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# ***IKF Technologies Limited***

## **9th Annual Report 2007-2008**

# From the Chairman's Desk

Dear Shareowners,

It is a matter of great pleasure for me to report yet another year of robust growth and strong performance encompassing all the business segments of your Company.

The foundations that we have laid over time by investing in R & D, technology and innovation for international competitiveness, supported by a robust governance structure, continue to drive growth in your Company's multiple businesses, providing a strong momentum for a secure future.

In the last year, your company had ventured into the fields of Telecommunication and e-Governance and is now working towards making IKF a global brand.

### **TELECOM**

The Company is now a certified "A" category Internet Service Provider (ISP) and is planning to come up with VOIP telephony products for the retail market. It is also in the process of obtaining an ILD license to further expand its operations in this field and is expected to contribute immensely to the company's revenue in the years to come.

### **E-GOVERNANCE**

E-Governance is a prestigious initiative taken by your company in the state of Rajasthan through its unit - "R2R Seva", for the betterment and welfare of the public at large. It is currently operating through its kiosks in 20 districts providing G2C services and is expected to cover all 33 districts of Rajasthan by the end of this year and also venture into providing B2B services to its customers.

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### **IT/ITES**

The Company has witnessed a considerable expansion in the IT/ITES segment with the setting of call centers not only across India but also in various countries across the globe. There has been a considerable increase in the number of seats in operation and also in the variety of our client base. The company has also ventured into the arena of providing Web based solutions to its customers worldwide.

### **BIO-FUEL**

The Bio-Fuel segment of the company has witnessed a phenomenal growth in the last year. The company has expanded its base pan India by acquiring plantations and appointing business associates in various states for further land procurement and plantations.

### **FINANCIAL PERFORMANCE**

Increase in the gross turnover for the year has been driven by the continuing strong performance by the IT/ITES business.

You may draw even greater satisfaction from the fact that these financial results rest on a strong foundation of trust earned by your Company's diverse brands, products and services and the enduring relationships formed with millions of farmers in rural India. It is on this bedrock of trust, competencies, innovation and rural partnerships that we have built our aspiration to be a leader in every business segment we are engaged in.

### **SUSTAINABLE GROWTH**

We have, over the years, pursued relentless innovation to forge unique business models that synergize long-term shareholder value enhancement with the super ordinate purpose of creating greater societal capital. We take pride that your Company is defined by its deeply 'Indian' character having presence throughout the globe that aligns corporate strategy to national priorities.

It is for this reason that we measure our accomplishments not only in terms of financial performance but also by the transformation we have consciously engendered to augment the natural and social capital of the nation.

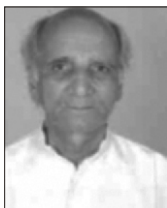
I further assure you that your company will touch greater heights with every passing year and the shareholders will get a fair return for their investment.

I further take this opportunity to express my gratitude to the Members of Board, Bankers, Employees, Suppliers and the Shareholders for their unstinted support.

With Regards

**Dr. R. P Singh**  
**Chairman**

## Board of Directors



**Dr. R. P Singh**  
(Chairman)



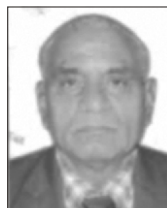
**Mr. Sunil Kumar Goel**  
(Whole Time Director)



**Mr. Pradeep Dutta**  
(Executive Director)



**Mr. Pradeep Kumar**  
(Director)



**Dr. A. P Saxena**  
(Director)



**Mr. Pankaj Garg**  
(Director)



**Mr. Gajanand Gupta**  
(Director)

## Our Management Team

### President Technologies

Mr. Pranav Prakash

### CEO R2R Seva

Mr. R.L Garg

### President Bio Fuel

Mr. Vishal Rawat

### Chief Financial Officer

Mr. Vijay Agarwal

### Company Secretary

Mrs. Deepti Chawla

### Listing

The Bombay Stock Exchange Ltd  
The Calcutta Stock Exchange Asso. Ltd.  
Luxembourg Stock Exchange

### Registered Office

Rashmi Building Main Block  
2<sup>nd</sup> Floor, Plot No.: XI-16,  
Block No. EP & GP,  
Salt Lake Electronic Complex, Sector V  
Kolkata-700 091

### Registrar & Share Transfer Agent

Big Shares Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate  
Sakivihar Road, Sakinaka  
Andheri( East), Mumbai- 400 072

### Bankers

ICICI Bank Limited  
Axis Bank Limited  
Standard Chartered Bank  
Corporation Bank  
ABN Amro Bank

### Auditors

M/s Agarwal Vishwanath & Associates  
Chartered Accountants  
7-B Dacres Lane  
Kolkata- 700 069

### Annual General Meeting

Date : 11<sup>th</sup> September, 2008  
Time : 3.00 P.M.  
Day : Thursday  
Venue : City Centre, Royal Bengal Room  
Sector-I, Salt Lake City  
Kolkata-700 064

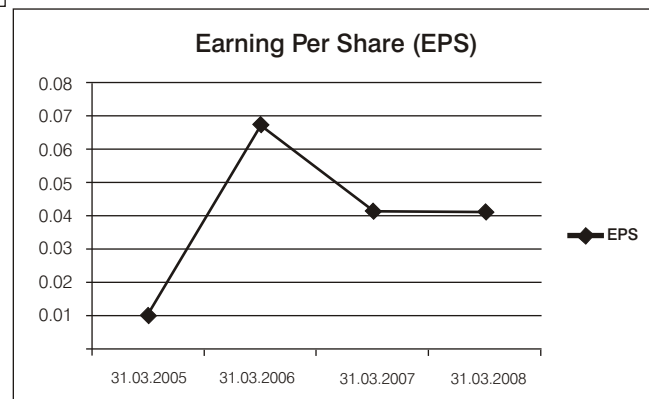
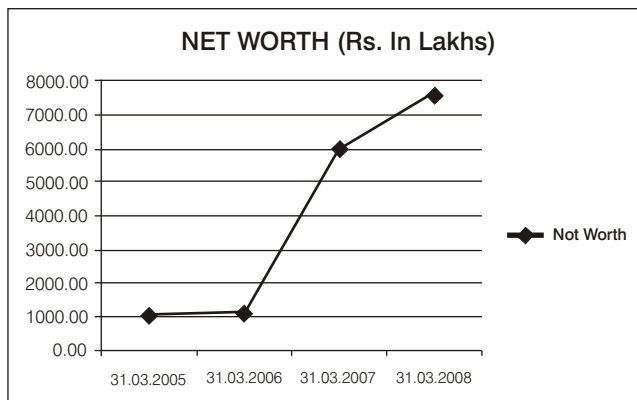
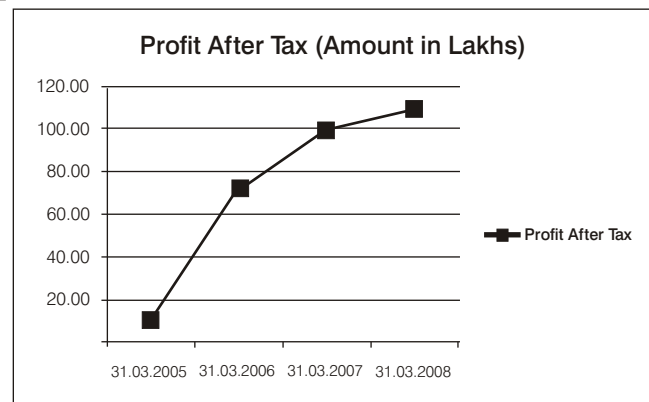
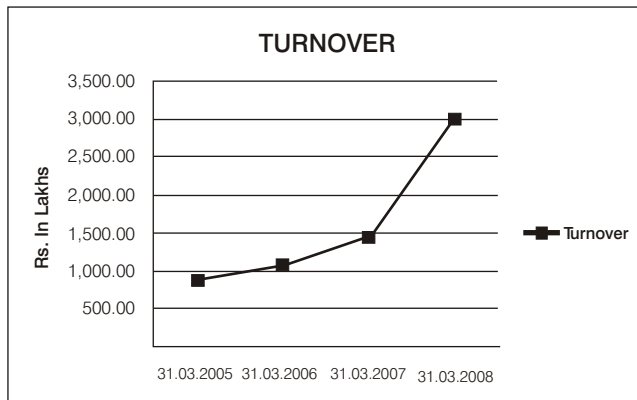
### Corporate Office

IKF House. A-56, Sector-16  
Noida-201301

# ***IKF Technologies Limited***

## **9th Annual Report 2007-2008**

### FINANCIAL HIGHLIGHTS





## NOTICE

Notice is hereby given that the Ninth Annual General Meeting of the Members of the Company will be held on Thursday, the 11<sup>th</sup> day of September 2008 at 3.00 P. M. at City Centre, Royal Bengal Room, Block DC, Sector-I, Salt Lake City, Kolkata-700 064 to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2008 and Profit and Loss Account for the year ended on that date together with the Reports of the Auditors' and Directors' thereon.
2. Dr. A.P Saxena, who retires by rotation, does not offer himself for re-appointment as a director.
3. To appoint a Director in place of Mr. Gajanand Gupta, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to authorize the Board to fix their remuneration.

The outgoing Statutory Auditor M/s Agarwal Vishwanath & Associates, Chartered Accountants is eligible and offer themselves for re-appointment.

### 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 Mr Pankaj Garg, who was appointed as an Additional Director of the Company to hold office till the date of the Annual General Meeting, be and is hereby appointed as an ordinary Director of the Company whose office shall be liable for determination through retirement by rotation."

6. To appoint Mr. Pankaj Garg as the Whole Time Director and in this regard 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 Pankaj Garg as Whole Time Director of the Company, for a period of 3 years with effect from April 30, 2008 on a monthly remuneration not exceeding Rs.2,50,000 (Rupees Two Lakh Fifty Thousand only) payable by way of salary or perquisites or a combination thereof, including the reimbursement 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 authorised to fix the terms and conditions of the appointment of Mr. Pankaj Garg as Whole Time 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 any committee/sub-committee of the Board) be and is hereby authorised to take all necessary steps to give effect to the aforesaid resolution."

7. To re-appoint Mr. Pradeep Dutta as Executive Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the company be and is hereby accorded to the re-appointment of Mr. Pradeep Dutta as the Executive Director of the Company with effect from 25<sup>th</sup> January 2008 for a period of three years at a monthly remuneration of Rs.1,00,000/- (Rupees One Lakh only) (effective after the date of approval from the shareholders) with the liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

"Resolved further that the Board of Directors be and is hereby authorised to take all steps as may be necessary, proper or expedient to give effect to this resolution."

8. To revise remuneration of Mr. Sunil Kumar Goel, Whole Time Director, and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment

# ***IKF Technologies Limited***

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Thereof, approval of the Company be and is hereby accorded to the revise the remuneration of Mr. Sunil Kumar Goel , Whole Time Director To Rs.1,00,000(Rupees One Lakh only) (effective from the date of approval from shareholders) with the liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

Resolved further that the Board of Directors be and is hereby authorised to take all steps as may be necessary, proper or expedient to give effect to this resolution."

9. To increase the authorised share capital and in this regard 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 Section 94 of the Companies Act, 1956 and Article No. 57 of the Articles of Association of the Company, and other applicable provisions, if any, the Authorised Share Capital of the Company be and is hereby increased from Rs. 62,00,00,000/- (Rupees Sixty Two Crores) to Rs. 1,00,00,00,000/- (Rupees One Hundred Crores) by way of addition of 38,00,00,000 Equity shares of Re.1 each aggregating Rs.38,00,00,000.

Resolved Further That the Clause V of the Memorandum of Association of the Company be and is hereby substituted with the following new Clause:

- V) The Authorised Share Capital of the Company is Rs. 100,00,00,000/- (Rupees One Hundred Crores only) divided into 100,00,00,000 (One Hundred Crores only) Equity Shares of Re. 1 (Rupee one only) each.

Resolved Further that Board of Directors of the Company be and is hereby authorised to take all necessary steps that may be required to give effect to the aforesaid resolution."

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

"Resolved that pursuant to the provisions of the Memorandum and Articles of Association of the Company, Section 81(1A) of the Companies Act, 1956, guidelines issued by the Securities & Exchange Board of India (SEBI), the Foreign Exchange Management Act,

1999, and other applicable provisions, if any, and subject to such consents and approvals as may be required and subject further to such conditions and modifications as may be prescribed in granting such consents, approvals and subject to such conditions as may be imposed by the SEBI or any other authority, which may be agreed to by the Board of Directors of the Company at its sole discretion (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot, in one or more tranches, equity shares, debentures, bonds, instrument which are fully or partly convertible into Equity Shares, warrants or any other whether in Indian Rupee or any foreign currency (hereinafter collectively referred to as "Securities"), secured or unsecured, or any other instruments, to any person, whether or not the members of the Company, including the Promoters of the Company, their Friends, Relatives & Associates, Business Associates, Employees (including directors & workers) of the Company and its group companies, Corporate Bodies, Mutual Funds, Financial Institutions, Banks, Foreign Institutional Investors, Non Resident Indians, Foreign Nationals, Insurance Companies, Pension Funds, Portfolio Managers, etc., by way of public issue, right issue, issue of Foreign Currency convertible Bonds (FCCB), Global Depository Receipts (GDR), American Depository Receipts (ADR) reservation on competitive basis, reservation on firm allotment basis, private placement, preferential allotment basis or a combination thereof at such price or prices so however that the total amount raised through the aforesaid Securities should not exceed INR 500 crores (Rupees Five Hundred Crores only) including premium when converted into Indian Rupees at the current prevailing market conversion rate of US Dollars or any foreign currency to Indian Rupee and on such terms and conditions or in such manner as the Board may in its absolute discretion think fit, in consultation with the Lead Managers, Advisors and/or such other persons and on such terms and conditions including the ratio in which such Securities may be offered, issued and allotted to the existing shareholders, the number of Securities to be issued, face value of the Securities, rate of interest, premium, number of equity shares to be allotted on conversion, exercise of rights attached with warrants, ratio of exchange of shares and/ or warrants and/ or any other financial instruments, period of conversion, fixing of record date or book closure and other related or incidental matters.

Resolved further that in case of any Equity Linked Securities Issue/ Offer, the Board be authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any such Securities referred to above or as may be in



accordance with the terms of the offer, all such shares would rank pari passu inter-se, with the then existing Equity Shares of the Company in all respects.

Resolved further that for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form, terms and timing of the issue(s) including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted, issue price, face value, premium amount on issue/ conversion of securities / exercise of warrants/ redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges in India and/ or abroad as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/ or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s)

Resolved further that the Board of Directors or Committee thereof be and is hereby authorised to fix differential pricing on different mode of issue.

Resolved further that for the purpose of giving effect to the above resolution the Board and the committee thereof be and is hereby authorized on behalf of the Company to do all or any of such acts, deeds, matters and things as it may in its discretion deem necessary or desirable for such purpose including but without limitation to enter into under-writing, marketing, depository, custodian and any other arrangements or agreements and to remunerate all other agencies by way of commission, Brokerage, fees or the like and also to seek the listing of such securities in any one or more of the International/ Indian Stock Exchanges including Bombay Stock Exchange (BSE) with power to act on behalf of the Company and to settle such questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its discretion deem fit.

Resolved further that in case of any over subscription of the issue, the Board, be and is hereby authorized to retain such of the amount and issue and allot Securities, as may be permitted in accordance with applicable laws, rules, and provisions in consultation with the Stock Exchanges.

Resolved further that the Board be entitled to vary, modify alter any of the foregoing terms and conditions to conform with those as may be approved by SEBI, RBI or any other appropriate authorities and department.

Resolved further that for the purpose of giving effect to the above the Board be and is hereby authorized to do all things necessary for the purpose of giving effects to the issue and allotment of said Securities / Equity Shares and to take such action or give such directions as may be necessary or desirable and to accept any modifications in the proposal and terms of the issue including the price of the Equity Shares to be so issued or to be issued against or conversion of such Securities or the ratio or number in which the New Equity Shares or Securities are to be offered which may result in a change in the total amount of the issue as may be considered necessary by the Board or as may be prescribed in granting approvals to the issue and which may be acceptable to the Board and to decide the Basis of Allotment and to settle any question or difficulty that may arise in regard to the Issue and Allotment of the New Equity Shares or Securities or on conversion of said Securities into Shares or on issue of Shares against such Securities.

Resolved further that the Board be and is hereby authorized to take all necessary actions to give effect to this resolution and to delegate to a Committee of Directors or any one of the Director, all or any of its powers and authorities vested in it in terms of this resolution as may be permitted by Law."

**For and on Behalf of the Board  
For IKF Technologies Ltd**

**Date: 15.07.2008  
Place:Kolkata**

**Sd/-  
Deepti Chawla  
Company Secretary**



# ***IKF Technologies Limited***

## **9th Annual Report 2007-2008**

### **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 authorised representatives are requested to send a duly certified copy of the Board Resolution authorising 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 Tuesday, 9th September 2008 to Thursday, 11<sup>th</sup> September 2008 (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 to 10 above, are annexed hereto.
- H. A business for alteration in object clause is proposed to be conducted through Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956 (the Act) read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and other applicable provisions, if any. Accordingly, the special resolution has been given above for consideration and approval by the Members by way of voting through Postal Ballot. The Company has appointed Mr. Dinesh Agarwal, a Practicing Company Secretary, as Scrutinizer for conducting the Postal Ballot process in a fair & transparent manner.
- A Postal Ballot Form is annexed herewith. You are requested to read carefully the instructions printed on the Postal Ballot Form and return the Form, duly completed in all respects, in the enclosed self-addressed pre-paid postage envelope so as to reach the scrutinizer on or before the close of working hours on 10.09.08. Postal Ballot Forms received after this date will not be considered.
- The scrutinizer will submit his report to the chairman after completion of the scrutiny and the result of the voting by Postal Ballot will be announced on 15.09.08 at 4.00 PM. The result of the Postal Ballot will also be put up on the notice board of the Company.
- I. 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 Saturdays between 11 A.M. and 2 P.M. up to the 11<sup>th</sup> September 2008, 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.
- J. 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.
- K. 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.
- L. 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.
- M. 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 has appointed Mr. Pankaj Garg as the Additional Director with effect from 30<sup>th</sup> April 2008 to hold office until the date of the ensuing annual general meeting. The board is proposing to appoint him as a director in the ensuing AGM. Accordingly, the resolutions are placed before the members for their consideration and approval. The Board recommends the proposed resolutions for adoption in the larger interest of the Company. Brief profile and other details of Mr. Pankaj Garg as per clause 49 of the listing agreement are provided in the Report on Corporate Governance forming part of the Annual Report.

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. Pankaj Garg for the office of Director of the Company in the ensuing AGM.

None of the Directors except Mr Pankaj Garg himself is interested and concerned at Item no. 5 of the notice.

### ITEM NO.6

The Board of Directors of the Company had in their meeting held on 30<sup>th</sup> April 2008 subject to the approval of the members appointed Mr. Pankaj Garg as the Whole Time Director for a period of three years w.e.f 30<sup>th</sup> April 2008.

The present proposal is to seek members' approval for the appointment of Mr. Pankaj Garg 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. Pankaj Garg under Section 302 of the Companies Act, 1956.

A brief profile of Mr. Pankaj Garg as stipulated under Clause 49 of the Listing Agreement is provided in the Report of Corporate Governance forming part of the Annual Report.

None of the Directors except Mr Pankaj Garg himself is interested and concerned at Item no. 6 of the notice. The Board recommends the Resolution set out at Item No. 6 of the Notice for your approval.

### ITEM NO. 7:

Mr. Pradeep Dutta has been the Executive Director of the Company since 25<sup>th</sup> January 2005. The term of office of Mr. Pradeep Dutta as the Executive Director expired on 24<sup>th</sup> January 2008. The Board of Directors of the Company at its meeting held on 30<sup>th</sup> January 2008 has, subject to the approval of the Members, re- appointed him for a further period of three years from the expiry of his term on terms and conditions as set out in the Resolution.

The Remuneration Committee has recommended that the remuneration of Mr.Pradeep Dutta be revised keeping in view the trends in the industry.

The present proposal is to seek members' approval for appointment of Mr. Pradeep Dutta 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. Pradeep Dutta under Section 302 of the Companies Act, 1956.

A brief profile of Mr. Pradeep Dutta as stipulated under Clause 49 of the Listing Agreement is provided in the Report of Corporate Governance forming part of the Annual Report.

None of the Directors except Mr. Pradeep Dutta himself is interested and concerned at Item no. 7 of the notice.

The Board recommends the Resolution set out at Item No. 7 of the Notice for your approval.

### ITEM No. 8:

Mr. Sunil Kumar Goel has been associated with the Company as a promoter since the year 2005 and had been appointed as the Whole Time Director since January 2005 for a period of five years at a monthly remuneration of Rs.25,000 and reimbursement of other out of pocket expenses. He has been actively involved with the business activities of the company since the inception and has contributed towards the growth of the Company.

The Board on the recommendation of the Remuneration Committee decided in its meeting held on 15<sup>th</sup> July 2008 that the remuneration of Mr. Sunil Kumar Goel be increased to Rs.1,00,000(including the out of pocket expenses) effective from the date of approval from the shareholders.

The aforesaid resolution is required to be approved by the shareholders by means of Ordinary Resolution. None of the Directors except Mr. Sunil Kumar Goel himself is interested and concerned at Item no. 8 of the notice.

The Board recommends the Resolution set out at Item No. 8 of the Notice for your approval.

### ITEM NO. 9:

The present authorised capital of the company is not sufficient to accommodate any future proposal to raise the capital, therefore it is proposed to increase the authorised share capital of the company from the existing Rs. 62,00,00,000 (Rupees Sixty Two Crores only) to Rs. 100,00,00,000 (Rupees One Hundred crore only) by creation of additional 38,00,00,000 (Thirty Eight Crores) Equity Shares of Re.1 each.

Approval of the members of the Company, by way of Ordinary

# ***IKF Technologies Limited***

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Resolution for Item No.9 is required to give effect to the resolutions. Your directors recommend the resolutions.

None of the Directors is deemed to be interested or concerned in the proposed resolution except to the extent of allotment of shares to them.

### **ITEM No.10:**

The Company has envisioned standing out as a leader in the field of Bio Fuel in the Global platform. The Company has in the year 2007-08 made unprecedented growth and further strengthening its position in the segment of Bio Fuel, IT/ITES, E- Governance and Telecom.

Our Company is gaining foot hold by making strategic investments and mergers with Companies in various segments. The Company proposes to make acquisition not only in India but in every corner of the world in lucrative proposition which will in the coming years create value for the stakeholders.

The funds are required by the Company to invest in the Bio Fuel, IT/ITES, Telecom divisions for expanding and making further diversification.

The expansion and diversification of business of the Company project is proposed to be funded through a combination of equity and debt. Funds raised by issue of securities are proposed to be utilized in the expansion and diversification of the business and normal business activities of the Company.

The detailed terms and conditions of the Issue as and when made will be determined by the Board of Directors in Consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with the applicable provisions of law.

The proposed issue of securities as above may be made in one or more tranches, in domestic/international market in Indian rupee or one or more foreign currency, by way of public issue, right issue, issue of foreign currency convertible bonds, global depository receipts, American depository receipt etc., As may be decided by the Board. The issue price and other terms and conditions of the security to be issued in the proposed offerings will be determined by the Board of Directors at the time of the offer depending on the then prevailing market conditions and the applicable regulations.

In terms of the provisions of Section 81 of the Companies Act, 1956 and other applicable provisions approval of members by way of special resolution is required for the proposed resolution. The Board of Directors recommends and places before you the proposed resolutions for your consideration and approval.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of any security (ies) that may be offered and issued to them.

**For and on Behalf of the Board  
For IKF Technologies Ltd**

**Sd/-  
Deepti Chawla  
Company Secretary**

**Date: 15.07.2008  
Place:Kolkata**



## MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

### INDUSTRY TRENDS

#### IT / ITES DIVISION

##### GLOBAL SOURCING TRENDS IN 2007-08

- Worldwide technology products and related services sector spending are estimated to have grown at 7.3 per cent to nearly reach USD 1.7 trillion in 2007-08.
- IT-BPO services, growing at an above-sector-average rate of nearly 8 per cent, remain the largest category, accounting for an increasing share of the worldwide technology sector revenue aggregate.
- Outsourcing continues to be the primary growth driver, sustained by gradual shifts in regional spending patterns – with increasing traction in Europe and Asia Pacific offsetting a marginal decline in share of the America.
- Underlying this steady growth in service spending is the increasing adoption and continued evolution of the global sourcing supply-chain. Global sourcing of technology related services is estimated to have grown by about 30 per cent to reach USD 70-76 billion in 2007-08.
- Increasing emphasis on innovation-led growth added to the secular trend in technology related spending, with IT-enablement.
- Global delivery now being recognized as complementary means of effectively increasing productivity, reducing time-to-market and thereby increasing the returns on innovation investment.

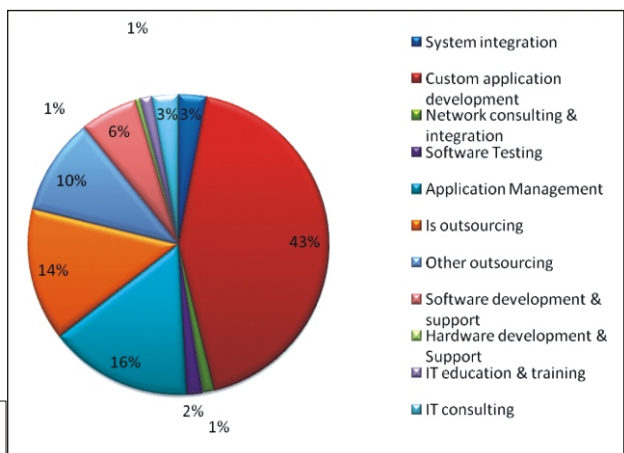
##### INDIAN IT - BPO PERFORMANCE IN FY2008

- The Indian IT-BPO revenue aggregate is expected to grow by over 33 per cent and reach USD 64 billion by the end of FY2008.
  - IT exports (including hardware exports) are expected to cross USD 40.8 billion in FY2008 as against USD 31.9 billion in FY2007, a growth of 28 per cent.
  - Domestic IT market (including hardware) is estimated to reach USD 23.2 billion in FY2008 as against USD 16.2 billion in FY2007, a growth of 43 per cent.
  - The direct employment in the sector is expected to reach nearly 2 million, an increase of about 375,000 professionals over FY2007.
  - IT services exports, BPO exports and Domestic IT industry provides direct employment to 865,000, 704,000 and 427,000 professionals respectively.
- As a proportion of national GDP, the Indian technology sector revenue has grown from 1.2 per cent in FY1998 to an estimated 5.5 per cent in FY2008.

##### SOFTWARE AND SERVICES EXPORTS FY 2008

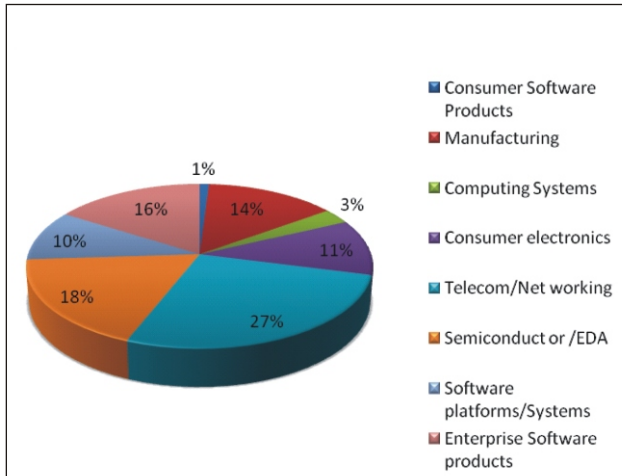
- Exports remain the mainstay of the sector and are estimated to reach USD 40.3 billion in FY 2008, contributing nearly 64 per cent to the overall revenue aggregate.
- IT services (excluding BPO, product development and engineering services), contributing to 57 per cent of the total software and services exports, remains the dominant segment and is expected to cross USD 23 billion, a growth of 28 per cent in FY 2008.

Split by service offerings in IT Services



# ***IKF Technologies Limited***

## **9th Annual Report 2007-2008**



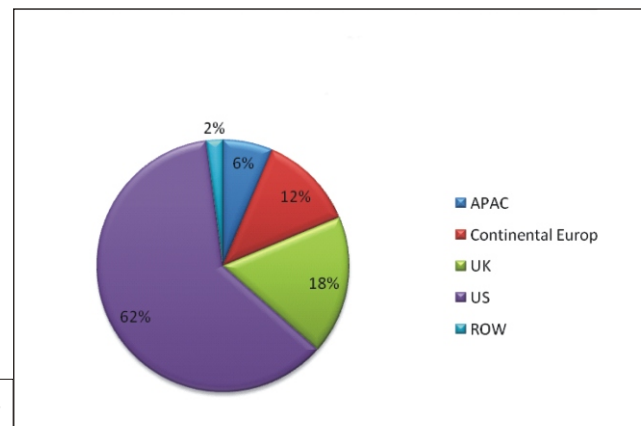
- BPO services, accounting for over 27 per cent of the export aggregate, is the fastest growing segment across software and services exports driven by scale as well as scope. Export revenues for this segment are expected to cross USD 10.9 billion, a growth of 30 per cent in FY 2008.
- Export revenues from relatively high-value-added services such as engineering and R&D, offshore product development and made-in-India software products is estimated to be growing at over 27 per cent, and are forecasted to reach USD 6.3 billion in FY 2008.

**Split by service offerings in BPO services**

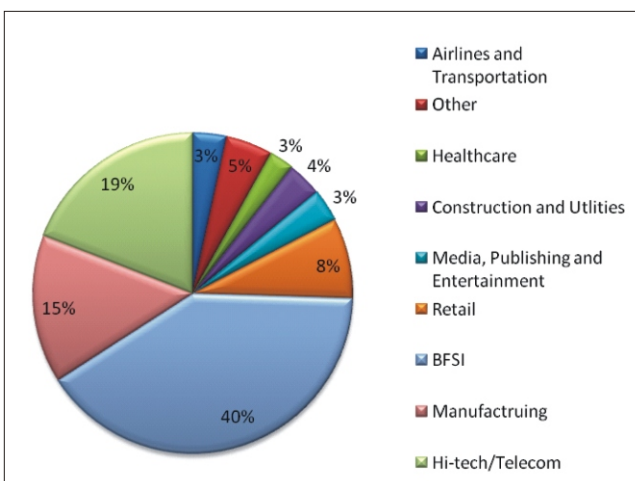
### OUTLOOK

12

- While US & UK remained the largest export markets (accounting for about 61 per cent and 18 per cent respectively, in FY 2007), the industry is steadily increasing its exposure to other geographies. Exports to Continental Europe in particular have witnessed notable gains, growing at a CAGR of more than 55 per cent over FY 2004-2007.



**Geographic market exposure of IT-BPO Exports**



- Banking, Financial Services and Insurance (BFSI) remains the largest vertical market for Indian IT-BPO exports, followed by High-technology and Telecom accounting for nearly 60 per cent in FY2007. Manufacturing and Retail followed, contributing 23 per cent to the aggregate. Other key segments include Media, Healthcare, Airlines and Transportation, and Utilities.

**Vertical Split for Indian IT-BPO Exports**



## **DOMESTIC IT MARKET IN FY 2008**

- Technology adoption in the domestic market also reported steady gains in 2007. This segment is expected to cross USD 23 billion in FY2008, reporting healthy growth across all key segments.
  - Hardware remains the largest segment of the domestic market, and is expected to grow at 44 per cent in FY2008.
  - Domestic IT services spending are estimated to be growing at about 43 per cent in FY2008.
- Software and services exports and BPO spending growth in the domestic market is being supported by increasing adoption, and is expected to grow by over 42 per cent and 45 per cent, respectively.
- Growing levels of technology adoption accompanied by a steady appreciation of the rupee, is also making India more attractive as a market – even for players that had earlier maintained a stricter focus on exports.

## **OVERVIEW**

The IT division of the Company has witnessed a phenomenal growth since the inception of the Company comprising a major chunk of its turnover which will further increase by manifolds in the coming years reaping rich results for the Company and its stakeholders. The Company has joined hands with Website Helpline Inc to sell its Web Based Product globally and has outsourced the same to national and international Call Centres.

The Company has been successfully providing services to clients both nationally and internationally like TTSL and AirCel. Around 500 seats are in operation that are expected to scale upto 3000 by the next financial year.

The Company is spreading its network by making acquisitions and entering into strategic alliances with the strategic partners.

IKF has also recently entered the e-governance segment with the takeover of E- Mitra project being operated by R2R Seva in the state of Rajasthan presently operating in 20 districts having more than 300 outlets and efforts are being made to bring 5 additional districts under this umbrella. In the existing 20 districts more than 300 outlets have been providing G2C services and B2B services will be introduced shortly. R2R Seva is engaged in the business of providing services relating to collection of utility bills (Electricity/ water/ telephone) and government levies, citizen information services and other related activities. R2R Seva has mainly been providing Government to Citizen (G2C) and Business to Citizen (B2C) services as local service provider in the State of Rajasthan through respective District e-governance Societies under the Chairmanship of the Collector of Districts. The expected turnover from all these services in the year 2010 would be Rs.500 crores.

IKF is the best Company to provide innovative IT solutions and complex software projects development that helps to keep it one step ahead of its competitors by continuously improving its IT-based business solutions.

The Company has also entered into an agreement with Reliance Web Store Limited to procure & provide voice and non voice business projects to BPO's from the Reliance Web Store locations Pan India. This will enable the Company to spread its network across India.

## **BIO-FUEL DIVISION**

The importance of Bio-fuels (Bio-Diesel & Ethanol) is increasing rapidly with growing anxiety over crude oil supply and fast climatic changes. Bio-Diesel is an environment friendly fuel prepared from edible and non-edible vegetable oils. Blending of Bio-Diesel with Petro-Diesel has tremendous positive social, ecological and economic impact on the society. If India wants to become a developed nation by 2020, as envisaged by our Former President, Dr. A P J Abdul Kalam, we need to become self sufficient in the energy sector.

## **INTERNATIONAL OUTLOOK**

The International Energy Outlook (IEO) has projected that India will consume over 5 million barrels of oil a day by 2030; which is more than double of its current consumption. With crude prices touching high records and dependency on oil imports increasing rapidly, it has become a necessity to develop and promote Bio-Fuels to mitigate the environmental effects arising from the use of fossil fuels such as coal and petroleum. Today in the growing scenario and due to the depletion of natural resources, there is a great demand for Bio-Fuels. It will be helpful to save the earth as well as in generating employment opportunities in rural areas. This positive outlook forecasts well for demand of Bio-Fuel and reinforces confidence in long term prospects for the sector.

## **INDIAN PROSPECT**

The Government of India is expected to announce its National Bio-Diesel Policy soon. Meanwhile, many State Governments have already moved ahead and have enforced state specific Bio-Diesel development policies. Since, India is also facing deficit in edible oil, the focus of these policies is to develop Bio-Diesel through non-edible oil seeds. Jatropha is the solution to control deficit in edible oil and give resolution for self sufficient energy. Jatropha has been found to be the most suitable crop in the Indian conditions.

## **OVERVIEW**

**The Company has covered the following mile stones in this innovative field:**

IKF has made substantial investments by acquiring more than 30000 hectares of land in Meghalaya, 15000 ha in Rajasthan, 5000 ha in Gujarat & 4500 ha in Jharkhand. IKF has entered into an agreement with Sigma Bio-fuel, Hyderabad covering over 5000ha, and Avani Vermi Compost & Bio-fuel, Ahmedabad for undertaking Jatropha plantation in the respective states. It has recently acquired Blue Horse Enterprises Bio-fuel operations along with its plantation over 4000 ha area.



# ***IKF Technologies Limited***

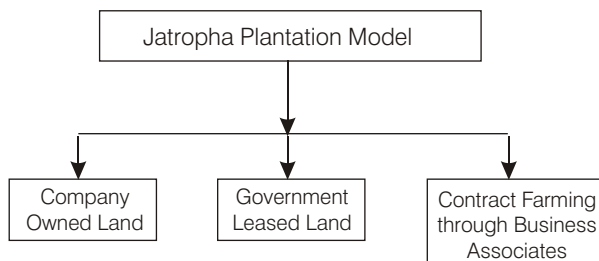
## **9th Annual Report 2007-2008**

The Company floated a Joint Venture Company in Jharkhand as well as in Gujarat with a local partner for extensive Jatropha cultivation in the respective states. The Company also has strategic alliance in Andhra Pradesh, planning to start Jatropha cultivation in AP.

Further IKF has also registered with Gujarat and Chattisgarh APMCs for contract farming and several hundred individual farmers have entered into a tri-partite seed buy back agreements.

Along with cultivation of Jatropha in huge prospects across various states of India, IKF has developed extensive capability in terms of its extraction, processing, technical know-how and marketing of the processed fuel. The Company has signed an agreement with Indian Oil Corporation Limited, R&D Centre, Faridabad on the March 1, 2006 for transferring of technology and providing technical assistance for conversion of Jatropha oil into Bio-fuel. The Company has already set up transesterification plant of 3000 liters per day at Udaipur. In order to cater the growing demand of bio-fuel within and outside India, the Company has planned to set up a refinery with the capacity of 300 tonnes per day in Gujarat. IKF group is exploring the arena of Bio- Fuel and Jatropha Cultivation across the India and globe through IKF Green Fuel Ltd. IKF Green Fuel Ltd. is trying to give relaxation from global warming by the use of eco- friendly solution- Bio- diesel.

### **BUSINESS MODEL FOR JATROPHA: -**



### **FUTURE OUTLOOK**

The company is also in the process of acquiring 5000 ha land under long-term lease from Government of Madhya Pradesh. By the end of current fiscal year, IKF Green Fuel Ltd. is going to leave its footprints in 16 states with the Jatropha plantation. The company intends to increase the coverage of jatropha cultivation to 5 lakh hectares in the next two years. The Company has also entered into an agreement with Indian Council for Agricultural Research (ICAR) to provide technical assistance and training to its representatives and farmers for Jatropha cultivation. The Company is also developing a team of qualified agriculture scientists to develop its own R& D center.

### **TELECOM DIVISION**

#### **Internet**

Indian broadband market scenario looks very promising. According to TRAI (Telecom Regulatory Authority of India), Indian broadband clocked a figure of 3.34 million subscribers by the end of January 2008 as compared to 2.15 million in January 2007, which is a healthy 55% growth. However, it is still far behind the target of 20 Million subscribers by 2010 as set by TRAI. This is a clear indication about the market potential and the much needed efforts, especially in terms of infrastructure and cost effective services to reach even half the target within this timeframe.

Further, according to IAMA report of 2007, India has 46 million active Internet users, which represents a growth of 40% over the previous year. Despite this high growth rate in the last few years, more than 95% of the Indian population is still without Internet access, and the broadband subscription base is a dismal 0.3% of the total population.

As per the current trend 70 % of the total internet users in India are from Metro Cities and only 30 % access is happening from other cities. All other cities can be growth engine for internet in India. The rural population is also going to be the key focus area in near future.

There has been an exponential growth in the demand for the services that need broadband capabilities. The working-from-home culture has picked up at a big scale in India lately. Thus having a "constantly on" connection is needed. Among other uses, online gaming and watching videos online is popular among internet enthusiast.

Globally and in India, the Internet industry is witnessing annual amplification in the adoption of Ethernet and WI-FI modems with VoIP connectivity, as consumers are increasingly availing themselves of VoIP services.

The convenience factor will certainly drive Internet growth in India where the concepts such as e-education, e-health, e-commerce, Triple-play have already started making their presence felt. With various initiatives by the government and other agencies, PC penetration and internet education is likely to increase in schools, government offices, etc which are also embracing Internet connectivity, thereby enhancing their skills in a competitive environment. Increase in the number of PC and laptop users is also acting as a catalyst for increasing the demand for Internet usage.

To meet the demand and maintain profitability for various service providers there is a strong need to emphasize on the increasing network capacity and efficiency.





## OVERVIEW:

IKF is holding ISP category "A" license No.820-980/07-LR dated 11<sup>th</sup> January, 2008 and permission to provide internet telephony, Internet and other relevant under the above license. IKF is also in the process of procuring licenses to operate ILD and NLD services in India and provide pinless calling card services globally.

IKF Technologies Limited has set up its centralised NOC at Noida and is now setting up 20 POPs across the country including all metros and other A-class cities to sell bandwidth to ISPs/SMEs/Corporates.

IKF is entering into tie ups with major bandwidth carriers and infrastructure providers like Bharti, Railtel, Tata Communications, and Reliance etc.

IKF Telecom's product range is targeted to address large corporates, International Call Centers, small & medium enterprise clients, other ISPs/ Strategic Alliance Partners, Retail SOHO and residential clients.

Various products and services include :

- Internet Lease Line products for Enterprise clients
- Wireless WI-FI Broadband products for Corporate, SOHO & residential clients
- VoIP services for large international Call Centers, Corporates & residential clients to make economical international calls from home
- End to end Managed services for domestic and International Call centers

## STRATEGY/ PRESENT PLANS

Sales Strategy for Internet Products:

- Target Segment - Corporate/SMEs/Educational Institutions/SOHOs.
- Provide better pricing to Strategic Alliances to meet competition.
- Provide better installation process & support to have an edge over competitors.
- Focus on corporate links directly from NOC to get maximum profitability through better bandwidth pool management.
- Incentive Policy to SAs/Resellers on achieving the Sales target
- Attractive Commission Policy to SAs/Resellers

Sales Strategy for Voice over IP:

- Target Segment Call Centers registered under STPI/Corporates/SMEs/SOHOs/Export Houses.
- Provide better price to Resellers.
- Sell Combo Plan to avoid churn.
- Provide better support and quality of minutes to have an edge over competitors.

- Tie ups with VOIP Carriers to do wholesale minutes Carrier exchange

Financial Parameters: IKF Telecom (ISP) plans to achieve a Turnover of 100 crores in 3 years time

## RISK FACTORS & MITIGATION

In this segment there is tough competition from existing large players like Bharti, Reliance, TATA, Sify etc. and dependence on NLD Carriers for last mile considerable connectivity.

There have been frequent changes in Telecom laws.

**The Company has taken following steps to mitigate the risk factors in the division to ensure smooth operations.**

- Investments in best in breed technology and human skills for providing world class Customer service and Technical support
- Tie ups with all last mile providers like Bharti, Tata, Reliance, BSNL, Railtel etc
- To remove dependence on others, Investment in WI-FI technology to offer wireless internet broadband connections
- Country wide reach and delivery mechanism through extensive POPs network
- Leveraging the lower price advantage to beat the competition, achieved by aggregation of Internet bandwidth from other smaller ISPs.
- Constant Network Audit to manage operational Risk and DOT compliances

## Human Resources

Over the years the company has taken several initiatives to attract and retain best talent. Being in the service industry, the company places foremost thrust on the continuous upgradation of human resource. Best HR Practices and continuous work environment ensures high motivational levels of the employees.

## Forward Looking Statements

The Company has made forward-looking statements in this document that are subject to risks and uncertainties. Forward-looking statements may be identified by their use of words like 'expects', 'believes', 'estimates' or similar expressions. All statements that address expectations or projections about the future, including, but not limited to, statements about the future, including, but not limited to, statements about Company's strategy for growth, product development, market position, market expenditures, and financial results are forward looking statements.

For those statements the Company cautions that numerous important factors could affect the Company's actual results and could cause its results to differ materially from those expressed in any such forward looking statements.

# ***IKF Technologies Limited***

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### **REPORT ON CORPORATE GOVERNANCE**

#### **MANDATORY REQUIREMENTS:**

Company's philosophy on Corporate Governance

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good Governance practices stems from the culture and mindset of the organization. As shareholders across the globe evince keen interest in the practices and performance of the Companies, Corporate Governance has emerged on the center stage.

IKF is committed to good governance practices that create long term sustainable shareholder value. The policies and their effective implementation underpin the commitment of the Company to uphold highest principles of Corporate Governance consistent with the Company's goal to enhance shareholder value.

The Company recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance. The Company has taken proactive measures to periodically review and revise the corporate governance practices incorporating appropriate checks and balances at various level of management.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India, the details of governance systems and processes including compliance by the Company with the provisions of Clause 49 are as under:

#### **1. Company's philosophy on Code of Governance**

The Company believes that sound corporate practices based on openness, credibility and accountability is essential to its long term success. These practices will ensure the Company having regard to competitive exigencies, conducts its affairs in such a way that would build the confidence of its various stakeholders in it, and its Board integrity.

The Company believes that all its actions must serve the underlying goal of enhancing overall shareholder value on a sustained basis. IKF is committed to the best governance practices that create long term sustainable shareholder value

#### **2. Board Composition and Particulars Of Directors**

##### **i) Board Composition**

The Board of Directors of the Company has an optimum combination of Executive and Non Executive Directors. The Company has three Executive Directors and four Non Executive Directors. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. Mr. Pradeep Dutta, Mr. Sunil Kumar Goel and Mr. Pankaj Garg are Executive Directors. Dr. A.P Saxena has been appointed as the Director holding office of place of profit. The others are Non-executive Directors..

<b>Category</b>	<b>Name of the Director</b>	<b>No of Board Meetings attended during the year</b>	<b>Attendance at last AGM (20.09.2007)</b>	<b>No. of other directorships</b>	<b>Shareholding of the Non Executive Director as on March 31, 2008</b>
Promoter Director	Sunil Kumar Goel	3	No	2	
Executive Director	Pradeep Dutta Pankaj Garg#	4 Nil	Yes No	1 2	
Non Executive Director	Gajanand Gupta Dr. A. P.Saxena R. P. Singh J. P.Dubey @ Pradeep Kumar	4 4 4 3 4	Yes Yes Yes No No	1 Nil 1 Nil 1	85,000

@ Resigned from the Board on 1<sup>st</sup> March 2008

# Inducted into the Board on 30<sup>th</sup> April 2008



No Director is related to any other Director on the Board in terms of the definition 'relative' under the Companies Act, 1956.

## 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) **Dr. R. P Singh** obtained his Ph. D. Degree in Agricultural Extension from Indian Agricultural Research Institute, Pusa, New Delhi in 1966 and immediately thereafter joined the faculty of Bihar Agricultural College Sabour (Bhagalpur) in 1966 and Haryana Agricultural University, Hissar in 1971. He joined the Indian Council of Agricultural Research, New Delhi in 1976 and was placed on the teaching faculty of the Division of Agricultural Extension, Indian Agricultural Research Institute (IARI) Pusa, New Delhi, He retired from I.A.R.I. In 1996 as Principal Scientist/Sr. Training Specialist.

Dr. Singh has to his credit over 105 scientific research publications in recognized scientific and professional journals. He has authored/edited 6 books, and 115 technical papers. He has participated in many national and international conferences and presented several papers. Over 23 M. Sc. And 17 Ph. D. Students received degrees under my Chairmanship.

Dr. Singh has more than 40 years of experience of agricultural extension, development and advisory work. His main concern over these years has been on effective and speedy transfer of proven agricultural technology to the target clientele by persuasive means following appropriate extension methods and approaches so as to narrow the gap between the available technology and its adoption by the farmers. His concern all these years has been not only with providing technical know-how to the users but also feed-back to the source.

Dr. Singh served the Indian Agricultural Research Institute, the foremost Institute in India in the fields of research, higher education, training and extension as Senior Extension Officer and In charge of Field Advisory Unit looking after field extension activities of the Institute, rendering technical advice and guidance to farmers, extension workers, subject matter specialists and others in matters concerning agricultural/rural development. He remained actively involved in planning, organisation, execution, supervision, coordination, monitoring, evaluation and reporting in respect of agricultural extension programmes like Operational Research Projects and Lab to Land Programme undertaken by the Institute. These programmes aimed at promoting large-scale adoption of the new technology generated by the Institute, particularly with respect to high-yielding varieties

of different crops and their recommended package of practices and multiple cropping under assured and limited input conditions with added emphasis on oilseeds, pulses and vegetables.

Among other extension activities Dr. Singh remained actively involved in the organization of Agricultural Science Fairs and production of extension literature for the use of mainly extension workers and farmers.

Besides teaching, research and extension work, Dr. Singh's major responsibility had been on planning, organizing, coordinating and conducting training programmes for senior level officers, subject matter specialists, extension workers, farmers and others directly or indirectly concerned with agricultural/rural development. He has directed/ coordinated more than 50 training course including some international courses.

Dr. R.P Singh has been associated with the Company since August 2005 and is the Chairman of IKF Technologies Limited and also Director in a Public Limited Company. He is a member of Remuneration Committee.

Dr. R.P Singh is the Non Executive Director and holds no shares in the Company.

- b) **Mr. Pradeep Dutta**, age 50 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. In 1974, he joined Indian Tourism Development Corporation as Asst. Manager Planning and Development and became General Manager (Corporate Planning, Development & Consultancy Service).

In 1992, he took Voluntary retirement from ITDC and started independent consultancy service in Hospitality and Financial Management. During this period apart from rendering consultancy services to independent Hotels, Mr. Dutta was the advisor of the following groups like Mahindra & Mahindra, Quality Inns India Pvt. Ltd., a joint venture company of Choice Hotels Inc. USA- Advisor Project Development and Franchise Management. In 1993, Mr. Dutta coupled as Director- Planning, Development and Operations of Hotels as well as IT industries.

He has prepared more than 100 Techno-Economic feasibility Reports for hotel Projects in India and Abroad, perspective plans for Tourism Development for most of the states of India, arranged loan funding for more than 25 Hotels in the country and also advised them for Financial Packaging. He has finalized 15 Joint Ventures of Hotel and Restaurant projects, planed architecture brief and requirement for more than 15 Hotels in India. He has implemented nearly about 10 Hotel Projects in India. He has managed and operated more than 15 projects in India.

# ***IKF Technologies Limited***

## ***9th Annual Report 2007-2008***

Mr. Dutta has been associated with IKF Technologies as an Executive Director since January 25, 2005. Since 2005 till date, 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 is a Director in a Public Ltd. Company. He does not hold any shares in the Company.

- c) **Mr. Sunil Kumar Goel** is a commerce graduate. He possesses much knowledge and expertise in the field of finance and has been looking after business relating to finance and portfolio management.

Mr. Goel is the Promoter Director and holds 54,00,000 shares in his name as on 31 March 2008 and is holding directorship as a Whole Time Director in the Company since May 30, 2005. He is the member of the Shareholders/Investors Committee and the Remuneration Committee.

- d) **Mr. Pradeep Kumar** is a B.Tech from IIT Kanpur and an MBA from IIM Ahmedabad. He has a rich knowledge and vast experience in the field of Strategic Planning and Management. He is practicing as an Independent Management Consultant in the area of Strategy and Structure.

Mr. Kumar has been associated with the Company as a Non Executive Director since May 2005. He holds a Directorship in a Public Limited Company He is the Chairman of Audit Committee and Shareholders/Investors Committee besides being a member of Remuneration Committee. He holds 85,000 shares in the Company in his name as on 31 March 2008.

- e) **Mr. Gajanand Gupta** is a Chartered Accountant and completed the same in the year 2002. He has a vast experience with more than 16 years behind his & is well knowledge taxation and law related matters. 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 Director in a Public Limited Company. He is the member of Audit Committee.

- f) **Mr. Pankaj Garg** is a Director on board of IKF Technologies Ltd. He is a graduate in Commerce. He was appointed as the President Telecom in IKF on 9th February 2008 and as Director of IKF on 30th April 2008. He has over 23 years of experience in IT, ITES/ BPO & Telecom

Industry. Before turning entrepreneur in 1992 he has served in senior positions in reputed and leading companies like Usha International, HCL Ltd., Zenith Computers & ICIM Ltd. (wholly owned subsidiary of ICL-UK) and so on.

In 1992 he founded Netlink Business Systems Pvt. Ltd., to provide IT and Enterprise networking solutions. Netlink grew to become the largest enterprise partner for Compaq-HP during 1996-1999, with revenues touching US 7.0 million in 1999-2000

In 1999 he founded Netspace Communications Pvt. Ltd., to provide specialised turnkey solutions for Call Centers & BPO's in India and overseas. His vast experience covers setting up/ integrating Call Centers based on TDM and VoIP technology using Nortel, Avaya, Concerto, Cisco, Audiocodes, NICE, Verint kind of equipment. In 2002 he was one of the pioneers to offer VOIP/ Internet Telephony based Call center solutions using domestic products, at 1/3rd of the original cost

He has many years of experience in migrating VOICE business from USA & UK clients to Indian BPOs for Telecom, Finance, Health care & Insurance verticals. He set up his own Voice BPO in 2003 and was able to successfully sell it to UK client in 2005.

In 2005 he joined as Director & Chief Executive on the board of Swiss Fone India Ventures P Ltd. (an ITSP) and provided specialised VoIP products and services to Call Centers, Corporates, other ISP's (OEM business), Pinless calling card and also did International wholesale of routes.

He joined as Director on the board of IKF Technologies Limited since 30 April 2008. He has also been appointed as the Whole Time Director of Company. He holds no shares in the Company.

- g) **Dr. A. P. Saxena** obtained his Ph.D. Degree in Communication and Technology Transfers from Michigan State University, U.S.A. in 1968.

His significant contributions in Indian Agriculture include:

1. Identification of 120 agro-climatic zones- their production potential and constraints: the book Saxena, A.P (Revised Edition, 1989) "Strategies for Agricultural Research and Development: A Zonal Approach", Indian Council of Agricultural Research, New Delhi.
2. Development of a National Agricultural Research Information System (ARIS).
3. Establishment of strong linkages between Development Departments of State Governments and State Agricultural Universities (SAUs) at zonal level in the form of ZREAC (Zonal Research and Extension Advisory Committee).



Dr. Saxena has to his credit over forty scientific research publications in recognized scientific and professional journals and published/edited a number of scientific books on Indian agriculture. He has participated in many national and international conferences on bio-fuel and presented several papers.

Dr. Saxena has taught in U.S. and Canadian universities and guided Ph.D.students. He covered half of the globe, if not full by visiting U.S.A., Canada, Netherlands, Germany, Thailand, Singapore, Malaysia, Brazil, Mexico, U.K., France, etc.

Dr. Saxena has been associated with the Company as the Non Executive Director in the Company since 30 December 2005. He is the member of the Shareholders/Investors Committee.

### 3. Board meetings, its committee meetings and procedures

#### A. Procedure of Board Meetings

- 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.
- 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.

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

Four Board meetings were held during the year. The Company has atleast 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	23.07.2007	7	6
2	31.07.2007	7	7
3	30.10.2007	7	6
4	30.01.2008	7	6

5. Attendance Of Directors at Board Meetings, last Annual General Meeting and no. of other Directorship of each Director in various Companies.

Name of Director	Attendance of meetings during 2007-08		No. of other Directorship	No of membership/chairmanship Board Committees of other Companies
	Board Meetings	Last AGM		
Dr. R. P. Singh	4	Yes	1	Nil
Mr. Sunil Kr. Goel	3	No	2	Nil
Mr. Pradeep Dutta	4	Yes	1	Nil
Dr. A. P.Saxena	4	Yes	Nil	Nil
Mr. Gajanand Gupta	4	Yes	1	Nil
Mr. J. P. Dubey*	3	No	Nil	Nil
Mr. Pankaj Garg@	Nil	No	2	Nil
Mr. Pradeep Kumar	4	No	1	Nil

\* Resigned from the office of Directorship on 1<sup>st</sup> March 2008

@ Inducted on Board on 30<sup>th</sup> April 2008.



# ***IKF Technologies Limited***

## **9th Annual Report 2007-2008**

### **6. Board Committees:**

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

Audit Committee: Composition, Chairman and the Name of Members

The Audit Committee was comprised of Mr. Pradeep Kumar, Chairman, Mr. Gajanand Gupta and Mr.J.P Dubey. The Committee had been reconstituted on resignation of Mr. J.P Dubey. The members of the Committee after reconstitution are Mr.Pradeep Kumar, Chairman, Mr. Gajanand Gupta and Mr. Pradeep Dutta. The Terms of reference of this Committee are wide enough covering matters specified for Audit committee under the Listing Agreements.

#### **Powers of the Audit Committee**

A) Brief description of terms of reference

- 1 It shall have authority to investigate into any matter in

Meeting and attendance during the year

There were 4 meetings of the Audit Committee during the financial year 2007-08 and the attendance of each member of the Committee is given below.

<b>Name of the Director</b>	<b>No. of Meeting held</b>	<b>No. of Meeting attended</b>
Mr. Pradeep Kumar	4	4
Mr. Gajanand Gupta	4	4
Mr. J.P Dubey	4	3

#### **Remuneration to the Directors**

Details of remuneration paid to Pradeep Dutta, Executive Director during the financial year 2007-08 was Rs. 3, 00,000 and other out of pocket expenses.

Details of remuneration paid to Sunil Kumar Goel, Whole Time Director during the financial year 2007-08 was Rs. 3,00,000 and other out of pocket expenses. Dr. A.P Saxena has been paid Rs. 2,50,000 towards consultancy fees and other out of pocket expenses.

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

Relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if any.

- 2 To seek information from any employee and obtain outside legal or professional advice.
- 3 Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 4 Reviewing with the management the annual financial statements before submission to the Board, internal and external auditors and the adequacy of the internal control systems.
- 5 Reviewing the Company's financial and risk management policies and compliance with internal control systems.

#### **Investors/Shareholders Grievance Committee**

The Company has formed an Investors/shareholders Grievance Committee under the Chairmanship of Mr. Pradeep Kumar, Dr. A.P Saxena and Mr. Sunil Kumar Goel.

#### **Terms of Reference**

The Committee approves issue of duplicate certificates and overseas and reviews all matters connected with transfer of securities of the Company. The Committee also looks into the shareholder's and investor's complaints. Most of the complaints received from the shareholders have been resolved.

Meeting and attendance during the year

There were 4 meetings of the Investors/Shareholders Grievance Committee during the financial year 2007-08 and the attendance of each member of the Committee is given below.

<b>Name of the Director</b>	<b>No. of Meeting held</b>	<b>No. of Meeting attended</b>
Pradeep Kumar	4	4
Dr. A.P Saxena	4	4
Mr. Sunil Kumar Goel.	4	3





## Remuneration Committee

The Company has set up a Remuneration Committee in the financial year 2007-08 which comprises of Dr. R.P Singh, Mr. Pradeep Kumar, Mr. Sunil Kumar Goel and Mr. Gajand Gupta

## Terms of Reference

The remuneration committee has been constituted to recommend/review remuneration of the Whole Time Director /Executive Director based on their performance.

The details of remuneration paid to Executive Director and the Whole Time Director during 2007-08 are given below:

Name of the Director	Salary	Designation
Mr. Pradeep Dutta	300,000	Executive Director
Mr. Sunil Kumar Goel	300,000	Whole Time Director

The Non Executive Directors are not paid any sitting fees.

## 6. Code of Business Conduct and Ethics for Directors and Management Personnel

The Code of Business Conduct and Ethics for Directors as adopted by the Board is a comprehensive Code applicable to all Directors and management personnel.

The code of conduct for all Board Members and senior management personnel of the company is available on the website of the company.

### 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: 15.07.2008

Place: Kolkata

Pradeep Dutta  
Executive Director

## 7. General Body Meetings

Details of the location of the past three AGM's and the details of resolutions passed or to be passed by Postal Ballot.

### (A) Annual General Meetings

Day	Date	Time	Venue
Friday	16 <sup>th</sup> September 2005	11.00 a.m.	The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841 Red Hills, P.B.: 14, Hyderabad 500 004
Thursday	28 <sup>th</sup> September 2006	11.00 a.m.	Rang Durbar Hall, 89C Moulana Abul Kalam Sarani, Kolkata-700054
Thursday	20 <sup>th</sup> September 2007	11.00 a.m.	City Centre, Royal Bengal Room, Block DC, Sector-I, Salt Lake City, Kolkata-700064

### B) Special Resolution passed through postal ballot

No resolution was passed through postal ballot during the year 2007-08

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.

## 8. 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

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

# ***IKF Technologies Limited***

## **9th Annual Report 2007-2008**

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.

### **9. Means of Communication**

a) Quarterly results : Quarterly Results are published in "Financial Express" and Pratidin The audited as well as the unaudited results are displayed on the website of the Company at [www.ikf-technologies.com](http://www.ikf-technologies.com).

b) Presentations : Various presentation has 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, 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 part of Annual Report.

d) SEBI EDIFAR: The statutory reports have been posted on SEBI EDIFAR till the quarter ended 31<sup>st</sup> March 2007.

e) Email Id for Investor Grievance: The email id designated exclusively for investor servicing is [deepti.c@ikf.net.in](mailto:deepti.c@ikf.net.in)

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

<b>Exchange</b>	<b>Code/Trading Symbol</b>	<b>ISIN/CUSIP</b>
1) Equity Shares Bombay Stock Exchange Limited (BSE)  Phirozee Jeejeebhoy Towers, Dalal Street, Mumbai-400 001  Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata 700 064	532414 IKF Tech	INE052C01027

### **10. General Shareholder Information**

#### **a) Company Registration Details**

The Company is registered in the State of West Bengal. The CIN allotted to the Company by the Ministry of Corporate Affairs is L72200WB2000PLC111253.

#### **b) Annual General Meeting:**

Date : 11<sup>th</sup> September 2008  
Time: : 3.00 P.M.  
Day : Thursday  
Venue : City Centre  
Royal Bengal Room, Block DC  
Sector-I, Salt Lake City,  
Kolkata-700 064

#### **c) Financial calendar**

Results for the First quarter (April-June)	last week of July
Results for the Second quarter (July-September)	last week of October
Results for the Third Quarter (October-December)	last week of January
Annual Results (April-March)	last week of June

**d) Book Closure Date: Tuesday, 9<sup>th</sup> September, 2008 to Thursday, 11<sup>th</sup> September, 2008 (both days inclusive)**



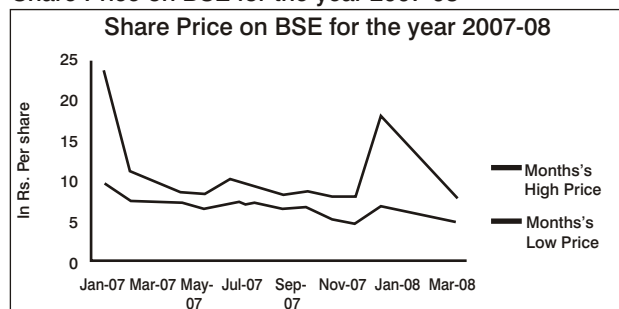
Exchange	ISIN/CUSIP
2) GDRs Luxembourg Stock Exchange , 11  Avenue de la Porte- Neuve, L-2227  Luxembourg  Overseas Depository The Bank of New York Mellon Corporation 101 Barclay Street New York NY 10286 USA  Domestic Custodian ICICI Bank Limited Empire Complex E7/F7, 1 <sup>st</sup> Floor, 414, Senapati Bapat Marg Lower Parel, Mumbai 400013	44963E102

Payment of Listing Fees: Annual Listing Fees for the year has been paid by the Company to BSE and CSE. Annual Maintenance and listing agency fee for the calendar year 2008-09 has been paid by the Company to Luxembourg Stock Exchange.

f) Stock Market Data

Month	( In Rs. per share) BSE	
	Months High Price	Month's Low Price
April 2007	8.60	7.02
May 2007	8.22	6.50
June 2007	10.08	7.00
July 2007	9.25	7.25
August 2007	8.20	6.50
September 2007	8.74	6.50
October 2007	8.00	5.11
November 2007	7.99	4.70
December 2007	17.80	6.58
January 2008	23.65	9.75
February 2008	11.24	7.67
March 2008	7.85	4.69

Share Price on BSE for the year 2007-08



g) Registrar & Share Transfer Agent

Bigshare Services Pvt. Limited  
 E-2/3, Ansa Industrial Estate,  
 Sakivihar Road, Sakinaka,  
 Andheri (East),  
 Mumbai 400 072.

h) Share Transfer System

All the transfers received are processed and approved by the share transfer committee which normally meets once 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.

# ***IKF Technologies Limited***

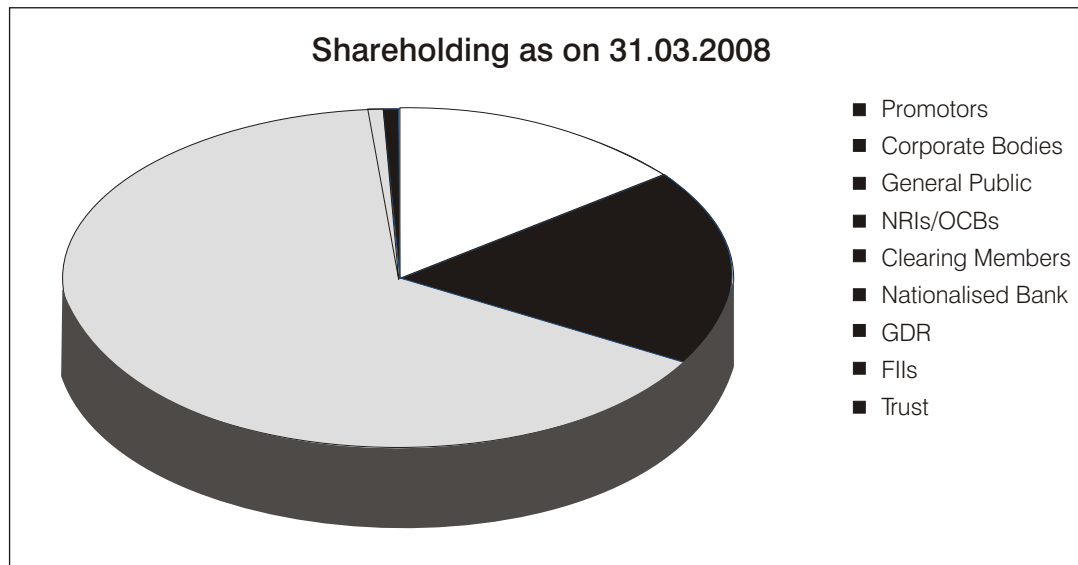
## **9th Annual Report 2007-2008**

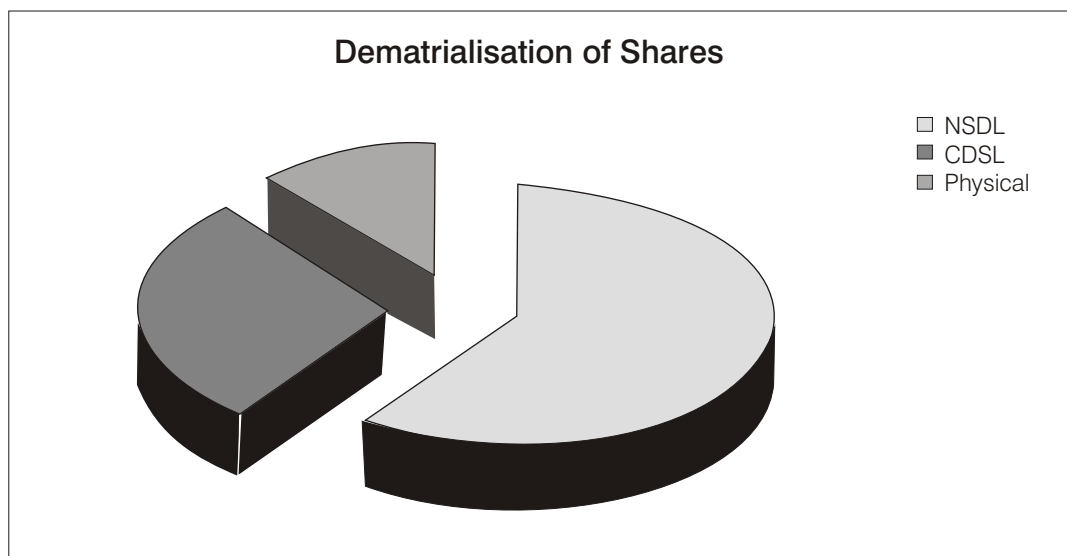
### i) DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2008

Range of Shares	No. of Shareholders	Shareholding Percentage	No. of shares	% of Total Capital
1 - 5000	97480	94.96	93689403	34.93
5001 - 10000	2993	2.92	23684866	8.83
10001 - 20000	1139	1.11	16959927	6.32
20001 - 30000	375	0.37	9501094	3.54
30001 - 40000	151	0.15	5419437	2.02
40001 - 50000	153	0.15	7275853	2.71
50001 - 100000	198	0.18	14622174	5.45
100001 - 999999999	170	0.16	97037246	36.18
<b>Total</b>	<b>102659</b>		<b>268190000</b>	

### CATEGORIES OF SHAREHOLDING AS ON MARCH 31, 2008

SI No.	Category	No. of Shares	% of Paid Up Capital
1.	Promoters	39284369	14.65
2.	Corporate Bodies	50839739	18.96
3.	General Public	174588375	65.10
4.	NRIs/OCBs	1940492	0.72
5.	Clearing Members	1423341	0.53
6.	Nationalised Bank	10000	0.004
7.	GDR	0	0
8.	FII's	100384	0.038
9.	Trust	3300	0.00097
	<b>Total</b>	<b>268190000</b>	<b>100.00</b>





#### Liquidity

The Company's Equity Shares are actively traded on BSE. The turnover during the year 2007-08 is Rs.1263.51 Cr and Number of shares that have been traded is 149.53 Crores.

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#### Outstanding GDRs

There are no outstanding GDRs as on 31<sup>st</sup> March 2008.

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.
- 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  
Rashmi Building 2<sup>nd</sup> Floor  
Plot No. XI-16 Block EP & GP  
Salt Lake Electronic Complex , Sector V  
Kolkata-700091  
Email Id: [deeptichawla@ikf-technologies.com](mailto:deeptichawla@ikf-technologies.com)

# ***IKF Technologies Limited***

## ***9th Annual Report 2007-2008***

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### **CEO/CFO Certification**

To the Board of Directors of IKF Technologies Limited

Dear Sir(s),

We have reviewed the financial statements read with the cash flow statement of IKF Technologies Limited for the year ended 31<sup>st</sup> March 2008 and that 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 regulation
- (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 polices 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 of 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.

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**Your's Sincerely**

**Sd/-  
Vijay Agarwal  
Chief Financial Officer**

**Sd/-  
Pradeep Dutta  
Executive Director**





## Directors Report

Dear Members,

Your Directors are pleased to present the Ninth Annual Report on the business and operations of your Company together with the Audited Financial Accounts and Auditors Report thereon for the year ended 31<sup>st</sup> March, 2008.

### Financial Results

The performance of the Company for the financial year ended 31<sup>st</sup> March 2008 is summarized below:

Sl. No.	Particulars	2007-08		2006-07	
		Rs.(Cr.)	US \$ Mn	Rs.(Cr.)	US \$ Mn
01	Sales	28.74	7.19	14.35	3.59
02	Other Income	1.20	0.30	0.05	0.01
03	Total Expenditure	23.98	6.00	9.60	2.40
04	Profit/Loss before Interest, Dep & Taxes	5.96	1.49	4.80	1.20
05	Interest	0.00	0.00	0.00	0.00
06	Depreciation	3.37	0.84	3.30	0.82
07	Provision for Taxation	1.49	0.37	0.50	0.13
08	Net Profit/(Loss)	1.10	0.28	1.00	0.25
09	Equity Share Capital	26.82	6.71	23.87	5.97

1US\$ =Rs.39.97 exchange rate as on 31<sup>st</sup> March 2008 .

#### Results of Operation

Turnover for the year increased by 100% per cent from Rs.14.35 Crores to Rs.28.74 Crores during the period under review. Your Directors are putting in their best efforts to improve the performance of the Company.

#### 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.

#### Deposits

During the year under report, your Company did not accept any deposits from the public in terms of the provisions of section 58A of the Companies Act, 1956.

#### Increase in Paid Up Capital

The Paid up Capital of the Company has increased from Rs. 23,86,90,000 to Rs.26,81,90,000 on exercise of option by the

entities within the Promoters Group for conversion of warrants of Rs.2,95,00,000 into equal number of equity shares.

#### Delisting

During the year under review, the Company's equity shares were delisted from the Hyderabad Stock Exchange. The Company's continue to remain listed on Bombay Stock Exchange Ltd., Calcutta Stock Exchange Association and Luxembourg Stock Exchange.

#### Subsidiary Companies

The Company has incorporated a company IKF Bio Fuel Private Limited in Jaipur, Rajasthan, India on 6<sup>th</sup> February 2008 for land procurement in Rajasthan. The Company has also incorporated a Joint Venture Company in the name of IKF Salampuriah Agrotech Limited with the JV partners Salampuriah Agrotech Private Limited on 12.10.2007 to undertake the Bio Fuel activity in the state of Jharkhand. The Annual Accounts of the subsidiaries as required under section 212 of The Companies Act, 1956 is being circulated along with the Annual Report.

# ***IKF Technologies Limited***

## ***9th Annual Report 2007-2008***

The Statements as required under Section 212 of the Companies Act, 1956 in respect of Company's wholly owned subsidiaries IKF Technologies (PTY) Ltd., IKF Green Fuel Ltd and IKF Telecom Inc. are attached along with the consolidated Account of the Company in accordance with the Accounting Standard AS-21 prescribed by 'The Institute of Chartered Accountants of India'.

### **Directors**

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company.

Mr. Gajanand Gupta, Director, who retires by rotation offer himself for re-appointment.

Dr. A.P Saxena, Director who retires by rotation does not offer himself for re-appointment.

Pursuant to the Section 260 of the Companies Act, 1956 and Article 96 of the Articles of Association of the Company, Mr. Pankaj Garg was appointed as the Additional Director with effect from 30<sup>th</sup> April 2008. Mr. Pankaj Garg would hold office upto the date of the ensuing Annual General Meeting. The Company has received the notice in writing from a member proposing the candidature of Mr. Pankaj Garg for the office of Director not liable to retire by rotation. He has also been appointed as the Whole Time Director designated as Director Telecom of the Company for a term of three years.

The tenure of Mr. Pradeep Dutta, Executive Director expired on 24<sup>th</sup> January 2008. He has been re-appointed for a further term of three years by the Board. Considering the responsibilities shouldered by Mr. Pradeep Dutta and taking cognizance of the remuneration packages of the Executive Director in the industry, your directors have decided to revise the remuneration payable to him effective after the date of approval from the shareholders.

The details of terms of appointment of Mr. Pankaj Garg, Whole Time Director and the revised remuneration of Mr. Pradeep Dutta and Mr. Sunil Kumar Goel are enumerated in the Notice of the Annual General Meeting.

Mr. J.P Dubey has resigned from the directorship on 1<sup>st</sup> March 2008. The Board placed on record their appreciation for the services rendered by the outgoing director during his tenure.

Brief resume of the Directors proposed to appointed/reappointed as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange in India are provided in the Report on Corporate Governance forming part of the Annual Report.

### **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 31<sup>st</sup> March 2008 and of the profit of the 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 going concern basis.

### **Auditors**

The Auditors, M/s Agarwal Vishwanath & Associates, Chartered Accountants, hold office until the conclusion of the forthcoming Annual General Meeting and is recommended for reappointment. Letter from the auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of section 226 of the said Act.

### **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.

### **Particulars of Employees**

During the financial year under review, none of the Company's employees was in receipt of remuneration as prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and hence no particulars are required to be disclosed in this Report.

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.

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

#### **a. Conservation of Energy**

The Company has set up a refinery in Udaipur which is yet to commence production on commercial scale, therefore the information required to be given under Section 217(1)(e) of the Companies Act, 1956, read



with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 will be NIL for this financial year. The Company is making efforts to conserve the energy by best possible means.

**b. Research and Development (R&D)**

The Company is making concerted efforts to multiply Jatropha plant through tissue culture and development of new heterogeneous catalysts and state of art 2tpd biodiesel production unit using second generation biodiesel technology capable of producing biodiesel from multi feed stocks which are easily available in India at much lower rates.

**c. Technology Absorption**

The Company has entered into 5 year Technology Transfer Agreement with Indian Oil Corporation (R&D) for

Offering technology transfer for production of bio-diesel from Jatropha. Indian Oil Corporation has announced a purchase policy according to which it will purchase bio-diesel from 20 centers all over the country. The purchase price will vary keeping in view the global fuel price. Since there is no high-end technology involve in operations till date, hence the particulars of Technology Absorption are NIL.

**d. Export Activities**

Presently the Company is engaged in BPO business, which forms part of its earnings. The Company is making all possible efforts and taking initiatives to increase its earnings by making its entry in telecom sector by launch of its calling cards for the international market.

**e.Foreign Exchange Earnings and Outgo**

(Amount in Rs.)

Particulars	2007-08	2006-07	
Foreign Currency Eaming	4,42,506.00		1,08,775.51
Foreign Currency Expenditure		14,22,141.00	
Capital Expenditure		10,11,841.00	
Revenue	15,02,828.00		24,33,982.00

**CORPORATE GOVERNANCE**

Your Company has complied with the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance and believes that 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.

**ACKNOWLEDGEMENT**

Your directors express sincere thanks to ICICI Bank Limited, Axis Bank Limited, Standard Chartered Bank, ABN Amro Bank, Corporation Bank and Stock Exchanges for their support and encouragement.

Your Directors also wish to thank all the employees for their unstinted Co-operation for smooth functioning of your Company.

**By Order of the Board**

Date: 15.07.2008  
Place: Kolkata

Sd/-  
Dr. R.P.Singh  
**Chairman**

***IKF Technologies Limited***  
***9th Annual Report 2007-2008***

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COMPLIANCE CERTIFICATE  
ON CORPORATE GOVERNANCE

To  
The Board of Directors of  
M/s. IKF Technologies Limited

I have reviewed the implementation of the Corporate governance procedure set by IKF Technologies Limited ("the Company") for the period ended 31<sup>st</sup> March, 2008 with the relevant records and documents maintained by the Company and furnished to us for our review.

Based on our verification and information, and explanations given to us, we certify that the company has complied with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with stock Exchanges.

For Agarwal Vishwanath & Associates  
Chartered Accountants

Place: Kolkata  
Date: 30 June, 2008

Sd/-  
Vishwanath Agarwal  
Partner  
Membership No. 54806



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

We have audited the attached Balance Sheet of **M/s. IKF Technologies Limited** as at 31<sup>st</sup> March 2008 and the Profit and Loss Account 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 enclose 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 31<sup>st</sup> March, 2008 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31<sup>st</sup> March, 2008 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 31<sup>st</sup> March, 2008
  - 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.
- (vii) (a) The company has paid Dividend & Dividend Tax for the financial year 2006-07, due to which the Profit for the year is understated by Rs.1,39,62,769/- as referred in Note No. 15 in Schedule 14.

For Agarwal Vishwanath & Associates  
Chartered Accountants

Sd/-  
Vishwanath Agarwal  
Partner  
Membership No. 54806

Kolkata  
30<sup>th</sup> June 2008

# ***IKF Technologies Limited***

## **9th Annual Report 2007-2008**

### **ANNEXURE TO THE AUDITORS' REPORT**

- 32
- (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 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 the 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, 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 generally regular in depositing undisputed statutory dues with the appropriate authorities. According to the information and explanations given to us there are no undisputed Amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Excise Duty and Customs Duty were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.
  - 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) Based on our procedures and the information and explanations given to us by the management we are of the opinion that the Company did not have any outstanding dues to any financial institutions, bank or debenture holders.
  - 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) 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 not dealt / traded in securities or debentures during the year.
  - 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 2008 we find that the funds raised on a short-term basis have not been used for long-term investments and vice-versa.
  - xviii) During the year the company has made a preferential allotment of 2,95,00,000 Equity Shares on exercise of option by the entities within the promoters group.
  - xix) The Company did not have any outstanding debentures during the year.
  - xx) The Company has not raised monies by way of 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**

**Kolkata  
30<sup>th</sup> June 2008**

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





## BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	As At 31.03.2008 (Rs.)	As At 31.03.2007 (Rs.)
<b>Sources Of Funds</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	268,190,000	238,690,000
Reserve & Surplus	2	455,436,361	359,613,795
<b>Deferred Tax Liability</b>		12,762,917	4,705,867
<b>TOTAL</b>		<b>736,389,278</b>	<b>603,009,662</b>
<b>Application Of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	3	164,060,389	95,508,645
Less : Depreciation		70,961,152	37,302,575
Net Block		93,099,237	58,206,070
<b>Investments</b>			
Investments	4	190,185,385	43,675,385
<b>Current Assets, Loans &amp; Advances</b>			
Cash & Bank Balances	5	154,832,247	479,406,719
Sundry Debtors	6	455,951,701	239,632,560
Loans & Advances	7	142,238,832	24,400,723
<b>Total</b>		<b>753,022,779</b>	<b>743,440,002</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities & Provisions	8	315,657,363	270,731,221
<b>Total</b>		<b>315,657,363</b>	<b>270,731,221</b>
<b>Net Current Assets</b>			
		437,365,416	472,708,781
<b>Miscellaneous Expenditure</b>			
(To The Extent Not W/off or Adjusted)	9	15,739,241	28,419,426
<b>TOTAL</b>		<b>736,389,278</b>	<b>603,009,662</b>
NOTES FORMING PART OF ACCOUNTS	14		

THE SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE BALANCE SHEET.  
AS PER OUR REPORT OF EVEN DATE

For Agarwal Vishwanath & Associates  
Chartered Accountants

Sd/-  
Vishwanath Agarwal  
Partner  
Membership No. 54806

Place:Kolkata  
Dated:30th June 2008

For & on behalf of the Board

Sd/-  
Sunil Kumar Goel  
Whole Time Director

Sd/-  
Deepti Chawla  
Company Secretary

Sd/-  
Pradeep Dutta  
Executive Director

Sd/-  
Vijay Agarwal  
Chief Financial Officer

# ***IKF Technologies Limited***

## ***9th Annual Report 2007-2008***

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Particulars	Schedule	Year Ended 31.03.2008 (Rs.)	Year Ended 31.03.2007 (Rs.)
<b>Income</b>			
Income From Operations	10	287,362,486	143,544,870
Other Income	11	12,015,149	478,233
<b>Total</b>		<b>299,377,635</b>	<b>144,023,103</b>
<b>Expenditure</b>			
Operating & Establishment Exp.	12	179,712,474	82,376,285
Administrative Expenses	13	54,752,380	13,174,860
Depreciation	3	33,658,577	32,958,156
Miscellaneous Expenditure W/off	9	5,338,391	528,320
<b>Total</b>		<b>273,461,822</b>	<b>129,037,621</b>
<b>Profit/(Loss) Before Tax</b>		<b>25,915,813</b>	<b>14,985,482</b>
Provision for Current Tax		6,637,350	175,000
Provision for Deferred Tax		8,057,050	4,705,867
Provision for Fringe Benefit Tax		242,598	139,133
<b>Total</b>		<b>14,936,998</b>	<b>5,020,000</b>
<b>Profit/(Loss) After Tax</b>		<b>10,978,815</b>	<b>9,965,482</b>
<b>Profit/(Loss) brought forward</b>		<b>4,067,845</b>	<b>(5,897,638)</b>
<b>Surplus/(Deficit) carried to Balance Sheet</b>		<b>15,046,660</b>	<b>4,067,845</b>
<b>Earning Per Share (Basic &amp; Diluted)</b>		<b>0.04</b>	<b>0.04</b>

NOTES FORMING PART OF ACCOUNTS

14

THE SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT

AS PER OUR REPORT OF EVEN DATE

For Agarwal Vishwanath & Associates  
Chartered Accountants

For & on behalf of the Board

Sd/-  
Vishwanath Agarwal  
Partner  
Membership No. 54806

Sd/-  
Sunil Kumar Goel  
Whole Time Director

Sd/-  
Pradeep Dutta  
Executive Director

Place:Kolkata  
Dated:30th June 2008

Sd/-  
Deepti Chawla  
Company Secretary

Sd/-  
Vijay Agarwal  
Chief Financial Officer



## CASH FLOW STATEMENT AS AT 31ST MARCH 2008

	<u>Amount (Rs.)</u>	<u>Amount (Rs.)</u>
<b><u>Cash Flows From Operation Activities</u></b>		
Net Profit before Taxation		25,915,813
Adjustment for :		
Depreciation	(+)	33,658,577
Miscellaneous Expenses w/off	(+)	15,836,187
Interest	(-)	(10,263,287)
		<u>39,231,477</u>
<b>Operating Profit before Working Capital Changes</b>		<b>65,147,291</b>
<b><u>Add:</u></b>		
Increase in Current Liabilities	(+)	38,135,327
Increase in Sundry Debtors	(-)	(216,319,141)
Increase in Loans & Advances	(-)	(117,838,109)
		<u>(296,021,922)</u>
<b>Cash Generated from operations</b>		<b>(230,874,631)</b>
Less : FBT Paid		<u>89,133</u>
<b>Net Cash Generated from operations</b>		<b>(230,963,764)</b>
<b><u>Cash Flow from Investing Activities</u></b>		
Purchase of Fixed Assets	(-)	(68,551,744)
Investment in Indian / Foreign Subsidiary	(-)	(146,510,000)
GDR Issue Expenses	(-)	(1,617,640.00)
Pre-Operative Expenditure (Bio-Disel)	(-)	(1,538,362)
		<u>(218,217,746)</u>
<b>Net cash used in Investing Activities</b>		
<b><u>Cash Flow from Financing Activities</u></b>		
Recd against Issue of Shares including Premium	(+)	114,343,751
Interest	(+)	10,263,287
		<u>124,607,038</u>
<b>Net Cash generated in Financing Activities</b>		<b>124,607,038</b>
<b>Net increase in cash/ cash equivalent during the year</b>		<b>(324,574,473)</b>
<b>Cash and Cash Equivalent at the Beginning</b>	(+)	<u>479,406,719</u>
<b>Cash and Cash Equivalent at the End of the Year</b>		<u>154,832,247</u>
<b><u>Breakup of Cash &amp; Cash Equivalent as at 31st March 2008</u></b>		
Cash in Hand		451,005
Cash at Bank		<u>154,381,242</u>
		<u>154,832,247</u>

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 2008. 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 & Loss Account and Balance Sheet of the Company covered by our Report dated 30th June 2008

For Agarwal Vishwanath & Associates  
Chartered Accountants

Sd/-  
Vishwanath Agarwal  
Partner  
Membership No. 54806

Place: Kolkata  
DATED: 30th June 2008

# IKF Technologies Limited

## 9th Annual Report 2007-2008

### SCHEDULES FORMING PART OF BALANCE SHEET

	31.03.2008 Rs.	31.03.2007 Rs.
<b>SHARE CAPITAL</b>	<b>SCHEDULE - 1</b>	
<b>Authorised</b> 62,00,00,000 Equity Share of Re. 1/- each	620,000,000	620,000,000
	<b>620,000,000</b>	<b>620,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b> 23,86,90,000 Equity Shares of Re.1/- each Add: 2,95,00,000 Shares issued of Re.1/- each	238,690,000 29,500,000	106,690,000 132,000,000
<b>TOTAL</b>	<b>268,190,000</b>	<b>238,690,000</b>
<b>RESERVE AND SURPLUS</b>	<b>SCHEDULE - 2</b>	
<b>Capital Reserve</b> Opening Balance Add : Exchange Fluctuation Difference (Refer Notes No17 in Schedule 14 )	4,536,750 4,320,000 <b>8,856,750</b>	4,536,750 - <b>4,536,750</b>
<b>Security Premium</b> Opening Balance Add : Premium on issue of shares/GDR  Less : Exchange Fluctuation Difference (Refer Notes No16 in Schedule 14 )	351,009,200 118,000,000 <b>469,009,200</b> 37,476,249 <b>431,532,951</b>	4,839,200 346,170,000 <b>351,009,200</b> - <b>351,009,200</b>
<b>Profit &amp; Loss Account</b>	<b>15,046,660</b>	<b>4,067,845</b>
<b>TOTAL</b>	<b>455,436,361</b>	<b>359,613,795</b>
<b>INVESTMENT</b>	<b>SCHEDULE - 4</b>	
<b>Long Term(Unquoted)</b> 25,000 shares(PY-Nil) of IKF Salampuria Agrotech Limited	250,000	-
<b>In Subsidiaries</b> 100 shares (PY-100 shares) Abundance International (PTY) Ltd 1500 shares (PY-1500 shares) IKF Telecom Ltd 59,77,000 shares (PY-16,000 shares) IKF Greenfuel Limited	43,450,000 65,385 59,770,000	43,450,000 65,385 160,000
<b>Investment in Partnership Firm</b> R 2 R Seva Investment made with Reliance Mutual Fund	36,650,000 50,000,000	- -
<b>TOTAL</b>	<b>190,185,385</b>	<b>43,675,385</b>
<b>CASH AND BANK BALANCES</b>	<b>SCHEDULE - 5</b>	
<b>Cash in hand</b> (As certified by the management)	451,005	627,100
<b>Balances with Scheduled Bank:</b> In Current Accounts In Fixed Deposit Accounts	35,951,059 118,430,183	478,554,619 225,000
<b>TOTAL</b>	<b>154,832,247</b>	<b>479,406,719</b>



## SCHEDULES FORMING PART OF BALANCE SHEET

	31.03.2008 Rs.	31.03.2007 Rs.
<b>SUNDRY DEBTORS</b>	<b>SCHEDULE - 6</b>	
<b>SUNDRY DEBTORS (Unsecured &amp; Considered Good)</b>		
Debtors outstanding for a period :		
more than six months	169,850,036	130,297,074
less than six months	286,101,665	109,335,486
<b>TOTAL</b>	<b>455,951,701</b>	<b>239,632,560</b>

<b>LOANS &amp; ADVANCES</b>	<b>SCHEDULE - 7</b>	
<b>Advances</b> (Recoverable in cash or in kind or value to be received)	125,639,054	7,370,898
<b>Deposits</b>		
Inter Corporate Deposits	1,500,000	1,500,000
Other Deposits	-	10,811,548
Security deposit for Rent & Telephone	6,405,653	1,073,400
Advance Income Tax & TDS Receivable	8,694,125	3,644,877
<b>TOTAL</b>	<b>142,238,832</b>	<b>24,400,723</b>

<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>SCHEDULE - 8</b>	
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	262,717,931	203,582,555
Share Application Money (Refer Notes No4 in Schedule 14.)	39,455,000	-
Amount payable for acquisition of subsidiary	-	43,675,385
Other Liabilities	1,734,762	10,315,275
Statutory Liabilities	1,491,213	479,373
Balances with Scheduled Commercial banks	-	9,210,990
	<b>305,398,905</b>	<b>267,263,578</b>
<b>PROVISIONS</b>		
Provision for Income Tax	10,015,860	3,378,510
Provision for Fringe Benefit Tax	242,598	89,133
	<b>10,258,458</b>	<b>3,467,643</b>
<b>TOTAL</b>	<b>315,657,363</b>	<b>270,731,221</b>

# IKF Technologies Limited

## 9th Annual Report 2007-2008

### SCHEDULES FORMING PART OF BALANCE SHEET

	31.03.2008 Rs.	31.03.2007 Rs.
<b>MISCELLANEOUS EXPENDITURE</b>	<b>SCHEDULE - 9</b>	
(To the Extent not W/off/adjusted)	10,497,797	11,059,084
Public Issue and R & D Expenditure	10,497,797	561,287
Less: Transfer to R & D Cost	-	<b>10,497,797</b>
<b>Capital Issue Expenses</b>	1,584,960	2,113,280
Less: W/off during the year	528,320	528,320
	<b>1,056,640</b>	<b>1,584,960</b>
<b>GDR issue Expenses</b>	10,407,536	10,407,536
Add : Transferred	1,617,640	-
	12,025,176	10,407,536
Less: W/off during the year	4,810,071	-
	<b>7,215,106</b>	<b>10,407,536</b>
<b>Pre-operative Expenditure (Bio-Disel)</b>	7,467,495	5,929,132
	<b>7,467,495</b>	<b>5,929,132</b>
<b>TOTAL</b>	<b>15,739,241</b>	<b>28,419,426</b>

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<b>INCOME FROM OPERATIONS</b>	<b>SCHEDULE - 10</b>	
IT/ITES & Others	287,341,225	143,544,870
Income from Partnership Firm R2R Seva	21,261	-
<b>TOTAL</b>	<b>287,362,486</b>	<b>143,544,870</b>

<b>OTHER INCOME</b>	<b>SCHEDULE - 11</b>	
Interest Received	6,756,998	28,438
Income From Debt Funds	3,506,289	-
Dividend Income	133,320	-
Miscellaneous Income	1,618,543	449,795
<b>TOTAL</b>	<b>12,015,149</b>	<b>478,233</b>





## SCHEDULES FORMING PART OF BALANCE SHEET

	31.03.2008 Rs.	31.03.2007 Rs.
<b>OPERATING &amp; ESTABLISHMENT EXP</b>	<b>SCHEDULE - 12</b>	
Broadband, Internet & Connectivity charges	127,002	24,033
Directors Remuneration	600,000	600,000
Salary and Allowances	16,482,696	3,750,466
Software, Research & Development Cost, BPO Calling	161,748,460	77,817,450
Charges, Telecom, Punjab Project Expenses		
Staff Welfare Expenses	754,316	184,336
<b>TOTAL</b>	<b>179,712,474</b>	<b>82,376,285</b>

<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>	<b>SCHEDULE - 13</b>	
Advertisement	14,391,229	2,396,424
Audit Expenses	194,950	194,813
Bank Charges	438,345	142,537
Commission & Brokerage	174,606	-
Electricity Expenses	1,122,172	513,342
Freight & Transport	511,857	194,200
Hotel , Lodging & Marketing Expenses	36,586	410,514
Legal & Professional charges	3,332,443	1,913,329
Listing Fees	359,863	38,500
Local Conveyance	444,434	215,735
General Office Maintenance Expenses	1,554,445	717,896
Rent	8,961,402	3,334,800
Postage & Courier	755,922	310,361
Printing & Stationary	941,073	565,400
Repairs & Maintenance	1,109,578	290,574
Licenses & Fees	2,327,662	-
Interest on Loan	-	106,884
Telephone & Telegram	1,321,124	414,664
Balances W/off	240,627	289,493
Travelling Expenses	2,571,294	1,119,365
Dividend	11,934,500	-
Dividend Tax	2,028,269	-
(Refer Notes No.15 in schedule 14)		
Website Development Expenses	-	6,029
<b>TOTAL</b>	<b>54,752,380</b>	<b>13,174,860</b>

<b>DEPRECIATION AND FIXED ASSETS</b>									
<b>SCHEDULE - 3</b>									
<b>Particulars</b>	<b>Gross Block</b>			<b>Depreciation</b>			<b>Net Block</b>		
	<b>As on 01.04.2007</b>	<b>Additions during the year</b>	<b>Deductions during the year</b>	<b>As on 31.03.2008</b>	<b>Up to 31.03.2007</b>	<b>During the period</b>	<b>Up to 31.03.2008</b>	<b>As on 31.03.2008</b>	<b>As on 31.03.2007</b>
Air Conditioners	473,012.00	269,084.00	-	742,096.00	82,104.00	87,144.00	169,248.00	572,848.00	390,908.00
Computer Hardware & Software	83,187,397.00	57,326,430.00	-	140,513,827.00	34,941,339.00	31,719,840.00	66,661,179.00	73,852,648.00	48,246,058.00
Electrical Equipment & Fittings	2,219,468.00	48,600.00	-	2,268,068.00	393,040.00	260,346.00	653,386.00	1,614,682.00	1,826,428.00
Furniture & Fixtures	4,863,712.00	892,395.00	-	5,756,107.00	1,375,920.00	722,587.00	2,098,507.00	3,657,600.00	3,487,792.00
Office Equipments	1,885,530.00	251,885.00	-	2,137,415.00	79,868.00	265,344.00	345,212.00	1,792,203.00	1,805,662.00
Motor Car	-	1,815,876.00	-	1,815,876.00	-	252,818.00	252,818.00	1,563,058.00	-
UPS	815,000.00	-	-	815,000.00	383,281.00	172,688.00	555,969.00	259,031.00	431,719.00
Lease Hold Land	1,132,170.00	-	-	1,132,170.00	-	-	-	1,132,170.00	1,132,170.00
Building	932,356.00	7,947,474.00	-	8,879,830.00	47,023.00	177,810.00	224,833.00	8,654,997.00	885,333.00
<b>Total</b>	<b>95,508,645.00</b>	<b>68,551,744.00</b>	<b>-</b>	<b>164,060,389.00</b>	<b>37,302,575.00</b>	<b>33,658,577.00</b>	<b>70,961,152.00</b>	<b>93,099,237.00</b>	<b>58,206,070.00</b>
<b>Previous Year</b>	<b>92,570,498.00</b>	<b>2,938,147.00</b>	<b>-</b>	<b>95,508,645.00</b>	<b>4,344,419.00</b>	<b>32,958,156.00</b>	<b>37,302,575.00</b>	<b>58,206,070.00</b>	<b>88,226,079.00</b>



## Significant Accounting Policies & Notes to the Financial Statements

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of preparation

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.

#### 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 rateably 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 on 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.

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.

Particulars	Year ended 31.03.08	Year ended 31.03.07
Foreign Currency Earning :	4,42,506.00	1,08,775.51
Foreign Currency Expenditure :		
Capital Expenditure	0.00	14,22,141.00
Revenue	15,02,828.00	10,11,841.00

Transaction 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.

# IKF Technologies Limited

## 9th Annual Report 2007-2008

### Defined Benefit Plans

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

### 12. Miscellaneous Expenditure

Public Issue Expenditure & Research and Development Expenditure are transferred to Research & Development Cost.

Capital Issue Expenditure is written off over a period of 5 years.

The expenses incurred for Global Depository Receipt (GDR) issue have been shown under GDR Issue Expenses. The management has decided to write off 2/5 of the total amount incurred as GDR Issue Expenses during the year.

The development cost for set up of unit for production of Bio-Diesel at Udaipur and the expenses incurred in Jatropha plantation have been shown under pre-operative expenditure as the Bio-fuel division is still in its gestation period as at the Balance sheet date.

### 13. Fringe Benefit Tax

Consequent to the introduction of Fringe Benefit Tax (FBT) effective from 01.04.2005, the company provides for disclosure of the FBT as a part of taxes in accordance with the provisions of Section 115WC of the Income Tax Act 1961 and the guidance note of FBT issued by the Institute of Chartered Accountants of India.

### 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 Standards 22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, Deferred tax liability has been calculated on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates enacted or substantively enacted as on the Balance Sheet date.

### 15. 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.

### 16. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statement.

### B. NOTES ON ACCOUNTS

- 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.
- Net Deferred Tax Liability for the year of Rs.80,57,050/- as per Accounting Standards 22 on Accounting for Taxes on Income pertaining to the timing differences between the accounting income and the taxable income has been recognized by the management in the Profit & Loss Account. Component of Net Deferred Tax Liability as on 31.03.2008 is as under :

	As on 01.04.07	For the Year	As on 31.03.08
Difference between Book Value and Tax Written Down Value	47,05,867/-	80,57,050/-	1,27,62,917/-

- 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.
- The Company has received Rs.3,94,55,000 from Asimplex CC, Commercial Corporation of Azania CC and Zamsa Wholesales Limited as advance against warrants. The Shares will be issued to them after receiving the full consideration.
- Estimated amount of contracts remaining to be executed on Capital account (net of advances) and not provided for as at 31<sup>st</sup> March 2008 Rs.NIL
- 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:

	<b>2007-08</b>
Employer's contribution to Provident Fund & pension Fund	4,01,234
Employer's contribution to ESI	1,99,298



7. The Company has made an investment of Rs.3,66,50,000/- in a Firm in which the Company is a partner. The particulars of the Firm is as follows :

a) Name : M/s. R2R Seva

<u>b) Details of Capital Account :</u>	<u>Capital as on 31.03.2008</u>	<u>Profit sharing ratio</u>
<u>Name of the Partners</u>		
M/s. IKF Technologies Ltd	3,66,50,000	99%
Mr. Sunil Kumar Goel	----	1%

8. 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 Green Fuels Ltd.  
IKF Telecom Inc.  
R2R Seva

(b) Key management personnel:  
Key executive management personal of the company represented on the Board:  
Mr. Sunil Kumar Goel Whole Time Director  
Mr. Pankaj Garg Whole Time Director  
Mr. Pradeep Dutta Executive Director  
Dr. Anant Saxena Director  
  
Non executive / independent director on the board  
Dr. R. P. Singh Chairman  
Mr. Pradeep Kumar Director  
Mr. Gajanand Gupta Director

(c) Significant transaction with related party:

Particulars	Year ended 31.03.08 (Rs)	Year ended 31.03.07 (Rs)
Investment in Subsidiaries	103285385	43675385
Salary to Whole Time Director	300000	300000
Salary to Executive Director	300000	300000
Consultancy fees to Director	250000	250000

9. 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.

10. 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	Year ended 31.03.08 (Rs)	Year ended 31.03.07 (Rs)
Net Profit /(Loss) for the year (Rs)	10978815	9965482
Weighted number of Equity Shares	250981667	238690000
Earning Per Share (Basic)	0.04	0.04
Nominal Value per share	Re.1	Re. 1

# IKF Technologies Limited

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11. 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.
12. 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.

13. Auditors Remuneration includes:

Particulars	Year ended 31.03.08 (Rs)	Year ended 31.03.07 (Rs)
As Statutory Audit Fees	140450	140450
As Tax Audit Fees	28090	28090
Certifications and Others	26410	26273
Total	194950	194813

14. The Balances of Debtors, Creditors & Advances are subject to confirmation.
15. Remittance on account of Dividend:  
The Company has paid 5% dividend for the Financial Year 2006-07 in respect of shares held by the shareowners as on 31.03.2007 and shown in Schedule 13 in the Profit & Loss Account. The total amount related in this respect is given below:
- |                 | <u>Rs.</u>  |
|-----------------|-------------|
| Dividend        | 1,19,34,500 |
| Tax on Dividend | 20,28,269   |
16. The exchange fluctuation difference of foreign currency on account of receiving the GDR Issue Amount & payment of GDR Issue Expenses of Rs.3,74,76,249/- has been adjusted with the Securities Premium Account.
17. The exchange fluctuation difference of foreign currency on account of payment to foreign subsidiary of Rs.43,20,000/- has been transferred to Capital Reserve Account.
18. 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.
19. Contingent Liabilities  
i) The Income-Tax assessment of the company have been completed upto assessment year 2005-06. The disputed demand outstanding upto the said assessment year is Rs. 3,39,819. Based on the decisions of the authorities, the company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.  
ii) The Company has furnished a performance Bank guarantee of Rs. 2,00,00,000 & a Financial Bank Guarantee of Rs. 10,00,000 to ICICI Bank Ltd. In respect of the ISP Licence.
20. Previous year's figures have been regrouped / rearranged wherever necessary, to confirm to the current period presentation.
21. Figures in brackets shows negative balances
22. Schedule '1 to '14' form an integral part of accounts and have been duly authenticate

AS PER OUR REPORT OF EVEN DATE

**For AGARWAL VISHWANATH & ASSOCIATES**  
Chartered Accountants

Sd/-  
Vishwanath Agarwal  
Partner  
Membership No. 54806

Place: Kolkata  
Date: 30th June 2008

Sd/-  
Sunil Kumar Goel  
Whole Time Director

Sd/-  
Deepti Chawla  
Company Secretary

**For & On Behalf Of Board**

Sd/-  
Pradeep Dutta  
Executive Director

Sd/-  
Vijay Agarwal  
Chief Financial Officer





## Balance Sheet Abstract and Company's General Business Profile

### I. REGISTRATION DETAILS :

Registration No.

1 1 1 2 5 3

State Code

2 1

Balance Sheet Date

3 1 0 3 2 0 0 8

### II. CAPITAL RAISED DURING THE YEAR (Amounts in Thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placement

2 9 5 0 0

### III. Position of mobilization and deployment of funds (Amount in Thousands)

Total Liabilities

7 3 6 3 8 9

Total Assets

7 3 6 3 8 9

Source of Funds

Paid up Capital

2 6 8 1 9 0

Reserves & Surplus

4 5 5 4 3 6

Secured Loans

N I L

Unsecured Loans

N I L

Deferred Tax Liability

1 2 7 6 3

Application of Funds

Net Fixed Assets

9 3 0 9 9

Investments

1 9 0 1 8 6

Net Current Assets

4 3 7 3 6 5

Misc. Expenditure

1 5 7 3 9

Accumulated Losses

N I L

### IV. Performance of Company (Amount in Thousands)

Turnover

2 9 9 3 7 8

Total Expenditure

2 7 3 4 6 2

(+) Profit / ( ) Loss Before Tax

2 5 9 1 6

(+) Profit / ( ) Loss after Tax

1 0 9 7 9

Earning per share in Rs.

0. 0 4

Dividend

N I L

### V Generic Names of three Principal Products / Services of Company (as per monetary terms)

Item Code No. :

N A

Product Description :

B I O D I E S E L

I T E N A B L E D

S E R V I C E

B P O

# IKF Technologies Limited

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### Statement Regarding Subsidiary Companies Pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary	IKF Technologies (Pty) Ltd	IKF Telecom Inc.	IKF Green Fuel Limited
Financial Year / Period of the subsidiary ended on	31st March 2008	31st March 2008	31st March 2008
Holding Company's Interest Equity Share Capital	100%	100%	100%
Net aggregate amounts of the profits/losses of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of the holding company - For the financial year of subsidiary - For the previous financial year of subsidiary since it became its subsidiary	NIL	NIL	NIL
Net aggregate amounts of the profits/losses of the subsidiary so far as it concerns the members of the holding company and is dealt with accounts of the holding company - For the financial year of subsidiary - For the previous financial year of subsidiary since it became its subsidiary	NIL	NIL	NIL
Capital	18012207	0	60000000
Reserves	336321206	0	18373
Total Assets	384022311	81756	61972596
Total Liabilities	29705269	0	1954223
Details of Investment	0	0	0
Turnover	1503497249	204640	980031
Profit Before Tax	159966426	16371	37419
Provision for Tax	799989	0	20545
Profit After Tax	159166437	16371	16874
Proposed Dividend	0	0	0



## **Auditors' Report on Consolidated Financial Statements To The Board of Directors IKF Technologies Limited**

We have audited the attached consolidated Balance Sheet of M/s. IKF Technologies Limited as at 31<sup>st</sup> March 2008 (the Company) and its subsidiaries (collectively referred to as the IKF Group) as at 31<sup>st</sup> March 2008 and also the consolidated Profit and Loss Account of the Company for the year ended on that date, annexed hereto and the consolidated cash flow statement for the year ended on that date.

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 Rs.44,60,76,663 as at 31<sup>st</sup> March 2008, total revenue of

Rs.1,50,46,81,920 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 case of consolidated Balance Sheet of the consolidated state of affairs of the Company and its subsidiaries as at 31<sup>st</sup> March 2008.
- 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**

**Kolkata  
30<sup>th</sup> Day of June 2008**

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

# IKF Technologies Limited

## 9th Annual Report 2007-2008

### CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2008

	SCHEDULE	Year Ended 31.03.2008 (Rs.)	Year Ended 31.03.2007 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUND</b>			
Share Capital	1	268,190,000	238,690,000
Reserve & Surplus	2	766,292,179	511,269,929
Unsecured Loan		9,089,834	9,089,834
Deferred Tax Liability		12,762,917	4,705,867
	<b>TOTAL</b>	<b>1,056,334,930</b>	<b>763,755,630</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	3	298,364,976	135,366,471
Less : Depreciation		85,635,724	37,302,575
Net Block		212,729,252	98,063,896
<b>INVESTMENTS</b>			
	4	87,394,852	-
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Cash & Bank Balances	5	169,491,706	479,708,925
W.I.P		243,214,560	172,302,776
Sundry Debtors	6	476,167,345	251,246,824
Loans & Advances	7	183,606,813	24,824,888
		1,072,480,424	928,083,412
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities & Provisions	8	336,801,947	290,842,354
		336,801,947	290,842,354
<b>NET CURRENT ASSETS</b>			
		735,678,476	637,241,058
<b>MISCELLANEOUS EXPENDITURE</b>			
( To the Extent Not W/off or adjusted)	9	20,532,352	28,450,676
	<b>TOTAL</b>	<b>1,056,334,930</b>	<b>763,755,630</b>
NOTES FORMING PART OF ACCOUNTS	14		

THE SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE BALANCE SHEET.

AS PER OUR REPORT OF EVEN DATE

For Agarwal Vishwanath & Associates  
Chartered Accountants

For & on behalf of the Board

Sd/-  
Vishwanath Agarwal  
Partner  
Membership No. 54806

Sd/-  
Sunil Kumar Goel  
Whole Time Director

Sd/-  
Pradeep Dutta  
Executive Director

Place:Kolkata  
Dated:30th June 2008

Sd/-  
Deepti Chawla  
Company Secretary

Sd/-  
Vijay Agarwal  
Chief Financial Officer



## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

PARTICULARS	SCHEDULE	Year Ended 31.03.2008 (Rs.)	Year Ended 31.03.2007 (Rs.)
<b>INCOME</b>			
Income From Operations	10	1,791,906,845	1,040,179,640
Other Income	11	12,396,841	552,443
<b>Total</b>		<b>1,804,303,686</b>	<b>1,040,732,083</b>
<b>EXPENDITURE</b>			
Operating & Establishment Exp.	12	1,477,411,536	784,121,479
Administrative Expenses	13	87,284,579	33,347,806
Depreciation	3	48,333,149	32,958,156
Miscellaneous Expenditure W/off	9	5,338,391	1,089,607
<b>Total</b>		<b>1,618,367,655</b>	<b>851,517,048</b>
<b>Profit/(Loss) Before Tax</b>		<b>185,936,031</b>	<b>189,215,035</b>
Provision for Current Tax		7,448,899	58,984,550
Provision for Deferred Tax		8,057,050	4,705,867
Provision for Fringe Benefit Tax		251,583	139,133
<b>Total</b>		<b>15,757,532</b>	<b>63,829,550</b>
<b>Profit/(Loss) After Tax</b>		<b>170,178,499</b>	<b>125,385,485</b>
<b>Profit/(Loss) brought forward</b>		<b>155,723,979</b>	<b>30,338,494</b>
<b>Surplus/(Deficit) carried to Balance Sheet</b>		<b>325,902,478</b>	<b>155,723,979</b>

NOTES FORMING PART OF ACCOUNTS

14

THE SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT

AS PER OUR REPORT OF EVEN DATE

For Agarwal Vishwanath & Associates  
Chartered Accountants

For & on behalf of the Board

Sd/-  
Vishwanath Agarwal  
Partner  
Membership No. 54806

Sd/-  
Sunil Kumar Goel  
Whole Time Director

Sd/-  
Pradeep Dutta  
Executive Director

Place:Kolkata  
Dated:30th June 2008

Sd/-  
Deepti Chawla  
Company Secretary

Sd/-  
Vijay Agarwal  
Chief Financial Officer

# IKF Technologies Limited

## 9th Annual Report 2007-2008

### CONSOLIDATED CASH FLOW STATEMENT AS AT 31ST MARCH 2008

	<u>Amount (Rs.)</u>	<u>Amount (Rs.)</u>
<b><u>Cash Flows from operation activities</u></b>		
Net Profit before Taxation		185,936,031
Adjustment for :		
Depreciation	(+)	48,333,149
Miscellaneous Expenses w/off	(+)	15,836,188
Interest	(-)	(10,360,486)
		53,808,850
<b>Operating profit before working capital changes</b>		<b>239,744,881</b>
<b><u>Add:</u></b>		
Increase in Current Liabilities	(+)	38,358,127
Increase in Sundry Debtors	(-)	(224,920,521)
Increase in Loans & Advances	(-)	(158,781,925)
Increase in Investment	(-)	(87,394,852)
Increase in WIP	(-)	(70,911,784)
		(503,650,955)
<b>Cash Generated from operations</b>		<b>(263,906,073)</b>
Less : Income Tax & FBT paid		99,016
<b>Net Cash Generated from operations</b>		<b>(264,005,089)</b>
<b><u>Cash Flow from Investing Activities</u></b>		
Purchase of Fixed Assets	(-)	(162,998,505)
GDR Issue Expenses	(-)	(1,617,640.00)
Pre-operative Expenditure (Bio-Diesel)	(-)	(6,300,223)
<b>Net cash used in Investing Activities</b>		<b>(170,916,368)</b>
<b><u>Cash Flow from Financing Activities</u></b>		
Received against Issue of shares including Premium	(+)	114,343,751
Interest	(+)	10,360,486
		124,704,238
<b>Net cash generated in Financing Activities</b>		<b>124,704,238</b>
<b>Net increase in cash/ cash equivalent during the year</b>		<b>(310,217,220)</b>
<b>Cash and Cash equivalent at beginning</b>		<b>479,708,925</b>
<b>Cash and Cash equivalent at the end</b>	(+)	<b>169,491,705</b>
<b><u>Breakup of Cash &amp; Cash Equivalent as at 31st March 2008</u></b>		
Cash in Hand		1,132,265
Cash at Bank		168,359,440
		<b>169,491,705</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 2008. 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 & Loss Account and Balance Sheet of the Company covered by our Report dated 30th June 2008

**For Agarwal Vishwanath & Associates**  
Chartered Accountants

Sd/-  
**Vishwanath Agarwal**  
Partner

Place: Kolkata  
DATED: 30th June 2008

Membership No. 54806





## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	31.03.2008 Rs.	31.03.2007 Rs.
<b>SHARE CAPITAL</b>	<b>SCHEDULE - 1</b>	
<b>Authorised</b> 62,00,00,000 Equity Share of Re. 1/- each	620,000,000	620,000,000
	<b>620,000,000</b>	<b>620,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b> 23,86,90,000 Equity Shares of Re.1/- each Add: 2,95,00,000 Shares issued of Re.1/- each	238,690,000 29,500,000	106,690,000 132,000,000
<b>TOTAL</b>	<b>268,190,000</b>	<b>238,690,000</b>

<b>RESERVE AND SURPLUS</b>	<b>SCHEDULE - 2</b>	
<b>Capital Reserve</b> Opening Balance Add : Exchange Fluctuation Difference (Refer Notes No17 in Schedule 14 )	4,536,750 4,320,000 <b>8,856,750</b>	4,536,750 - <b>4,536,750</b>
<b>Security Premium</b> Opening Balance Add : Premium on issue of shares/GDR	351,009,200 118,000,000 <b>469,009,200</b>	4,839,200 346,170,000 <b>351,009,200</b>
Less : Exchange Fluctuation Difference (Refer Notes No16 in Schedule 14 )	37,476,249 <b>431,532,951</b>	- <b>351,009,200</b>
<b>Profit &amp; Loss Account</b>	<b>325,902,478</b>	<b>155,723,979</b>
<b>TOTAL</b>	<b>766,292,179</b>	<b>511,269,929</b>

<b>INVESTMENT</b>	<b>SCHEDULE - 4</b>	
<b>Long Term(Unquoted)</b> 25,000 shares(PY-Nil) of IKF Salampuria Agrotech Limited	250,000	-
<b>Investment in Partnership Firm</b> R 2 R Seva	36,650,000	-
Others	494,852	-
Investment made with Reliance Mutual Fund	50,000,000	-
<b>TOTAL</b>	<b>87,394,852</b>	-

<b>CASH AND BANK BALANCES</b>	<b>SCHEDULE - 5</b>	
<b>Cash in hand</b> (As certified by the management)	1,132,265	929,306
<b>Balances with Scheduled Bank:</b> In Current Accounts In Fixed Deposits Accounts	49,929,258 118,430,183	478,554,619 225,000
<b>TOTAL</b>	<b>169,491,706</b>	<b>479,708,925</b>

# IKF Technologies Limited

## 9th Annual Report 2007-2008

### SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	31.03.2008 Rs.	31.03.2007 Rs.
<b>SUNDRY DEBTORS</b>	<b>SCHEDULE - 6</b>	
<b>(Unsecured &amp; Considered Good)</b>		
Debtors outstanding for a period :		
more than six months	169,850,036	130,297,074
less than six months	306,317,309	120,949,750
<b>TOTAL</b>	<b>476,167,345</b>	<b>251,246,824</b>

<b>LOANS &amp; ADVANCES</b>	<b>SCHEDULE - 7</b>	
<b>Advances</b> (Recoverable in cash or in kind or value to be received)	166,987,012	7,795,063
<b>Deposits</b>		
Inter Corporate Deposits	1,500,000	1,500,000
Other Deposits	-	10,811,548
Security deposit for Rent & Telephone	6,405,653	1,073,400
Advance Income Tax & TDS Receivable	8,714,148	3,644,877
<b>TOTAL</b>	<b>183,606,813</b>	<b>24,824,888</b>

<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>SCHEDULE - 8</b>	
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	282,811,981	223,683,805
Amount payable for acquisition of subsidiary	230,000	43,675,385
Advance against share warrants (Refer Notes No4 in Schedule 14 )	39,455,000	-
Other Liabilities	1,734,762	10,315,275
Statutory Liabilities	1,491,213	479,373
Balances with Scheduled Commercial banks	-	9,210,990
	<b>325,722,955</b>	<b>287,364,828</b>
<b>PROVISIONS</b>		
Provision for Income Tax	10,827,409	3,388,393
Provision for Fringe Benefit Tax	251,583	89,133
	<b>11,078,992</b>	<b>3,477,526</b>
<b>TOTAL</b>	<b>336,801,947</b>	<b>290,842,354</b>



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	31.03.2008 Rs.	31.03.2007 Rs.
<b>MISCELLANEOUS EXPENDITURE</b>	<b>SCHEDULE - 9</b>	
<b>(To the Extent not W/off/adjusted)</b>	10,497,797	11,059,084
Public Issue and R & D Expenditure	10,497,797	561,287
Less: Transfer to R & D Cost	-	<b>10,497,797</b>
Capital Issue Expenses	1,584,960	2,113,280
Addition during the year	2,596,000	-
	4,180,960	2,113,280
Less: W/off during the year	528,320	528,320
	<b>3,652,640</b>	<b>1,584,960</b>
GDR issue Expenses	<b>10,407,536</b>	<b>10,407,536</b>
Add : Transferred	1,617,640	-
	12,025,176	10,407,536
Less: W/off during the year	4,810,071	-
	<b>7,215,106</b>	<b>10,407,536</b>
Pre-operative Expenditure (Bio-Disel)	<b>9,633,356</b>	<b>5,929,132</b>
Preliminary Expenses	<b>31,250</b>	<b>31,250</b>
<b>TOTAL</b>	<b>20,532,352</b>	<b>28,450,676</b>

<b>INCOME FROM OPERATIONS</b>	<b>SCHEDULE - 10</b>	
IT/ITES & Others	1,791,885,584	1,040,179,640
Income from Partnership Firm R2R Seva	21,261	-
<b>TOTAL</b>	<b>1,791,906,845</b>	<b>1,040,179,640</b>

<b>OTHER INCOME</b>	<b>SCHEDULE - 11</b>	
Interest Received	6,854,197	28,438
Income from Debt Fund	3,506,289	-
Dividend income	133,320	-
Miscellaneous Income	1,903,035	524,005
<b>TOTAL</b>	<b>12,396,841</b>	<b>552,443</b>

# IKF Technologies Limited

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### SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	31.03.2008 Rs.	31.03.2007 Rs.
<b>OPERATING &amp; ESTABLISHMENT EXP</b>	<b>SCHEDULE - 12</b>	
Broadband, Internet & Connectivity charges	127,002	24,033
Directors Remuneration	600,000	600,000
Salary and Allowances	18,529,568	3,750,466
Software, Research & Development Cost, BPO Calling	1,456,726,288	779,562,644
Seeds & Pesticides	674,362	-
Staff Welfare Expenses	754,316	184,336
<b>TOTAL</b>	<b>1,477,411,536</b>	<b>784,121,479</b>

<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>	<b>SCHEDULE - 13</b>	
Advertisement	24,233,789	7,651,104
Audit Expenses	198,321	194,813
Bank Charges	5,929,366	2,294,667
Commission & Brokerage	174,606	-
Electricity Expenses	1,122,172	513,342
Freight & Transport	511,857	194,200
Hotel , Lodging & Marketing Expenses	36,586	410,514
Legal & Professional charges	3,332,443	3,333,869
Listing Fees	359,863	38,500
Local Conveyance	444,434	215,735
General Office Maintenance Expenses	2,568,416	1,443,261
Office Rent	9,021,402	3,334,800
Postage & Courier	2,620,442	1,435,349
Printing & Stationary	941,073	565,400
Repairs & Maintenance	1,109,578	290,574
Taxes, Licenses & Fees	6,041,434	1,179,966
Interest on Loan	-	106,884
Telephone & Telegram	5,019,586	5,310,146
Balances W/off	240,627	289,493
Travelling Expenses	9,415,816	4,545,189
Dividend	11,934,500	-
Dividend Tax	2,028,269	-
(Refer Notes No.15 in schedule 14)	-	-
<b>TOTAL</b>	<b>87,284,579</b>	<b>33,347,806</b>



**DEPRECIATION AND FIXED ASSETS**

**SCHEDULE - 3**

Particulars	Gross Block				Depreciation			Net Block	
	As on 01.04.2007	Additions during the year	Deductions during the year	As on 31.03.2008	Up to 31.03.2007	During the period	Up to 31.03.2008	As on 31.03.2008	As on 31.03.2007
Goodwill	-	46,503,683	-	46,503,683	-	-	-	46,503,683	-
Air Conditioners	473,012	269,084	-	742,096	82,104	87,144	169,248	572,848	390,908
Computer Hardware & Software	104,695,327	93,610,394	-	198,305,721	34,941,339	43,965,522	78,906,861	119,398,860	69,753,988
Electrical Equipment & Fittings	2,219,468	48,600	-	2,268,068	393,040	260,346	653,386	1,614,682	1,826,428
Furniture & Fixtures	14,676,152	6,624,807	-	21,300,959	1,375,920	2,011,229	3,387,149	17,913,810	13,300,232
Office Equipments	10,422,986	6,178,587	-	16,601,573	79,868	1,405,592	1,485,460	15,116,113	10,343,118
Motor Car	-	1,815,876	-	1,815,876	-	252,818	252,818	1,563,058	-
UPS	815,000	-	-	815,000	383,281	172,688	555,969	259,031	431,719
Lease Hold Land	1,132,170	-	-	1,132,170	-	-	-	1,132,170	1,132,170
Building	932,356	7,947,474	-	8,879,830	47,023	177,810	224,833	8,654,997	885,333
<b>Total</b>	<b>135,366,471</b>	<b>162,998,505</b>	<b>-</b>	<b>298,364,976</b>	<b>37,302,575</b>	<b>48,333,149</b>	<b>85,635,724</b>	<b>212,729,252</b>	<b>98,063,896</b>
<b>Previous Year</b>	<b>132,428,324</b>	<b>2,938,147</b>	<b>-</b>	<b>135,366,471</b>	<b>4,344,419</b>	<b>32,958,156</b>	<b>37,302,575</b>	<b>98,063,896</b>	<b>128,083,905</b>

# ***IKF Technologies Limited***

## ***9th Annual Report 2007-2008***

### **Significant Accounting Policies & Notes To The Consolidated**

#### **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 business 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 31<sup>st</sup> March 2008.

##### **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.

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.

##### **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. 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 are 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.

Transaction 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.

## 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 are provided as none of the employees of the company has served for a period more than 5 years.

## 13. Miscellaneous Expenditur

Public Issue Expenditure & Research and Development Expenditure are transferred to Research & Development Cost.

Capital Issue Expenditure is written off over a period of 5 years.

The expenses incurred for Global Depository Receipt (GDR) issue have been shown under GDR Issue Expenses. The management has decided to write off 2/5 of the total amount incurred as GDR Issue Expenses during the year.

The development cost for set up of unit for production of Bio-Diesel at Udaipur and the expenses incurred in Jatropha plantation in 14 states have been shown under pre-operative expenditure as the Bio-fuel division is still in its gestation period as at the Balance sheet date.

## 14. Fringe Benefit Tax

Consequent to the introduction of Fringe Benefit Tax (FBT) effective from 01.04.2005, the company provides for disclosure the FBT as a part of taxes in accordance with the provisions of Section 115WC of the Income Tax Act 1961 and the guidance note of FBT issued by the Institute of Chartered Accountants of India.

## 15. 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 Standards 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, Deferred tax liability has been calculated on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates enacted or substantively enacted as on the Balance Sheet date, the same has been recognized by the management.

## 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 recognised 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 recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statement.



# IKF Technologies Limited

## 9th Annual Report 2007-2008

### B. NOTES ON ACCOUNTS

#### 1. 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	% of holding
IKF Technologies Pty. Ltd	a company organized under 100% the laws of South Africa	100%
IKF Green Fuel Ltd	a company Incorporated Under the Companies Act. 1956	100%
IKF Telecom Inc.	a company Organized under The laws of Delaware U.S.A.	100%

- 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.
- The Group'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.
- The Company has received Rs.3,94,55,000 from Asimplex CC, Commercial Corporation of Azania CC and Zamsa Wholesales Limited as advance against warrants. The Shares will be issued to them after receiving the full consideration.
- Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for as at 31<sup>st</sup> March 2008 is NIL.

6. 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 Green Fuel Ltd.  
 IKF Telecom Inc.

(b) Key management Personnel:  
 Key executive management personal of the company represented on the Board:

Mr. Sunil Kumar Goel	Whole Time Director
Mr. Pankaj Garg#	Whole Time Director
Mr. Pradeep Dutta	Executive Director
Dr. Anant P.Saxena	Director

Non executive / independent director on the board

Dr. R.PSingh	Chairman
Mr. Pradeep Kumar	Director
Mr. J.P Dubey@	Director
Mr. Gajanand Gupta	Director

@ Resigned from the Board on 1<sup>st</sup> March 2008

# Inducted into the Board on 30<sup>th</sup> April 2008

(c) Significant transaction with related party:

Particulars	Year ended 31.03.08	Year ended 31.03.07
Investment in subsidiaries	103535385	43675385
Salary to Whole Time Director	300000	300000
Salary to Executive Director	300000	300000
Consultancy fees to Non Executive Director	250000	250000

7. The disclosure requirement of Accounting Standards 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India:

There the 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 operating globally.

8. 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	Year ended 31.03.08	Year ended 31.03.07
Net Profit as reported (Rs)	170178499	125385485
Weighted number of Equity Shares	250981667	238690000
Earning Per Share (Basis & Diluted)	0.68	0.53
Nominal Value per share	Re1	Re.1

9. The Group is 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.

10. 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.

11. Auditors Remuneration includes:

Particulars	Year ended 31.03.08	Year ended 31.03.07
As Statutory Audit Fees	140450	140450
As Tax Audit Fees	28090	28090
Certifications and Others	26410	26273
Total	194950	194813

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

13. The Provision for Tax of the subsidiary of Rs.820534 has been shown net of advances. hence the provision for tax of the Group shown in the consolidated financial statement represents the figure of the company only.

14. The consolidated financial results for the year ended 31<sup>st</sup> March 2008 represents the results of the subsidiary acquired by the Group during the year and hence are not comparable with the previous year.

15. Remittance on account of Dividend:

The Company has paid 5% dividend for the Financial Year 2006-07 in respect of shares held by the shareowners as on 31.03.2007 and shown in Schedule 13 in the Profit & Loss Account. The total amount related in this respect is given below:

	Rs.
Dividend	1,19,34,500
Tax on Dividend	20,28,269

16. The exchange fluctuation difference of foreign currency on account of receiving the GDR Issue Amount & payment of GDR Issue Expenses of Rs.3,74,76,249/-has been adjusted with the Securities Premium Account.

17. The exchange fluctuation difference of foreign currency on account of payment to foreign subsidiary of Rs.43,20,000/-has been transferred to Capital Reserve Account.

18. Contingent Liabilities

i) The Income-Tax assessment of the company have been completed upto assessment year 2005-06. The disputed demand outstanding upto the said assessment year is Rs. 3,39,819. Based on the decisions of the authorities, the company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

ii) The Company has furnished a performance Bank guarantee of Rs. 2,00,00,000 & a Financial Bank Guarantee of Rs. 10,00,000 to ICICI Bank Ltd. In respect of the ISP Licence.

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

20. Figures are rounded off to the nearest rupees.

21. Schedule '1 to '14' 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

Vishwanath Agarwal  
Partner  
Membership No.54806

Place: Kolkata,  
Date: 30<sup>th</sup> June 2008

Sd/  
Sunil Kumar Goel  
Whole Time Director

Sd/-  
Deepthi Chawla  
Company Secretary

For & on behalf of the Board

Sd/  
Pradeep Dutta  
Executive Director

Sd/-  
Vijay Agarwal  
Chief Financial Officer

# ***IKF Technologies Limited***

## **9th Annual Report 2007-2008**

### **ATTENDANCE SLIP IKF TECHNOLOGIES LIMITED**

Regd. Office: 2<sup>nd</sup> Floor, Rashmi Building, Plot XI-16, Block EP & GP,  
Salt Lake Electronic Complex, 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.

FOLIO/DPIDNO:	NO. OF SHARES
NAME & ADDRESS	

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at The

City Centre, Royal Bengal Room, Sector-I, Salt Lake City, Kolkata-700 064

SIGNATURE OF THE SHAREHOLDER/PROXY:

Note: Members are requested to carry the copy of Notice.



### **PROXY**



### **IKF TECHNOLOGIES LIMITED**

Regd. Office: 2<sup>nd</sup> Floor, Rashmi Building, Plot XI-16, Block EP & GP,  
Salt Lake Electronic Complex, Sector V, Kolkata 700091

FOLIO/DPID NO. -----

I/We-----being a Member/Members of

IKF Technologies Limited hereby appoint -----of-----or

failing him -----of-----or failing him

-----of-----as my/our proxy to attend and vote

for me/us and my/our behalf at the AGM of the Company to be held on Thursday, September, 11th 2008 at  
3.00 p.m. and any adjournment hereof.

Dated this-----day of-----2008 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 Registered office of the Company at least 48 hours before the time fixed for  
the meeting.

Affix Re.1  
Revenue  
Stamp