

1ST ANNUAL REPORT

2008-09

Kerala State IT Infrastructure Limited

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CORPORATE INFORMATION

Board of Directors

Dr Ajay Kumar IAS

Mr K R Jyothilal IAS

Mrs G S Padmakumari Amma

Mr Mervin Alexander

Mr Siddhartha Bhattacharya

Mr Binu A Pazhoor

Company Secretary & Finance Manager

Ms Sunitha K S

Bankers

State Bank of India

State Bank Of Travancore

Statutory Auditors

Jose & Hemachandran
Chartered Accountants

Registered Office

TC 3/83
Park Centre
Technopark Campus
Trivandrum 695 581
Tel No: +91 471-2700222
Fax: +91 471-2700171
Internet: <http://www.keralaitparks.org>



Dear Member,

Invitation to attend the First Adjourned Annual General Meeting on 12th August, 2010

You are cordially invited to attend the First Adjourned Annual General Meeting of the Company on Thursday, 12th August, 2010 at 10.30 am at the Chamber of the Principal Secretary, Information Technology, Government Secretariat, Thiruvananthapuram, India.

The notice convening the First Adjourned Annual General Meeting is attached herewith.

Yours truly,

Dr Ajay Kumar IAS
Chairman & Managing Director
Kerala State IT Infrastructure Limited
Place: Trivandrum
Date : June 21, 2010

OUR ONGOING PROJECTS

- **Technopark Phase 3 in Thiruvananthapuram** covering an area of 92 acres, near existing Technopark campus is notified as a sector specific Special Economic Zone by the Ministry of Commerce. The SEZ built up space is expected to be ready by 2011.
- **Technocity at Trivandrum** will be the country's largest IT Park coming up in 450 acres, in the state capital near Pallipuram, 5 Kms north from the main Technopark campus on NH 47 to Kollam. This development has been conceptualized as an integrated IT township, encompassing IT/ITES infrastructure., residential apartments, shopping malls, hospitals, hotels, educational institutions, and other support facilities. In addition to IT, other focus areas will be biotechnology, nanotechnology, high-end manufacturing and R&D. SEZ built up space is expected to be ready by 2011.
- **Technopark, Kollam** is located in 44.46 acres of prime land at Kundra near the scenic Ashtamudi Lake, Kollam, for which Special Economic Zone status has been granted by Ministry of Commerce, Government of India. Basic infrastructure- power, water, roads, telecom, datacom, water treatment plant will be ready by 2010.
- **Infopark, Ambalapuzha** is located in 100 acres of land in Gandhi Smrithivanam in Purakkad Village, Ambalapuzha Taluk of Alappuzha District. This park will be the first water theme IT Park in the country. The first IT building of approximately 1 lakh square feet will be ready by April, 2011. Development works for Phase II will start from May, 2010. Approximately 8000 IT Professionals will get jobs when the park is fully functional by the end of 2012.
- **Infopark, Cherthala**, located in Pallipuram village, Cherthala taluk of Alappuzha District has a total area of 66 acres, of which 60 acres has been notified as a sector specific Special Economic Zone by the Ministry of Commerce. The first 100,000sq. ft structure is expected to be ready for allotment by December 2010
- **Infopark, Koratty** is in 30 acres of land, around 45 kms from Kochi in Thrissur District. The first set of IT Buildings of approximately 40,000 sq ft area with plug and play facilities is ready and companies have started setting-up operations at Thrissur. Phase-II additional 30,000 sq ft of space will be ready for allotment by 2010.
- **Infopark Phase 2** will come up in Kunnathunad and Puthencruz villages of Kunnathunad Taluk of Ernakulam District as its second phase of Infopark in 160 acres. The park will be designed as an eco friendly green park and the park will have a large business convention centre, the first of its kind in Kochi. Infrastructure development will be undertaken in a phased manner and will be completed by Sep 2011. Construction of the BPO complex will commence in 2010-11 financial year. On full completion total employment expected to be generated in this new campus is 50,000.
- **Cyberpark, Kozhikode(Calicut)** will be built in an area of 43 acres in Nellikkode and Pantheeran kavu villages of Kozhikode Taluk, near Medical College at Chevayur with SEZ status.
- **Cyberpark, Kannur** covering 35 acres of land near Eramom village, Taliparamba Taluk of Kannur district is already under possession. Master plan preparation will be initiated soon.
- **Cyberpark, Kasargode** will be in a 100 acre plot near Cheemeni village, Hosdurg Taluk of Kasargod district. It is under orders of transfer.

NOTICE TO THE MEMBERS

Notice is hereby given that the ***Adjourned First Annual General Meeting*** of the Company will be held at the Chamber of the Principal Secretary, Information Technology, Government Secretariat, Thiruvananthapuram on Thursday, the 12th day of August 2010 at 10.30 am to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and Profit and Loss Account of the Company for the year ended on that date together with the Schedules and Notes attached thereto and the Reports of the Board of Directors and Auditors thereon with Comments of the Comptroller and Audit General of India.

By Order of the Board of Directors

Sunitha K S
Company Secretary & Finance Manager

Registered Office:

TC 3/83
Park Centre
Technopark Campus
Trivandrum 695 581
Tel No: +91 471-2700222
Fax: +91 471-2700171

Date : 5th August 2010

Notes: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll, vote instead of himself and proxy need not be a member of the Company. A proxy to be effective must be received by the Company at its Registered Office not later than 48 hours before the time of holding the meeting.

NOTICE OF ANNUAL GENERAL MEETING OF THE SHARE HOLDERS OF KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED, THIRUVANANTHAPURAM

Notice is hereby given that the First Annual General Meeting of the Shareholders of Kerala State Information Technology Infrastructure Limited will be held on 25th July 2009 at the Chamber of the Secretary Information Technology, Government Secretariat, Thiruvananthapuram to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited Profit & Loss Account for the first year ended on 31st March, 2009 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint auditors and fix their remuneration.

Special Business:

3. To consider and if thought fit, to pass the following resolution, as special resolution, with or without modification

“RESOLVED THAT for the existing article 183 of the Articles of Association the following clauses be and hereby replaced:-

- (1) The Auditor/Auditors of the Company shall be appointed or reappointed by the Central Government pursuant to Section 619 of the Act on the advise of the Comptroller and Auditor General of India and his/their remuneration, rights and duties shall be regulated by Sections 224 to 233 read with Section 619 of the Act.
- (2) The Auditor/Auditors aforesaid shall submit a copy of his/their audit report to the Comptroller and Auditor General of India who shall have the right to comment upon, or supplement the audit report in such manner as he may think fit. Any such comment upon or supplement to the audit report shall be placed before the Annual General Meeting of the Company at the same time and in the same manner as the audit report.”

By Order of the Board of Directors

Dr Ajay Kumar IAS
Chairman & Managing Director

Place : Thiruvanthapuram

Date : 1st July 2009

Note:

1. A member entitled to vote is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member.
2. The instrument appointing proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the meeting.

EXPLANATORY STATEMENT

Pursuance to the provisions of section 173(2) of companies act,1956.

As required by Section 173 of the Companies Act, 1956, ("Act") the following explanatory statements are set out all matters all facts relating to the business mentioned under Item 3 of the accompanying notice dated 1st July, 2009.

ITEM NO. 3.

As per the existing Article 183 of the Articles of Association of the company, auditor shall be appointed or reappointed by the company in the annual General meeting by Special Resolution. Accountant General, in his Letter No.CA11/C/12-6789/18 dated 28/05/09 pointed out that as per Section 619(2) of the Act, the auditor of a Government company shall be appointed or reappointed by the Comptroller and Auditor General of India. Since the company is a government company, the Article 183 need to be amended in line with Section 619 (2) of the Act. Hence the amendment is proposed.

This resolution is recommended only to give effect to the aforesaid requirement which is in the interest of the company, and none of the directors are interested.

By Order of the Board of Directors

Dr Ajay Kumar IAS
Chairman & Managing Director

Place : Thiruvanthapuram

Date : 1st July 2009

DIRECTOR'S REPORT

To The Members,

The Directors take pleasure in presenting the 1st Annual Report of the Company and the audited statement of accounts of the Company for the period from 31st January 2008 to 31st March 2009.

FINANCIAL HIGHLIGHTS

The summarized operational and financial highlights at a glance are given below:

Rs In Lacs

Particulars	2008-09
Total Income	283.79
Expenditure	272.84
Operating Profit	10.95
Gross Profit (Profit Before Depreciation and Tax-PBDT)	10.95
Depreciation	0.08
Profit Before Tax (PBT)	10.87
Tax Provision	8.48
Profit After Tax (PAT)	2.39
Equity Capital	2510
Reserves and Surplus	1002.39
Net Fixed Assets	0.55
Current Assets	4225.40
Current Liabilities	214.87

RESULTS OF OPERATIONS

For the period from 31st January 2008 to 31st March 2009, the Company has recorded a total income of Rs. 2.84 crores . The total expenditure including depreciation stands at Rs 2.73 crores for the year under review. Profit before taxes for the year under review stands at Rs 0.11 crores. The profit after tax for the year under review stands at Rs 0.02 crores .

BUSINESS OVERVIEW

Your Company was incorporated as a Public Limited Company under the Indian Companies Act 1956, on 31st January 2008. Your Company has been promoted by the Government of Kerala for the purpose creating IT Infrastructure of global standards across all districts, for setting up IT/ITeS industries and other knowledge based industries in the state vide G.O (MS) No 33/07/ITD dated 12 November 2007.

Your Company will spear head the development of IT/ITEZ Special Economic Zones, IT Parks, IT Townships etc in the State of Kerala. It is responsible for pioneering the execution of several major projects and a number of projects are in the pipe line, implementation which will commence soon.

Ongoing IT Park Projects

1. **Technopark- Phase 3** in Thiruvananthapuram covering an area of 100 acres, near existing Technopark Campus is notified as a sector specific Special Economic Zone (SEZ).
2. **Technocity** at Trivandrum will be the country's largest IT Park coming up in 500 acres in the state capital near Pallipuram.
3. **Technopark, Kollam** is located in 44.46 acres of prime land at Kundra near the scenic Ashtamudi Lake, Kollam for which SEZ status has been granted by the Ministry of Commerce, Government of India.
4. **Infopark, Ambalapuzha** is located in 100 acres of land in Gandhi Smrithivanam in Purakkad Village, Ambalapuzha Taluk of Alappuzha District. The park will be the first water theme IT Park in the country.acres
5. **Infopark, Cherthala** located in Pallipuram village, Cherthala taluk, Alappuzha District has total of 66 acres of which 60 acres has been notified as sector specific SEZ.
6. **Infopark, Koratty** in 30 acres of land in Thrissur District.
7. **Infopark-Phase2** will come up in Kunnathunad and Puthencruz villages of Kunnathunad Taluk of Ernakulam District in 160 acres as an eco-friendly green park.
8. **Cyberpark, Kozhikode** will be built in an area of 43 acres in Nellikode and Pantheerankavu villages of Kozhikode Taluk with SEZ status.
9. **Cyberpak, Kannur** covering 25 acres of land near Eramom village, Taliparamba Taluk of Kannur district.
10. **Cyberpark, Kasargode** will be in a 100 acre plot near Cheemeni village, Hosdurg Taluk, Kasargode.

SHARE CAPITAL

During the period under review the Authorized Capital of your Company is Rs 30 crores and the paid up capital is Rs 25.10 crores.

DIRECTORS

All the members of the board during the period under review are nominees of the Government of Kerala.

- Dr Ajay Kumar IAS is one amongst the first directors of your Company, he was designated as Chairman and Managing Director of your Company with effect from 17th March 2008. He is the Principal Secretary of Information Technology Department, Government of Kerala.
- Mr K R Jyothilal IAS, is the first director of your Company since its inception. He is former Secretary of IT Department, Government of Kerala and is now Secretary Food & Civil Supplies Department
- Mr N Radhakrishnan Nair, first director of your Company ceased to be its directors with effect from 3rd January 2009. Your Directors place on record their appreciation of the valuable services rendered by him during his tenure as Director of the Company.
- Mr Siddhartha Bhattacharya, has been nominated to the Board in place of Mr N Radhakrishnan Nair with effect from 3rd January 2009. He is also the CEO of Infopark Kochi
- Mr Mervin Alexander, was nominated to the Board of your Company with effect from 17th June 2009. He is the CEO of Technopark Trivandrum.
- Mrs Padmakumari Amma , nominee director was nominated to the Board with effect from 5th August 2009. She is also the Additional Secretary of the Finance Department, Government of Kerala.
- Mr Binu Pazhoor, was nominated to the Board with effect from 22nd December 2009. He is also the CEO of Cyberpark Kozhikode.

Your Company is a Government Company falling within the provisions of Section 617 of the Companies Act, 1956 and is entitled to various exemptions notified by the Government from time to time for appointment and re-appointment of Directors.

DIVIDEND

Your Company currently has several projects under implementation and continues to explore newer opportunities. In order to fund these projects in its development, expansion and implementation, conservation of funds is of vital importance. Your Directors' therefore do not recommend any dividend for the financial year 2008-09.

TRANSFER TO RESERVES

Your Company has transferred Rs. 10 crores to the General Reserve during the year. An amount of Rs. 0.07 crores is proposed to be retained in the Profit & Loss Account.

FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year under review.

STATUTORY DISCLOSURES

- a) There was no employee during the year drawing remuneration in excess of the ceilings prescribed under the provisions of section 217(2A) of the Companies Act, read with Companies (Particulars of Employees), 1975, as amended.
- b) The particulars as prescribed under subsection (1)(e) of section 217, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are set out in the annexure included in this report.
- c) The directors' responsibility statement setting out the compliance with the accounting and financial reporting under Section 217(2AA) of the Companies (Amendment) Act, 2000, in respect of the financial statements, is annexed to this report.

SUBSIDIARY COMPANIES

Your Company has no subsidiary companies.

AUDITORS

The office of the Comptroller and Auditor General of India(C&AG), New Delhi, has appointed M/s Jose & Hemachandran , Chartered Accountants , Trivandrum as Statutory Auditors for the financial year 2008-09.

AUDITOR'S REPORT

The Notes to Accounts referred to in the Auditor's Report are self explanatory and therefore, do not call for any further comments.

The Comments of the Comptroller & Auditor General of India in pursuance of Section 619(4) of the Companies Act, 1956, and Management's replies for the comments raised, if any, will be separately enclosed to the Directors Report as the same will be received.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Your Company has received grants towards share capital from the State Government for the sum of Rs 5 crores in April 2009 and Rs 10 crores as share capital contribution in March 2010.

FUTURE OUTLOOK

Your directors are optimistic about the future growth prospects of the Company. With the fast pace of the ongoing projects and continued support of the state government, your directors are confident about the successful implementation and completion of all the projects of your Company.

ACKNOWLEDGEMENTS

The Board of Directors wish to thank the Government of India, Government of Kerala (including all its departments), all other Government, semi Government, Local and other authorities, Financial Institutions, Bankers, suppliers and other business associates for their continued cooperation and patronage. The Board also places on record its appreciation for the understanding and support extended by the employees of KSITIL, Technopark, Infopark and Cyberpark at all levels.

For and on behalf of the Board of Directors

**Dr Ajay Kumar IAS
Chairman & Managing Director**

**Date : 6th May 2010
Place: Thiruvanthapuram**

Annexure to the Director's Report

FORM A

(See Rule 2)

A) Particulars pursuant to Companies (Disclosure of particulars in the report of the board of directors) Rules, 1988:

1. CONSERVATION OF ENERGY : The Company has taken necessary steps for in this direction

FORM B

(Rule 2)

2. RESEARCH & DEVELOPMENT (R& D)

1.	Specific areas in which R& D carried out by the company	Nil
2.	Benefits derived as a result of the above R & D	Nil
3.	Future plan of action	Nil
4.	Expenditure on R & D	Nil
	a. Capital	
	b. Recurring	
	c. Total	
	d. Total R & D expenditure as a percentage of total turnover	

3. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

1.	Efforts in brief, made towards technology absorption, adoption and innovation	Nil
2.	Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution, etc.	Nil
3.	<p>In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)</p> <p>a. Technology imported</p> <p>b. Year of import</p> <p>c. Has technology been fully absorbed</p> <p>d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.</p>	Nil

B) FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earned and used for the year ended 31st March 2009

(Rs. In Crores)

Particulars	2008-09
Foreign exchange earnings	Nil
Foreign exchange outgo	Nil

C) The directors' responsibility statement as required under section 217 (2AA) of the Companies (Amendment) Act, 2000:

Your directors' confirm:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanations relating to material departure where applicable;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the directors had prepared the accounts for the financial year ended 31st March 2009 on a 'going concern' basis.
- (v) the financial statements have been audited by M/s. Jose & Hemachandran, Chartered Accountants, the Statutory Auditors and their report is appended thereto

For and on behalf of the Board of Directors

**Dr Ajay Kumar IAS
Chairman & Managing Director**

**Mervin Alexander
Director**

**Date: 6th May 2010
Place: Thiruvanthapuram**

Addendum to the Directors Report

Management's reply to the comments of the Comptroller and Auditor General of India (CAG) under Section 619(4) of the Companies Act 1956 on the accounts of Kerala State IT Infrastructure Ltd, Thiruvanthapuram for the period ended 31st March 2009.

SI No	Comments of the CAG	Management's Reply
A	<p>Comments on Profitability</p> <p>Profit before tax : Rs 10.87</p> <p>Profit is understated by Rs 14.68 lakh due to:</p> <p>i. Inclusion of expenditure of Rs 3.23 lakh incurred for development of Technopark, Kollam towards soil investigation (Rs 1.51 lakh), earthwork leveling (Rs 1.52 lakh) and power connection (Rs 0.20 lakh) which is to be met by the infrastructure service provider M/s Technopark. This has also resulted in overstatement of administrative expenses and overstatement of Current Liabilities by Rs 3.23 lakh.</p> <p>ii. Non-accounting of reimbursement of Rs 11.45 lakh received towards Advertisement and Business Promotion expenses from Technopark on 6.08.2008. This has also resulted in understatement of Current Assets (balances at Bank) by Rs 11.45 lakh.</p>	<p>The management has passed appropriate entries in the accounts for the ensuing financial year 2009-10 in respect of comments of the CAG under (i) and (ii).</p>
B	<p>General Comments</p> <p>Balance Sheet Abstract and General Business profile has not been prepared and attached with Annual Accounts of the Company as required in Part IV of Schedule VI of the Companies Act</p>	<p>The has been complied by the Company and the Balance Sheet Abstract and General Business profile has been attached with the Annual Accounts of the Company in accordance to Part IV of the Schedule VI of the Companies Act</p>

Addendum to the Directors Report contd.

Management's reply to the comments of the qualifications made by the Statutory Auditors on the annual accounts of Kerala State IT Infrastructure Ltd, Thiruvanthapuram for the period ended 31st March 2009.

Qualification of the Statutory Auditor	Management's Reply
According to the information and explanations given to the us, the Company does not have an internal audit system.	The management has taken appropriate steps to strengthen its internal audit system

Management's reply to the comments of the Finance Department, Government of Kerala on the annual accounts of Kerala State IT Infrastructure Ltd, Thiruvanthapuram for the period ended 31st March 2009.

Comments of the Finance Department	Management's Reply
The management should take urgent action to issue share certificates to Government for the amount released by Government till date as share capital contribution, including the value of the land transferred to the Company.	The authorized share capital of the Company is Rs 30 crores. The Government of Kerala has released grants amounting to Rs 40.10 crores as on the date of this reply. The Company has submitted an application to the Government seeking its approval for enhancing Authorised Share Capital to Rs 500 crores and for fixation of land value. Share certificates will be issued to the Government on receipt of the same.

For and on behalf of the Board of Directors

**Dr Ajay Kumar IAS
Chairman & Managing Director**

**Date : 6th August 2010
Place: Thiruvanthapuram**



OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT), KERALA THIRUVANTHAPURAM

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF KERALA STATE IT INFRASTRUCTURE LIMITED, THIRUVANTHAPURAM FOR THE PERIOD ENDED 31 MARCH 2009

The preparation of financial statements of Kerala State Information Technology Infrastructure Limited, Thiruvanthapuram, for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 6th May 2010.

I, on behalf of the Comptroller and Auditors General of India have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Kerala State Information Technology Infrastructure Limited for the period ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and related Audit Report.

A. Comments on Profitability

Profit before tax : Rs 10.87 lakh

Profit is underrated by Rs 14.68 lakh due to:

- i. Inclusion of expenditure of Rs 3.23 lakh incurred for development of Technopark, Kollam towards soil investigation (Rs 1.51 lakh) , earthwork leveling (Rs 1.52 lakh) and power connection (Rs 0.20 lakh) which is to be met by the infrastructure service provider M/s Technopark. This has also resulted in overstatement of administrative expenses and overstatement of Current Liabilities by Rs 3.23 lakh.
- ii. Non-accounting of reimbursement of Rs 11.45 lakh received towards Advertisement and Business Promotion expenses from Technopark on 6.08.2008. This has also resulted in understatement of Current Assets (balances at Bank) by Rs 11.45 lakh.

B. General Comments

Balance Sheet Abstract and General Business profile has not been prepared and attached with Annual Accounts of the Company as required in Part IV of the Schedule VI of the Companies Act.

For and on behalf of Comptroller and Auditor General of India

**V Kurian
Accountant General (C&CA), Kerala**

**Thiruvananthapuram
30th July 2010**

STATUTORY AUDITORS' REPORT

To

**The Shareholders of
Kerala State IT Infrastructure Limited**

1. We have audited the attached balance sheet of Kerala State IT Infrastructure Limited, as at 31st March 2009 and also the Profit & Loss Account for the period from 31.01.2008 to 31.03.2009 annexed thereto. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government 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 & 5 of the said Order.
4. 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 purpose of our audit.
 - b. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.
 - c. The Balance sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e. According to information and explanations given to us, clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable to the Company.

- 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:
- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009;
 - (b) in the case of Profit and Loss account, of the Profit for the period from 31.01.2008 to 31.03.2009.

For Jose and Hemachandran
Chartered accountants
Firm No: 001360S

Trivandrum
6th May 2010

Jose Zachariah.F.C.A
Partner M.No.80570

Annexure referred to in paragraph 3 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) (b) The only fixed assets owned by the company during the year were a computer and a printer and these were physically verified by the management at regular intervals and no discrepancies were noticed on such verifications.
- (c) None of the fixed assets were disposed off during the year.
- (iii) As informed, the Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties covered in the Register maintained u/s 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for the services rendered.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained u/s 301 during the year.
- (vii) According to the information and explanations given to us, the Company does not have an internal audit system.
- (ix) (a) Undisputed statutory dues namely Income tax have been regularly deposited with the authorities.
(b) According to the information and explanations given to us, there is no undisputed amount payable in respect of statutory dues of any kind.
- (xvi) No term loans were availed by the company during the current financial year.
- (xvii) No short term loans were availed by the company during the current financial year.
- (xxi) 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 year.

As per the information and explanations given to us, we are of opinion that the following clauses of the CARO 2003, issued by the Central Government are not applicable to the Company.

Clause No	Clause relating to	Reason
ii	Inventory	No inventory.
vi	Acceptances of deposits from the public	The company has not accepted deposits from the public
viii	Maintenance of cost records	The same not prescribed by the Central Government.
x	Accumulated loss	Being the first financial year the question of accumulated loss does not arise.
xi	Repayment of dues to financial institutions or banks or debenture holders	No such dues.
xii	Loans granted on the basis of security by way of pledge of shares, debentures and other securities	No such loans granted.
xiii	Applicability of Special statutes applicable to chit fund.	The Company is not a nidhi/mutual benefit fund/society.
xiv	Dealing or trading in shares, securities, debentures and other investments.	No such transactions.
xv	Guarantees given for loans taken by others from bank or financial institutions	No such guarantee given.
xviii	Preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act,	No such allotment.
xix	Creation of security or charge in respect of debentures.	No debentures issued.

xx	Disclosure on end use of money raised by public issue	No public issue.
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**For Jose and Hemachandran
Chartered Accountants
Firm No: 001360S**

**Trivandrum
6th May 2010**

**Jose Zachariah.F.C.A
Partner M.No.80570**

COMMENTS OF ADDITIONAL CHIEF SECRETARY (FINANCE), GOVERNMENT OF KERALA ON THE AUDITED ANNUAL ACCOUNTS OF KERALA STATE IT INFRASTRUCTURE LIMITED FOR THE YEAR 2007-09.

The management should take urgent action to issue share certificates to Government for the amount released by Government till date as share capital contribution, including the value of the land transferred to the Company.

L C Goyal
Additional Chief Secretary (Finance)

Thiruvananthapuram
30th July 2010

BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	Schedule	As at 31.03.2009
	No.	Rs
SOURCES OF FUNDS		
Shareholders' Funds:		
(a) Share Capital	I	251,000,000.00
(b) Share Capital Advance		50,000,000.00
(c) Reserves and Surplus	II	100,238,791.36
TOTAL		401,238,791.36
APPLICATION OF FUNDS		
Fixed Assets	III	
(a) Gross Block		63,392.00
(b) Less: Depreciation		8,154.01
(c) Net Block		55,237.99
(d) Capital Work-in-progress		124,268.00
		179,505.99
Deferred Tax Asset		5,805.37
Current Assets, Loans and Advances	IV	
(a) Cash & Bank balances		411,771,825.00
(b) Other current assets		7,073,387.00
(c) Loans and advances		3,695,035.00
		422,540,247.00
Less: Current Liabilities and provisions:	V	
(a) Liabilities		21,486,767.00
Net Current Assets		401,053,480.00
Significant Accounting policies and Notes on Accounts	VI	
TOTAL		401,238,791.36

As per our report of even date
For Jose and Hemachandran
Chartered Accountants
Firm No: 1360S

For and on behalf of the Board of Directors

Dr Ajay Kumar IAS Mervin Alexander
Chairman and Managing Director Director

Jose Zachariah
Partner
Membership No:80570

Sunitha K S
Company Secretary & Finance Manager

Date: 6th May 2010
Place: Thiruvanthapuram

PROFIT & LOSS ACCOUNT FOR THE PERIOD
31ST JANUARY 2008 TO 31ST MARCH 2009

PARTICULARS	Schedule No.	2008-09 Rs
A. INCOME		
Income from operations		90,000.00
Other Income	VII	28,289,008.00
TOTAL 'A'		28,379,008.00
B EXPENDITURE		
Administrative Expenses	VIII	9,935,330.00
Employee Cost	IX	2,826,167.00
Depreciation	III	8,154.01
Preliminary Expenditure Written off		55,217.00
Fee for enhancement of Authorised Capital		1,590,000.00
Advertisement and Business Promotion Expenses		12,877,509.00
TOTAL 'B'		27,292,377.01
Profit (Loss) before Tax		1,086,630.99
Provision for Taxation		
- Income tax		853,645.00
- Deferred tax (assets)/ liabilities		(5,805.37)
Profit After Tax Carried to Balance Sheet		238,791.36
Earnings per share		0.01
Significant Accounting policies and Notes on Accounts	VI	

As per our report of even date
For Jose and Hemachandran
Chartered Accountants
Firm No: 1360S

For and on behalf of the Board of Directors

Dr Ajay Kumar IAS Mervin Alexander
Chairman and Managing Director Director

Jose Zachariah
Partner
Membership No:80570

Sunitha K S
Company Secretary & Finance Manager

Date: 6th May 2010
Place: Thiruvanthapuram

SCHEDULES TO THE BALANCE SHEET

SCHEDULE I	As At
Share Capital:	31.03.2009 Rs.
Authorised: 30,000,000 Equity shares of Rs. 10 each	300,000,000.00
Issued, Subscribed and Paid up : 25,100,000 Equity Shares of Rs. 10 each	251,000,000.00
SCHEDULE II	
Reserves and Surplus:	
Capital Reserve	100,000,000.00
Balance in profit and loss account	238,791.36
Total	100,238,791.36
SCHEDULE IV	
Current Assets Loans and Advances:	-
-	-
1. Current Assets	-
-	-
a) Cash And Bank Balances	-
Balances with scheduled banks in current accounts	61,771,825.00
in fixed deposits	350,000,000.00
Total	411,771,825.00
b) Other Current Assets	
Interest accrued on FD	7,073,387.00
Total	7,073,387.00
c) Loans and Advances	
Advance to Cyberparks	859,409.00
Income tax refund due AY.09-10	2,834,413.00
Advance for Expenses	1,213.00
Total	3,695,035.00
SCHEDULE V	
Current Liabilities and Provisions:	-
a) Liabilities	-
Infopark -Kochi	11,912,538.00
Technopark -Thiruvananthapuram	9,537,456.00
Others	36,773.00
Total	21,486,767.00

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

	For the Period Ended 31.03.2009 Rs.
SCHEDULE -VII	
OTHER INCOME	
Interest on FD [Income tax deducted Rs.36,88,058.00]	28,289,008.00
Total	28,289,008.00
SCHEDULE- VIII	
ADMINISTRATIVE EXPENSES	
Administrative charges	4,373,580.00
Rent	90,000.00
Electricity Charges	138,981.00
Entertainment expenses	1,819.00
Festival Allowance and food expenses	93,632.00
Legal and professional charges	148,390.00
Printing and stationary	83,476.00
Telephone and Internet charges	130,265.00
Security Charges	71,669.00
Travelling expenses	288,588.00
Repairs and maintenance charges	118,126.00
Water Charges	72,147.00
Subscription and membership fees	525.00
Inauguration expenses	4,174,612.00
Facility Charges	108,717.00
Audit Fee	8,273.00
Accounting charges	7,500.00
Postal and courier charges	20,855.00
Other Expenses	4175.00
Total	9,935,330.00
SCHEDULE IX	
EMPLOYEE COST	
Salaries and allowance	2,695,533.00
Festival allowance	1,100.00
Staff welfare expense	89,197.00
Leave encashment	6,058.00
Medical expense reimbursement	34,279.00
Total	2,826,167.00

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

State Code

Balance Sheet Date

II. Capital raised during the year (Amount in Rs . Thousands)

Public Issue Bonus Issue

Right Issue Private Placement

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of funds

Paid up Capital Secured Loans

Reserves and Surplus Unsecured Loans

Application of funds

Net fixed Assets Deferred Tax Asset

Investments Miscellaneous Expenditure

Net Current Assets Accumulated Losses

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

Turnover Profit/Loss before Tax

Total Expenditure Profit/ Loss after Tax

Earnings per share in Rs. Dividend Rate

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code) Product Description

Note: Paid up capital is inclusive of share capital advance

NOTES ON ACCOUNTS

SCHEDULE VI

Statement on Significant Accounting Policies and Notes on Accounts

1. Basis of accounting

The financial statements have been prepared under the historical cost convention, on accrual basis and in accordance with the requirements of the Companies Act, 1956. The company is a Small and Medium sized Company (SMC) as defined in accounting standards rules notified under the Companies Act 1956. Accordingly the company has complied with the Accounting Standards applicable to it as an SMC.

2. Fixed Assets

Fixed assets are shown at cost less depreciation. Cost comprises of the purchase price or acquisition cost.

3. Depreciation

Depreciation on fixed assets of the Company has been provided on straight line method and as per the rates prescribed in Schedule XIV to the Companies Act, 1956. Pro-rata depreciation has been provided on the assets purchased during the year and for the period it is actually put to use.

4. Revenue Recognition

The Company is engaged in the business of developing IT parks and allied activities and has already started its operations by inviting bids for establishing IT parks through Special Purpose Vehicles. The income from such operations mainly processing fee is treated as 'Income from operations' and interest on bank deposit is treated as 'Other income'.

5. Provision for taxation

Tax expenses comprising of both current tax (including Fringe Benefit Tax) and deferred tax is included in determining the net results for the year. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amount that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Current tax (including Fringe Benefit Tax) is determined based on the provisions of Income Tax Act, 1961.

6. Land

Govt. of Kerala vide order no. 20/08/ITD dated 03.06.2008 ordered to transfer 30 acres of land in Eramom village in Thaliparamba Taluk in Kannur Dist.in R.S. no 310 for use of the Company. The value of the land has been fixed at Rs 3000/- per cent and the same has been intimated to the company vide order no 237/08/RD dated 30.07.2008. The value of the land will be treated as share capital contribution of the Government in the equity of the company. As per the order the ownership of the land will remain with the Government. However the Company has taken up the matter with the

Government requesting for ownership of the Land to the Company. No shares have been issued against this order.

Similarly the following lands have been identified to be transferred to the company.

- a. 43.5 acres in Mulavana Village, Kollam District
- b. 100 acres in Purakkad Village, Alapuzha District
- c. 60 acres in Cherthala, Alapuzha District
- d. 100 acres in Cheemeni Village, Kasargode District

7. Additional Central Assistance (ACA) for setting up of small IT parks vide GO (Rt) No 58/2008 ITD amounting to Rs 10 crores received during the year has been shown as 'Capital Reserve' under 'Reserves and Surplus' as per Accounting Standard-12.

8. Under Administrative charges ,Travelling expenses, Advertisement expenses, Salary and Allowance, Electricity & Water Charges, Promotional Expenses Inauguration expenses , the following amounts have been incurred by Technopark and Infopark for setting up of IT Parks vide GO No 17/08/ITD dated 29-04-08:

Infopark –Kochi	11,788,270.00
Technopark –Thiruvananthapuram	9,446,218.00

9. Preliminary expense Rs.55,217/- has been written off in the P&L in accordance with AS 26.

10. Capital work in progress

Capital work in progress represents expenses incurred for land acquisition.

11. Auditors Remuneration

Auditor's remuneration consist of Audit fee Rs.7,500/- and service tax thereon Rs.773/-

As per our report of even date
For Jose and Hemachandran
Chartered Accountants
Firm No: 1360S

For and on behalf of the Board of Directors

Dr Ajay Kumar IAS Mervin Alexander
Chairman and Managing Director Director

Jose Zachariah
Partner
Membership No:80570

Sunitha K S
Company Secretary & Finance Manager

Date: 6th May 2010
Place: Thiruvanthapuram

ATTENDANCE SLIP

PLEASE BRING THE ATTENDANCE SLIP AND HAND IT OVER AT THE VENUE OF THE FIRST ADJOURNED ANNUAL GENERAL MEETING ON 12TH AUGUST 2010 AT 10.30 AM

NAME & ADDRESS OF THE SHAREHOLDER

FOLIO NO

I hereby record my presence at the First Adjourned Annual General Meeting of the Company at the Chamber of the Principal Secretary Information Technology, Government Secretariat, Thiruvananthapuram held on Thursday the 12th day of August 2010

SIGNATURE OF THE MEMBER OR PROXY	SHARES HELD

-----Tear Here-----

Kerala State IT Infrastructure Limited

Regd. Office: TC 3/83, Park Centre, Technopark Campus, Trivandrum 695 581

PROXY

I/We _____ of _____ in the district of _____ being a member(s) of the above named Company Hereby appoint Mr. _____ of _____ in the district of _____ as my/our proxy on my/our behalf at the First Adjourned Annual General Meeting of the Company to be held on 12th August 2010.

Signed this _____ day of _____ 2010

Folio No. 

(Execute on 30 Paise Revenue Stamp)

Note: The Proxy to be valid should be deposited at the Registered Office of the Company before the meeting