

ideaspaceTM
Where Ideas Drive IT

16th

Annual Report

2008 - 09

IDEASPACE SOLUTIONS LIMITED

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

BOARD OF DIRECTORS

Mr. G. Kiran Kumar

Mr. A. Subba Rao

Mr. A. S. Cherukupalli

Mr. A. P. Rao

COMPANY SECRETARY

Mr. G. V. Krishnakanth

AUDITORS

Guru & Jana

Chartered Accountants

10/1, 2nd Floor, 3rd Main

Hanumanthanagar, Bangalore—560 019

REGISTERED OFFICE

Skip House

25/1, Museum Road

Bangalore 560 025

BANKERS

ING Vysya Bank Limited

REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Private Limited

No 17-24, Vittalrao Nagar

Madhapur, Hyderabad – 500 081.

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of Ideaspace Solutions Limited will be held on Wednesday, September 30, 2009 at 04.30. p.m. at Skip House, 25/1, Museum Road, Bangalore – 560025, Karnataka, India to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2009 and 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. Subba Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A. S. Cherukupalli, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Guru & Jana, Chartered Accountants, Bangalore as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company.

In this connection, to consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary resolution:

“RESOLVED THAT M/s. Guru & Jana, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be determined by the Board of Directors of the Company.”

Special Business

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the provisions of the Articles of Association of the Company and subject to such other consents and permissions as may be required, Mr. M. Kamaraju be and is hereby appointed as Manager of the Company for a period of five years, without any remuneration, with effect from August 30, 2009.”

“RESOLVED FURTHER THAT Mr. M. Kamaraju shall perform such duties as shall be entrusted to him from time to time by the Board of Directors and shall have power to exercise such rights and perform such duties as may be conferred on him from time to time by the Board or under the Articles of Association of the Company or under the Companies Act, 1956 or under any other law for the time being in force, subject to control, direction and supervision of the Board of Directors of the Company.”

“RESOLVED FURTHER THAT all Directors and Company Secretary be and are hereby severally authorised to sign and file necessary forms and do such acts, deeds and things as may be necessary to give effect to the aforesaid appointment.”

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. K. Sreemannarayana, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board of Directors
For Ideaspace Solutions Limited

G. V. Krishnakanth
Company Secretary

Place: Bangalore
Date : August 19, 2009

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Members are requested to send their proxy form to the registered office of the Company not less than 48 hours before the commencement of the Meeting.
2. Copies of all documents referred to in the notice are available for inspection at the registered office of the Company between 10.00 a.m. and 1.00 p.m. on all working days till the date of the Meeting.
3. M/s. Karvy Computershare Private Limited, 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081 are the Registrar and Share Transfer Agent (RTA) of the Company to perform the share related work for Shares held in physical and electronic form.
4. Members holding shares in physical form are requested to inform change of address, if any, immediately to the RTA of the Company. Members holding shares in dematerialized form must send advice about change in address to their respective Depository Participants.
5. Members or Proxies should bring the attendance slip duly filled in for attending the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 FOR THE ITEMS SET OUT IN THE ACCOMPANYING NOTICE ARE AS UNDER

Item No.5

Mr A. Subba Rao was appointed as Manager on August 30, 2004 for a period of 5 years i.e. till August 29, 2009. Mr A. Subba Rao has expressed his inability to continue as Manager after the expiry of the present term of appointment due to his prior commitments.

At the Board meeting held on August 10, 2009, the Board of Directors appointed Mr. M. Kamaraju as

“Manager” under section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, for a period of 5 years, without any remuneration with effect from August 30, 2009.

Mr. M. Kamaraju is a qualified Chartered Accountant and has wide experience in corporate sector over three decades. Members approval is sought for the appointment of Mr. M. Kamaraju as Manager.

This may also be treated as memorandum issued pursuant to Section 302 of the Companies Act, 1956.

None of the Directors is concerned or interested in this resolution.

The Board of Directors recommends passing of the aforesaid resolution as special resolution.

Item No.6

Mr. K. Sreemannarayana, 52, is a qualified Chartered Accountant having over two decades of rich experience in the industry of Banking, investment, accounting, taxation and other various fields.

As per the provisions of Section 260 of the Companies Act, 1956, the Board of Directors of the Company has appointed Mr. K. Sreemannarayana as additional director of the company with effect from August 19, 2009.

Notice under section 257 of the Companies Act, 1956, has been received from a member along with the requisite deposit, proposing him for the directorship of the company.

None of the Directors, except Mr. K. Sreemannarayana is concerned or interested in this resolution.

The Board of Directors recommends passing of the aforesaid resolution as an ordinary resolution.

By Order of the Board of Directors
For Ideaspace Solutions Limited

G. V. Krishnakanth
Company Secretary

Place: Bangalore
Date : August 19, 2009

DIRECTORS' REPORT**DEAR MEMBERS,**

Your Directors have pleasure in presenting the 16th Annual Report together with the audited Balance Sheet and Profit and Loss Account of your Company for the year ended March 31, 2009.

Financial Results

(Rupees In Lakhs)

Particulars	March 31, 2009	March 31, 2008
Total Income	50.63	99.56
Total Expenditure	3.12	3.62
Interest & Finance Charges	0.34	0.02
Depreciation	0.22	0.23
Profit/(Loss) before taxation	46.95	95.69
Income Tax Written back	6.08	-
Provision for Taxation		
- Current	2.73	2.80
-Deferred Tax	(2.51)	0.06
Profit/(Loss) after Tax	52.81	92.83
Profit/(Loss) Brought Forward	366.69	273.86
Balance Carried to Balance Sheet	419.50	366.69

OPERATIONS

The Company revenue stood at Rs. 50.63 Lakhs during the financial year ended on March 31, 2009 as against Rs. 99.56 Lakhs during the previous year.

The Company has made a profit of Rs. 46.95 Lakhs during the financial year ended on March 31, 2009 as against profit of Rs. 95.69 Lakhs during the previous year.

FUTURE OUTLOOK

The 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).

FIXED DEPOSITS

During the year under review, the Company had not accepted any deposits from public.

DIVIDEND

Your Directors have not recommended any dividend for the Financial Year 2008-09.

DIRECTORS

Mr A. Subba Rao and Mr. A. S. Cherukupalli, Directors of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

Mr A. Subba Rao was appointed as Manager on August 30, 2004 for a period of 5 years i.e. till August 29, 2009. Since Mr A. Subba Rao has expressed his inability to continue as Manager after the expiry of the present term of appointment due to his prior commitments, it is proposed to appoint Mr. M. Kamaraju as Manager of the Company for a period of five years, without any remuneration, with effect from August 30, 2009.

AUDITORS AND AUDITORS' REPORT

M/s Guru & Jana, Chartered Accountants, the 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.

The notes to accounts forming part of the financial statements are self-explanatory and need no further explanation.

AUDIT COMMITTEE

The composition of the Audit Committee is as follows:

- | | |
|--------------------------|----------|
| 1. Mr. A. Subba Rao | - Member |
| 2. Mr. A.S. Cherukupalli | - Member |
| 3. Mr. A.P. Rao | - Member |

Mr. G. V. Krishnakanth acts as Secretary to the Audit Committee

The Audit Committee met two times during the financial year 2008-09.

COMPANY'S SUBSIDIARIES

During the year, Corporate Infrastructure Services Private Limited and Kirithi Timbers Private Limited have become subsidiaries of the company. Documents as required by Section 212 of Companies Act, 1956 in respect of subsidiaries are attached.

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 March 31, 2009, 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 of the profit of the company for the year;
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 March 31, 2009 on a going concern basis.

PARTICULARS OF EMPLOYEES

There was no employee 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 2008-09.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required 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 are set out below:

1. Conservation of Energy and technology absorption.

Since the Company is not engaged in any manufacturing activity, the particulars are not applicable.

2. Foreign Exchange Earnings and Outgo.

There were no foreign exchange earnings and outgo during the year.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the continued support and trust received and reposed by the Shareholders, Bankers, National Securities Depository Limited and Central Depository Services (India) Limited and various statutory authorities.

For and on behalf of the Board of Directors

A.Subba Rao
Director

A. S. Cherukupalli
Director

Place: Bangalore
Date : August 10, 2009

Auditors' Report

To
The Members,
Ideaspace Solutions Limited.

We have audited the attached Balance Sheet of **M/s. Ideaspace Solutions Limited**, as at 31st March 2009, the Profit and Loss Account and also Cash Flow Statement for the period 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) Order, 2003, as amended, 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 it appears from our examination of those books.
- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 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, 2009; and
 - ii) in the case of the Profit and Loss Account, of the **Profit** for the year ended on that date.
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

for Guru & Jana.
Chartered Accountants

M. Surendra Reddy
Partner
M.No: 215205

Place: Bangalore
Date : August 10, 2009