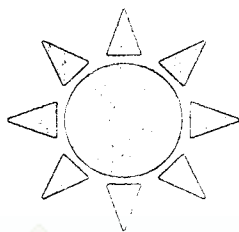


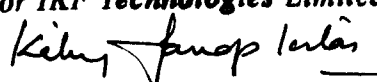
5th ANNUAL REPORT
2003-2004



Report  junction.com

IKF Technologies Limited

REGD.OFFICE: Plot No..5, Phase No.:1,
Kamalapuri Colony
Hyderabad - 500 073
Tel: (040) 55362882, 55362992

//Certified True Copy//
For IKF Technologies Limited

Managing Director

IKF Technologies Limited**BOARD OF DIRECTORS**

V G K Prasad
 Krishna Sandeep Kilaru
 Krishna Rajesh Kilaru
 Raghuram Vupputuri
 K V Venkateswara Rao
 P Jaya Kiran
 Susaanth Kondapaneni
 Puneet Sethi

Non-Executive Chairman
 Managing Director
 Director
 NRI Director
 Director
 Director
 Director
 Director

AUDITORS

Hanumaiah & Co.,
 Chartered Accountants,
 1 & 2 Ground, RAM'S VSR Apartments,
 Mogalrajpuram,
 VIJAYAWADA - 520010. (A.P.)

BANKERS

ICICI Bank, Madhapur Branch, Hyderabad
 Federal Bank, Governorpet, Vijayawada

LISTING

Hyderabad Stock Exchange Limited, Hyderabad
 The Stock Exchange, Mumbai
 The Calcutta Stock Exchange Association Ltd.
 Calcutta

SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

Plot No.:5, Phase No.:1,
 Kamalapur Colony, Hyderabad - 500 073
 Tel: (040) 5536 2882, 5536 2992

BOOK CLOSURE

Our Register of Members will remain
 closed from 27th September, 2004 to
 28th September, 2004

FIFTH ANNUAL GENERAL MEETING

Date : 28th September, 2004
 Time : 4.00 P.M.
 Day : Tuesday
 Venue : Plot No.:5, Phase No.:1,
 Kamalapur Colony,
 Hyderabad - 500 073.

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Fifth Annual Report

NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the Fifth Annual General Meeting of the Members of the IKF TECHNOLOGIES LIMITED will be held on Tuesday the 28th day of September, 2004 at 4.00 P.M. at the Registered Office of the Company at Plot No.:5, Phase No.:1, Kamalapuri Colony, Hyderabad - 500 073 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31.03.2004 and the Profit and Loss account for the year ended on that date, along with Directors' and Auditors' reports thereon.
2. To appoint director in place of Mr.P.Jaya Kiran, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint director in place of Mr.K.V.Venkateswara Rao, who retires by rotation and being eligible offers himself for re-appointment.
4. "RESOLVED THAT Hanumaiah & Co., Chartered Accountants, be and is hereby re-appointed as Auditor of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

5. To be moved as an ordinary Resolution.

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

"RESOLVED THAT Shri. Susaanth Kondapaneni who was appointed as the Additional Director of the Company on 31.01.2004 by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, alongwith a deposit of Rs.500/- proposing his candidature for the office of Director, be and is hereby appointed as the Director of the Company, subject to retirement by rotation."

6. To be moved as an ordinary Resolution.

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

"RESOLVED THAT Shri. Puneet Sethi who was appointed as the Additional Director of the Company on 31.01.2004 by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, alongwith a deposit of Rs.500/- proposing his candidature for the office of Director, be and is hereby appointed as the Director of the Company, subject to retirement by rotation."

By Order of the Board

Sd/-xxx
(K.Krishna Sandeep)
Managing Director

Place : Hyderabad
Date : 03.09.2004

IKF Technologies Limited



ANNEXURE TO NOTICE

Explanatory Statement Under Section 173(2) of the Companies Act, 1956.

Item No.5:

Shri.Susaanth Kondapaneni was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on 31.01.2004. Pursuant to Section 260 of the Companies Act, 1956, Shri.Susaanth Kondapaneni will hold office as Additional Directors upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing alongwith a deposit of Rs.500/- from members proposing the candidature of Shri. Susaanth Kondapaneni for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri.Susaanth Kondapaneni, an engineering graduate, is having enormous experience in the fields of Software.

Your Directors recommend the resolution for your approval.

Shri.Susaanth Kondapaneni is deemed to be concerned or interested in the resolution as it pertains to his appointment. None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No.6:

Shri.Puneet Sethi was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on 31.01.2004. Pursuant to Section 260 of the Companies Act, 1956, Shri.Puneet Sethi will hold office as Additional Directors upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing alongwith a deposit of Rs.500/- from members proposing the candidature of Shri. Puneet Sethi for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri.Puneet Sethi, an engineering graduate, is having enormous experience in the fields of Software.

Your Directors recommend the resolution for your approval.

Shri.Puneet Sethi is deemed to be concerned or interested in the resolution as it pertains to his appointment. None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him self and the proxy need not be a member. The proxy form duly filled in and signed must be deposited at the Corporate Office of the company at least 48 hours before the meeting.
2. Instrument of proxies in order to be effective must be deposited at the Company's Registered Office not less than forty eight hours before the meeting.
4. The Register of Members will remain closed on 27.09.2004 and 28.09.2004. The transfer books of the Company will also remain closed for the aforesaid period.
5. Members desiring to seek any information on the annual accounts are requested to write to the Company at an early date to enable compilation of information.

By Order of the Board

Sd/-xxx
(K.Krishna Sandeep)
Managing Director

Place : Hyderabad
Date : 03.09.2004



Fifth Annual Report

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in submitting the Fifth Balance Sheet and Profit & Loss A/c. of your Company together with the auditors report thereon.

1. REVIEW OF OPERATIONS:

The working results of the Company for the year are furnished as follows

(Rs.in Lakhs)

Sl. No.	Particulars	Year ended 31.03.2004	Year ended 31.03.2003
01.	Sales	38.69	45.35
02.	Other Income	0.91	0.96
03.	Total Expenditure	33.62	52.10
04.	Profit/Loss before Interest, Depn. & Taxes	5.98	(6.66)
05.	Interest	0.00	0.00
06.	Depreciation	6.76	127.03
07.	Provision for Taxation	0.00	0.00
08.	Net Profit/(Loss)	(0.78)	(133.69)
09.	Equity Share Capital	1035.35	1035.35

2. DIRECTORS:

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company, Mr.P.Jaya Kiran and Mr.K.V.Venkateswara Rao retire by rotation and being eligible offer themselves for re-appointment.

3. AUDITORS:

M/s.Hanumaiah & Co., Chartered Accountants, statutory auditors of the Company will retire at the conclusion of the Annual General Meeting and are being eligible and offer themselves for re-appointment.

4. EMPLOYEES:

It is to report that U/S 217 (2A) of the Companies Act, 1956 that there are no employees drawing salary of Rs.2,00,000 or more p.m. or Rs.24,00,000 or more per year or part thereof.

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 of the company's affairs.

5. INFORMATION U/S 217(1)(e):

Particulars U/S 217(1) (e) of the Companies Act, 1956 and the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given below:

a) Conservation of Energy:

The Company is making all efforts for conservation of energy. The Company's operations do not involve high-energy consumption. However, an effort to conserve energy goes on a continual basis.

b) Technology Absorption:

Particulars related to technology absorption is not applicable in our case.

c) Foreign Exchange Earnings & Outgoings:

The information related to foreign exchange earnings and outgo during the year under the review is provided in notes to accounts.

IKF Technologies Limited



(Rs. in Lakhs)

Particulars	Year 2003-04
Foreign Exchange Earnings	- Nil -
Foreign Exchange Outgo	- Nil -

6. 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.

7. DIRECTORS RESPONSIBILITY STATEMENT:

As required under the Companies Act, 1956, your Directors wish to state:

- a) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) That they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period under review;
- c) That they 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; and
- d) That they have prepared the accounts for the period ended 31st March, 2004 on a 'going concern' basis.

8. ACKNOWLEDGEMENTS:

Your directors express sincere thanks to the ICICI Bank and Federal Bank 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

Sd/-xxx
(K.Krishna Sandeep)
Managing Director

Place : Hyderabad

Date : 03.09.2004



Fifth Annual Report

Management Discussion & Analysis

Brief History of the Company

IKF Technologies Limited was incorporated as IKF Software.com Limited, on 22nd day of February 2000 as a Public Limited Company under the provisions of the Companies Act, 1956, (hereinafter referred to as the Act). The Company obtained Certificate for Commencement of Business on 2nd March 2000.

In the year 2001, the Company went in for an Initial Public Offering (IPO). The Company is today listed on The Bombay Stock Exchange (BSE), Mumbai and The Hyderabad Stock Exchange Ltd., Hyderabad. IKF Technologies enjoys "B" group listing in BSE.

Management Discussion on Risks and Concerns

Management of risks to the business is a continuous challenge for any organization growing in size and enhancing its purpose. The traditional risk factors like client risks, industry segment risks and economic risks are well understood and the means to handle them are also fairly established. However, the 9/11 incidents, all too vividly, showed the risk of attacks to business infrastructure.

The business segment in which your Company operates, viz., the software solutions business, has several inherent risks associated with it including a continuously evolving, dynamic landscape. Incidents in recent years like the Tech meltdown, September 11, US-Iraq war and SARS virus, that have all affected the Software services business, bear testimony to the unpredictable and sometimes, uncontrollable factors that can impact your Company's business. The risk of doing business directly in countries with different business rule is more pronounced now.

To counter all these risks, your Company conducting its risk identification, assessment and management activities through a dedicated Risk and Audit Department. Headed by Mr.K.Krishna Sandeep, Managing Director, this department has been set up by your Company expressly to anticipate the impact of potential risk factors to the business and provide guidance on how to handle them so as to minimize their business impact.

Adequate management control is in place to ensure quick action on early warnings, and to proactively monitor and mitigate all potential risks. A comprehensive Risk Management strategy developed by the Risk and Audit Department forms the frame work for all de-risking and risk mitigation activities undertaken by your company with the fullest involvement of top management professionals.

Discussion of Financial Performance

The financial statements are prepared in compliance with the requirements of the Companies Act and the Accounting Standards prescribed by the Institute of Chartered Accountants of India and Generally Accepted Accounting Principles in India.

Human Resources

A major strength for your Company has been its employees and your Company's relationship with its employees continues to be excellent. A detailed performance evaluation system is in place and remuneration and rewards are strongly linked to performance indicators. To keep the employee excellence at high altitudes, your Company continues to maintain its commitment towards providing training to its employees at all levels. Your Company's staff turnover is very low when compared with the industry levels.

Cautionary 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 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.

By Order of the Board

Sd/-xxx
(K.Krishna Sandeep)
Managing Director

Place : Hyderabad
Date : 03.09.2004

IKF Technologies Limited



REPORT ON CORPORATE GOVERNANCE

MANDATORY REQUIREMENTS:

Company's philosophy on Code of Governance

The Company's philosophy of Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations to its shareholders.

Board of Directors

Composition: The present strength of the Board is Six Directors. The Board comprises of Executive and Non-executive Directors. The Non-executive Directors bring independent judgment in the Board's deliberations and decisions. The Managing Director is the Wholetime Director of the Company. The remaining five are Non-executive Directors.

Director	No of Board Meetings attended during the year	Attendance at last AGM (30.09.03)	No of other director ships
V G K Prasad	2	Yes	Three
Krishna Sandeep Kilaru	5	Yes	One
Krishna Rajesh Kilaru	5	Yes	One
Raghuram Vupputuri	0	No	Nil
K V Venkateswara Rao	2	Yes	One
P Jaya Kiran	4	Yes	Nil
Susaanth Kondapaneni	0	N.A	Nil
Puneet Sethi	0	N.A	Nil

* Mr.Susaanth Kondapaneni and Mr.Puneet Sethi were inducted into the board on 31.01.2004.

Number of Board Meetings held and the dates of the Board Meetings

Eight Board Meetings were held during the year 2003-04 on the dates mentioned below:

- 30.04.2003 ➤ 31.10.2003
- 30.07.2003 ➤ 30.01.2004
- 30.09.2003

Audit Committee

Terms of Reference and Composition, Chairman and the Name of Members

The Audit Committee comprise of Mr.K.V.Venkateswara Rao, Independent Director, Mr.P.Jaya Kiran, Independent Director and Mr.V.G.K.Prasad, Director. The Terms of reference of this Committee are wide enough covering matters specified for Audit Committee under the Listing Agreements.

Meeting and attendance during the year

There were three meetings of the Audit Committee during the financial year 2003-04 and the attendance of each member of the Committee is given below:

Name of the Director	No. of Meeting attended	% of total Meeting attended
K.V.Venkateswara Rao	3	100%
P.Jaya Kiran	3	100%
V.G.K.Prasad	3	100%

Remuneration to the Directors

No Remuneration has been paid to the Directors during the financial year 2003-2004.

Investors/Shareholders Grievance Committee

The Company has formed an Investors/Shareholders Grievance Committee under the Chairmanship of Mr.K.V.Venkateswara Rao. The other member of the Committee is Mr.P.Jaya Kiran. The Committee shall look into the shareholder's and investor's complaints. Most of the complaints received from the Shareholders have been resolved. The number of shares pending for transfer were Nil as on 31st March, 2004.

General Body Meetings

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

- a) Second AGM was conducted on 28.09.2001 at the Registered Office of the Company.
- b) Third AGM was conducted on 28.09.2002 at the Registered Office of the Company.
- c) Fourth AGM was conducted on 30.09.2003 at the Registered Office of the Company.
- d) Postal Ballot procedure being a recent development no resolutions were put through postal ballot.

Disclosures

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

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



Fifth Annual Report

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 is 31,000/-.

Means of Communication

- Half-yearly report sent to the household of each share holder

No, as the results of the Company are widely published in the newspapers

- Quarterly results

No, as the results of the Company are widely published in the newspapers

- Any website where displayed

- No -

- Whether it is also displayed in official news papers.

- No -

- Presentations made to institutional investors or to analysts

- No -

- Newspapers in which results are normally published in

- i) Business Standard
- ii) Andhra Bhumi

- Whether Management Discussion and Analysis is a part of the Annual Report or not

- Yes -

General Shareholder information

- AGM

Date : 28th September, 2004
Time : 4.00 P.M
Venue : Plot No.:5, Phase No.:1,
Kamalapuri Colony,
Hyderabad - 500 073

- Financial Calender

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 May

- Dates of Book Closure

27th September, 2004 and 28th September, 2004.

- Listing on Stock Exchanges

The Hyderabad Stock Exchange Limited

The Stock Exchange, Mumbai

The Calcutta Stock Exchange Association Limited, Calcutta.

The Listing Fees for the year 2003-2004 has been paid

- Registrar and Transfer Agents

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

- Share transfer system:

All the transfers received are processed and approved by the Share Transfer Committee which normally meets twice in a month or more depending on the volume of transfers.

- Address for correspondence:

- (a) For transfer/demat/realisation of shares and any other query relating to the shares of the Company

Bigshare Services Pvt. Limited
E/2, 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
Plot No.:5, Phase No.:1,
Kamalapuri Colony,
Hyderabad - 500 073

IKF Technologies Limited

COMPLIANCE CERTIFICATE
ON CORPORATE GOVERNANCE

Distribution of Shareholding as on 31st March, 2004:

Range of Shares	No. of Shareholders	No of shares	Percentage Share Holding
1 - 500	1664	43,56,200	4.08
501 - 1000	311	25,12,320	2.35
1001 - 2000	118	19,13,150	1.79
2001 - 3000	127	32,19,230	3.02
3001 - 4000	33	13,72,300	1.29
4001 - 5000	59	28,31,240	2.65
5001 - 10000	48	40,14,360	2.76
10001 and above	179	8,64,71,200	81.05
Total	2539	10,66,90,000	100.00

Categories of Shareholding as on March 31, 2004

Sl. No.	Category	No. of Shares	% of Paid Up Capital
1.	Promoters	27,89,500	26.05
2.	Directors	5,60,200	5.25
3.	Corporate Bodies	3,32,590	3.12
4.	General Public	69,86,710	65.49
	Total	10,66,90,000	100.00

Dematerialisation of Shares and Liquidity:

As on 31st March, 2004, 39.36% of the equity share capital were held in demat form.

NON MANDATORY REQUIREMENTS

- a) Chairman of the Board: Whether the Chairman of the Board is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in the performance of his duties

Yes. The Company has the Chairman's Office at the Registered office.

- b) Remuneration Committee

The Company has not yet set up a Remuneration Committee.

- c) Shareholder Right

The half-yearly declaration of financial performance including a summary of the significant events in last six months should be sent to the household of each shareholder

As the Company's half-yearly results are widely published in English and Telugu newspapers, the same are not sent to the shareholders of the Company.

- d) Postal Ballot

The Company has not yet made use of the Postal Ballot.

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 March, 2004 with the relevant records and documents maintained by the Company and furnished to us for our review.

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

for Hanumaiah & Co.,
Chartered Accountants

Sd/-xxx
(K.Hanumaiah)
Partner

Place : Vijayawada
Date : 03.09.2004.