

ideaspaceTM
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Annual Report

2004 - 2005

IDEASPACE SOLUTIONS LIMITED

Regd. Office : Skip House, 25/1, Museum Road,
Bangalore 560 025

BOARD OF DIRECTORS

Mr. A. P. Rao

Mr. G. Kiran Kumar

Mr. A. Subba Rao (Manager & Director)

Mr. A. S. Cherukupalli

REGISTERED OFFICE

Skip House,

25/1, Museum Road,

Bangalore 560 025

AUDITORS

A.A.G.J & Co.

Chartered Accountants

10/1, 2nd Floor, 3rd Main

Hanumanthanagar, Bangalore-560 019

COMPANY SECRETARY

Hari Babu Thota

BANKERS

ING Vysya Bank Limited

SHARE TRANSFER AGENTS

Karvy Computershare Private Limited

No.51/2 T K N Complex,

Vanivilas Road,

Basavanagudi,

Bangalore – 560 004.

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of Ideaspace Solutions Limited will be held on Friday, 30th day of September, 2005 at 10.30. a.m. at 25/1, Skip House, Museum Road, Bangalore-560 025, Karnataka to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2005, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A.P.Rao, who retires by rotation and being eligible, offers himself for re-election.
3. To reappoint M/s. A A G J & Co. Chartered Accountants, Bangalore, as Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company.

5. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1998 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Information in respect of such unclaimed dividend when it is due for transfer to the said Fund is given below:-

| Financial Year | Date of declaration of dividend | Last date for claiming unpaid dividend | Due date for transfer to IEP Fund |
|----------------|---------------------------------|--|-----------------------------------|
| 31.03.1998 | 26.09.1998 | 25.09.2005 | 23.10.2005 |
| 31.03.2000 | 25.10.2000 | 24.09.2007 | 23.10.2007 |
| 31.03.2001 | 04.08.2001 | 03.08.2008 | 02.09.2008 |

NOTES :

1. **A Member entitled to attend and vote at the General Meeting may appoint a proxy, who need not be a Member, to attend and vote on a poll, on his behalf. The proxy forms to be effective, should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting.**
2. Members (those holding shares in the physical form only) are requested to inform, change of address, if any, immediately to the Share Transfer Agent M/s Karvy Computershare Private Limited, No.51/2 T K N Complex, Vanivilas Road, Basavanagudi, Bangalore - 560 004.
3. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to send their queries at least seven days before the date of the Meeting to the Company, so that the desired information may be made available at the Meeting.
4. Members / Proxies should fill the Attendance Slip for attending the meeting.

By Order of the Board
For IDEASPACE SOLUTIONS LIMITED

Hari Babu Thota
Company Secretary

Bangalore
September 2, 2005

DIRECTORS' REPORT**DEAR MEMBERS,**

The Board of Directors of your Company are pleased to present their report for the Financial Year 2004-05.

FINANCIAL HIGHLIGHTS

| | 2005 (Rs./Lacs) | 2004 (Rs./Lacs) |
|---|----------------------------|----------------------------|
| Total Income | 32.42 | 602.26 |
| Total Expenditure | 19.59 | 734.62 |
| Interest & Finance Charges | 0.15 | 11.19 |
| Depreciation | 0.23 | 15.93 |
| Profit/(Loss) before taxation and Extra-Ordinary Item | 12.45 | (159.48) |
| Extraordinary Item | - | 613.75 |
| Profit/(Loss) before Tax | 12.45 | 454.27 |
| Provision for Taxation | - | |
| - Current | 0.80 | 35.00 |
| -Deferred Tax | - | 88.54 |
| Profit/(Loss) after Tax | 11.65 | 330.73 |
| Profit/(Loss) Brought Forward | 187.74 | (142.99) |
| Balance Carried to Balance Sheet | 199.39 | 187.74 |

FUTURE OUTLOOK

Company is reviewing various business options in the area of Business Process Outsourcing (BPO), Business Process Management (BPM) and in Information Technology Enabled Services (ITES) and an application has been made to the Karnataka Industrial Areas Development Board for allotment of Land to carry on the said businesses.

FIXED DEPOSITS

Your Company has not accepted any deposit during the year. There are no unclaimed or unpaid deposits with the company.

DIRECTORS

Mr. A.P.Rao retires by rotation and being eligible, offers himself for re-appointment.

AUDITORS

M/s A. A G J & Co, Chartered Accountants, the existing Statutory Auditors of the company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The company has received letter from them to the effect that their re-appointment, if made,

would be within prescribed limits under Section 224(IB) of the Companies Act 1956.

DELISTING OF SHARES

The Shares of the company were delisted from the Stock Exchanges of Mumbai, Bangalore and Hyderabad. As per Guidelines of SEBI (Delisting of Securities) Rules, 2000 and undertakings provided to the Stock Exchanges at the time of delisting, final Exit Offer was made by M/s. GMR Holdings Private Limited (formerly Rao Investments Private Limited) for those shareholders who did not participate in the reverse book building process, on 11th March, 2005 for a period of 6 months from 16th March, 2005 till 16th September 2005, to acquire non promoter shareholding at Rs. 15 per share.

Shareholders are requested to make use of this opportunity.

PARTICULARS OF EMPLOYEES

There was no employee who was in receipt of remuneration in excess of the limits specified under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 during the financial year 2004-05.

COMMITTEES OF THE BOARD

To provide assistance to the Board of Directors in fulfilling the Board's overall responsibilities and as per the provisions of Companies Act, 1956, the following committees assist the Board of Directors.

I. Audit Committee

The composition of the Audit committee is as follows.

| | | |
|----------------------|---|-----------|
| Mr. A.P.Rao | - | Member |
| Mr. A.Subba Rao | - | Member |
| Mr. A.S.Chelukupalli | - | Member |
| Mr.Hari Babu Thota | - | Secretary |

The Audit Committee met 3 times during the financial year 2004-05.

II. Share Transfer Committee

The composition of the Share Transfer Committee is as follows.

| | | |
|----------------------|---|-----------|
| Mr. A.P.Rao | - | Member |
| Mr. A.Subba Rao | - | Member |
| Mr. A.S.Chelukupalli | - | Member |
| Mr.Hari Babu Thota | - | Secretary |

The Share Transfer Committee met 3 times during the financial year 2004-05.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, the Directors hereby confirm that :

1. In the preparation of the annual accounts for the financial year ended 31st March, 2005, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
2. The Directors 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 profit of the company for the year ended 31st March, 2005;
3. 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;
4. The Directors have prepared the accounts for the financial year ended 31st March 2005 on a going concern basis.

PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

- a. Company is not engaged in any manufacturing activity and hence furnishing of particulars is not applicable to the company.
- b. The details of Foreign Exchange earnings and out go during the year under review are as under :
 Earnings - Nil
 Outgo - Nil

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the continued support and trust received and reposed by the Shareholders, Bankers, Depositories - National Securities Depository Limited and Central Depository Services (India) Limited, Stock Exchanges of Mumbai, Bangalore, Hyderabad.

By Order of the Board

A.Subba Rao
 Director & Manager

A. S. Cherukupalli
 Director

Bangalore
 September 2, 2005

AUDITORS' REPORT

To
The Members,
Ideaspace Solutions Limited

We have audited the attached Balance Sheet of Ideaspace Solutions Limited, as at 31st March 2005 and also the Profit and Loss Account for the year ended on that date annexed thereto. 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 reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 for our opinion.

As required by the Companies (Auditor's Report) Amendment Order, 2004 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 and 5 of the said Order to the extent applicable.

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

- a. 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;
- b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

- e. On the basis of written representations received from the directors, as on 31st March, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005; and
 - ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

For AAGJ & Co.
Chartered Accountants

M. Surendra Reddy
Partner
M.No 215205

Place : Bangalore
Date : 2nd September 2005