

### AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow Statement of M/s.IKF Technologies Limited for the year ended 31st March 2012. The statement has been prepared by the Company in accordance with the requirements of Accounting Standards-3 "Cash Flow Statements" and in agreement with the correspondence Profit and Loss Account and Balance Sheet of the Company covered by our Report dated 19th of May 2012

**For Agarwal Vishwanath & Associates**  
 CHARTERED ACCOUNTANTS  
 Firm Reg. No. 323024E  
 Sd/-

**Dated: 19th May 2012**  
**Place: Kolkata**

**CA Vishwanath Agarwal**  
**Membership No : 54806**  
**Partner**

## **AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

We have audited the attached consolidated Balance Sheet of **M/s. IKF Technologies Limited** as at **31st March 2012** (the Company) and its subsidiaries (collectively referred to as the IKF Group) the related Consolidated Profit and Loss Statement and the consolidated Cash Flow Statement of the Company for the year ended on that date, annexed hereto and report that : -

These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amount and disclosures on the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

Financial Statements of subsidiaries, which reflect total assets of ₹ 2,811,671,397 as at 31st March 2012, total revenue of ₹ 1,542,688,218 for the year ended which have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on their reports.

We report that the consolidated financial statements have been prepared by the managements of Accounting Standard 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of the other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of consolidated Balance Sheet of the consolidated state of affairs of the company and its subsidiaries as at 31st March , 2012
- b) in the case of consolidated Profit & Loss Account, of the consolidated Profit of the Company and its subsidiaries for the year ended on that date and
- c) in the case of the consolidated cash flow statement , of the consolidated cash flows of the company and its subsidiaries for the year ended on that date.

**For Agarwal Vishwanath & Associates**  
**Chartered Accountants**  
**Firm Reg. No. 323024E**

**Sd/-**  
**CA Vishwanath Agarwal**  
**Partner**  
**Membership No. 54806**

**Date : 19th May'2012**  
**Place : Kolkata**

## Consolidated Balance Sheet as at 31st March, 2012

(₹ in '000)

Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	430,581	430,581
(b) Reserves and Surplus	2	2,522,676	2,269,882
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	10,110	10,136
(b) Deferred tax liabilities (Net)	4	9,214	10,350
(c) Other Long Term Liabilities	5	940,467	678,321
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	6	538	279
(b) Trade payables	7	1,526,537	443,885
(c) Other current liabilities	8	38,579	15,739
(d) Short-term provisions	9	26,592	41,163
<b>Total</b>		<b>5,505,294</b>	<b>3,900,336</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) <i>Fixed assets</i>	10		
(i) Tangible assets		205,224	289,934
(b) Non-current investments	11	52,980	1,956
(c) Long term loans and advances	12	220,931	216,351
(d) Other non-current assets	13	58,466	65,325
<b>(2) Current assets</b>			
(a) Current investments	14	454,087	446,512
(b) Inventories		187,588	170,456
(c) Trade receivables	15	3,777,846	2,163,814
(d) Cash and cash equivalents	16	10,103	412,527
(e) Short-term loans and advances	17	510,962	98,107
(f) Other current assets	18	27,107	35,354
<b>Total</b>		<b>5,505,294</b>	<b>3,900,336</b>

For Agarwal Vishwanath & Associates  
**CHARTERED ACCOUNTANTS**  
 Firm Reg. No. 323024E

**FOR & ON BEHALF OF THE BOARD**

Sd/-  
**CA Vishwanath Agarwal**  
 Membership No : 54806  
 Partner

Sd/-  
**Sunil Kumar Goyal**  
*Whole Time Director*

Sd/-  
**N. V. Simhadri**  
*Director*

Date: 19th May 2012  
 Place: Kolkata

Sd/-  
**Mohit**  
*Company Secretary*

**Consolidated Profit and Loss statement for the year ended 31st March, 2012**  
(₹ in '000)

Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I. Revenue from operations	19	1,877,888	2,398,691
II. Other Income	20	11,290	26,508
<b>III. Total Revenue (I +II)</b>		<b>1,889,178</b>	<b>2,425,199</b>
<i>IV. Expenses :</i>			
Purchase of Stock-in-Trade	21	1,212,072	1,550,231
Employee benefit expense	22	194,268	160,456
Financial costs	23	302	156
Depreciation and amortization expense	24	59,661	54,085
Other expenses	25	157,707	213,470
<b>Total Expenses</b>		<b>1,624,010</b>	<b>1,978,398</b>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	265,168	446,801
VI. Exceptional Items		–	–
VII. Profit before extraordinary items and tax (V - VI)		265,168	446,801
VIII. Extraordinary Items		–	–
IX. Profit before tax (VII - VIII)		265,168	446,801
X. Tax expense:			
(1) Current tax		5,336	9,221
(2) Deferred tax		(2,313)	2,696
XI. Profit(Loss) from the period from continuing operations	(IX-X)	262,145	434,884
<b>XII. Profit/(Loss) for the period</b>		<b>262,145</b>	<b>434,884</b>

For Agarwal Vishwanath & Associates  
**CHARTERED ACCOUNTANTS**  
Firm Reg. No. 323024E

Sd/-  
CA Vishwanath Agarwal  
Membership No : 54806  
Partner

Date: 19th May 2012  
Place: Kolkata

**FOR & ON BEHALF OF THE BOARD**

Sd/-  
Sunil Kumar Goyal  
Whole Time Director

Sd/-  
N. V. Simhadri  
Director

Sd/-  
Mohit  
Company Secretary

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(₹ in '000)

### NOTE 01 : SHARE CAPITAL

**A) Disclosure pursuant to Note no. 6(A) (a,b & c) of Part I of Schedule VI to the Companies Act, 1956**

<u>Share Capital</u>	As at 31 March 2012		As at 31 March 2011	
	Number	₹	Number	₹
<b>Authorised</b> Equity Shares of ₹ 1/- each	1,000,000,000	1,000,000	1,000,000,000	1,000,000
<b>Issued, Subscribed &amp; Paid up</b> Equity Shares of ₹ 1/- each	430,581,440	430,581	430,581,440	430,581
<b>Total</b>	<b>430,581,440</b>	<b>430,581</b>	<b>430,581,440</b>	<b>430,581</b>

**B) Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956**

Particulars	Equity Shares 2011-12		Equity Shares 2010-11	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	430,581,440	430,581	430,581,440	430,581
Shares Issued during the year	–	–	–	–
Shares bought back during the year	–	–	–	–
Shares outstanding at the end of the year	<b>430,581,440</b>	<b>430,581</b>	<b>430,581,440</b>	<b>430,581</b>

### NOTE 02 : RESERVES & SURPLUS

**Disclosure pursuant to Note no. 6(B) of Part I of Schedule VI to the Companies Act, 1956**

<u>Reserve &amp; Surplus</u>	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>a. Capital Reserve</b>		
Opening Balance	34,128	42,336
Less: Exchange Fluctuation Difference (Note 40)	34,128	8,208
Add : During the Year	46,974	–
Closing Balance	46,974	34,128
<b>b. Security Premium</b>		
Opening Balance	837,512	837,512
Closing Balance	837,512	837,512
<b>c. Surplus</b>		
Opening balance	1,398,242	963,358
(+) Net Profit/(Net Loss) For the current year	262,145	434,884
(-) Exchange Fluctuation Difference (Note 40)	22,197	–
Closing Balance	<b>1,638,190</b>	<b>1,398,242</b>
<b>Total</b>	<b>2,522,676</b>	<b>2,269,882</b>

(₹ in '000)

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>NOTE 03 : LONG TERM BORROWING</b>		
<u>Unsecured Loan</u>		
Car Loan	1,020	1,046
Director's Loan	9,090	9,090
<b>TOTAL</b>	<u><b>10,110</b></u>	<u><b>10,136</b></u>
<b>NOTE 04 : DEFFERED TAX LIABILITIES (NET)</b>		
Deferred Tax Liabilities	9,214	10,350
<b>TOTAL</b>	<u><b>9,214</b></u>	<u><b>10,350</b></u>
<b>NOTE 05 : OTHER LONG TERM LIABILITIES</b>		
<u>Trade Payables</u>		
Sundry Creditor for Services	940,417	678,271
Sundry Creditor for Expenses	50	50
<b>TOTAL</b>	<u><b>940,467</b></u>	<u><b>678,321</b></u>
<b>NOTE 06 : SHORT TERM BORROWING</b>		
<u>Unsecured Loan</u>		
Car Loan	538	279
<b>TOTAL</b>	<u><b>538</b></u>	<u><b>279</b></u>
<b>NOTE 07 : TRADE PAYABLES</b>		
<b>SUNDRY CREDITORS</b>		
Sundry Creditor for Services & Expenses	1,526,537	443,885
<b>TOTAL</b>	<u><b>1,526,537</b></u>	<u><b>443,885</b></u>
<b>NOTE 08 : OTHER CURRENT LIABILITIES</b>		
Statutory Liabilities	26,672	8,721
Other Liabilities	11,881	7,018
Bank Overdraft due to Reconciliation	26	-
<b>TOTAL</b>	<u><b>38,579</b></u>	<u><b>15,739</b></u>
<b>NOTE 09 : SHORT TERM PROVISIONS</b>		
Provision for Income Tax	26,591	40,639
Provision for Fringe Benefit Tax	1	524
<b>TOTAL</b>	<u><b>26,592</b></u>	<u><b>41,163</b></u>
<b>NOTE 10 : FIXED ASSETS (As per Annexure- A)</b>		
- Tangible	205,224	289,934
<b>TOTAL</b>	<u><b>205,224</b></u>	<u><b>289,934</b></u>

(₹ in '000)

Particulars	As at 31 March 2012		As at 31 March 2011	
	units	₹	units	₹
<b>NOTE 11 : NON - CURRENT INVESTMENTS</b>				
<b>Investment in Equity Instruments</b>				
<u>Investment in Equity Share (Unquoted)</u>				
<b><u>(a) In Joint Venture</u></b>				
Falcon Search.Com LLC, Dubai	–	–	120	1,706
<b><u>(c) In Others</u></b>				
IKF Salampuria Agrotech Ltd.(Rs.10/- each)	25,000	250	25,000	250
Hightime Marketing Private Ltd (Rs.10/-each)	369,300	36,930	–	–
Orion Projects Pvt. Ltd (Rs.10/-each)	4,000	2,000	–	–
Pratham Projects & Finance Ltd.(Rs.10/- each)	5,000	500	–	–
Ramdhan Mohan Lal Builders Pvt. Ltd (Rs.10/- each)	20,000	2,000	–	–
Rewtiraman Developers Pvt. Ltd(Rs.10/-each)	6,000	300	–	–
Siber Software Service(India) Ltd(Rs.10/-each)	600,000	6,000	–	–
SSS Glass Pvt. Ltd(Rs.10/-each)	500,000	5,000	–	–
<b>TOTAL</b>		<b>52,980</b>		<b>1,956</b>
Aggregate amount of unquoted investments Market value(Face Value) Rs. 52980000 (Previous Year Rs.1955685)		52,980		1,956



(₹ in '000)

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>NOTE 12 : LONG TERM LOANS AND ADVANCES</b>		
<b>(a.) Security Deposit</b>		
For Rent, Telephone & Others	15,778	17,754
<b>(b.) Other Loan &amp; Advances</b>		
<u>Unsecured, Considered Good</u>		
Advances	205,153	198,597
(Recoverable in Cash or in Kind or Value to be Received)		
<b>TOTAL</b>	<u>220,931</u>	<u>216,351</u>
<b>NOTE 13 : OTHER NON CURRENT ASSETS</b>		
<b>Fixed Deposit with Bank</b>	21,572	21,657
<b>Misc Asset</b>		
GDR Issue Expense	5,293	11,548
Capital Issue Expenses	-	519
Pre Operative Expenditure	31,601	31,601
	<u>36,894</u>	<u>43,668</u>
	<b>58,466</b>	<b>65,325</b>
<b>NOTE 14 : CURRENT INVESTMENTS</b>		
<b>Investment in Partnership Firm</b>		
<b>R 2 R Seva</b>	10,537	13,178
Others	443,550	433,334
	<u>454,087</u>	<u>446,512</u>
<b>NOTE 15 : TRADE RECEIVABLE</b>		
(Unsecured Considered Good)		
Debts exceeding for more than Six Months	1,492,248	1,278,047
Others	2,285,598	885,767
	<u>3,777,846</u>	<u>2,163,814</u>
<b>TOTAL</b>		
<b>NOTE 16 : CASH AND CASH EQUIVALENTS</b>		
<b>(a) Balances with Banks</b>		
<u>With Scheduled Banks in Current Accounts</u>	7,859	6,693
<u>With Non Scheduled Banks in Current Accounts</u>	-	404,928
<b>( b) Other Bank Balance</b>		
-Unclaimed Dividend Account	265	265
<b>(c) Cash on Hand</b>		
As certified by management	1,979	641
<b>TOTAL</b>	<u>10,103</u>	<u>412,527</u>
<b>NOTE 17 : SHORT TERM LOANS AND ADVANCES</b>		
<b>Other Loan &amp; Advances</b>		
<u>Advances</u>	510,962	98,107
(Recoverable in cash or in kind or for value to be received)		
<b>TOTAL</b>	<u>510,962</u>	<u>98,107</u>
<b>NOTE 18 : OTHER CURRENT ASSETS</b>		
<b>Fixed Deposit with Bank</b>	14,800	11,395
<b>For Taxation</b>		
Fringe Benefit Tax	-	523
Self Assessment Tax	-	10,335
Advance Income Tax	1,000	50
T.D.S	11,307	13,051
	<u>12,307</u>	<u>23,959</u>
	<b>27,107</b>	<b>35,354</b>

(₹ in '000)

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>NOTE 19 : REVENUE FROM OPERATIONS</b>		
BPO Income	100,427	51,774
Income from Travelling Business	12,087	–
Transaction Fees Received (E Mitra)	9,635	2,731
Data Entry Income	13,084	–
Software Sales	1,674,796	2,182,314
Software Services	10,248	32,431
Income from Telecom Division	12,378	5,390
IT/ITES & Others	2,574	–
Income from Computer Training	–	83,186
Sale of Plants & Seeds	42,659	40,865
<b>TOTAL</b>	<b><u>1,877,888</u></b>	<b><u>2,398,691</u></b>
<b>NOTE 20 : OTHER INCOME</b>		
Interest Received	4,879	17,674
Rent Income	2,400	4,400
Income From Partnership Firm R2R Seva	17	185
Miscellaneous Income	3,994	4,249
<b>TOTAL</b>	<b><u>11,290</u></b>	<b><u>26,508</u></b>
<b>NOTE 21 : PURCHASE OF STOCK IN TRADE</b>		
Software Purchase	1,186,159	1,527,711
Bandwidth & VOIP Purchase	8,062	4,892
Cost of Seeds & Saplings	15,651	15,562
Plantation Expenses	2,200	2,066
<b>TOTAL</b>	<b><u>1,212,072</u></b>	<b><u>1,550,231</u></b>
<b>NOTE 22 : EMPLOYEE BENEFIT EXPENSE</b>		
Salary and Allowances	189,145	156,773
Directors Remuneration	3,390	2,350
Staff Welfare Expenses	1,733	1,333
<b>TOTAL</b>	<b><u>194,268</u></b>	<b><u>160,456</u></b>
<b>NOTE 23 : FINANCIAL COST</b>		
Bank Charges	302	156
<b>TOTAL</b>	<b><u>302</u></b>	<b><u>156</u></b>
<b>NOTE 24 : DEPRECIATION AND AMORTIZATION EXPENSE</b>		
<b>Depriciation</b>		
(As per Annexure - A)	<b>52,888</b>	<b>47,312</b>
Preliminary Expenses Written off	6,773	6,773
	<b><u>59,661</u></b>	<b><u>54,085</u></b>

(₹ in '000)

Particulars	As at 31 March 2012 ₹		As at 31 March 2011 ₹	
<b>NOTE 25 : OTHER EXPENSE</b>				
<u>(a) Operating Expenses</u>				
Expenses of Travelling Business	11,300		-	
Transaction Fee	7,321		2,006	
Computer Training Expenses	-		44,515	
Other Expenses	1,450	20,071	1,498	48,019
<u>(b.) Administrative Expenses</u>				
Advertisement	9,951		19,744	
Business Development Expenses	4,065		3,719	
Electricity Expenses	14,105		11,273	
Freight & Transport	4,528		3,634	
Hotel, Lodging & Marketing Expenses	269		148	
Interest	-		-	
Legal & Professional charges	3,856		3,592	
Listing Fees	1,079		1,532	
Local Conveyance	1,191		687	
General Office Maintenance Expenses	11,808		13,601	
Rent	62,584		84,350	
Rates & Taxes	-		-	
Printing & Stationary	1,629		1,787	
Repairs & Maintenance	5,690		5,775	
Seminar Expenses	32		30	
Taxes Licenses & Fees	1,653		1,866	
Telephone & Postage	9,333		6,130	
Balances W/off	31		479	
Fluctuation in Foreign Exchange	131		441	
Travelling Expenses	5,202		6,175	
Paid to Directors	-		-	
- As Meeting Fee	173	137,310	165	165,128
<u>(c) Auditor Rumeration</u>				
As Audit Fees	326	326	323	323
<b>TOTAL</b>		<b>157,707</b>		<b>213,470</b>

For the F.Y. : 2011-2012

(Annexure - A)

(₹ in '000)

PARTICULARS	Gross Block					Depreciation				Net Block	
	As on 01.04.2011	Additons during the year	Sub-Total	Disposals during the year	As on 31.03.2012	up to 31.03.2011	During the period	Adjust- ment	Up to 31.03.12	As on 31.03.12	As on 31.03.11
<b><u>INTANGIBLE</u></b>											
Goodwill	46,456	12,068	58,524	58,524	-	-	-	-	-	-	46,456
<b><u>TANGIBLE</u></b>											
Air Conditioners	3,376	-	3,376	-	3,376	1,113	247	-	1,360	2,016	2,263
Computer Hardware & Software	304,740	1,982	306,722	-	306,722	201,766	44,108	-	245,874	60,848	102,974
Electrical Equipment & Fittings	112,638	10,504	123,142	-	123,142	2,675	582	-	3,257	119,885	109,964
Generator	1,120	-	1,120	-	1,120	383	103	-	485	635	737
Furniture & Fixtures	26,474	674	27,148	-	27,148	14,596	3,752	-	18,348	8,799	11,878
Office Equipments	12,095	461	12,555	-	12,555	8,586	2,795	-	11,381	1,175	3,508
Plant & Machinery	321	-	321	-	321	83	-	-	83	238	238
Motor Car	3,920	759	4,679	-	4,679	1,813	660	-	2,473	2,206	2,107
Motor Cycle	124	-	124	-	124	70	14	-	84	40	54
UPS	2,170	253	2,423	-	2,423	1,008	256	-	1,264	1,160	1,162
Telephone	51	-	51	-	51	11	-	-	11	40	40
Lease Hold Land	1,132	-	1,132	-	1,132	-	-	-	-	1,132	1,132
Building	8,880	-	8,880	-	8,880	1,459	371	-	1,830	7,050	7,421
<b>Total</b>	<b>523,497</b>	<b>26,701</b>	<b>550,197</b>	<b>58,524</b>	<b>491,673</b>	<b>233,563</b>	<b>52,888</b>	<b>-</b>	<b>286,450</b>	<b>205,224</b>	<b>289,934</b>
<b>Previous Year</b>	<b>322,044</b>	<b>95,742</b>	<b>417,786</b>	<b>-</b>	<b>417,786</b>	<b>186,252</b>	<b>47,312</b>	<b>-</b>	<b>233,564</b>	<b>184,222</b>	<b>135,792</b>

\*\* Note : Building represents cost of construction carried on a structures taken on rent.

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## **SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **A. SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Basis of Preparation**

The consolidated financial statements of IKF Technologies Limited (the company) and its subsidiaries collectively referred to as the IKF Group or “the Group” has been prepared under the historical cost convention on the accrual basis of accounting and comply with the mandatory Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI).

#### **2. Basis of Consolidation**

The consolidated financial statement includes the financial statements of IKF Technologies Limited and all its subsidiaries, which are more than 50% owned or controlled. Please refer to Note B1 for the description of the Group.

The financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under AS 21 prescribed by the ICAI.

The financial statements of the parent company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting unrealized profits or losses.

In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the rate prevailing at the year end. All the assets and liabilities are converted at the rates prevailing at the end of the year.

The financial statements of the subsidiary companies have been prepared in accordance with International Financial Reporting Standard. The difference in accounting policies between the company and its subsidiary is not material and there are no significant inter company transactions till 31st March 2012.

#### **3. Use of estimates**

The preparation of consolidated financial statements requires management to make assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses. Actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in current and future periods.

#### **4. Revenue Recognition**

The Group derives its revenues primarily from IT Enabled services & projects & Business process outsourcing operations (BPO). Revenue from IT enabled services and project comprises income from time and material and fixed contracts. Revenue from time and material contracts is recognized on the basis of software development and billable in accordance with the terms of contracts with clients.

Maintenance revenue is recognized rate-ably over the period of the underlying maintenance agreement.

Revenue from business process outsourcing operations arises from both time based and unit priced client contracts. Such revenue is recognized on completion of the related services and is billable in accordance with the specific terms of the contracts with the clients.

## 5. Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation thereon. Direct costs are capitalized until assets are ready to be put to use. Fixed assets purchased in foreign currency are recorded at the actual rupee cost incurred.

Building represents cost of construction carried on a structures taken on rent.

Lease under which the Group assumes substantially all the risks and rewards of ownership are classified as Finance Lease. Lease Assets are capitalized at the fair value of the assets or the present value of the minimum lease payments at the inception of the lease, which is lower.

Advances paid towards acquisition of fixed assets as at the Balance Sheet date are disclosed under loans & advances.

## 6. Depreciation

Depreciation on Fixed Assets has been provided under Written Down Value Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 on pro-rata basis.

## 7. Goodwill

The excess of cost to the Parent of its investments in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries was made is recognized in the consolidated financial statement.

## 8. Foreign currency Transaction

Foreign currency transactions are recorded at rates of exchange prevailing on the dates of the respective transaction.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date.

The financial statements of the foreign subsidiaries being non-integral operations in terms of para 24 of AS-11 re translated into Indian rupees as follows :

- a) Income and Expenses items are translated at the closing rate.
- b) Assets and Liabilities, both monetary and non-monetary are translated at the closing rate.

## 9. Provisions & Contingencies

The group recognizes a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources.

## 10. Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired If any such indication exists, the company estimates the recoverable amount of the asset If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is treated as an impairment loss.

## 11. Earning per share

The earning per share (basic & diluted) is computed by dividing the net profit attributable to the Equity share holders for the period by the weighted average number of equity shares outstanding during the period.

## 12. Retirement Benefits

### Defined Contribution Plans

Company's Contribution to Provident Fund & Employees State Insurance Corporation are recognized as expenses of the year.

### Defined Benefit Plans

No provision has been made for Gratuity Liability & Leave Encashment is provided as none of the employees of the company has served for a period more than 5 years.

## 13. Intangible Assets

Capital Issue Expenditure & GDR Issue Expenditure are written off over a period of 5 years. As per ICAI Clarification after the AS – 26 became mandatory expenses which do not meet the definition of an Asset as defined in AS – 26 will be expensed as and when incurred.

## 14. Income Tax

Taxation is accounted on the basis of the "Liability Method" which is generally followed in India. Provision is made for income tax based on computation after considering rebates, relief and exemption under the Income Tax Act, 1961. In accordance with the Accounting Standard "Accounting for Taxes on Income" issued by the institute of Chartered Accountants of India, Deferred Tax Liability has been calculated on timely difference between Accounting Income and the Taxable Income for the year and quantified using the Tax rates enacted or substantively enacted .

## 15. Cash Flow Statement

The group adopts the Indirect Method in the preparation of Cash Flow Statement. For the purpose of Cash Flow Statement Cash & Cash equivalent consist of Cash in hand, Bank Balances.

## 16. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statement.

## B. NOTES ON ACCOUNTS

### 26. DESCRIPTION OF THE GROUP

IKF Technologies Limited is registered under the Indian Companies Act, 1956 with its Registered Office in Kolkata. This is the flagship company of the group and is listed on the principal stock exchanges of India.

#### List of the subsidiaries with present holding

Subsidiaries	Country of incorporation	% holding
IKF Technologies Pty. Ltd.	a company organized under the laws of South Africa	100%
IKF Green Fuels Ltd.	a company incorporated under the Companies Act. 1956	99.88%
IKF Telecom Inc.	a Company organized under the laws of Delaware, U.S.A	100%
Biofel FZE	a Company organized under Hamriyah Free Zone Authority ,UAE	100%





**33.** Calculation of earning per share in accordance with the Accounting Standards 20 “Earning Per Share” issued by the Institute of Chartered Accountants of India, considering the weighted number of Equity shares outstanding during the year :

(₹ in ‘000)		
Particulars	Year ended 31.03.12	Year ended 31.03.11
Net Profit/(Loss) for the year (Rs)	262149	434885
Weighted number of Equity Shares	430581440	430581440
Earning Per Share (Basic)	0.61	1.00
Nominal Value per share	₹ 1	₹1

**34.** The Company is mainly engaged in the business of IT enabled services & project and business process outsourcing operations (BPO). Such services are not capable of being expressed in any generic unit and hence it is not possible to give the quantitative details required under paragraph 3 4C and 4D of Part II of Schedule VI to the Companies Act 1956.

**35.** The management has carried out an impairment test in accordance with the Accounting Standard 28 issued by the Institute of Chartered Accountants of India on all its cash generating units (CGU). As there was no impairment, no provision has been made in the books.

**36.** Auditors Remuneration includes :

(₹ in ‘000)		
Particulars	31.03.12	31.03.11
As Statutory Audit Fees	301	298
As Tax Audit Fees	25	25
Total	326	323

**37.** The Balances of Debtors, Creditors & Advances are subject to confirmation.

**38.** The Company does not possess information as to which of its suppliers are ancillary industrial undertakings/small scale industrial undertaking holding permanent registration certificate Issued by the Directorate of Industries of a State or Union territory. The interest on delayed payment to Small scale and ancillary industrial undertaking Ordinance 1992, cannot be ascertained. However the company has not received any claim in respect of interest.

**39. Contingent Liabilities :**

- i) The company has furnished a Performance Bank Guarantee of ₹ 200.00 Lakhs to ICICI Bank Ltd. and a Financial Bank Guarantee of ₹10.00 Lakhs to Corporation Bank in respect of the ISP License.
- ii) The company has lien on FDR for ₹116.62 Lakhs of Corporation Bank to e-Mitra Society for various districts
- iii) The Company has been imposed a penalty of ₹ 0.45 Lakhs by the JCIT u/s 272A(2)(k) for which appeal has been made in the CIT (Appeals).
- iv) The company has received a demand order from the Income Tax Department of ₹ 103.41Lakhs for the Assessment Year 2009-10 for which the case is pending before CIT (Appeals).

40. Exchange Fluctuation shown in Note – 2 represents the difference between the transaction rate & realization rate of foreign currency repatriated in India / advance given for Bio Fuel project during the financial year related with the GDR issue.

During the year the Company has received / transferred its full GDR proceeds. There is a Foreign Exchange Fluctuation loss of ₹ 56,324,255.02 in respect of Advances given to BIOFEL, FZE on account of BIO Fuel Project and amount repatriated into India. Out of the Loss a sum of ₹ 34,127,526 is adjusted from Capital Reserve and the balance amount of ₹ 22,196,729.02 is adjusted from Profit & Loss Account.

41. SEBI has issued a notice to the company that it is not suppose to issue any further equity shares or any other instrument convertible into equity shares or alter their share capital in any manner without its directions.

42. The figures of Jaipur Branch has been incorporated on the basis of the financial statement received from the branch, which is subject to confirmation.

43. Previous year's figures have been regrouped / rearranged wherever necessary, to confirm to the current period presentation.

44. Figures in brackets shows negative balances

45. Note '1 to '44' form an integral part of accounts and have been duly authenticated.

**As per our report of this date annexed**

**For Agarwal Vishwanath & Associates**  
**CHARTERED ACCOUNTANTS**  
Firm Reg. No. 323024E

Sd/-  
CA Vishwanath Agarwal  
Membership No : 54806  
Partner

Date: 19th May 2012  
Place: Kolkata

**For & on behalf of the Board**

Sd/-  
Sunil Kumar Goyal  
*Whole Time Director*

Sd/-  
Mohit  
*Company Secretary*

Sd/-  
N. V. Simhadri  
*Director*

## CONSOLIDATED CASH FLOW STATEMENT AS AT 31ST MARCH 2012

(₹. in '000)

	Amount (₹)	Amount (₹)
<b><u>Cash Flows from operation activities</u></b>		
Net Profit before Taxation		265,168
Adjustment for :		
Depreciation (+)	52,887	
Miscellaneous Expenses w/off (+)	6,773	
Interest (-)	4,879	64,539
Operating profit before working capital changes		<b>329,708</b>
<u>Add:</u>		
Increase in Long Term Liabilities (+)	262,120	
Increase in Current Liabilities (+)	1,085,843	
Decrease in Sundry Debtors (+)	(1,614,032)	
Increase in Loans & Advances (+)	(409,102)	(675,172)
Cash Generated from operations		<b>(345,464)</b>
<u>Cash Flow from Investing Activities</u>		
Purchase of Fixed Assets (-)	31,823	
Investment in Indian / Foreign Subsidiary (+)	(58,598)	(26,775)
Net cash used in Investing Activities		
<u>Cash Flow from Financing Activities</u>		
Decrease in Reserves	(25,306)	
Interest (+)	(4,879)	(30,184)
Net cash generated in Financing Activities		(30,184)
Net increase in cash/ cash equivalent during the year		(402,424)
Cash and Cash equivalent at beginning (+)		412,527
Cash and Cash equivalent at the end		<b>10,103</b>
<u>Breakup of Cash &amp; Cash Equivalent as at 31st March 2012</u>		
Cash in Hand		1,979
Cash at Bank		8,124
		<b>10,103</b>

Notes : The Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standards - 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

### AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow Statement of M/s.IKF Technologies Limited for the year ended 31st March 2012. The statement has been prepared by the Company in accordance with the requirements of Accounting Standards-3 "Cash Flow Statements" and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report dated 19th of May 2012

**For Agarwal Vishwanath & Associates**  
 CHARTERED ACCOUNTANTS  
 Firm Reg. No. 323024E  
 Sd/-

**Dated: 19th May 2012**  
**Place: Kolkata**

**CA Vishwanath Agarwal**  
**Membership No : 54806**  
**Partner**

## ATTENDANCE SLIP

### IKF TECHNOLOGIES LIMITED

Regd. Office: 2nd Floor, Plot No. J-1/12, Block EP & GP, Salt Lake  
Sector V, Kolkata – 700091

Please complete this attendance slip and hand it over at the entrance of the hall.

\*Only members or their proxies are entitled to be present at the meeting.

NAME & ADDRESS	FOLIO/DPID NO.
	NO. OF SHARES:

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at the “Rang Darbaar, Swabhumi 89C, Moulana Abul Kalam Azad Sarani, Opp. of Subhash Sarovar, Kolkata-700054”

Signature of the Shareholder/Proxy \_\_\_\_\_

**NOTE :**

1. Members are requested to carry the copy of Notice.

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### PROXY

### IKF TECHNOLOGIES LIMITED

Regd. Office: 2nd Floor, Plot no. J-1/12, Block EP & GP, Salt Lake  
Sector V, Kolkata – 700091



FOLIO/DPID NO. \_\_\_\_\_

I/We \_\_\_\_\_ being a Member/Members of  
IKF Technologies Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_

Or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/ our  
proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to  
be held on Saturday, August 25th, 2012 at 3:00P.M. and any adjournment hereto at the  
“Rang Darbaar, Swabhumi 89C, Moulana Abul Kalam Azad Sarani, Opp. of Subhash Sarovar,  
Kolkata-700054”

Affix ₹ 1/-  
Revenue  
Stamp

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2012 Signed by the said \_\_\_\_\_

**NOTE :**

The proxy form duly signed by the member(s) across Re.1/- revenue stamp should reach the  
Company's share department at the Registered Office of the Company at least 48 hours before the  
time fixed for the meeting.