

TWENTY- FIFTH ANNUAL REPORT
2009-2010



iQ infotech Ltd
technology first.....

Regd. Office
#17/A, 1st Phase, Kumbalgodu Industrial Area,
Mysore Road,
Bangalore - 560 074.

BOARD OF DIRECTORS:

- | | |
|---------------------------|--------------------------------|
| 1. Dr. K.R. Srinivasan | Chairman and Managing Director |
| 2. Mr. S. Sudarshan | Director |
| 3. Mr. Krishna Srinivasan | Director |
| 4. Mr. Santhanakrishnan | Director |
| 5. Mr. Venkatesh Kini | Director |

REGISTERED OFFICE & FACTORY:

17/A, Kumbalgodu Industrial Area,
Mysore Road
Bangalore – 560 074.

STATUTORY AUDITORS:

M/s. G.V. Sunder & Co.,
Chartered Accountants
3/5, 4th Floor, Tower Block
Unity Building, J.C.Road
Bangalore – 560 002

BANKERS:

Canara Bank.

REGISTRAR AND SHARE TRANSFER AGENTS:

Cameo Corporate Services Ltd,
“Subramanian Building”
No.1, Club House Road,
Chennai – 600 002.

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Members of the Company will be held at 11.00 A. M. on Thursday, the 30th September, 2010 at Hotel Airavatha Highway, Near R. V. College (PH:080-28605501), No.749/1, Mysore Road, Kengeri, Bangalore - 560 060.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and Profit and Loss Account for the year ended on that date along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Krishna Srinivasan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sudarshan S. who retires by rotation and being eligible offers himself for appointment.
4. To consider and if thought fit, to pass, the following resolution with or without modification, as an Ordinary Resolution :

“RESOLVLED THAT M/s Pal & Shanbhogue, Chartered Accountants, be and are hereby appointed as Auditors of the Company in place of the retiring auditors M/s G. V. Sunder & Co., Chartered Accountants, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

RESOLVLED FURTHER THAT the remuneration payable together with the out-of pocket expenses, if any, shall be mutually agreed upon between the Board of Directors and the Auditors.”

SPECIAL BUSINESS:

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

“RESOLVLED THAT pursuant to the provisions of Section 198, 309, 310 and read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any Statutory modification(s) or reenactment(s) thereof for the time being in force and subject to such other approvals as may be necessary of the Central Government, if required and/or such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the revision of remuneration payable to Dr. K. R. Srinivasan, Chairman and Managing Director of the Company with effect from 1st October, 2010 for the remaining period of his tenure as specified and set out in the annexed Explanatory Statement in respect of this resolution.

RESOLVLED FURTHER THAT the Board of Directors of the Company on the recommendation of the Remuneration Committee, be and is hereby authorized to revise the remuneration payable (including the perquisites) by way of annual increments or otherwise to Dr. K. R. Srinivasan, Chairman and Managing Director as they deem fit from time to time, as per rules of the Company.

RESOLVLED FURTHER THAT where during the currency of the tenure of the Chairman and Managing Director, the Company has no profits or its profits are inadequate in any financial year, the Chairman and Managing Director shall be entitled to remuneration by way of remuneration and perquisites not exceeding the limits as specified and set out in the Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

RESOLVLED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.”

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

RESOLVED THAT pursuant to the provisions of Section 198, 309, 310 and read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any Statutory modification(s) or reenactment(s) thereof for the time being in force and subject to such other approvals as may be necessary of the Central Government, if required and/or such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the revision of remuneration payable to Mr. Sudarshan, Director of the Company with effect from 1st October, 2010 for the remaining period of his tenure as specified and set out in the annexed Explanatory Statement in respect of this resolution.

RESOLVED FURTHER THAT the Board of Directors of the Company on the recommendation of the Remuneration Committee, be and is hereby authorized to revise the remuneration payable (including the perquisites) by way of annual increments or otherwise to Mr. Sudarshan, Director of the Company, as they deem fit from time to time, as per rules of the Company.

RESOLVED FURTHER THAT where during the currency of the tenure of the Chairman and Managing Director, the Company has no profits or its profits are inadequate in any financial year, the Director shall be entitled to remuneration by way of remuneration and perquisites not exceeding the limits as specified and set out in the Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.”

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

RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the revision of salary payable to Mr. S. Madhusudhan, President of the Company with effect from 1st October, 2010 for the remaining period of his tenure as specified and set out in the annexed Explanatory Statement in respect of this resolution.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to revise the salary payable by way of annual increments or otherwise to Mr. S. Madhusudhan, President of the Company, as they deem fit from time to time, as per rules of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.”

Place: Bangalore
Date: 28.08.2010

By Order of the Board
Dr. K R Srinivasan
Chairman and Managing Director.

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ENCLOSED. A PROXY IN ORDER TO BE EFFECTIVE SHOULD BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Members/proxy holders should bring in their attendance slips, duly filled in, for attending the meeting.
3. Members are requested to bring their copies of the Annual Report to the meeting.
4. The Register of Members and Share Transfer Registers shall remain closed from 24/09/2010 to 30/09/2010 (both days inclusive).
5. Members may send queries, if any, on the accounts and operations of the Company to the registered office of the Company, well in advance of the meeting, so that replies thereto could be provided during the meeting.
6. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 5, 6 and 7 set out above are annexed hereto the Notice dated 28/08/2010 convening the twenty forth Annual General Meeting of the Company iQ infotech Ltd., to be held on 30/09/2010.

By order of the Board

Place: Bangalore
Date: 28.08.2010

Dr. K. R. Srinivasan
Chairman & Managing Director

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

ITEM No. 4 :

“A special Notice in terms of Section 190 of the Companies Act, 1956, has been received under Section 225 (1), from a member proposing the appointment of M/s Pal & Shanbhogue, Chartered Accountants, as Auditors of the Company in place of the retiring auditors M/s G. V. Sunder & Co., Chartered Accountants. The retiring auditors have informed the Company that they have no representation to make for notification to the Members of the Company relating to the Special Notice. The proposed new auditors, being eligible, have offered themselves for appointment.”

ITEM No. 5 :

Subject to the approval of shareholders in this ensuing Annual General Meeting and subject to Schedule XIII of the Companies Act, 1956, the Board of Directors at its meeting held on 28.08.2010 proposed to revise the remuneration, payable to Dr. K. R. Srinivasan, Chairman and Managing Director of the Company as recommended by the Remuneration Committee with effect from 1st October 2010 for a period not exceeding 3 years with the following terms;

The remuneration payable is as under :

- 1 Salary: Rs.90,000/- per month including all other allowances
- 2 Perquisites :

Perquisites will be in addition to the remuneration and will be subject to the conditions that the monetary value shall be restricted to an amount equal to the annual remuneration and will be in accordance with the rules of the Company. Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in the absence of any such Rules, shall be evaluated at actual cost.

- 3 Minimum Remuneration

Where in any financial year, the Company has no profit or its profits are inadequate, the remuneration will be treated as minimum remuneration subject to schedule XIII of the Companies Act, 1956.

Mr. S. Sudarshan, Director, deemed to be concerned or interested in the Resolution.

The Board recommends the resolution for the approval of the members.

INFORMATION UNDER SCH. XIII OF THE COMPANIES ACT, 1956

I GENERAL INFORMATION :

- (1) Nature of industry – Manufacturer of Embedded systems, Defence Electronics, LED Lightings and Electronic Contract manufacturing.
- (2) Commencement of commercial production – 1985.

II. INFORMATION ABOUT THE APPOINTEE :

- (1) Background details – Dr. K. R. Srinivasan, Chairman and Managing Director of the Company is 69 years of age and holds B.Sc., B.E., Ph.D, FASI, FIETE. He has over 30 years of experience in the line of business.
- (2) Past remuneration – Rs.40,000/- per month.
- (3) Job profile and his suitability – Working as chairman & Managing Director. He is very dedicated and has capability to grow the Company.
- (4) Remuneration proposed – Rs.90,000/- per month + perquisites.
- (5) Dr. K. R. Srinivasan, Chairman and Managing Director is Promoter and holding 3,10,000 Equity Shares of the Company.

ITEM No. 6 :

Subject to the approval of shareholders in this ensuing Annual General Meeting and subject to Schedule XIII of the Companies Act, 1956, the Board of Directors at its meeting held on 28.08.2010 proposed to revise the remuneration, payable to Mr. Sudarshan, Director of the Company as recommended by the Remuneration Committee with effect from 1st October 2010 for a period not exceeding 3 years with the following terms;

The remuneration payable is as under:

4 Salary: Rs.85,000/- per month including all other allowances

5 Perquisites :

Perquisites will be in addition to the remuneration and will be subject to the conditions that the monetary value shall be restricted to an amount equal to the annual remuneration and will be in accordance with the rules of the Company. Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in the absence of any such Rules, shall be evaluated at actual cost.

6 Minimum Remuneration

Where in any financial year, the Company has no profit or its profits are inadequate, the remuneration will be treated as minimum remuneration subject to schedule XIII of the Companies Act, 1956.

Dr. K. R. Srinivasan, Chairman and Managing Director, deemed to be concerned or interested in the Resolution.

The Board recommends the resolution for the approval of the members.

INFORMATION UNDER SCH. XIII OF THE COMPANIES ACT, 1956

I GENERAL INFORMATION :

(1) Nature of industry – Manufacturer of Embedded systems, Defence Electronics, LED Lightings and Electronic Contract manufacturing.

(2) Commencement of commercial production – 1985.

II. INFORMATION ABOUT THE APPOINTEE :

(1) Background details – Mr. Sudarshan, Director of the Company is 41 years of age and holds B.A., M.B.A. He has over 15 years of experience in the line of business.

(2) Past remuneration – Rs.70,000/- per month.

(3) Job profile and his suitability – Working as Director Finance and Operations.

(4) Remuneration proposed – Rs.85,000/- per month + perquisites.

(5) Mr. Sudarshan, Director is Promoter and holding 1,05,294 Equity Shares of the Company.

ITEM No. 7 :

Subject to the approval of shareholders in this ensuing Annual General Meeting, the Board of Directors at its meeting held on 28.08.2010 proposed to revise the remuneration, payable to Mr. S. Madhusudhan, President of the Company with effect from 1st October 2010 for a period not exceeding 3 years with the following terms;

The remuneration payable is as under:

1. Salary: Rs.70,000/- per month including all other allowances

2. Perquisites :

Perquisites will be in addition to the remuneration and will be subject to the conditions that the monetary value shall be restricted to an amount equal to the annual remuneration and will be in accordance with the rules of the Company. Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in the absence of any such Rules, shall be evaluated at actual cost.

Dr. K. R. Srinivasan, Chairman and Managing Director and Mr. Sudarshan, Director, deemed to be concerned or interested in the Resolution.

The Board recommends the resolution for the approval of the members.

DIRECTORS REPORT

Your Directors have pleasure in presenting herewith the 25th Annual Report on the activities of your Company during the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. in Lakhs)

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
TOTAL INCOME	149.48	219.53
Profit for the year before Dep. & Tax	-61.98	3.78
Less: Depreciation For the year	35.08	108.44
Less: Diminishing in Investment value Less: doubtful Debts - Provision	0.00	0.00
Loss before Tax	-97.06	-104.66
Less: Provision for Tax	0.00	0.00
Less: Provision for Deferred Tax	10.51	-21.94
Less: Provision for fringe benefit tax	0.00	0.67
Net Loss for the year	-114.26	-83.39
ADD: Balance of Loss B/F	-422.84	-339.45
Total	-537.10	-422.84
Add: Excess provision of Income Tax related to earlier years	0.00	0.00
Less: Transfer to DRR	0.00	0.00
Less: IT relating to Pr. Year	0.00	0.00
Balance of Loss C/F	-537.10	-422.84

Performance

During the year your Company registered a turnover of Rs.149.48 Lakhs as against Rs 219.53 Lakhs achieved during the previous year. The Company has incurred net loss of Rs.114.26 Lakhs during the year.

The Company is in the process of getting Defence order from M/s Bharath Dynamic Limited, Hyderabad, to the tune of Rs.8.00 crores during this course of month

The Company has already received an order from M/s Mahindra Defence tune of Rs. 85.00 Lakhs for Defence items.

Apart from this, orders of Mahindra Reva and Ashok Lailand will continue to come.

As approved in the earlier annual general meeting, The Company is in the process of relocating its activities in City Industrial Suburb. Once shifted the new location the company is in a better position to attract talented Technicians and Engineers.

Dividend:

In view of the Loss incurred, your Directors could not propose any dividend for the year.

Prospects & Outlooks

- (a) The demand for the products that are being manufactured by your Company, are very good and hence the Company is confident that the turnover can be substantially increased during the current year.
- (b) Your Company is also expecting production orders for defence items, which has been qualified by your Company for the last 10 years. Hence, your Company is in the process of getting orders for the defence equipments to the tune of Rs.4.40 Crores from two defence oriented companies, which will result in healthy higher turnover. Your Company has also entered into full range of LED Lighting systems for home, industry and commercial lighting applications. Your Company has already supplied sample units to various organizations and has received excellent response. Your Company hopes to exploit this particular area fruitfully as there is very good demand for LED Lightings both in India and abroad. It may kindly be noted that all lightings will be converted into LED Lightings in the course of next five years.
- (c) Your Company continues to work on development of higher version of LED products in the field of energy saving, safety and general use. Your Directors are confident that R&D efforts would result in developing fast moving products.

Finance:

Your Company is turning around speedily and looks to be solving many of its earlier financial problems and it is hoped that the whole financial structure will be strengthened in the coming years. Your Directors are following up vigorously various options left to them for raising funds and since the discussions are in advanced stage, a positive development is in the coming years. Relocating the Company also will help getting Trained Engineers and growth of the Company.

Your Directors are following up various options of raising funds and results are expected during the current year.

Public Deposit:

Your Company has not accepted any deposit from the Public during the year.

Human Resources & Industrial Relations:

Your Directors wish to place on record their appreciation for the dedicated services rendered by the employees at all levels.

Particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 are not applicable since none of the employees are in receipt of remuneration in excess of the limits prescribed therein.

Internal Control System & Their Adequacy:

Your Company remains committed to maintain high standards of Internal Control designed to provide adequate assurance of the efficiency of operations and security of its assets. The adequacy and effectiveness of the internal control across the various activities is well laid down and continuously monitored by the management of the Company.

The Audit Committee of the Board meets four times a year and actively reviews internal control system, financial disclosures and compliance with various applicable accounting standards.

Energy, Technology & Foreign Exchange :**A. Conservation of Energy**

The Company makes evaluation on continuous basis to explore new technologies to make the infrastructure more energy efficient. Although the operations of the Company are not energy intensive, Company continues to upgrade all energy devises to the extend feasible to make the operations, save energy, where ever possible.

B. Research and Development

Research and Development is one of the thrust areas for the Company and constant endeavour is made to bring out innovative products for security and energy saving requirements, in the automobile, domestic and industrial sectors. R&D activities are carried out on a continuous basis.

Directors Responsibility statement:

As required under section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that -

- In preparation of these annual accounts, the applicable accounting standards have been followed and no material departure have been made from the same.
- They 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.
- They have taken sufficient care for the maintenance of adequate records as per the requirements of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing fraud and other irregularities.
- They have prepared annual accounts on a going concern basis.

Corporate Governance

A detailed Compliance Note on Corporate Governance, as required under the provisions in the listing agreements with the Stock Exchanges, together with the certificate of Statutory Auditors thereon, is attached as Annexure - B to this report.

Management discussion and analysis

Management discussions and analysis, as applicable, is included in this report, in order to avoid duplication and overlap of materials & matters, between Directors report and a separate report on management Discussion and Analysis.

Directors

At the ensuing Annual General Meeting, Mr. Sudarshan S and Mr. Krishna Srinivasan will retire by rotation and being eligible offer themselves for reappointment.

Auditors

M/s Pal & Shanbhogue, Chartered Accountants, have offered for the appointment of Statutory Auditors of the Company, in place of the retiring auditors M/s G. V. Sunder & Co., Chartered Accountants, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

Replies to Audit Remarks

- (1). *Note No. 2.1 (a) of accounting policies regarding accounting of Gratuity and Encashment of Leave on cash basis as mentioned in Note 8.2 of accounting policy read with Note No.12 of Notes to Accounts regarding non provision for gratuity liability, which is inconsistent with Accounting Standard -15 (revised) notified under the Companies Accounting Standard Rules, 2006.*

The Audit observation has been taken note of and the management will implement the provision of Gratuity and Encashment of Leave on cash ins inconsistent with Accounting Standard -15 (revised) notified under the Companies Accounting Standard Rules, 2006.

- (2). *Note No. 6 regarding disclosure of quantitative particulars and capacity utilization is not in accordance with Part II of Schedule VI of the Companies Act.*

The Audit observation has been taken note of and the management will disclose quantitative particulars and capacity utilization in accordance with Part II of Schedule VI of the Companies Act, 1956.

- (3). *Note No.13 of Notes to accounts regarding Intangible Assets disclosure is not in accordance with the Accounting Standard -26 (Intangible Assets) notified by the Companies Accounting Standard Rules, 2006. Further, the Company has not assessed the probability of the future economic benefits from the research and development activities.*

The Audit observation has been taken note of and the management will disclose the details of Intangible Assets in accordance with the Accounting Standard - 26 notified by the Companies Accounting Standard Rules, 2006. The Company also will disclose the probability of the future economic benefits from the research and development activities.

- (4). *Note No.15 of Notes to accounts regarding reconciliation of sundry debtors, bank balance, creditors and VAT and Excise duty balances.*

The Audit observation relating to reconciliation of sundry debtors, bank balance, creditors, VAT and Excise duty balances related to old balances and efforts are being taken for their reconciliation in this current year.

- (5). *Note No. 16 of Notes to Accounts regarding non payment of statutory liabilities and non provision for interest and penalty payable for default in payment of statutory liabilities.*

The Audit observation relating to non payment of statutory liabilities and non provision for interest and penalty payable for default in payment of statutory liabilities related to old dues and the company would like to confirm that most of the old dues have already been settled and every efforts will be made to clear all the dues at the earliest.

- (6). *Note No. 18 of Notes to account regarding non availability of share certificates for investments made in equity shares of ASIA HR Technologies Limited (Formerly known as SMR Universal Softech Ltd)., and Suntrack Diamond Ltd., amounting to Rs. 6,19,716/- and Rs. 45,00,000/- respectively.*

The Audit observation relating to non availability of share certificates for investments made in equity shares of ASIA HR Technologies Limited (Formerly known as SMR Universal Softech Ltd)., and Suntrack Diamond Ltd., amounting to Rs. 6,19,716/- and Rs. 45,00,000/- respectively will be looked into and, if necessary, arrangements will be made for obtaining Duplicate Share Certificates and also will be disposed of during the current year at the prevailing market rate.

- (7). *Note No. 18 of Notes to Accounts regarding non provision for diminution in the value of investments in ASIA HR Technologies Limited (Formerly known as SMR Universal Softech Ltd), and Suntrack Diamond Ltd. The amount of diminution value is not ascertained by the Company.*

The Audit observation relating to non provision for diminution in the value of investments in ASIA HR Technologies Limited (Formerly known as SMR Universal Softech Ltd), and Suntrack Diamond Ltd will be looked into and will be disposed of during the current year at the prevailing market rate.

- (8). *Accounting Policy No 7, with regards to Inventory Valuation of Raw Materials and Method of Valuation of Inventory is inconsistent with the Accounting Standard – 2 notified by the Companies Accounting Standard Rules,2006.*

The Audit observation relating to Inventory Valuation of Raw Materials and Method of Valuation of Inventory is inconsistent with the Accounting Standard – 2, has been taken note of and will be implemented in consistent with the Accounting Standard – 2 notified by the Companies Accounting Standard Rules, 2006.

Acknowledgements

Your Directors place on record their sincere gratitude to the continuing patronage of our valued customers, whose sustained support and encouragement has enabled the Company in achieving results.

Your Directors also place on record, their sincere appreciation for the dedication and commitment of staff at all levels.

Your Directors wish to register their acknowledgement and appreciation for the timely support and co-operation being extended by the Banks and all their executives.

For and on behalf of the Board

Sd/-

Place : Bangalore

DR. K. R .Srinivasan

Date : 28.08.2010

Chairman & Managing Director

ANNEXURE A

Details of employee with remuneration in excess of prescribed limits to be provided as per section 217 (2a) read with companies (particulars of employees) Rules 1978 and forming part of Directors Report for the year ended 31st March 2009 is as follows:

Name	Position	Salary & Allowance Rs.	Employer contribution to Provident Fund Rs.
NIL			

ANNEXURE B

Report on Corporate Governance

This Report on Corporate Governance forms part of the Directors Report. This section, besides being in compliance of the mandatory listing agreement requirement, gives an insight into the process of functioning of the Company.

1. Company's philosophy on Code of Governance

Since inception, your company has recognized the importance of high standards of Corporate Governance. The company envisages the attainment of highest level of transparency in all facets of its operations and in all its interactions with its shareholders, employees and the Government. The company is committed to best governance norms.

2. Board of Directors

- a) The present strength of the Board is five consisting of two Executive Directors and three non-Executive Directors. Dr K R Srinivasan, Chairman and Managing Director and Mr S Sudarshan Director are the two Executive Directors. Mr Krishna Srinivasan, Mr Santhanakrishnan and Mr. Sathyanarayanan are the three non-Executive Independent Directors.
- b) The Board of Directors met Seven times during the Financial Year 2009-10

Name of Director	Position	No of Meetings attended	AGM on 30.9.09	No of outside directorship held	No of membership of Board sub committees
Dr. K. R. Srinivasan	Promoter Chairman and Managing Director -Executive	7	Yes	Nil	-
Mr. S. Sudarshan	Director – Executive	7	Yes	Nil	-
Krishna Srinivasan	Promoter Director – Non executive	7	Yes	Nil	1
Santhanakrishnan	Independent Director - Non- Executive	7	Yes	Nil	2
Venkatesh Kini	Independent Director- Non Executive	3	No	Nil	-

3. Audit Committee

The Audit Committee consists of Mr Santhanakrishnan and Mr Venkatesh Kini

The Committee met four times during the year.

Audit Committee's terms of reference:

- a) To oversee company's financial reporting to ensure that financial statements are correct, sufficient and credible and incorporate all applicable accounting standards.
- b) Reviewing the external and internal auditors, adequacy of internal control systems.
- c) Reviewing quarterly, half yearly and annually financial statements
- d) Reviewing the company's financial and risk management policies
- e) Discussing with the internal and external auditors any significant findings and follow up thereon

4. Remuneration of Directors

The details of remuneration paid to Executive Directors are as follows :

Dr K R Srinivasan, Chairman cum Managing Director : Rs.4.82 Lakhs

Mr S Sudarshan, Director : Rs.8.40 Lakhs

No sitting fee was paid to the Executive Directors

5. Shareholders/Investors Grievance Committee

- a) The committee looks into the redressal of shareholders and investors complaints. The committee consists of Mr. Krishna Srinivasan and Mr Santhanakrishnan, which is headed by Mr Krishna Srinivasan. Total complaints received and solved :NIL.
- b) Number of shares pending transfer as on 31st March: Nil

6. General Body Meetings:

The location and time of the last three AGM are as follows:

YEAR	DATE OF AGM	VENUE AND TIME
2006-2007	29.09.2007	Regd Office, No.17/A, Kumbalgodu, Mysore Road, Bangalore -560 074 at 11.00 am
2007-2008	29/09/2008	Hotel Airavatha Highway, No.749/1, Mysore Road, Kengeri Bangalore – 560 074 at 11 am
2008-09	30-09-2009	Hotel Airavatha Highway, No.749/1, Mysore Road, Kengeri Bangalore – 560 074 at 11 am

No postal ballots were used in these AGMs. The special resolutions were passed by show of hands.

7. Disclosures

There were no transactions of the company of material nature with its promoters, the Directors or the management, their subsidiaries or their relatives etc. No penalties were imposed on the company by

the stock exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.

8. Means of communication

The unaudited quarterly and audited yearly financial results are sent to the Bangalore and Mumbai Stock Exchanges, where the shares of the company are listed.

Results are published in the newspapers as required by clause 41 of the listing agreement.

9. General Shareholders Information

Annual General Meeting

- | | |
|---------------------------|---|
| 1.Date | : 30th September 2010 |
| 2.Venue | : Hotel Airavata High Way, No.749/a, Mysore Road, Kengeri, Bangalore-560 060, (near R.V. College.)
Phone No.080-28605501 |
| 3.Time | : 11.00 AM |
| 4.Year | : 1 st April 2009 to 31 st March, 2010. |
| 5.Book Closure | : 24.09.2010 to 30.09.2010 |
| 6.Dividend | : No Dividend will be paid |
| 7.Listing | : Bangalore Stock Exchange & Stock Exchange
Mumbai. |
| 8.Listing Fee | : Paid for all the above stock exchanges as per the
listing Agreement |
| 9. ISIN NO. | : INE679B010111 |
| 10.Compliance officer | : Mr. Shivaram |
| 11. Financial Queries | : Mr. Shivaram |
| 12. Share holders queries | : M/s Cameo Corporte Service. |

10. CHANGE OF ADDRESS:

Members holding equity share in physical form are requested to notify the change of address, if any, to the company's share transfer agent, at the address mentioned elsewhere.

11. SHARE TRANSFER SYSTEM

Shares sent for physical transfer or dematerialisation requests are generally registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents.

The share transfer committee generally meets every week, to approve the transfers and dematerialization ests.

12. DEMATERIALIZATION OF EQUITY SHARES

Trading in equity shares of the Company became mandatory in dematerialized form with effect from 29th January 2001 to facilitate trading in demate form. In India, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreement with both these depositories. Shareholders can open account

with any of the Depository participant registered with any of these depositories.

13. SHAREHOLDERS CORRESPONDENCE:

The Company has attended to all the investors grievances/queries/information requests except for the cases where we are constrained because of some pending legal proceeding or court/statutory orders.

We endeavor to reply all letters received from the shareholders within a week.

All correspondence may please be addressed to the Share Transfer Agents at the Address given below. In case any shareholder is not satisfied with the response or do not get any response within reasonable period, they shall approach the investor relation officer or the Compliance Officer at the address given above.

15. SHARE HOLDING PATTERN AS OF 31/03/2010

Name of the Company : iQ INFOTECH LIMITED

Scrip Code: Quarter Ended : 31st March, 2010

Category code	Category of Shareholders	Number of Holders	Total No. of Shares	Shares in Demat	Total shareholding as a percentage of total number of Shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Shares	As a % (VIII)/(IV) (VIII)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(VIII)
(A)	Shareholding of Promoters and Promoter Group							
(1)	INDIAN							
(a)	Individuals/ Hindu Undivided Family	2	614000	614000	5.8656	5.8656	0	0
(b)	Central Govt./ State Government(s)	0	0	0	0	0	0	0
(c)	Bodies Corporate	0	0	0	0	0	0	0
(d)	Financial Institutions/ Banks	0	0	0	0	0	0	0
(e)	Any Other (Directors and their Relatives)	0	0	0	0	0	0	0
	Sub-Total (A)(1)	2	614000	614000	5.8656	5.8656	0	0

(2)	FOREIGN							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0
(d)	Any Other (specify)	0	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0	0
	Total Shareholding of Promoters and Promoter Group (A) = (A)(1)+(A)(2)	2	614000	614000	5.8656	5.8656	0	0

(B)	PUBLIC SHAREHOLDING							
(1)	INSTITUTIONS							
(a)	Mutual Funds/ UTI	0	0	0	0	0	0	0
(b)	Financial Institutions/ Banks	0	0	0	0	0	0	0
(c)	Central Govt. / State Govt(s).	0	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0	0
(f)	Foreign Institutional Investors	0	0	0	0	0	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0
(h)	Any Other (specify)	0	0	0	0	0	0	0

	Sub-Total (B)(1)	0	0	0	0	0	0	0
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	156	1155533	1127383	11.0389	11.0389	0	0
(b)	Individuals -	4851	4811061	4729842	45.9605	45.9605	0	0
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	100	2858909	2696609	27.3114	27.3114	0	0
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh.							
(c)	Any Other :							
	Clearing Members	8	9627	9627	0.0919	0.0919	0	
	Foreign Nationals	1	10000	10000	0.0955	0.0955	0	
	Hindu Undivided Families	120	380794	384518	3.6377	3.6377	0	
	Non-resident Indians	31	627876	564176	5.9981	5.9981	0	
	Sub-Total (B)(2)	5267	9853800	9518431	94.1344	94.1344	0	0
	Total Public Shareholding (B) = (B)(1)+(B)(2)	5267	9853800	9518431	94.1344	94.1344	0	0
	TOTAL (A)+(B)	5269	10467800	10132431	100.00	100.00	0	0
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0		
	GRAND TOTAL (A)+(B)+(C)	5269	10467800	10132431	100.00	100.00	0	0

For and on behalf of the Board

Place : Bangalore
Date : 28th August 2010

DR.K.R.SRINIVASAN
Chairman & Managing Director

ANNEXURE C

MANAGEMENT DISCUSSION & ANALYSIS REPORT

I. Industry Structure and Development

The company is now focusing into three main areas namely Defence Electronics, Industrial Electronics like BHEL etc. and others, Digital Display Systems and major development areas by the R&D.

All these three areas have got tremendous potential in terms of market schemes. Hence the company will focus in these areas in the next 2-3 years. Since the company was involved in Automotive Electronics for a long time the company is also looking out at newer potential areas in this segment.

II. Segment wise Performance :

The company is concentrating on Indian PSUs who are the blue chip companies of India to-day.

III. Industrial Segment :

With reference to the Industrial segment the company was in a position to bag good orders through tender process and the company is established as one of the reliable vendors in this sector.

Since the Power Sector is growing tremendously, BHEL has bagged huge orders from the power plant segment for Pollution Control Applications. The company can look forward to receive huge volume of orders from this sector as the company has been well established in terms of quality and deliveries. However the defence sector growth has been fairly less during the current year as many of the items which were supposed to be gone into production have been further delayed due to Govt. procurement procedures and formalities.

IV. Threats and concerns :

The areas in which the company is working have a number of competitors and the only way the company can bag orders is through their pricing structure and also quality of its products. Hence, the company is focusing on value engineering and also upgrading the technology to appraise these two threats and concerns.

V. Out look opportunities :

As mentioned above, there is tremendous opportunity in the area of Digital Display Systems as well as Automotive Electronics in which the company has the required expertise. The company hopes to strengthen its R&D activities and also modernize the company in these areas so that the company can bag large volume orders. The modernization will be in terms of upgrading existing facilities and also add more equipment in order to achieve the desired development and manufacturing activities.

INTERNAL CONTROL AND ITS ADEQUACY

The Management reporting system adopted by the company at different levels for different activities is considered adequate and enables to take corrective action by the management

through regular review meetings. The company's systems and processes in all areas are regularly reviewed by the internal auditors. Management regularly reviews the internal audit reports and corrective actions are initiated to further strengthen the control.

FINANCIAL AND OPERATIONAL PERFORMANCE

Higher productivity, aggressive cost curtailment together with debt restructuring has been key are to improve the operational performance. The sale prices are adjusted whenever required to match cost with the revenue.

HUMAN RESOURCES

The industrial relations in both units of the company have been harmonious.

By order of the Board of Directors

For IQ INFOTECH LTD.

Dr. K.R.SRINIVASAN

Chairman & Managing Director

Place : Bangalore

Date : 28th August 2010

ANNEXURE - D

Conservation of Energy, Technology absorption, Foreign exchange Earning and outgo

Conservation of energy :

The Company has installed fuel efficient and energy saving devices with the help of professional consultants to reduce energy consumption.

Research and Development :

A team has been formed internally comprising of Engineers with experience in various functions. Few projects have been identified which will yield results in terms of new product development technological up gradation to improve manufacturing process and to try out different materials/ consumables to reduce product costs etc.

Technology absorption :

The Company has no outside technical collaboration.

Foreign exchange Earning and outgo :

- | | | |
|----|---------------------------|---------------|
| a. | Foreign Exchange utilized | NIL |
| b. | Foreign Exchange earned | Rs. NIL Lakhs |

AUDITORS' REPORT

We have audited the attached Balance Sheet of the "iQ infotech Limited, # 17A, Kumbalagodu Industrial Area, Mysore Road, Bangalore - 560 074, as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company 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 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 of 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 paragraph 4 and 5 of the said order to the extent applicable.

Further to our comments in the Annexure referred to in paragraph 3 above, we state that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of 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 the books.
- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
- d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211[3C] of Companies Act, 1956.
- e. On the basis of the written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 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 according to the information and explanations given to us, the accounts read together with the notes and accounting policies thereto, give the information required by the companies Act 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India subject to:
 - i. *Note No. 2.1(a) of accounting policies regarding accounting of Gratuity and Encashment of Leave on cash basis as mentioned in Note 8.2 of accounting policy read*

with Note No.12 of Notes to Accounts regarding non provision for gratuity liability, which is inconsistent with Accounting Standard -15 (revised) notified under the Companies Accounting Standard Rules, 2006.

- ii. Note No. 6 regarding disclosure of quantitative particulars and capacity utilization is not in accordance with Part II of Schedule VI of the Companies Act.*
- iii. Note No.13 of Notes to accounts regarding Intangible Assets disclosure is not in accordance with the Accounting Standard -26(Intangible Assets) notified by the Companies Accounting Standard Rules,2006. Further, the Company has not assessed the probability of the future economic benefits from the research and development activities.*
- iv. Note No.15 of Notes to accounts regarding reconciliation of sundry debtors, bank balance, creditors and VAT and Excise duty balances.*
- v. Note No. 16 of Notes to Accounts regarding non payment of statutory liabilities and non provision for interest and penalty payable for default in payment of statutory liabilities.*
- vi. Note No. 18 of Notes to account regarding non availability of share certificates for investments made in equity shares of ASIA HR Technologies Limited (Formerly known as SMR Universal Softech Ltd)., and Suntrack Diamond Ltd., amounting to Rs. 6,19,716/- and Rs. 45,00,000/- respectively.*
- vii. Note No. 18 of Notes to Accounts regarding non provision for diminution in the value of investments in ASIA HR Technologies Limited (Formerly known as SMR Universal Softech Ltd), and Suntrack Diamond Ltd. The amount of diminution value is not ascertained by the Company.*
- viii. Accounting Policy No 7, with regards to Inventory Valuation of Raw Materials and Method of Valuation of Inventory is inconsistent with the Accounting Standard – 2 notified by the Companies Accounting Standard Rules,2006*
 - a. In the case of Balance Sheet, of the state of affairs of the Company as on 31st March 2010.*
 - b. In the case of the Profit and Loss Account of the Loss of the Company for the year ended on that date; and*
 - c. In the case of the Cash Flow statement, of the cash flows for the year ended on that date.*

**For G.V.SUNDER & CO.,
Chartered Accountants
(ICAI FRN: 007248S)**

Place: Bangalore
Date : 28/08/2010

**G.V.SUNDER
Partner
Membership No: 019190**

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS'
REPORT TO THE MEMBERS OF THE iQ INFOTECH LIMITED FOR THE
YEAR ENDED 31ST MARCH 2010**

1.	a)	The Company has maintained records showing full particulars including quantitative details and location of the fixed assets.
	b)	There is a regular program of physical verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No materials discrepancies have been noticed by the management in respect of the assets physically verified during the period.
	c)	Company has not sold substantial part of fixed assets during the year.
2.	a.	Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
	b.	The Procedures of physical verification of stocks followed by the management are adequate in relation to the size of the Company and the nature of its business.
	c.	The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
3.	a.	As informed to us, the Company has not granted loans, secured or unsecured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
	b.	As the Company has not granted any loans during the year to the parties covered in the register maintained under section 301 of the Companies Act, 1956 clause (b), (c) and (d) are not applicable
	c.	The Company has taken unsecured loans during the period from parties covered in the register maintained under section 301 of the Companies Act, 1956. The company has taken loan from two parties. The year end balance from both the parties put together is Rs 1.55 lakhs.
	d.	In our opinion, having regard to the long term involvement with the parties covered in the register maintained under section 301 of the Companies Act, 1956 and considering the explanation given to us, in this regard the rate of interest and other terms and conditions of loans taken by the company, secured or unsecured, wherever stipulated are not prima facie prejudicial to the interest of the company.
	e.	The Company is generally regular in repayment of principal amount and interest as per the stipulated terms.

4.		In our opinion, and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of raw materials, stores and spares, plant and machinery, equipment and other assets. <i>In our opinion, the internal control in the area of receivables and advances needs to be further strengthened.</i>
5.	a.	All the transactions with parties covered under section 301 of the Companies Act, 1956 have been properly entered, if and when transaction takes place, in the register maintained under section 301 of the Act.
	b.	In our opinion and according to the information and explanations given to us, the Company has not entered into transactions of sale of goods, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
6.		The Company has not accepted any deposits from the public during the year.
7.		<i>The company has an internal audit system. However in our opinion the same is not commensurate with the nature and size of the business of the company.</i>
8.		Maintenance of cost records as per clause (d) of sub-section (1) of section 209 of the Companies Act is not applicable to the Company.
9.	a.	<i>In our opinion and according to the information and explanations given to us, the Company is not regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, sales tax, service tax and Excise Duty with appropriate authorities. The company is generally regular in payment of Income Tax and Customs Duty.</i>
	b.	According to the information and explanations given to us, undisputed amounts payable in respect of the following except income tax, service tax, customs duty, excise duty and cess were in arrears, as at 31 st March 2010, for a period of more than six months from the date they became payable; <i>Tax Deducted at source Rs. 123,560.00</i> <i>Service Tax Rs.2,73,387.00</i> <i>ESI Rs 64,400.00</i> <i>PF Rs 214,831.00</i> <i>VAT Rs 10,73,550.00</i>
10.		The Company's accumulated losses at the end of the financial year is Rs.5, 37, 10,088/- . The company has incurred <i>cash losses</i> during the current year. Immediately preceding financial year company has not incurred any cash losses.
11.		The company does not have any outstanding due to any financial institutions, banks or debenture holders during the year.

12.		The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13.		As the Company is not a chit fund, nidhi, mutual benefit fund or society the provisions of clause 4[xiii] of the Companies [Auditor's Report] Order, 2003 is not applicable to the Company.
14.		The Company is not dealing or trading in shares/ securities/ debentures and other investments.
15.		The Company has not given any guarantees for loans taken by others from bank or financial institutions during the period under review.
16.		In our opinion and according to the information and explanations given to us by the management, term loans are applied for the purpose for which the loans were obtained.
17.		According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that neither any short-term funds have been used for long-term purposes nor any long-term funds have been used to finance short-term assets except permanent working capital.
18.		According to the information and explanations given to us, during the period covered by our audit report, the company has not made any preferential allotment of share to parties and companies covered in the register maintained under section 301 of the Act.
19.		The Company has not issued any debentures during the year.
20.		The Company has not raised any money by way public issue during the year.
21.		Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For G.V.SUNDER & CO.,
Chartered Accountants
(ICAI FRN: 007248S)**

Place: Bangalore.
Date: 28/08/2010

**G.V.SUNDER
Partner**

SECRETARIAL AUDIT REPORT

To

The Members
iQ Infotech Ltd.
Bangalore.

We have examined all secretarial records and the compliance of provisions of the Companies Act, 1956, the regulations, guidelines and the instructions issued by the Securities and Exchange Board of India (SEBI) and the relevant clauses of the Listing Agreement with Stock Exchanges where the shares of iQ Infotech Ltd.

(the company) are listed, the Depositories Act, 1996 and bye-laws framed there under from time to time, for the year ended 31st March, 2010 and we report that :

1. Maintenance of Statutory Records:

The Company is maintaining all statutory records and registers as required to be maintained under various provisions of the Companies Act, 1956 and the rules made there under and all the records and entries in the registers are upto date.

2. Filing of Statutory Returns:

The Company has timely filed all statutory returns with the Registrar of Companies as well as with other Statutory Authorities and has furnished the required documents / intimations to the Stock Exchanges regularly and within the scheduled time frame as required under various clauses of the Listing Agreement.

3. Composition of the Board:

The Board of Directors of the Company comprised of 5 Directors consisting of the Chairman (Executive Chairman), Director (Executive), three independent directors(Non-Executive) as on 31.03.2010. In terms of clause 49 of Listing Agreement, at least half of the Board should comprise of independent directors.

4. Board Meetings:

During the year, the Board of Directors of the Company met seven times - 30.04.2009, 31.07.2009, 01.08.2009, 31.08.2009, 31.10.2009, 30.01.2010 and 27.03.2010, in respect of which proper notices were given. The proceedings of the meetings including the resolution passed were properly recorded in the Minutes Book maintained by the Company and duly signed.

5. Registrar & Transfer Agent:

The Company has a Registrar & Transfer Agent located at M/s Cameo Corporate Services Ltd. Subramaniam Building, #1 Club House Road, Chennai-600 002 and all the work related to shares in terms of both physical and electronic segments are being handled there.

6. Share Transfer Committee:

To ensure speedy and timely transfer/transmission of shares in physical segment, the Share Transfer

Committee constituted by the Board considered and approved all the share related issues besides taking note of beneficial owners position under demat mode. During the year ended 31st March, 2010, the Share Transfer Committee met 2 times.

7. Redressal of Investors Grievances:

All the complaints/grievances relating to share transfers, transmission, demat / remat of shares, issue of duplicate share certificates etc. were promptly attended to by the Company and they were resolved within a week's time of their receipt.

8. Insider Trading Regulations:

The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the regulations.

9. No Legal Notice:

The Company has not received any Show cause notice for any alleged offence/violation under the Companies Act, 1956 or under SEBI guidelines and non fine, penalty or other punishment has been imposed in the Company in this regard during the year under review.

10. Public Deposits:

No public Deposits were accepted by the Company under Companies (Acceptance of Deposits) Rules, 1975 during the year. The Company has neither issued any GDR/ADR nor any convertible instrument during the year under report.

Place: Bangalore

Date: 28.08.2010

P. PERIASWAMY

(Practicing Company Secretary)

CP No. 7319

IQ INFOTECH LIMITED
(formerly SYSTEMS DIMENSIONS PVT LTD).
No.17A, Kumbalgodu Industrial area, Mysore Road, Bangalore - 560074

BALANCE SHEET AS AT 31.03.2010

	SCH NO.	AS AT 31.03.2010	AS AT 31.03.2009
		RS	RS
<u>I. SOURCES OF FUNDS</u>			
1. SHARE HOLDERS FUND			
(a) Capital	1	105125500	105125500
(b) Reserve and surplus	2	63428987	63428987
2. LOANS FUNDS:			
(a) Secured Loans	3	23335687	22925951
(b) Unsecured Loans		831506	688379
3. DEFERRED TAX			
Deferred Tax Liability	4	3375750	2324447
TOTAL		196097430	194493264
<u>II. APPLICATION OF FUNDS</u>			
1. FIXED ASSETS			
(a) Gross Block	5	111858539	111858539
(b) Less Depreciation		66897570	63389582
(c) Net Block		44960969	48468957
(d) Capital Work in Progress		56069323	56069323
2. INVESTMENTS			
	6	5119716	5119716
3. CURRENT ASSETS, LOANS AND ADVANCES:			
(a) Inventories	7a	16229761	16348733
(b) Sundry Debtors	7b	17190162	21799771

(c) Cash & Bank Balance	7c	549817	701583
(d) Loans, Advances & Deposits	7d	18434427	18422785
TOTAL CURRENT ASSETS 'A'		52404167	57272872
CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	8a	14688865	13231947
(b) Provisions	8b	1477968	1544751
CURRENT LIABILITIES(B)		16166833	14776698
NET CURRENT ASSETS (A-B)		36237334	42496174

4. MISCELLANEOUS EXPENDITURE:

(To the extent not written off or adjusted)

(a) Preliminary Expenses		-	55382
(b) Profit and Loss A/c		53710088	42283712
TOTAL		196097430	194493264

Notes on Accounts 17

Schedules mentioned above forms
an integral part of accounts

As per our report of even date attached
to the Balance Sheet

**For G.V.Sunder & Co.,
Chartered Accountants**

**G.V.Sunder
Partner**

For iQ infotech Limited

PLACE: BANGALORE

DATE : 28/08/2010

**Dr. K.R.Srinivasan S. Sudarshan
Chairman & Managing Director Director**

IQ INFOTECH LIMITED

No. 17/A, I Phase, Kumbalagodu Indl. Area, Mysore Road, Bangalore -560 074

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2010

	SCH NO.	AS AT 31.03.2010	AS AT 31.03.2009
<u>INCOME :</u>			
		RS	RS
Sales Less Return	9	12251163	20327903
Other Income	10	70023	13451
Increase/Decrease in stock		2626565	1612145
	TOTAL	14947751	21953499
<u>EXPENDITURE :</u>			
Operational expenses	11	7839185	7212864
Administrative Expenses	12	8766906	7946002
Repair & Maintenance	13	234375	286288
Selling Expenses	15	106495	121752
Duties and taxes	16	50000	2288759
TOTAL (B)		16996961	17855665
PROFIT BEFORE FINANCIAL EXPENSES, DEPRECIATION, PRELIMINARY EXPENSES		-2049210	4097834
Less: Financial Expenses		4093432	3664454
Less: Depreciation		3507988	10844012
Less: Preliminary expenses written off		55382	55376
NET PROFIT/LOSS BEFORE INCOME TAX		-9706012	-10466008
Less: Provision for Taxation		0	0
Less: Provision for Deferred Tax liability		1051303	(2,194,193)
Less: Provision for Fringe Benefit Tax		0	66783
Less: Earlier year expenses		669061	0
NET PROFIT/LOSS FOR THE YEAR		-11426376	-8338598
ADD: BALANCE BROUGHT FORWARD FROM LAST YEAR		-42283712	-33945114
Add: General Reserve		-	-

Balance in Profit and Loss A/c		-53710088	-42283712
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Notes on Accounts	17		
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Earnings Per share

Basic/ diluted Earnings Per Share		(1.07)	(0.78)
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(Face Value Rs 10/- per share)

Wiegthed average number of shares

to compute above		10646800	10646800
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Schedules mentioned above forms an integral part of accounts

As per our report of even date attached to the Balance Sheet

**For G.V.Sunder & Co.,
Chartered Accountants**

**G.V.Sunder
Partner**

For iQ infotech Limited

PLACE: BANGALORE

DATE : 28/08/2010

**Dr. K.R.Srinivasan
Chairman & Managing Director**

**S. Sudarshan
Director**

iQ infotech Limited

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010

SL NO.	PARTICULARS	31.03.2010	31.03.2009
		RS	RS
1	SHARE CAPITAL:		
	Authorised Capital		
	1,10,00,000 equity shares of Rs.10/- each		
	(Previous year 1,10,00,000 Equity		
	Shares of Rs.10/-)	<u>110,000,000</u>	<u>110,000,000</u>
	ISSUED SUBSCRIBED & PAID UP CAPITAL		
	1,06,46,800 Equity shares of Rs.10/- each		
	(Previous year 1,06,46,800		
	Equity Shars of Rs.10/-)	106468000	
	Less: Calls in Arrears	<u>1342500</u>	
	(1,79,000 shares at Rs.7.50 per share)	105,125,500	105,125,500
	Out of this 55,04,800 shares were		
	issued to Public		
	Total	105,125,500	105,125,500
2	RESERVE AND SURPLUS:		
	Capital Reserve	726,687	726,687
	Sub Total A	726,687	726,687
	Share Premium Account		
	1. On 52,50,000 shares @ Rs.6 per share	31,500,000	31,500,000
	2. On 53,04,800 shares @Rs.6/- per share	31828800	
	Less: Calls In Arrears at Rs.3.50 for 1,79,000	<u>626500</u>	
	Sub Total B	62,702,300	62,702,300
	TOTAL A+B	63,428,987	63,428,987
3	SECURED LOANS		
	a)TERM LOAN FROM FINANCIAL		
	INSTITUTIONS:		
	Canara Bank - Term Loan 413-773-23	3,533,439	3,342,128
	Canara Bank - Term Loan 413-773-22	2,014,384	2,000,020
	Canara Bank - Term Loan 0431746000001	2,806,048	3,464,194
	Refer Notes on Accounts No.7a and 7b	8,353,871	8,806,342
	b) WORKING CAPITAL: FROM BANKS		
	Supply Bills - Canara Bank	4,044,979	6,560,809
	OCC Account - Canara Bank	10,936,837	7,558,800
			-
		14,981,816	14,119,609

TOTAL		23,335,687	22,925,951
	UNSECURED LOANS:		
	From directors and Others	831,506	688,379
4	DEFERRED TAX:		
	Deferred Tax liability		
	Fiscal Tax adjustments on Fixed Assets as on 1.4.2009	2324447	
	Add: Current Years adjustments: liability	1051303	3,375,750
	Net Deferred Tax Liability	3,375,750	2,324,447
5	FIXED ASSETS : AS PER ANNEXURE ENCLOSED	101,030,292	104,538,282
6	INVESTMENTS :		
	Long Term Investment at cost - Quoted - Non Trade		
	SMR Universal Softex Ltd	619,716	619,716
	(480400 Equity shares of Rs.1.29 per share)		
	(2009:480400 Equity shares of Rs.1.29 per share)		
	Suntrack Limited - Non Trade unquoted(at cost)	4,500,000	4,500,000
	(4,50,000 Equity Shares of Rs.10/- each)		
	(2009: 4,50,000 Equity Shares of Rs.10/- each)		
	TOTAL	5,119,716	5,119,716
7	CURRENT ASSETS, LOANS AND ADVANCES		
7a	INVENTORIES.		
	(At cost, valued and taken as certified by the Management)		
	Indigenous Raw Materials	4,952,431	7,697,968
	Semi Finished goods	8,801,130	8,650,765
	Finished goods	2,476,200	-
	Total	16,229,761	16,348,733
7b	SUNDRY DEBTORS:		
	I. OUTSTANDING EXCEEDING 6 MONTHS		
	1.Unsecured considered good	16,925,380	12,212,817
	2.Unsecured considered doubtful		
	II. OUTSTANDING LESS THAN 6 MONTHS		
	1. Considered good	264,782	9,586,954
	Total	17,190,162	21,799,771
	Less; Provision for Doubtful Debts	-	-
7c	CASH & BANK BALANCES :		
	Cash on hand	89,241	99,992
	Cash with scheduled bank on current a/c	14,750	78,981
	Fixed deposits with Banks - Margin on BG	445,826	522,610
	Total	549,817	701,583
7d	LOANS, ADVANCES AND DEPOSITS		
	i) Advances recoverable in cash or in kind for value to be received	1,389,566	963,400

	ii)Deposits with Govtment Departments	90,640	628,771
	iii Advance to Suppliers	16,954,221	16,830,614
	TOTAL i+ii+iii+iv	18,434,427	18,422,785
8	CURRENT LIABILITIES & PROVISIONS		
8a	Current Liabilities		
	Advances from Customers	1,767,681	3,838,836
	Other Liabilities payable	4,340,703	1,536,898
	Sundry Creditors(Dues to MSMED		
	Creditors:NIL (2009: NIL))	8,580,481	7,856,213
	Total I	14,688,865	13,231,947
8b	PROVISIONS :		
	Gratuity - provision	1,477,968	1,477,968
	Fringe Benefit Tax payable	-	66,783
	Total ii	1,477,968	1,544,751
	TOTAL OF i & ii	16,166,833	14,776,698
9	SALES		
	Sales less Reutrn	12,251,163	16,042,143
	Labour charges collected	-	4,285,760
		12,251,163	20,327,903
10	OTHER INCOME		
	Discount Received	259	13,451
	Interest on FD	60,471	-
	other income	9,293	-
	Total	70,023	13,451
11	OPERATIONAL EXPENSES		
	a) i.RAW MATERIALS CONSUMED		
	Inventories Opening Stock		
	Raw Materials	7,697,968	5,690,658
	Total	7,697,968	5,690,658
	ADD : PURCHASES DURING THE YEAR		
	Raw materials - Indigenous:		
	- Local	3,164,701	5,356,776
	- Interstate	621,748	1,281,338
	- Imported	869,011	1,880,722
	Carriage Inward	39,143	2,840
	Customs Duty, Clearing charges	82,931	39,874
	Freight charges	59,001	171,005
	Total	12,534,503	14,423,213

Less: MODVAT credit availed		-
Total	12,534,503	14,423,213
Less: Closing stock		
Raw Materials - Local	4,952,431	7,697,968
Imported Raw Materials		
SUB TOTAL -A - RAW MATERIALS CONSUMED	7,582,072	6,725,245
Labour Charges	43,835	185,986
Water and power charges	120,772	181,041
Consumable	-	60
Testing Charges	92,506	112,405
Packing Materials		8,127
SUB TOTAL B	257,113	487,619
TOTAL OF A + B	7,839,185	7,212,864
12 ADMINSTRATIVE EXPENSES		
a) EMPLOYEES REMUNERATION & BENEFITS		
Directors Remuneration & sitting Fee	1,322,976	1,118,551
Education allowance	381,119	110,837
ESI	113,009	151,517
Gratuity paid	88,850	-
Provident fund	427,132	401,295
Salary & Wages	4,212,144	4,154,975
Staff welfare	203,413	193,496
SUB TOTAL A	6,748,643	6,130,671
AGM Expenses		6,840
Audit Fees	75,000	70,000
Hire charges	121,746	
Insurance	101,486	86,099
Liquity Damages	336,768	439,352
Local conveyance	73,794	50,797
Misc. Expenses	26,845	12,817
Office Maintenance	623,497	119,847
Post & Telegram, courier charges	38,572	33,684
Pooja expenses	-	22,119
Custodial fee NSDL	49,565	-
Listing Fee	37,290	-
Loss on sale of Fixed Assets - Indigo	-	41,747
Printing & Stationary	55,026	129,067
Professional / consultancy Fees	27,050	116,250
Registration & Renewals	1,220	157,268
Rent	-	49,800
Interest on Service Tax and VAT,PT	83,401	-
Telephone, Mobile charges	190,707	230,568
Travelling Expenses - Director	40,000	24,020
Travelling Expenses - Others	136,296	225,056
SUB TOTAL B	2,018,263	1,815,331
TOTAL OF A + B	8,766,906	7,946,002

13	REPAIRS & MAINTENANCE		
	Vehicle	187,685	175,672
	Machinery	2,500	30,884
	Building	44,190	79,732
	Total	234,375	286,288
14	FINANCIAL CHARGES		
	Bank Charges & Commission	210,063	338,533
	Bank Interest	3,801,132	2,707,216
	Interest paid to others	82,237	618,705
	Total	4,093,432	3,664,454
15	SELLING EXPENSES		
	Advertisement	12,000	-
	Service charges	94,495	121,742
	Carriage outward		10
	Discount Allowed		-
	Total	106,495	121,752
16	DUTIES AND TAXES:		
	Service Tax	-	20,691
	VAT / Sales Tax	50,000	634,328
	Excise duty	-	1,633,740
	Total	50,000	2,288,759

iQ infotech Limited
ANNEXURE "5" TO SCHEDULE OF FIXED ASSETS AS ON 31.03.2010

SL NO.	PARTICULARS	RATE S.L.M (%)	Gross Block as on 01.04.2009	Additions	Sale/ Transfer	Total	Depren. Up to 31/03/2009	Depreciation for the Current year	Total Depreciation	Net Block as on 31/03/2010	Net Block as on 31/03/2009
1	Land	0	274,130	-	-	74,130	-	-	-	274,130	274,130
2	Building	3.34	4,384,416	-	-	4,384,416	1,366,125	146,439	1,512,564	2,871,852	3,018,291
3	Plant & Machinery	4.75	764,210	-	-	764,210	717,974	36,300	754,274	9,936	46,236
4	Machinery used in R & D	4.75	2,353,293	-	-	2,353,293	1,136,886	111,781	1,248,667	1,104,626	1,216,407
5	Machinery used in R&D	0	735,687	-	-	735,687	9,000	-	9,000	726,687	726,687
6	Furniture & Fixtures	6.33	506,814	-	-	506,814	498,567	8,247	506,814	-	8,247
7	Vehicle	9.50	3,720,306	-	-	3,720,306	2,938,040	353,429	3,291,469	428,837	782,266
8	Electrical Fittings	4.75	36,419	-	-	36,419	25,758	1,730	27,488	8,931	10,661
9	Testing Equipments	5.38	26,957,095	-	-	26,957,095	5,532,414	1,450,292	6,982,706	19,974,389	21,424,683
10	Tools & Equipments	5.38	24,911,490	-	-	24,911,490	4,380,076	1,340,238	5,720,314	19,191,176	20,531,414
11	Office Equipments	4.75	322,971	-	-	322,971	305,431	15,341	320,772	2,199	17,540
12	Interior Decoration	6.33	698,108	-	-	698,108	285,711	44,190	329,901	368,207	412,397
13	Software Development	16.21	46,193,600	-	-	46,193,600	46,193,600	-	46,193,600	-	-
	TOTAL		111,858,539	-	-	111,858,539	63,389,582	3,507,988	66,897,570	44,960,969	48,468,959
	Previous Year		112,168,414	6,872	316747	111,858,539	52,245,570	10,844,012	63,389,582	8,468,957	59,622,844
14	Capital Work In Progress		44,820,810	-	-	44,820,810	-	-	-	44,820,810	44,820,810
15	R&D Capital Expenditure in process		11,248,513	-	-	11,248,513	-	-	-	11,248,513	11,248,513
	TOTAL		56,069,323	-	-	56,069,323	-	-	-	56,069,323	56,069,323
	Previous year		56,069,323	-	-	56,069,323	-	-	-	56,069,323	56,069,323

IQ INFOTECH LIMITED

SCHEDULE 17

Schedules to the Balance Sheet and Profit & Loss Account as at 31.03.2010.

Significant Accounting Policies and notes to Accounts:

A. Significant Accounting Policies:

1. BASIS OF PREPARATION:

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) and materially comply with the mandatory accounting standards notified by the Companies Accounting Standard Rules, 2006 and the Provisions of the Companies Act, 1956. All Income and expenditure, having a material bearing on the financial statements are recognized on the accrual basis.

2. REVENUE RECOGNITION:

- A) Revenue from Hardware sales is recognized upon delivery of goods. Sales value is Exclusive of Excise duty and Value Added Tax.
- B) Revenue from Software development services comprises income from time-and- Material and fixed price contract. Revenue with respect to time-and-material contracts is recognized as and when related services are performed. Sales value is exclusive of value Added tax or Service Tax as the case may be.
- C) Income for the services rendered is recognized as and when the services are completed and bills raised.

2.1 EXPENDITURE:

- a) Expenses are accounted on accrual basis and provision for known liability or losses incurred during the year, except in case of Bonus, Leave travel concession and Encashment of leave and Gratuity , which are accounted on cash basis.
- b) Excise Duty is accounted at the stage of removal of goods from manufacturing units.
- c) Customs Duty is accounted in the year the goods are cleared from customs bonded warehouse.

3. FIXED ASSETS:

- 1) Fixed assets are stated at cost of acquisition and any cost of bringing the assets to its working condition for the intended use.
- 2) Software development and capital work in process – Software development and capital work in progress is capitalized as and when the software and products are intended for a particular job is fully finished and brought to commercial use.
- 3) R & D Capital expenditure is capitalized and amortized after the completion of project and brought for commercial extraction.

4. DEPRECIATION:

- a) Depreciation on Fixed Assets is provided using straight-line method as per Schedule XIV to the Companies Act, 1956.
- b) Depreciation on assets are provided at normal S.L.M rates on assets, acquired and held before 30th Sep, and 50% of normal S.L.M rates on assets acquired held after 30th Sept.

5. FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Current assets and liabilities denominated in foreign currency are translated at the rate of exchange as at the Balance-Sheet date. All resulting gains or losses are recognized in the Profit and loss Account.

6. INVESTMENTS:

Long term Investments are stated at cost and short term investments are valued at lower of cost and net realizable value. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.

7. INVENTORIES:

7.1: Closing Stock of Raw Material is valued at cost inclusive of excise duty.

7.2: Finished goods are valued at lower of cost or net realizable value.

7.3: Semi finished goods are valued at Raw Material cost plus proportionate share of production overheads. The Company follows last in first out method for valuation of inventory.

8. RETIREMENT BENEFITS

8.1 Provident Fund:

In accordance with Indian Law, employees receive benefits from a provident fund, which is a defined contribution plan. Both the employer and employee make monthly contributions to the plan equal to 12% of the covered employees' basis salary. The company has no further obligations under the plan beyond its monthly contributions.

8.2 Gratuity & Leave Encashment:

The Company has not made any provision for Gratuity & Leave Encashment, during the year and also during the previous year. The Gratuity and Leave Encashment is accounted on cash basis only. The amount of Gratuity & Leave Encashment Liability is yet to be ascertained by the Company.

9. RESEARCH AND DEVELOPMENT:

9.1: In-house Research and development are generally treated as revenue Expenditure. In the case of protos development, this has commercial realizable value, are taken as addition to fixed Assets. The cost of development of such proto types is depreciated as regular assets. The Research & Development which is not complete is taken as capital work in progress.

9.2: Software development purchased directly is capitalized on the basis of the Purchase cost.

9.3: Advances made for software development, which are un finished, are treated as Capital work-in progress.

10. Preliminary expenses incurred up to 31.03.2000 amounting Rs. 5,55,581/- are being amortized over a period of 10 years beginning from 2000-2001.

11. Impairment of Assets: The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

B. NOTES TO ACCOUNTS:

1. SEGMENT REPORTING

In accordance with Accounting Standard – 17(AS-17) on segmental reporting issued By the Companies Accounting Standard Rules, 2006, the company operates in only one segment of manufacturing of Embedded Products and the relevant information is furnished below:

	Rs. In Lakhs	
As on 31 st March	2010	2009
Embedded Products	122.51	203.28

2. RELATED PARTY DISCLOSURES

Pursuant to Accounting Standard – 18 Related Party Disclosures “issued by

The Companies Accounting Standard Rules, 2006”, the following parties are to be treated as Related Parties along with their relationships.

(Rs. In lakhs)

Sl. No.	Related Party	Relationship Between Parties	Nature of Transaction	For 31.03.2010	For (31.03.09)
1	Dr. K.R. Srinivasan	Managing Director	Remuneration	4.83	4.83
2	Mr. S. Sudarshan	Director	Remuneration	8.40	6.36
3	M/s Sales Dynamics	Partnership Firm	Sales	0	0

3. DEFERRED TAX ASSET AND LIABILITY:

Details of deferred tax calculation for the year ending 31-03-10

	Deferred tax Asset(liability) As on 1-04-09	Current year (charge)/credit	Deferrer tax asset(liability) as on 31-03-10
a. Difference between book And tax depreciation	(23.24)	10.51	(33.75)
	Total		(33.75)
		Year ended 31-03-10	Year ended 31-03-09
		Rs in lakhs	Rs in lakhs

4. EARNINGS IN FOREIGN CURRENCY: Nil Nil

Exports sales (In FOB)

5. EXPENDITURE IN FOREIGN CURRENCY:

a) CIF Value of Imports 8.69 18.81

6. QUANTITATIVE PARTICULARS

The quantitative particulars in respect of production, sales, and stock of hardware items are given below. In case of software development, the production and sale of such software cannot be expressed in any generic unit. Hence it is not possible to give the quantitative details of sales and information as required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

QUANTITY STATEMENT OF RAW MATERIALS 2009-10

Particulars	Opening Stock Qty.	Value in Lakhs	Purchases Qty.	Value in Lakhs	Consumption Qty.	Value in Lakhs	Closing Stock Qty.	Value in Lakhs
PCBS	14778	7.11	20376	9.80	16581	8.97	18573	7.94
ICS ASSORTED	30298	20.37	15195	10.21	22440	17.08	23053	13.50
RELAYS & TRANSFORMER	13199	2.98	1840	2.41	4533	2.02	10506	3.37
SWITCHES	1938	3.04	2629	4.12	3411	5.35	1156	1.81
TRANSISTORS ASSORTED	41100	1.65	21695	0.87	37109	1.48	25686	1.04
CONNECTORS	7338	4.93	3383	2.27	5202	5.49	5519	1.71
RESISTORS	722854	9.13	79378	1.01	206350	3.59	595882	6.55
INSERTS	12948	1.98	9258	1.41	15968	2.44	6238	0.95
DEFENCE MATERIALS	4618	2.36	298	0.15	1512	0.77	3404	1.74
LEDS	103583	6.99	9121	3.55	33497	4.26	79207	6.28
OTHERS	0	16.44	0	10.75	0	22.56	0	4.63
TOTAL	952654	76.98	163173	46.55	346603	74.01	769224	49.52

7. a. SECURED LOANS:

a. During the year Company has repaid Term Loan of Rs.4.52 (2009: Term Loan taken Rs 88.06) with interest, taken from Canara Bank is secured by charge on company's factory land and building by way of mortgage and hypothecation of stocks and receivables and house property belonging to Managing Director and personal guarantee of the directors.

b. Working Capital Loan i.e. OCC account and Supply Bills account is secured by charge on company's factory land and building by way of mortgage and hypothecation of stocks and receivables and house property belonging to Managing Director and personal guarantee of the directors.

8. MANAGERIAL REMUNERATION AND OTHER BENIFITS

	Year ended 31 March 2010 (Rs. Lakhs)	Year ended 31 March 2009 (Rs. Lakhs)
Chairman and Managing Directors Remuneration	4.83	4.83
Director – S.Sudarshan Remuneration	8.40	6.36
Other Benefits / perquisites	Nil	Nil

9. AUDITORS REMUNERATION:

	Year ended 31 March 2010 (Rs. Lakhs)	Year ended 31 March 2009 (Rs. Lakhs)
Statutory Auditors Fee (including service tax)	0.55	0.55
Tax Audit	0.20	0.15

10. CONTINGENT LIABILITIES:

	Year ended 31 March 2010 (Rs. Lakhs)	Year ended 31 March 2009 (Rs. Lakhs)
Guarantees given by the company	8.78	6.81
Letter of Credit	4.69	NIL

11. No Provisions for Income Tax is made both under Income Tax Method as well as book Profit method in view of the carried forward losses & allowances of earlier Years.

12. The Company has not made any provision for Long Term Employee benefits, during the year.

13. RESEARCH & DEVELOPMENT

During the year company has not incurred R&D expenditure. However R&D capital work in progress amounted to Rs.112.48 lakhs not capitalized, since prototypes for R&D items still in progress as on the date of the Balance Sheet.

14. MODVAT amounting to Rs. 10.38 lakhs (Previous year Rs Nil lakhs) being the net of excise duty on purchases and sales is adjusted suitably against the Raw material consumption.

15. Balance of sundry debtors, Bank Balance from Indian Bank Account Number ending with 1391, loans and advances, advance from customers and sundry Creditors are subject to confirmation, adjustments, and reconciliation if any. Further, the Turnover disclosed in the profit and loss account is subject to reconciliation with Statutory Returns filed with VAT and Excise Authorities.

16. The company had not deposited the Service tax Rs. 273387/- (Previous year Rs.273387/-). Tax Deducted at source Rs 171560/-(Previous Year Rs 80,060/-) However the company while having made necessary provision for these arrears as at 31st March 2010, the interest and damages liability that may arise upon the payment of these dues has not been provided, as the interest liability is not ascertainable as on date;

17. Provision for Current Tax made during the year NIL(Previous Year: NIL).

18. Physical Share certificate of investments of equity shares of SMR Universal Ltd and Suntrac limited were misplaced in transit and not available for physical verification. The Management of the Company is putting efforts to obtain duplicate certificates. The Shares of SMR Universal Ltd is not regularly traded in the stock exchange and shares of Suntrac Ltd are not listed in any stock exchange on the balance sheet date and hence no provision is made in the books of accounts for probable dimension in the value the shares. These investments are stated at cost in the financial statement.

19. Earning per share

		As on 31-03-10	As on 31-03-09
a.	Net profit (loss) after tax as per profit and loss account Rs.in lakhs	(114.68)	(83.39)
b.	Number of equity shares	10646800	10646800
c.	Earning/(loss) per share (figures in Rupees)	(1.08)	(0.78)

20. The Company does not have any information regarding sundry creditors covered under Micro, Small and Medium Enterprises Development Act, 2006. Therefore, no provision for interest payable to such entities is made in the books of account.

21. Previous years figures have been regrouped/ rearranged and reclassified wherever necessary to confirm to current years clarification.

For G.V. SUNDER & CO.,

For iQ infotech Limited

Chartered Accountants,

G.V. Sunder

Dr. K. R. Srinivasan

S. Sudarshan

Partner

Chairman & Managing Director

Director

Place: BANGALORE

Date: 28/08/2010

iQ infotech Limited

No. 17/A, I Phase, Kumbalagodu Indl. Area, Mysore Road, Bangalore -560 074

CASH FLOW STATEMENT AS ON 31ST MARCH 2010

Particulars	2009-10		2008-09	
	Rs in Lakhs		Rs in Lakhs	
Profit/Loss before Taxation and prior period adjustment		(97.06)		(104.66)
Adjustment For				
Depreciation	35.08		108.44	
Amortisation of Preliminary and Public Issue	0.55		0.55	
Interest Expenditure	40.93		36.64	
Interest Income	(0.60)		-	
Loss on sale of vehicle	-		0.42	
Prior Period Expenditure	(6.69)	69.27	-	146.05
Operating Profit Before working capital Changes		(27.79)		41.39
Movements in Working Capital				
Decrease / (Increase) in Inventory	1.19		(36.19)	
(Increase) / Decrease in sundry debtors	46.10		(25.68)	
(Increase) / Decrease in loans and advances	(0.12)		(7.56)	
Increase / (Decrease) in current liabilities and provisions	14.57		(2.87)	
		61.74		(72.30)
Cash Generated from Operations		33.95		(30.91)
Taxes paid - Fringe Benefit Tax		(0.67)		(0.16)
A.Cash flow from Operating Activities		33.28		(31.07)
Investing activities				
Interest Receipts	0.60		-	
Movements in Fixed Assets	-	0.60	2.02	2.02
B.Cash Flow from investing Activities		0.60		2.02
Financing Activities				
Increase in Capital	-		-	
Increase in Reserve	-		-	
Borrowings	5.53		88.06	
Repayment	-		(18.50)	
Interest paid	(40.93)	(35.40)	(36.64)	32.92
C. Cash Flow from Financing Activities		(35.40)		32.92
Net Increase in Cash or Cash Equivalent (A+B+C)		(1.52)		3.87
Opening cash and cash equivalent		7.02		3.15
Closing cash and cash equivalent		5.50		7.02
Components of cash and cash equivalents		31-03-2010		31-03-2009
Cash on hand		0.89		1.00
Balances with Scheduled Banks				
- In current Account		0.15		0.79
- In deposit account		4.46		5.23
		5.50		7.02

For and on behalf of the Board of Directors of
iQ INFOTECH LIMITED

DR. K.R.Srinivasan
Chairman & Managing Director
Place: Bangalore
Date: 28/08/2010

Sudarshan
Director

refer to our report of even date
For G.V.SUNDER & CO.,
Chartered Accountants
G.V.Sunder
Partner

**BALANCE-SHEET ABSTRACT
AND COMPANY'S GENERAL BUSINESS PROFILE**

I REGISTRATION DETAILS

REGISTRATION CIN NO.	STATE CODE
L31909KA1985PLC006990	08
BALANCE-SHEET DATE	
31.03.2010	

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

PUBLIC ISSUE	RIGHTS ISSUE
NIL	NIL
BONUS ISSUE	PRIVATE PLACEMENT
NIL	NIL

III POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

TOTAL LIABILITIES	TOTAL ASSETS
196097.43	196097.43

SOURCES OF FUNDS

PAID-UP CAPITAL	RESERVES & SURPLUS
105125.50	63428.09
SECURED LOANS	UNSECURED LOANS
23335.69	832.00
DEFERRED TAX	
3375.75	

APPLICATION OF FUNDS

NET FIXED ASSETS	INVESTMENTS
101030.29	5119.72
NET CURRENT ASSETS	MISC EXPENDITURE
36237.33	NIL
ACCUMALATED LOSSES	
53710.09	

IV PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

TURNOVER/TOTAL INCOME	TOTAL EXPENDITURE
14947.75	16996.96
PROFIT BEFORE TAX	PROFIT AFTER TAX
(9706.01)	(11426.38)
EARNING PER SHARE	DIVIDEND RATE %
(1.07)	NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code) : NA

Product Description : NA

Dr. K.R.SRINIVASAN
Chairman & Managing Director

Mr.S. SUDARSHAN
Director

iQ Infotech Ltd.

Regd. Office : #17/A, I Phase, Kumbalagodu Indl. Area, Mysore Road, Bangalore-560074, India

PROXY FORM

Regd. Folio No./DP ID & Client ID _____ No. of shares held _____
I/We _____ of _____ being a member/s of the Company, hereby appoint the following as my/our Proxy to attend and vote on a poll for me/our behalf at the 25th Annual General Meeting of the Company, to be held on 30th Sept. 2010 at 11 a.m. and at any adjournment thereof.

- | | | |
|----|------------------------------------|-------------------------|
| 1. | Mr./Ms _____ | Signature of Member (s) |
| 2. | Signed this ____ day of _____ 2010 | |
| | | 1) |
| | | 2) |
| | | 3) |

Notes : The Proxy must be returned so as to reach the Registered Office of the Company, #17/A, I Phase, Kumbalagodu Indl. Area, Mysore Road, Bangalore – 560 074, India, not less than FORTY-EIGHT hours before the time for holding the aforesaid meeting.

iQ infotech Ltd.

Regd. Office : #17/A, I Phase, Kumbalagodu Indl. Area, Mysore Road, Bangalore-560074, India

ATTENDANCE SLIP

Members attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the Twenty-Fifth Annual General Meeting of the Company at 11 A.M. at Airavatha Highway # 749/1 , Mysore Road, Kengeri, (Near R.V.College) Bangalore 560 060, on Thursday , 30th September 2010.

Full name of the Member (in block letters) _____ **Signature** _____
Address : _____

Folio No. _____

*DP ID NO. _____ Client ID No. _____

*Applicable for member holding shares in electronic form

Full name of the Proxy (in block letters) _____ **Signature** _____

- Note :
1. Only Members or their Proxies will be allowed to attend the meeting,
 2. Bodies corporate, whether a company or not, who are members, may attend through their authorized representatives appointed under Section 187 of the Companies Act, 1956. A copy of authorization should be deposited with the Company.
 3. In case of shares held in demat/electronic form, the signature of the Beneficial owner is liable for verification with the record furnished to the Company by NSDL/CDS. Beneficial owners are advised to bring relevant Identity card issued by the Depository Participant.

BOOK POST

If undelivered please return to :

iQ infotech Ltd

#17/A, 1st Phase, Kumbalgodu Industrial Area,
Mysore Road, BANGALORE - 560 074
TEL : 080-65906599, 65634616