

BOARD OF DIRECTORS

PRAKASH B RANE (Managing Director)

SUPRIYA P RANE

M N AHMED

DR. AJIT C KULKARNI

Registered Office :

5, Unique Industrial Estate, Off Veer Savarkar Marg, Prabhadevi,
Mumbai 400 025, (India)

Tel.: +91 22 24374687/24379402/24310256 • Fax: +91 22 24309953

Marketing Office :

514/515, Swastik Chambers, S. T. Road, Chembur (E), Mumbai 400 071, (India)

Tel.: +91 22 25273567/68/69 Fax: +91 22 25273564

Auditors :

M/s. S. P. Sule & Associates

Bankers :

CANARA BANK

Registrars & Share Transfer Agents :

M/s. Mondkar Computer Private Limited 21, Shakeel Niwas, Mahakali Caves Road,
Andheri (E), Mumbai 400 093. • Tel.: +91 22 28366620 / 28207201

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NOTICE

Notice is hereby given that Seventeenth Annual General Meeting of the Members of **ABM KNOWLEDGEWARE LIMITED** will be held at 1st Floor, Dadar Bhagini Samaj, 3rd Lane, Hindu Colony, Dadar (E), Mumbai - 400 014, on Thursday, the 29th day of July, 2010 at 10.00a.m. to transact following business:-

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010, Profit & Loss Account for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend
3. To appoint a Director in place of Mr. M.N.Ahmed, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Ajit C Kulkarni, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold the office from the conclusion of this Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS :

6. To Consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution: **"RESOLVED THAT** pursuant to the provisions of section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII of the said Act (including any statutory modification or re-enactment thereof for the time being in force) the relevant provisions of Articles of Association of the Company, consent and approval be and is hereby accorded to the re-appointment of Mr. Prakash B Rane as the Managing Director of the Company for a period of five years with effect from 1st April, 2010 till 31st March, 2015 and payment of remuneration to Mr. Prakash B Rane with retrospective effect and with a liberty to either party to terminate the appointment by giving 3 month's notice in writing anytime to the other party.

Remuneration :

- A) Basic Salary of Rs. 3,25,000/- (Rs.39,00,000/- annualized basis)
- B) Perquisites: In addition to the Basic Salary referred to in (A) above, Mr. Prakash B Rane shall be entitled to the following:
 - a) Medical Allowance Rs. 15000 p.a.
 - b) Leave Travel Concession in accordance with the rules of the Company for self and family not exceeding Rs.2,85,000/- p.a.
 - c) Provision of a car with chauffeurs for official as well as personal use, provision of credit cards for use of Company's business, Fees of clubs including admission fee, Personal Accident Insurance, Entertainment Expenses and electricity, gas, water charges, mobile phones, telephones at residence.
 - d) Gratuity, Contribution to Provident Fund, Contribution to Superannuation Fund, Encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites aforesaid and Mr. Prakash B Rane shall be entitled to the same as per Schedule XIII of the Companies Act, 1956.
- C) Commission:

At the rate of 3% of the net profits for the year but not exceeding two years' salary in each year, subject to the overall ceilings stipulated in sections 198, 309(3) of the Companies Act, 1956.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to make necessary changes in the terms of appointment of Mr. Prakash B Rane within the permissible limit set out by sections 198 and 309 of the Companies Act, 1956, in the best interest of the Company.

RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. Prakash B Rane as the Managing Director, the remuneration payable to Mr. Prakash B Rane including perquisites, set out in the aforesaid clauses (A) and (B) of this Resolution as a minimum remuneration.

**By Order of the Board
For ABM Knowledgeware Ltd.**

**Date: 29th May, 2010
Place: Mumbai**

**Prakash B Rane
Managing Director**

NOTES:

1. The Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in the respect of Special Business under the Item No. 6 of the Notice set out above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULE TIME OF THE ANNUAL GENERAL MEETING. A BLANK PROXY FORM IS ENCLOSED HEREWITH.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24th July, 2010 to 28th July, 2010 (both days inclusive) for determining the names of the members eligible for the dividend, if approved. In respect of dematerialized shares, the dividend will be payable to the “beneficial owners” of the shares whose names appear in the statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as the close of the business hours on 23rd July, 2010.
4. All the documents referred to in Accompanying Notice and other Statutory Registers are open for inspection at the Registered Office of the Company on all working days between 11.00 am to 1.00 pm upto the date of Annual General Meeting.
5. Members are requested to :-
 - i) Note that copies of Annual Report will not be distributed at the Annual General Meeting.
 - ii) Bring their copies of Annual Report, Notice and Attendance slip duly completed and signed at the Meeting.
 - iii) Quote their Folio/Client ID & DP ID Nos. in all correspondence.
6. Members are requested to notify immediately any changes of address to their Depository Participant/Company's Registrar viz. Mondkar Computers Pvt. Ltd. in respect of their holdings in electronic form and in respect of shares held in physical form, to the Secretarial Department at the Registered Office of the Company or to Company's Registrar viz. Mondkar Computers Pvt. Ltd.
7. Payment of Dividend:
 - Members holding shares in physical form, are advised to submit particulars of account, viz. name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 23rd July, 2010 to the Registrar & Share Transfer Agent of the Company.
 - Members holding shares in demat form are advise to inform the particulars of their bank account to their respective Depository Participants.
8. SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN card to the Company/ RTA for registration of transfers and for securities market transactions and off-market/private transactions involving transfer of shares in physical form of listed companies. Accordingly, members holding shares in physical mode should attach a copy of their PAN card for every transfer request sent to the Company / Registrar of the Company.
9. The Equity Shares of the Company are meditated for trading in the compulsory demat mode. The ISIN allotted for the Company's share is INE850B01018.
10. Members may avail of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the Form-2B as prescribed in the Companies (Central Government's) General Rules and Forms, 1956, any person to whom their shares in the Company shall vest on occurrence of events stated in the Form. Form-2B is to be submitted in duplicate to Company's Registrar and Share Transfer Agent. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
11. As required by Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited, the relevant details of the Directors retiring by rotation and eligible for re-appointment/appointment is given in Corporate Governance Report on Page No. 16.
12. Members desirous of getting any information on the Accounts at the Annual General Meeting are requested to addressed their queries to Company at least seven days prior to the Meeting, so that the information required can be made readily available at the Meeting.
13. Members informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

14. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are requested to be transferred to the Investor Education & Protection Fund of the Central Government. After such a transfer, there remains no claim of the members whatsoever on the said amount. Therefore, members are advised to encash their Dividend Warrants immediately on receipt.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACTS, 1956 IN RESPECT OF SPECIAL BUSINESS:

ITEM NO. 6

As recommended by Remuneration Committee the Board of Directors at its Meeting held on 22nd March, 2010 re-appointment of Mr. Prakash B Rane as the Managing Director of the Company for a further period of five years w.e.f. April 01, 2010, subject to the approval of the shareholders, at the forthcoming Annual General Meeting, on such terms and conditions laid out in the resolution mentioned in item no.6.

Mr. Prakash B Rane is B. Tech., M.M.S and has been associated with the Company for last 10 years. He has an excellent academic record. The Board of Directors notice that he has been instrumental in spearheading the growth of the Company as a result of his continuous efforts and hard work the Company has attained a leadership position in niche of e-governance in a short span of time. He is a sole Executive Director taking care of the Company's business. In view of the valuable contributions towards overall developments and strategies of the Company the Board of Directors recommends this resolution to be passed as Special Resolution by the members of the Board at the ensuing Annual General Meeting.

Mr. Prakash B Rane has conceptualized e-governance solution in the space of IT-enabling citizen services, Urban Local bodies, Utility Companies which have won several national and international awards. In the opinion of the Board of Directors Mr. Prakash B Rane was and is the most suitable candidate for the post of the Managing Director of the Company.

He will remain entrusted with substantial powers of the management according to the Section 2(26) of the companies Act, 1956. He shall also exercise his powers subject to the control and directions of the Board.

Mr. Prakash B Rane is also one of the Promoters of the Company holding 47,71,150 Equity Shares singly. His wife, Mrs. Supriya Rane is also holding 12,27,000 Equity Shares. Together with her and other relatives, Mr. Prakash B Rane is holding 60.025% of the total paid up capital.

No Director is interested in this Special Resolution except Mr. Prakash B Rane and Mrs. Supriya P Rane, she, being related to Mr. Prakash B Rane. The explanatory statement together with the accompanying Notice is and should be treated as an abstract u/s 302 of the Companies Act, 1956.

DIRECTORS' REPORT

Your Directors are pleased to present the 17th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2010.

1. FINANCIAL RESULTS:

	(Amount in Rs.)	
	Year ended 31.03.2010	Year ended 31.03.2009
Gross Income	432,888,368	449,875,627
Less: Service Tax	43,928,576	35,104,182
Gross Income (net of Service Tax)	388,959,792	414,771,445
Less : Total expenditure	285,089,482	323,496,030
Gross Profit before		
Depreciation & Taxation	103,870,310	91,275,415
Less: Depreciation	1,488,042	1,515,578
Net Profit before Tax	102,382,268	89,759,837
Less: Provision for Taxation	33,645,905	30,405,293
Net Profit After Tax	68,736,363	59,354,544

2. OPERATIONS OF THE COMPANY

There is a marginal drop in the revenues compared to last year. This is largely attributed to the long period of "Code of Conduct" during last year owing to elections in the Central and State. During this period the decision making process in govt. departments slows down substantially affecting order closures and execution. The net profit has shown increase due to efficient execution of orders on hand and investments made in creating ERP skills within Company during earlier period.

3. DIVIDEND

During this year, the Directors of the Company recommend a final dividend @10% per share subject to the approval of the Shareholders of the Company. The Dividend will be paid in accordance with the applicable rules and regulations U/s.205 of the Companies Act, 1956. The total amount of dividend on equity shares for the financial year 2009-10 would be Rs.1.17 crores, including dividend tax and surcharge thereon, which is same as for the last year.

4. SEBI REGULATION & LISTING FEES

According to clause 51 of the Listing Agreement, it is compulsory to file electronically the Annual Report, Corporate Governance Report, Shareholding Pattern, etc. on its website www.sebiedifar.nic.in till March 31, 2010. With effect from April 01, 2010 SEBI has deleted the clause 51 of EDIFAR filing. We have filled all the reports on EDIFAR as well as Corporate Filing Dissemination System website. All the compliances including payment of annual listing fees for the year under review have been paid to Bombay Stock Exchange Ltd. within the time stipulated by SEBI, where your Company's shares are listed.

5. CORPORATE GOVERNANCE

Your Company follows all the rules and regulations along with the compliances laid down in the clause 49 of the Listing Agreement. As required by the clause 49, a detailed Corporate Governance Report is included in the Annual Report. Corporate Governance is the most important part of the Annual Report which deals with the compositions, committees and the code of conduct followed by the Company.

A certificate from Auditors of the Company regarding the compliances stipulated in Corporate Governance is annexed to this report along with Management Discussion and Analysis Report.

6. PUBLIC DEPOSITS

The Company has neither invited nor accepted any deposits during the year under review.

7. RETIRING DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Associations of the Company, Mr. M.N.Ahmed and Dr. Ajit C Kulkarni, the Directors, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The details of these Directors are included in the Corporate Governance Report. Your Directors recommend the re-appointment of Mr. M.N.Ahmed and Dr. Ajit C Kulkarni as Directors, for your approval.

The Board of Directors of the Company express their deep condolences on the sad demise Shri. Shrikar Kulkarni, Director of the Company on 15th January, 2010 and pray that his departed soul may rest in eternal peace.

The Board placed on record its deep sense of appreciation for the invaluable contributions made by Shri Shrikar Kulkarni during his tenure as a Director of the Company from 27th October, 2005 to 15th January, 2010.

8. AUDITORS

The Statutory Auditors of Your Company, M/s. S.P.Sule & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting. The Audit Committee of the Board has recommended their re-appointment as Auditors for the year 2010-2011. M/s. S.P.Sule & Associates have confirmed their eligibility and willingness to continue to act as Auditors of the Company.

9. RE-APPOINTMENT OF MANAGING DIRECTOR

In view of the performance of the Company on all the fronts as well as continued efforts and efficient leadership by Mr. Prakash B. Rane, the Remuneration Committee in its Meeting dated 18th March, 2010 recommended to the Board for the revision of his remuneration and suggested that he should be paid the remuneration as per Sections 198 and 309 of the Companies Act, 1956 instead of Schedule XIII thereof for the period of 5 years upto 31st March, 2015.

The Board reviewed the recommendation and came to a conclusion that the recommendation of the Remuneration Committee should be adopted and be placed before the Shareholders at the 17th Annual General Meeting. Therefore the Board hereby recommends the passing of Special Resolution to pay remuneration to Mr. Prakash B. Rane as per section 198 and 309(3) of the Companies Act, 1956 after considering all the provisions as per section 349 and 350 of the Act.

It may be noted that as per Section 309(3) of the Companies Act, 1956, Mr. Prakash B. Rane would be paid remuneration within the overall limit of 5% of the Net Profit calculated as per the provisions of 349 and 350 of the Act. In any financial year, if the Company has no profit or its profits are inadequate, the remuneration payable to Mr. Prakash B. Rane including perquisites, set out in the Clause (A) and (B) of this Special Resolution as a minimum remuneration.

The details of the remuneration package are forming part of the Special Resolution and Corporate Governance Report on Page Nos. 2 and 15 respectively.

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT.

In the past Annual Reports focus of the Management Discussion and Analysis Report (MDA) has been predominantly on your Company and industry issues were dealt in relation to your Company. Majority of the issues dealt earlier remain consistent this year too. As a result, this year the MDA would deal with the larger aspect of the industry so as to give you a broader perspective of the industry .

A. Industry Structure and Developments:

In FY 2009 following trends were observed :

- In FY 2009, domestic market (including hardware) grew at nearly 19 per cent in INR terms to reach US\$ 24.3 billion; domestic software and services market reached US\$ 12.5 billion. The e-Governance industry is an obvious beneficiary of this upward trend.
- Technology adoption in the domestic market also reported steady gains in FY 2009. This segment is expected to

reach US\$ 24.3 billion in FY 2009, reporting healthy growth across all key segments.

- Domestic IT services spends are estimated to grow 20 per cent to touch US\$ 8.3 billion and are showing strong signs of increasing sophistication as building enterprise IT infrastructures and applications, networking and communication become key priorities for India Inc.
- Hardware segment reached US\$ 11.8 billion in FY 2009, a growth of 17 per cent over FY 2008. This is also a reflection of the overall growth shown by the domestic industry, e-Governance being an integral part of the same.

Technology trends

As per EU document of e-Governance in 2020, large number of technology needs to be watched for and they are going to play major role in ensuring the reach of e-Governance benefits to large population. These includes mobile devices (PDAs, wearable computers, MP3-players, mobile phones), intelligent agents, Sensors, language processing technologies, semantic technologies, RFID and biometrics, ICT infrastructures (WiFi, WiMAX, Broadband), web 2.0 technologies (social software). These technologies and products can increase transparency, change accountability paradigm and also make services accessible to all stakeholders. Few technology trends such as Data Fusion, Cloud Computing and Semantic Web in e-Governance are some technologies to watch for in future in context of e-Governance.

India has seen a rapid pace of growth over the last decade due to liberalization and market oriented policies followed by successive Governments. There still remain substantial challenges to ensure that the benefits of growth can reach the masses. Over the next decade, India would need an economy that is driven by growth and creation of jobs to ensure poverty alleviation and facilitation of an equitable societal framework.

While the demographic dividend and largely young population will remain an advantage, it could also prove to be disaster if there a lack of effective and efficient management of this strength. It is in this context that e-Governance initiatives becomes one of the most critical aspect for the success of India in the coming decade. The current scenario – While many state governments and government departments are independently involved with IT service providers to improve their service delivery models, there is a lack of a larger plan and strategy followed uniformly by State and Central Govt. due to very design of the powers of the State and Central Govt.

This could, in the future, create scalability problems and also pose challenges when there needs to be integration or creation of a single platform to share information. While on one hand independent services could excel due to the IT based intervention, this approach will not lead to large benefits in the long run.

The future and Dream UIDAI project – In a bold and strategic move, the present Government at the Centre has announced and undertaken the project that in effect will create the largest database in the world. The Unique Identification Development Authority of India (UIDAI) project is a step towards assigning a unique number to each individual in the country that would remain a permanent identifier right from birth to death of the individual. The UID would dispose the need for a person to produce multiple documentary proofs of his/her identity for availing of any Government service or private services like opening of a bank account. It would also serve as the basis for many e-Governance services incorporating online verification of a person's identity. This project is of course complex and greatly challenging. The largest database as of today (in the United States) of this kind is that of 120 million people and in India this will be about 1.2 billion people. If things go right for the UIDAI, the ability to align all e-Governance initiatives on a single platform for delivery and thereby to make the world's largest democracy also the best governed country could become a dream turned to reality.

B. Existing Opportunities and Outlook:

Recent Initiatives in Information Technology Sector that would directly benefit your Company are as under :

- **National e-Governance Plan (NeGP):** The Government of India accords high priority to improve the quality of the citizens by providing basic services at their doorstep and has formulated a NeGP covering 27 mission mode projects and eight support components to be implemented at Central, State and Local Government levels, at an estimated cost of US\$ 4.71 billion. Department of Information Technology has issued guidelines for Capacity

Building and Institutional Framework for e-Governance under NeGP. This initiative would have significant impact on the speed of implementation of the e-Governance projects .

- **State Wide Area Networks (SWANs):** The Government of India has approved a scheme for establishing SWANs across the country in 29 states/ 6 UTs with a total outlay of US\$ 682.27 million over a period of five years. During 2008, SWAN has been implemented in 5 states/UTs. Department of Information Technology has issued guidelines for Technical and Financial Support for establishment of **State Data Centre (SDC)**. SDCs have been identified as one of the important elements of the core infrastructure for supporting e-Governance initiatives under NeGP. It is proposed to create data repositories/data centres in various States/UTs so that common secured data storage could be maintained to serve host of e-Governance applications. Department of Information Technology has issued guidelines for Technical and Financial Support for establishment of State Data Centre (SDC). This would provide the vital delivery mechanism for implementation of E-government projects by reducing time and cost required for successful implementations.
- **Common Service Centres (CSCs):** The objective of CSCs is to develop a platform that can enable Government, private and social sector organizations to align their social and commercial goals for the benefit of the rural population in the remote corners of the country through a combination of IT-based as well as non-IT-based services. CSC requests for proposals (RFPs) have been issued for 25 States /UTs. Of these, 23 States / UTs have completed the service centre agency (SCA) selection process covering 1,02,827 CSCs. CSCs are envisaged to be the cutting edge for the citizens to obtain e-Gov services across country. Once the country gets well populated by the CSCs, the demand for the content for delivering services through CSCs will get momentum which will ultimately lead to higher demand for successful implementation of citizen centric e-Gov projects which is inherent strength of your Company.
- **National Knowledge Network:** National Knowledge Commission has recommended setting up of high-speed digital broadband network with adequate capabilities and access speed to encourage sharing of resources and collaborative research. The primary objective of the proposed integrated National Knowledge Network is to provide gigabit broadband connectivity to all institutions of higher learning and research in the country. An allocation of Rs. 100 crore was made in the year 2008-09 for implementing the scheme. Just like SWANs and SDCs the penetration of broadband will expedite the rolling out of the e-Gov project faster and cheaper.
- **Community Information Centres (CIC):** Government has initiated the setting up the CICs in the hilly and far-flung rural areas of the country with an objective to bring the benefits of ICT to the people for socio-economic development of these regions and to alleviate the digital divide between urban and non-urban areas.
- **Creating Digital Opportunity:** To enable wide proliferation of ICT in Indian languages, DIT has taken a major initiative to make available software tools & fonts in various Indian languages freely to the general public. While your Company has already done substantial advancement in offering bilingual solutions, this initiative by Govt. of India would help in expanding e-Gov market.

These developments would result in simplifying the process of deployment of e-Gov project in addition to reducing the costs of the implementation. It would also reduce the Total Cost of Ownership of the projects. As a overall impact of these developments the e-Gov industry will get a major boost.

C. Business Threats :

e-Governance initiatives face a long list of challenges. Earlier annual reports have dealt with these in brief. This report would give you a deeper insight of the issues so that you can have a better understanding of the industry your company is operating in. The list of challenges range from technology management, process re-engineering, sustenance, change management, manpower, development of infrastructure, etc. In the recent developments mentioned in Para above, many of the challenges mentioned below have been acknowledged and efforts have begun in the direction of addressing the same.

Some of the major requirements for success are listed below:

- Educating citizens about the value of e-Government.
- Ensuring access, to useful information and services.
- Coordinating local, regional, and national e-Government initiatives.
- Developing methods and performance indicators, to assess the services and standards of e-Government.
- Providing consistent and reliable electricity, telecommunications, and Internet Access.
- Addressing issues of language and communication.
- Including individuals with disabilities in e-Government.
- ICT HR development and sustainable plan in governments Road map for e-Governance.

KEY ISSUES FOR E-GOVERNANCE:

Some pertinent issues posing threat to large scale roll out of e-Governance can be outlined as under:

Funding: Funding for the projects that are already underway is secured. But for large scale roll out of e-Gov funding can become a foremost issue in e-Governance initiatives. Large e-Governance initiatives can be funded either through the Government sector or through the private sector. Private sector funding is possible for certain project that have the feasibility of creating a service that is chargeable to citizen.

Management of Change: The delivery of Government services through the electronic media including EDI, Internet and other IT based technologies would necessitate procedural and legal changes in the decision and delivery making processes. It demands fundamental changes in Government decision management. The employees need to be delegated more authority. De-layering of the decision-making levels leads to re-engineering and appropriate sizing of the decision-making machinery. These changes need not only be accepted by the Government and citizens but also be accepted by various interests groups like Employees unions. Under such circumstances bringing in a change will involve changing the mindsets of the people, and a complete Reengineering process needs to be carried out for the same. This will involve training of the personnel at all levels, more so, at the lower rung of Government management organizations. There will also be a loss of vested interests and power amongst the legislature and the executive, which may lead, to resistance to change. There are various capacity building initiatives that are undertaken by state and central govt. This will result in gradual acceptance of the new paradigm by the employees leading to higher degree of success of e-Governance initiatives.

Privacy: The privacy of the citizen also needs to be ensured while addressing the issues. Whenever a citizen gets into any transaction with a Government agency, he shells out lot of personal information, which has possibility of misuse by any vested interest. Thus, the citizen should be ensured that the information flow would pass through reliable channels and seamless network.

Authentication: Secured ways of transactions for the Government services are another issue of concern. The identity of citizens requesting services needs to be verified before they access or use the services. Here, digital signature will play an important role in delivery of such services. But the infrastructure needed to support them is very expensive and requires constant maintenance. Hence, a pertinent need still survives, compelling the authorities to ensure the authenticity in their transactions thereby gaining absolute trust and confidence of the citizen.

Standardization: Defining the standards for the various Government services is another issue that needs to be addressed. The standards need to be worked out not only for the technologies involved but also for issues like naming of websites to creating E-Mail addresses.

It is necessary to address these challenges through a well articulated plan in a time bound manner. That will ensure the unleashing of the large potential residing in e-Government opportunity for a Company such as yours.

D. Business Strategies and Planning :

Our target customers are those Government organizations with whom citizen needs to deal at the cutting edge for seeking Citizen Services or Consumer Services. This e-Government business is a blend of ICT and Administrative Reforms. This aspect necessitates us to possess some core domain strengths for ensuring success of projects as

well as effective assistance to customers in carrying out administrative reforms. Our current business focus is on niche domains like providing e-Governance solutions to Municipal Bodies (G2B & G2C); CRM solution for Electricity Distribution Companies (G2C) and Automation of Billing, Accounting and Collection for Water Distribution Authorities (G2B,G2C). Additionally, we have the practice of ERP implementation. We have developed the exclusive skill required for providing Subject Matter Expertise required for ERP implementation in large gov. organizations. This practice also includes services for enabling 'Change Management' during and after "Go Live" of the ERP implementation. This skill is found to be critical for e-Gov clients for sustaining the investment in e-Gov projects. This skill coupled with ABM's overall e-Gov expertise is unique in the industry. Initial few years of our operations were focused in developing in-depth domain knowledge in chosen areas and building e-Gov solutions with proven track record that can be replicated with ease and offer best domain practices to customers. In last two years we have been successful in achieving of some of the objectives within Maharashtra. We now plan to focus on scaling our operation at the national level. We have successfully executed large e-Gov projects on our own as well as by partnering with larger companies like Siemens, HCL, SAP. Using our proven solutions, domain strengths, relationship with strategic partners we plan different initiatives to scale our revenues and client base.

E. Material Development in Human Resources:

Your Company recognizes the importance of its human resource assets which are integral to the Company's ongoing success and enable the Company to deliver superior performance year after year. The Company has embarked on a number of Human Resource initiatives to enhance the productivity of the organization in general and each individual employee in particular. Several training programmes were executed to strengthen the employee assets.

F. Discussion on financial performance with respect to the operational performance.

	(Amount in Rs.)	
	Year ended 31.03.2010	Year ended 31.03.2009
Gross Income	432,888,368	449,875,627
Less: Service Tax	43,928,576	35,104,182
Gross Income (net of Service Tax)	388,959,792	414,771,445
Less : Total expenditure	285,089,482	323,496,030
Gross Profit before Depreciation & Taxation	103,870,310	91,275,415

There is a marginal drop in the revenues compared to last year. This is largely attributed to the long period of "Code of Conduct" during last year owing to elections in the Central and State. During this period the decision making process in govt. departments slows down substantially affecting order closures and execution. The net profit has shown increase due to efficient execution of orders on hand and investments made in creating ERP skills within Company during earlier period.

11. INFORMATION UNDER SECTION 217(1)(e)

The information required to be furnished under Section 217 (1) (e) of the Companies Act, 1956, is annexed to this Report as Annexure-A.

12. PARTICULARS OF EMPLOYEES

Information as per section 217(2A) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forms a part of the Director's Report. As per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders of the Company, excluding the statement of particulars of employees under section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the same may write to the Compliance Officer at the Registered Office of the Company.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby confirm that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards in accordance with provisions of the Companies Act, 1956 have been followed along with proper explanation relating to material departures;
- b) the Directors 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 at the end of the financial year ended on 31st March, 2010 and of the Profit or Loss of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Board of Directors have prepared the Annual Accounts on a "going concern" basis.

14. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Company's customers, suppliers, bankers, financial institutions, Central and State Government authorities and also shareholders for their valuable support and co-operation to the Company.

Your Directors also place on record their gratitude for the committed services rendered by all the employees of the Company and also look forward to continue the same commitment and hard work in near future.

For and on behalf of the Board

Date: 29th May, 2010

Place: Mumbai

Prakash B Rane
Managing Director

ANNEXURE 'A'

INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE RULE 2 OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988.

Conservation of Energy:

As has been the practice, the software industry consumes very low energy. Adequate measures have been taken to reduce energy consumption by using energy-efficient equipments and purchase of latest technology. In order to conserve the electricity, the Air conditioners are kept at a moderate temperature and all the electrical equipments are turned off, whenever they are not used by the Office Staff.

Technology Absorption, Adoption & Innovation and Research and Development:

Your Company has continued its focus on 'productisation of services' by innovative business models. The deployment of Company's solution on UNICODE has also achieved maturity and better acceptability of the solutions. Focus on Integration of Company's solution with Portals and gadgets like PDAs (Personal Digital Assistants), mobile has continued and can be made available as a solution offering.

Foreign Exchange Earnings and outgo:

Due to extensive focus and scope in the domestic market, your Company decided to dedicate its resources for addressing the local market and hence there has not been any export turnover this financial year. This strategy will be revisited by your Company from time to time keeping in view the need to de-risk the dependence on a single sector for the generation as well as to make the growth more broad-based .

REPORT ON CORPORATE GOVERNANCE

The concept of Corporate Governance primarily hinges on complete transparency, integrity and accountability of the Management, with an increasingly greater focus on investor protection and public interest. It is the responsibility of the entire Board of Directors for smooth running of the company; corporate disclosure and governance requirements though relatively low in some countries, are also changing. In other words, Corporate Governance is defined as a set of standards, which aims to improve the company's image, efficiency, effectiveness and social responsibility. Corporate Governance practices have become an essential pre-requisite for the ability to acquire and retain financial resources necessary for restructuring long-term investment and sustainable growth.

Our Governance Philosophy:

The Company's philosophy on good governance is transparency projection through a code of good, which incorporates a system of checks and balances between key players – Board, Management, Auditors and above all, the Shareholders. A good structure of corporate governance is that encourages balanced relationship among shareholders, Executive Directors and the Board of Directors. Thus, Corporate Governance is the way the company ought to be run, managed and controlled. It is related with supervision and holding the responsibility of those who direct and control the management. The characteristics of good governance, in short, can be defined as anti-corruption, whereas authority and its institutions are accountable, effective and efficient, participatory, transparent, responsive, consensus-oriented, and equitable.

For good governance to exist in both theory and practice, citizens must be empowered to participate in meaningful ways indecision making processes. They have a right to information and access. Although widespread accessibility remains a barrier for many countries, one of those ways is through Information and Communication Technology (ICT) applications. E-Governance has emerged as a viable means to address development issues and challenges because citizens find empowerment through access to information.

Values and Commitments:

Your Company views Corporate Governance not merely as a compliance and a system of internal checks and controls but as an ongoing measure of superior delivery of company's objectives with a view to translate the opportunities into realities. The Company Complies with all mandatory as well as non-mandatory requirements relating to disclosure with respect to Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited for the year ended 31st March, 2010.

I. BOARD OF DIRECTORS

The composition of the Board of Directors of the Company represents an appropriate mix of Executive and Non-Executive Directors to ensure the independence of the Board, and to separate the Board functions of the governance and management. The Board meets at regular intervals to transact the business and to execute the plan of actions duly decided by the Company.

During the financial year 2009-2010 under review, six Meetings of the Board were held on 24th April, 2009, 26th June, 2009, 30th July, 2009, 27th October, 2009 and 19th January, 2010 and on 22nd March, 2010. The 16th AGM was held on Tuesday, 25th Day of August, 2009. All the Directors were present on the last AGM.

Following are the details regarding the constitution of the Board as on 31st March, 2010:

Name of the Directors	Executive / Non- Executive	Promoter / Independent	Number of Board Meeting attended	Other Directorship
Prakash B Rane	Executive- Managing Director	Promoter	6	1
Supriya P Rane	Non - Executive	Promoter	6	Nil
M N Ahmed	Non - Executive	Independent	6	8
Dr. Ajit C Kulkarni	Non - Executive	Independent	6	Nil
Mr.Shrikar Kulkarni **	Non - Executive	Independent	4	Nil

** Cessation of Directorship of (Late) Shri. Shrikar Kulkarni w.e.f.15th January, 2010, due to his untimely demise.

The Board Meetings were held by providing all the Directors the proper agenda prepared by Compliance Officer, in consultation with the Managing Director. It was distributed to all the Directors well in advance.

CODE OF CONDUCT

Pursuant to the requirements of the Clause 49 of the Listing Agreement, the Board has adopted Code of Business conduct and ethics for the all Board Members and Senior Management of the Company which has been uploaded on the website of the Company www.abmindia.com. All the Board Members and Senior Management personnel of the Company have affirmed compliance with Code of Conduct for the financial year ended March 31, 2010.

II. COMMITTEES OF DIRECTORS

A) AUDIT COMMITTEE :

The Company has an Audit Committee at the Board level, the terms of which covers matters specified under section 292A of the Companies Act, 1956 and also the matters listed under the Listing Agreement with the Stock Exchange. The purpose of the Audit Committee is to provide assistance to the Board in fulfilling the Board's responsibilities to the Company and its shareholders relating to the accounting and financial reporting process and the audit of the Company's financial statements.

The Audit Committee advises the Management on the areas where internal audit can be improved. Suggestions for improvement are considered and the Audit Committee follows up on the implementation of corrective actions. The financial results are first presented at the Audit Committee Meeting for review, before placing the same at Board Meeting.

The Audit Committee consists of three Non-executive Directors, out of which two are Independent Directors. Mr. M N Ahmed is a senior Member of Institute of Chartered Accountants of India, having a varied experience in the field of accounting, taxation and financial planning, is the Chairman of the Committee. All the members of the Audit Committee are financially literate and they have accounting or related financial management expertise .

During the financial year, the Audit Committee held its Meetings on 24th April, 2009, 26th June, 2009, 30th July, 2009, 27th October, 2009 and 19th January, 2010 and 22nd March, 2010. Following are the details regarding the Composition and attendance of the Committee:

Name	Categories of Director	No. of meetings held during the tenure of Directors	No. of Meetings attended
Mr. M N Ahmed, Chairman	Independent and Non-Executive Director	6	6
Mrs. Supriya P Rane, Member	Promoter and Non-Executive Director	6	6
Dr. Ajit C Kulkarni, Member	Independent and Non-Executive Director	6	6

The Audit Committee ensures that the financial statements are true, fair and sufficient. The management presents before the Audit Committee the observations and recommendations of the Auditors and also on issues having impact on control system and compliance. At the invitation of the Committee, Statutory Auditors, Managing Director as well as Senior Manager-Accounts of the Company also attended the Meetings of Audit Committee to answer and clarify the queries raised. The minutes of the Committee are circulated, noted and confirmed by the Directors at the Board Meetings.

The terms of reference of the Audit Committee broadly includes:

- Overseeing of Company's financial reporting process and disclosure of its financial information to ensure that the financial information is correct, sufficient and credible;
- To review, as and when necessary, the adoption of new accounting policies and accounting standards as applicable to the Company;

- To Review with Management and Statutory Auditors about adequacy of internal control system prevalent in the Company;
- To recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees and also to approve the payment to the Statutory Auditors for any other services, if and when rendered by them;
- To review the annual and quarterly financial statements before submission to the Board for approval, to disclose the required financial information to legal bodies like Stock Exchange, SEBI, Registrar of Companies and other bodies and ensure that the financial statements are correct, sufficient and credible;
- To discuss and decide major accounting entries involving estimates based on the exercise of judgment by management and to make the significant adjustments in the financial statements arising out of audit findings;
- To review the Company's exposures to bank credit facilities, guarantees etc.;
- To review the Company's financial and risk management policies and to review the system and procedure of internal control;
- To discuss with Statutory Auditors before the audit commences, about the nature and scope of Audit as well as post-audit discussion to ascertain any area of concern;
- To review implementation of Whistle Blower Mechanism in the Company;
- Any other matter that may be referred by the Board from time to time;

A) SHAREHOLDERS GRIEVANCES & SHARE TRANSFER COMMITTEE

We have Shareholders Grievances & Share Transfer Committee to examine and redress Shareholder/Investors' complaints. The Committee deals with matters relating to transfer of shares, non-receipt of annual reports, non-receipt of dividend, issue of duplicate share certificates and all other related matters.

During this year, under review 4 Share Transfer Committee meetings were held on 24th April, 2009, 16th July, 2009, 16th October, 2009, 15th January, 2010.

The composition of the Shareholders and Share Transfer Grievance Committee is as follows:

Name	Status	Out of total 4 meetings held, the attendance is as under
Mr. M N Ahmed, Chairman	Non-Executive Director, Independent	4
Mrs. Supriya P Rane	Non-Executive Director, Promoter	4

During the year under review, one (1) complaint was received and none is pending. No share transfer remains unregistered for more than 30 days as on 31st March, 2010, except those cases where the Company had sent the objection letters to investor's complaints and other related correspondence immediately. The average period of redressal of grievances is 20 days from the date of the receipt of the same.

The Share Transfers, Maintenance of Register of Members as per Companies Act, 1956 and correspondence with the shareholders have been entrusted to the Share Transfer Agent, M/s. Mondkar Computer Private Limited at 21, Shakeel Niwas, Mahakali Caves Road, Andheri (E), Mumbai 400 093. Contact Number: 28366620 / 28207201

C) REMUNERATION COMMITTEE

The broad terms of reference of the Remuneration Committee are to review and recommend to the Board from time to time, a compensation structure for Whole-time Director and other Directors, policy making in respect of annual increment, perquisites and commission to be paid to the Company's Managing Director and to determine the various terms and conditions of remuneration packages for Senior Management .

The Remuneration Committee comprises of three Non-Executive directors, with the Chairman being an Independent Director. During the year under review, three Remuneration Committee meetings were held on 20th April, 2009, 22nd June, 2009, 18th March, 2010 and were attended by all the members.

The members of the Remuneration Committee are as follows:

Name	Status
Dr. Ajit C Kulkarni	Independent and Non-Executive Director
Mr. M N Ahmed	Independent and Non-Executive Director
Mrs. Supriya P Rane	Promoter and Non-Executive Director

The Company has not made any payments to Non-Executive Directors except sitting fees. The remuneration to the Executive Director is governed by the agreements executed with him as approved by the members of the Company in their General Meeting. As per the agreement, salary and perquisites are a fixed component and the commission is based on the performance of the Company, i.e. on the net profit of the year, calculated as per the provisions of the Companies Act, 1956.

Remuneration paid to the Board of Directors during the year under review is as follows:

Name of the Director	Status	Salary & Perquisites (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)
Mr. Prakash B Rane	Managing Director	30,00,000	19,00,000	Nil
Mrs. Supriya P Rane	Director	Nil	Nil	1,08,000
Mr. M N Ahmed	Director	Nil	Nil	1,08,000
Dr. Ajit C Kulkarni	Director	Nil	Nil	60,000
Mr. Shrikar B Kulkarni	Director	Nil	Nil	16,000
Total (Rs.)		30,00,000	19,00,000	2,92,000

III. Re-appointment of and payment of remuneration to Managing Director

The Board of Directors has proposed the re-appointment of Mr. Prakash B Rane for a period of five years with effect from 1st April, 2010 till 31st March, 2015, with a liberty to either party to terminate the appointment by giving 3 month's notice in writing anytime to the other party and payment of remuneration with retrospective effect to Mr. Prakash B Rane as per the terms and conditions stated below. Apart from the following details of remuneration, he will not be entitled to any other benefits such as stock option, bonus etc.

Remuneration :

- A) Basic Salary of Rs. 3,25,000/- (Rs.39,00,000/- annualized basis)
- B) Perquisites, Benefits, Allowances: In addition to the Basic Salary referred to in (A) above, Mr. Prakash B Rane shall be entitled to the following:
- Medical Allowance Rs. 15000 p.a.
 - Leave Travel Concession in accordance with the rules of the Company for self and family not exceeding Rs.2,85,000/- p.a.
 - Provision of a car with chauffeurs for official as well as personal use, provision of credit cards for use of Company's business, Fees of clubs including admission fee, personal accident Insurance, Entertainment expenses and electricity, gas, water charges, mobile phones, telephones at residence.
 - Gratuity, Contribution to Provident Fund, Contribution to Superannuation Fund, Encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites aforesaid and Mr. Prakash B Rane shall be entitled to the same as per Schedule XIII of the Companies Act, 1956.

C) Commission:

At the rate of 3% of the net profits for the year but not exceeding two years' salary in each year, subject to the overall ceilings stipulated in sections 198, 309(3) of the Companies Act, 1956.

The Board of Directors are authorised to make necessary changes in the terms of appointment of Mr. Prakash B Rane within the permissible limit set out by sections 198 and 309 of the Companies Act, 1956, in the best interest of the Company.

Wherein, in any financial year, the Company has no profits or profits are inadequate during the term of office of Mr. Prakash B Rane as the Managing Director, the remuneration payable to Mr. Prakash B Rane including perquisites, set out in the aforesaid clauses (A) and (B) of this Resolution as a minimum remuneration.

Retiring Directors

As per the Listing Agreement, the particulars of Directors who are retiring by rotation and willing to be re-appointed at the 17th Annual General Meeting are given below:

1)	Name	Mr. M. N. Ahmed
	Age	57 yrs
	Qualification	FCA from Institute of Chartered Accountants and CPA from American Institute of certified public Accountants , USA
	Experience	Mr. M. N. Ahmed is a Fellow member of the Institute of Chartered Accounts of India and a qualified CPA from American Institute of Certified Public Accountants, USA. Mr. M.N. Ahmed has experience of handling Income Tax, Company Law and Audit matters for his clients. He has also wide experience in Business Advisory Services. He has been associated with the company from its inception and presently is the Chairman of Audit Committee and Shareholders Grievance & Share Transfer Committee of the Company
	Other Directorships	1. Shree Krishna Agro Industrial Services Pvt. Ltd. 2. Midex Airlines Pvt. Ltd. 3. Capri Corporate Services Pvt. Ltd. 4. Meridian Corporate Services Ltd. 5. Mascon Global Limited 6 Vigo Realtors Pvt. Ltd. 7. Mordril Properties(India)Pvt. Ltd. 8. Workspace Office Solutions Pvt. Ltd.
	Shareholding in the Company	As on 31 st March, 2010, Mr. M. N. Ahmed is holding 21,300 shares of the Company through his relatives.
2)	Name	Dr. Ajit Kulkarni
	Age	60 years
	Qualification	M.D., Leningard, Russia
	Experience	Dr. Ajit Kulkarni is a widely travelled professional and has developed valuable contacts in the corporate world and multinational companies over the period of 30 years of his active career in various capacities. He provides guidance to the Company in the matter related to his expertise, while contributing to the growth of the Company. He is also a Member of Audit and Remuneration Committees of the Company.
	Other Directorships	None
	Shareholding in the Company	19,400 equity shares of Rs.10/- each.

Code for prevention of insider-trading practices

In compliance with the SEBI Regulation on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and Directors and cautioning them of the consequences of violations.

Whistle Blower Policy

The Company has formulated a policy to prohibit the managerial personnel from taking adverse personnel action against employees disclosing in good faith on alleged wrongful or illegal moral business conduct on matters of public concern involving violation of any law, mismanagement, gross waste or misappropriation of public funds or abuse of authority and to provide necessary safeguards for the protection of employees from reprisals or victimization.

The policy also emphasis proper mechanism for making enquiry into whistle blower complaint received by the company. Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee through email addressed to egovernance@abmindia.com or by giving letter to the Compliance Officer in writing. Employees knowingly making false allegations of unethical or improper business practices or alleged wrongful conduct shall be subject to disciplinary action. No employee of the Company has been denied access to the grievance redressal mechanism of the Company.

Audit Committee periodically reviews the existence and functioning of the mechanism.

Certification by Chief Executive Officer

The Chief Executive Officer certification of the financial statements and the cash flow statement for the year is enclosed at the end of the report on Page No. 21. The said certificate is signed by Mr. Prakash B Rane, Managing Director of the Company.

IV SHAREHOLDERS' INFORMATION**17th Annual General Meeting**

Date	:	Thursday, 29 th July, 2010.
Time	:	10.00 A.M.
Venue	:	1st Floor, Dadar Bhagini Samaj, 3rd Lane, Hindu Colony, Dadar (E), Mumbai - 400 014
Date of Book Closure	:	From 24 th July, 2010 to 28 th July, 2010 (both days inclusive)

a) Address for Correspondence :**Registered Office of the Company**

Shareholder can correspond at the Registered Office of the Company at Mumbai i.e. 5, Unique Industrial Estate, off Veer Savarkar Marg, Prabhadevi, Mumbai- 400 025.

b) Share Transfer Agent

Registrar & Transfer Agents: M/s. Mondkar Computer Private Limited, 21, Shakeel Niwas, Mahakali Caves Road, Andheri (E), Mumbai- 400 093. Contact Number: 28366620/28262920.

c) General Body Meetings

The last three Annual General Meetings (AGM) of the Company were held on the following dates and time:

Date	Time	Address	Special Resolution
14 th AGM on 26.09.2007	9.00 a.m.	Polestar, 2 nd Floor, MIG Cricket Club, Gandhinagar, Bandra(E), Mumbai- 400 051	Special Resolution passed for revision of remuneration of Mr. Prakash B Rane, Managing Director of the Company.
15 th AGM on 25.09.2008	9.00 a.m.	Polestar, 2 nd Floor, MIG Cricket Club, Gandhinagar, Bandra(E), Mumbai- 400 051	Special Resolution passed for revision of remuneration of Mr. Prakash B Rane, Managing Director of the Company.
16 th AGM on 25.08.2009	10.00 a.m.	Polestar, 2 nd Floor, MIG Cricket Club, Gandhinagar, Bandra(E), Mumbai- 400 051	—

Whether any special resolutions:-

- i) Were put through Postal Ballots last year : No
- ii) Details of voting pattern : N.A.
- iii) Person who conducted the Postal Ballot exercise : N.A.
- iv) Are proposed to be conducted through Postal Ballot : No
- v) Procedure for Postal Ballot : N.A.

d) Financial Calendar (Tentative)

Adoption of Quarterly Financial Results:

- Quarterly Financial Results of the quarter ending June, 2010 : Last week of July, 2010
- Quarterly Financial Results of the quarter ending September, 2010 : Last week of October, 2010
- Quarterly Financial Results of the quarter ending December, 2010 : First week of January, 2011
- Audited Financial Results for the year ended 31st March, 2011 : Last week of May, 2011
- Annual General Meeting 2010-2011 : September 2011

V OTHER DISCLOSURES

No materially significant related party transaction that may have potential conflict with the interest of the company at large have been entered into.

The Company has continued to comply with the requirements of regulatory authorities' Stock Exchange, SEBI and other Statutory Authorities on all the matters relating to Capital Market during the last three years and no penalties and strictures have been imposed on the Company by the above mentioned authorities.

Disclosures of Accounting treatment:

In the preparation of Financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

Risk management – Disclosures to the Board

Procedures are laid down by the Company to inform Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of properly defined framework.

Listing At Stock Exchange:-

The Equity shares of the Company are listed at the Bombay Stock Exchange Limited, Dalal Street, Fort, Mumbai Code No. ABMKNOWLEDGE: 531161.

Listing and Market Price Data

The quotation of shares traded during the financial year 2009-2010 on the Bombay Stock Exchange Limited is shown in the table.

Month	High	Low	Close
April 2009	21.45	16.00	18.05
May 2009	28.50	16.80	24.50
June 2009	38.00	22.15	26.05
July 2009	37.90	20.00	34.70
August 2009	49.50	27.70	47.70
September 2009	51.60	42.00	43.75
October 2009	64.30	40.60	50.55
November 2009	57.35	46.00	55.85
December 2009	59.10	48.85	57.35
January 2010	63.70	43.55	45.90
February 2010	50.90	42.05	43.45
March 2010	50.35	41.25	45.20

Secretarial Audit for reconciliation of Capital

As stipulated by Securities and Exchange Board of India, a qualified practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. This audit is carried out every quarter and report thereon is submitted to the stock exchange, NSDL and CDSL and is also placed before the Board of Directors. The Audit, inter alia, confirms that the total listed and paid-up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and the total number of the shares in physical form.

Share Transfer System

All transfers of shares held in physical form are dealt by M/s Mondkar Computes Private Limited, Mumbai our Registrar and Share Transfer Agents. Shares lodged for transfer are normally processed within 20 days from the date of lodgment, if the documents are clear in all respects. During the year 2009-2010, 25,500 shares in physical form were transferred and the transfer process was completed within an average time period of 20 days from the date of lodgment, unless notices are required to be sent to the Registered Office in certain identified categories of cases. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc. are processed by the Registrars within 30 days. Depositories control the share transfers in Demat Mode.

The Company obtains from a Company Secretary in Practice half yearly certificate of compliance with the share transfer formalities as required under Clause 47(C) of the Listing Agreement with the Stock Exchanges and files a copy of the certificate with the Stock Exchange.

Shareholding Pattern and Distribution of Shares – as at 31st March, 2010:

SHAREHOLDING PATTERN			DISTRIBUTION OF SHAREHOLDING				
Category	No. of Shares	% To the Total Paid up Capital	Category of Shares	Shareholders		Respective Shareholding	
				Total	%	Total	%
Promoters	6003150	60.02	1-500	1784	78.006	361106	3.611
NRIs /OCBs	1035603	10.35	501-1000	248	10.844	204221	2.042
Indian Public	1307144	13.07	1001-2000	118	5.106	175532	1.755
Bodies Corporate	1260835	12.61	2001-3000	28	1.224	70912	0.709
Others			3001-4000	25	1.093	88488	0.884
□ Directors & their Relatives	40750	0.41	4001-5000	17	0.743	80887	0.809
□ Clearing Members	33618	0.34	5001-10000	41	1.793	314811	3.148
□ Foreign Institutional/							
Mutual Funds/							
Nationalized Banks	320000	3.20	10001- Above	26	1.137	8705143	87.042
Total	10001100	100.00			100.000	10001100	100.000

Dematerialization of Shares

The Company's shares are currently traded at the Bombay Stock Exchange Limited. The Company has tied up with both the present Depositories i.e. National Securities Depository Ltd(NSDL) and Central Depository Services (India) Ltd. (CDSL). Shareholders can open account with any of the Depository – participants registered with any of these depositories.

ISIN No. ISIN INE850B01018.

During the year under review, 83,76,288 shares were dematerialized in the following depositories.

CDSL: 4,71,151 Equity Shares

NSDL: 79,05,137 Equity Shares

Out of the listed Paid up Capital 80.93% Equity Share Capital has been dematerialized.

We request shareholders, who still continue to hold shares in physical form, to dematerialize their shares at the earliest to avail of the various benefits of dealing in securities in electronic / dematerialized form. If you need any further information / clarification / assistance in this regard please do contact Company Secretarial Department.

Means of Communications

- Half-yearly reports
Since Company's unaudited quarterly results including half yearly results are published in newspaper and also displayed on Company website, the same were not sent to each household of shareholders.
- Publication of Quarterly results-In the newspapers: Maharashtra Times and Navshakti (in Marathi), The Economic Times and Free Press Journal (in English).
Official website: www.abmindia.com. Previous Unaudited Results and Annual Reports are also displayed on this website.
Email ID egovernance@abmindia.com

Whether it also display official news release and presentations made to institutional Investors or Analysts:

All the official news Releases are available on Company's website at www.abmindia.com.

Whether MD & A Report is a part of Annual Report

Yes, Management Discussion & Analysis Report appearing on Page No. 6 is a part of Annual Report.

Financial Results, shareholding pattern and annual report are being uploaded on SEBI's site under EDIFAR requirement as specified in the Listing Agreement.

The Company at present has not adopted the Non-mandatory requirements as mentioned in the Annexure I D of clause 49 of the Listing Agreement, except formation of Remuneration Committee and Whistle-Blower Policy.

For and on behalf of the Board

Date: 29th May, 2010
Place: Mumbai

Prakash B Rane
Managing Director

CERTIFICATION BY CHIEF EXECUTIVE OFFICER OF THE COMPANY

I, Prakash B Rane, Managing Director of ABM Knowledgeware Limited, to the best of my knowledge and belief certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2010 along with its schedules and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information, these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading; these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. We also certify that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violating of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps, we have taken or propose to take rectify these deficiencies.
5. We have indicated to the Auditors and the Audit committee.
 - Significant changes in internal control during the year, whenever applicable.
 - That there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and
 - That there were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having such significant role in the Company's internal control system.

We further declare that all Board Members and Senior Management have affirmed compliance with the Code of Conduct for the current year under review.

For and on behalf of the Board

Date: 29th May, 2010
Place: Mumbai

Prakash B Rane
Managing Director

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To The Members of

ABM KNOWLEDGEWARE LIMITED

We have examined the compliance of conditions of Corporate Governance by ABM KNOWLEDGEWARE LIMITED, for the financial year ended on 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with The Bombay Stock Exchanges Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according

to the explanations given to us and based on the representations given by the Management of the Company, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For S. P. Sule & Associates
Chartered Accountants
Registration No.:110543W

Date : 29th May, 2010
Place : Mumbai

S. P. Sule
Proprietor
Membership. No.: 39399

AUDITORS' REPORT

To The Members of

ABM Knowledgeware Ltd

(1) We have audited the attached Balance Sheet of ABM Knowledgeware Ltd as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date and also the Cash Flow Statement 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.

(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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

(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 purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of those books;

(c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;

(e) On the basis of 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 subsection (l) of section 274 of the Companies Act, 1956;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and Notes to Accounts in Schedule J give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;

(ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For S. P. Sule & Associates
Chartered Accountants
Registration No.:110543W**

**S. P. Sule
Proprietor
Membership No. 39399**

Date : 29th May, 2010

Place : Mumbai

Annexure to the Auditors' Report

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) During the year, the Company has not carried out physical verification of assets.
- (c) There has been no disposal of fixed assets during the year.
- (ii) In our opinion, there is no physical inventory in existence and hence the question of physical verification and its comparison with the inventory record does not arise.
- (iii) According to the information and explanations given to us, the Company, during the year, has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties as per the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph (iii) (b), (c) and (d) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the services are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchases of inventories, services and fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) As explained to us, and according to the information and explanation given to us, there are no transactions that need to be entered in the register maintained in pursuance of Section 301 of Companies Act, 1956 and exceeding the value of Five lacs rupees in respect of each party during the financial year.
- (vi) The company has not accepted any deposits from the public and hence this clause is not applicable.
- (vii) There is no internal audit system. However, the Company has adequate internal control procedure involving internal checking of its financial record.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956.
- (ix) (a) According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance Fund, Income Tax, Value Added Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it have generally been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at 31st March, 2010 for a period of more than six months from the date on which they became payable.
- (b) According to the record's of the company, there are no dues of Income tax, Value Added Tax, Customs tax/ Wealth tax, Excise duty/Cess which have not been deposited on account of any dispute.
- (x) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) There are no dues to a financial institution or bank.
- (xii) In our opinion and according to information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not a Chit fund or a Nidhi/ Mutual Benefit fund/Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in Shares, Securities, Debentures and other Investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) During the year, the Company has not taken any term loan.
- (xvii) According to the information and explanations given to us there are no funds raised on short term basis by the Company during the period under audit.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any Secured Debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit nor have we been informed of such case by the management.

**For S. P. Sule & Associates
Chartered Accountants
Registration No.:110543W**

**S. P. Sule
Proprietor
M. No.: 39399**

**Date : 29th May, 2010
Place : Mumbai**

BALANCE SHEET AS AT 31ST MARCH, 2010

(Amount in Rs.)

	Schedule No.	As at 31 st March, 2010	As at 31 st March, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	102,415,000	102,415,000
Reserves and Surplus			
Profit and Loss Account		158,965,283	101,891,078
		<u>261,380,283</u>	<u>204,306,078</u>
Deferred Tax Liability		3,532,284	3,451,259
TOTAL		<u><u>264,912,567</u></u>	<u><u>207,757,337</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	B	34,260,167	28,739,233
Less: Depreciation		9,781,197	8,293,155
Net Block		<u>24,478,970</u>	<u>20,446,078</u>
Investments	C	12,133,097	11,656,908
Current assets, Loans and Advances	D		
Sundry Debtors		150,737,868	153,881,328
Cash & Bank balances		210,735,666	204,972,454
Loans and Advances		40,804,058	24,312,609
		<u>402,277,592</u>	<u>383,166,391</u>
Less:			
Current liabilities and Provisions	E		
Current liabilities		159,791,980	187,058,238
Provisions		14,185,112	20,453,802
		<u>173,977,092</u>	<u>207,512,040</u>
Net current assets		228,300,500	175,654,351
Notes to Accounts	J		
TOTAL		<u><u>264,912,567</u></u>	<u><u>207,757,337</u></u>

As per our report of even date

For S. P. Sule & Associates
 Chartered Accountants
 Registration No. : 110543W

S. P. Sule
 Proprietor
 M. No.: 39399

 Date : 29th May, 2010
 Place : Mumbai

For and behalf of the Board of Directors

PRAKASH B RANE
 Managing Director

M N AHMED
 Director

SUPRIYA P RANE
 Director

DR. AJIT C KULKARNI
 Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Amount in Rs.)

	Schedule No.	Year ended 31 st March, 2010	Year ended 31 st March, 2009
INCOME :			
Software & Services - Gross Turnover		421,953,648	442,141,457
Less :- Service Tax		<u>(43,928,576)</u>	<u>(35,104,182)</u>
Other Income		10,934,720	7,524,570
		<u>388,959,792</u>	<u>414,561,845</u>
EXPENDITURE :			
Operating Expenses	F	193,404,376	247,631,394
Payroll Cost	G	68,112,447	54,892,713
Administrative Expenses	H	22,388,852	19,441,608
		<u>283,905,675</u>	<u>321,965,715</u>
Profit before Finance exps ,Depreciation & Tax		<u>105,054,117</u>	<u>92,596,130</u>
Interest & Finance expenses	I	1,183,807	1,320,715
Profit before Depreciation & Tax		<u>103,870,310</u>	<u>91,275,415</u>
Depreciation		1,488,042	1,515,578
Profit before Tax		102,382,268	89,759,837
Provision for taxation [Including deferred tax Rs 81025/- & FBT Rs NIL]		33,645,905	30,560,537
[Previous Year -Deferred tax Rs 54794/-& FBT Rs 489385/-]			
Tax adjustment for earlier years		—	(155,244)
Profit after tax available for Appropriation		<u>68,736,363</u>	<u>59,354,544</u>
Proposed Dividend		(10,001,100)	(10,001,100)
Tax on Dividend		<u>(1,661,058)</u>	<u>(1,699,687)</u>
Profit after Appropriation		57,074,205	47,653,757
Add : Amount brought forward from Previous year		101,891,078	54,237,321
Balance Carried forward to Balance Sheet		<u>158,965,283</u>	<u>101,891,078</u>
Basic and Diluted Earning per Share (Equity Shares of face value Rs. 10/- each)		6.87	5.93
Number of shares used in computing earning per share		<u>10,001,100</u>	<u>10,001,100</u>
Notes to accounts	J		

As per our report of even date

For S. P. Sule & Associates
Chartered Accountants
Registration No. : 110543W

S. P. Sule
Proprietor
M. No.: 39399

Date : 29th May, 2010
Place : Mumbai

For and behalf of the Board of Directors

PRAKASH B RANE
Managing Director

M N AHMED
Director

SUPRIYA P RANE
Director

DR. AJIT C KULKARNI
Director

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010
 (Amount in Rs.)

		Year ended 31 st March, 2010	Year ended 31 st March, 2009
SCHEDULE A			
Share Capital :			
Authorised:			
12,500,000	Equity shares of Rs 10/- each (Previous year 12,500,000 Equity shares of Rs 10/-each)	125,000,000	125,000,000
		<u>125,000,000</u>	<u>125,000,000</u>
Issued :			
10,350,000	Equity shares of Rs. 10/- each (Previous year 10,350,000 Equity shares of Rs 10/- each)	103,500,000	103,500,000
Subscribed and Paid-up:			
10,001,100	Equity shares of Rs 10/- each (Previous Year - 10,001,100 Fully paid up Equity shares)	100,011,000	100,011,000
Add:			
348,900	Equity shares forfeited - Amount paid	2,404,000	2,404,000
		<u>102,415,000</u>	<u>102,415,000</u>

Note :

Out of the above 2,500,000 Equity Shares were allotted for consideration other than cash to the Shareholders' of erstwhile amalgamating company in pursuance of scheme of amalgamation.

SCHEDULE B
Fixed Assets :

(Amount in Rs.)

Assets	Gross Block (At Cost)				Depreciation			Net Block	
	As At 1 st April, 2009	Additions during the year	Deletion during the year	As at 31 st Mar., 2010	As at 1 st April, 2009	For the year	Up to 31 st Mar., 2010	As at 31 st Mar., 2010	As at 31 st Mar., 2009
Computers	1,607,583	196,450	-	1,804,033	968,628	169,334	1,137,962	666,071	638,955
Office Equipments	1,044,064	936,191	-	1,980,255	354,299	53,692	407,991	1,572,264	689,765
Furniture	2,663,127	4,388,293	-	7,051,420	982,354	170,422	1,152,776	5,898,644	1,680,773
Motor Car	2,491,716	-	-	2,491,716	629,411	236,714	866,125	1,625,591	1,862,305
Office Premises	18,120,027	-	-	18,120,027	3,108,291	295,356	3,403,647	14,716,380	15,011,736
Software Products	2,812,716	-	-	2,812,716	2,250,172	562,524	2,812,696	20	562,544
TOTAL	28,739,233	5,520,934	-	34,260,167	8,293,155	1,488,042	9,781,197	24,478,970	20,446,078
Previous Period	28,468,726	270,507	-	28,739,233	6,777,577	1,515,578	8,293,155	20,446,078	21,691,149

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010
 (Amount in Rs.)

	Year ended 31 st March, 2010	Year ended 31 st March, 2009
SCHEDULE C		
Investments :		
Non-Trade Investment		
a) Long Term at Cost		
In Equity shares(Quoted)		
500 Shares of Canara Bank of 10/- each fully paid (Aggregate Market Value C.Y.Rs. 205175/-,P.Y.Rs.82850/-)	17,500	17,500
b) Current Investments:- (at lower of F.V or Cost)		
In Mutual Funds		
i) Reliance Money Manager Fund	5,121,727	8,896,597
ii) Reliance Medium Term Fund	272,070	2,742,811
iii) Reliance Liquid Fund	1,721,800	-
iv) Canara Bank Rebeco Equity Diversified Fund (Market Value - 26,69,783/-)	2,500,000	-
v) Canara Bank Rebeco Infrastructure Fund (Market Value - 26,55,395/-)	2,500,000	-
	12,115,597	11,639,408
Total	12,133,097	11,656,908

Investment in Mutual Funds movements during the year:-

Name of Mutual Fund	Balance as of 01.04.2009		Purchase during the year		Sold during the year		Balance as at 31.3.2010	
	No.of units	Figures in Rs.	No.of units	Figures in Rs.	No.of units	Figures in Rs.	No.of units	Figures in Rs.
Canara Bank Rebeco Equity Diversified Fund	-	-	53,729	2,500,000	-	-	53,729	2,500,000
Canara Bank Rebeco Infrastructure Fund	-	-	124,316	2,500,000	-	-	124,316	2,500,000
Reliance Liquid Fund - Treasury Plan Institutional option- Daily Dividend option	-	-	18,330,479	280,221,800	18,217,848	278,500,000	112,630	1,721,800
Reliance Money Manager Fund Institutional Option Daily Dividend plan	8,886	8,896,597	6,218	6,225,132	9,989	10,000,000	5,116	5,121,727
Reliance Medium Term Daily Dividend Plan	160,441	2,742,811	1,712	29,259	146,237	2,500,000	15,915	272,070
Total		11,639,408		291,476,190		291,000,000		12,115,597

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010
 (Amount in Rs.)

	Year ended 31 st March, 2010	Year ended 31 st March, 2009
SCHEDULE D		
Current Assets, Loans and Advances :		
A. Current Assets		
Sundry Debtors (Unsecured, considered good)		
Outstanding for more than six months	33,982,894	86,322,448
Others	<u>116,754,974</u>	<u>67,558,880</u>
	150,737,868	153,881,328
Cash and Bank Balances		
Cash on hand	32,042	68,705
Balances with scheduled banks in		
Current A/c	1,660,208	4,230,283
Fixed Deposit A/c	198,532,150	192,990,806
Margin Money A/c	<u>10,511,266</u>	<u>7,682,660</u>
	210,735,666	204,972,454
Total (A).. . . .	<u>361,473,534</u>	<u>358,853,782</u>
B. Loans and Advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	36,617,213	21,526,666
Deposits with Government & Semi Government Dept.	3,258,264	1,988,514
Other Deposits	312,899	110,318
Prepaid expenses	75,682	147,111
VAT Receivable	540,000	540,000
Total (B).....	<u>40,804,058</u>	<u>24,312,609</u>
Total (A+B)	<u>402,277,592</u>	<u>383,166,391</u>
SCHEDULE E		
Current Liabilities and Provisions :		
Current Liabilities		
Sundry Creditors for goods	2,203,248	1,308,709
Sundry Creditors for expenses & services	157,231,441	185,541,339
Unclaimed Dividend	357,291	208,190
Total (A).. . . .	<u>159,791,980</u>	<u>187,058,238</u>
Provisions for		
Tax including FBT [Net of Advance Tax &TDS]	882,341	6,364,171
Proposed Dividend	10,001,100	10,001,100
Tax on Dividend	1,661,058	1,699,687
Leave & Gratuity	1,640,613	2,388,844
Total (B).....	<u>14,185,112</u>	<u>20,453,802</u>
Total (A+B)	<u>173,977,092</u>	<u>207,512,040</u>

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010
 (Amount in Rs.)

	Year ended 31 st March, 2010	Year ended 31 st March, 2009
SCHEDULE F		
Operating Expenses :		
Services Charges & Project expenses	193,404,376	247,631,394
Total ...	<u>193,404,376</u>	<u>247,631,394</u>
SCHEDULE G		
Payroll Costs :		
Salaries and emoluments	55,687,614	44,772,535
Director's Remuneration	3,000,000	3,000,000
Provident Fund Contribution and other Funds	4,684,238	3,418,061
Gratuity & Leave encashment	675,245	1,454,674
Staff Welfare Expenses	2,165,350	943,449
Director's Commission	1,900,000	1,303,994
Total ...	<u>68,112,447</u>	<u>54,892,713</u>
SCHEDULE H		
Administrative Expenses:		
Communication & Advertisement	5,825,344	5,871,305
Debts written off	2,287,462	9,978
Duties & Taxes	27,962	24,768
Electricity Charges	970,143	932,543
Insurance expenses	75,509	79,758
Legal and Professional Fees	5,690,402	6,172,905
Miscellaneous Expenses	267,914	658,666
Office Expenses	1,284,748	1,189,612
Printing & Stationery	613,945	442,522
Remuneration to Auditors	251,485	255,159
Rent	1,466,723	1,120,825
Repairs & Maintenance - buildings/others	495,062	69,470
Travelling & Conveyance	2,502,153	2,614,097
Donation	630,000	-
Total ...	<u>22,388,852</u>	<u>19,441,608</u>
SCHEDULE I		
Interest & Finance expenses		
Bank charges including bank guarantee charges	1,183,807	1,320,715
	<u>1,183,807</u>	<u>1,320,715</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Amount in Rs.)

	For the Year ended 31 st March, 2010	For the Year ended 31 st March, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax and extraordinary items	102,382,268	89,759,837
Adjustments for :		
Less: Interest \ Dividend \ Other Income	(10,811,202)	(7,502,190)
Add: Interest & Finance expenses	1,183,807	1,320,715
Add: Depreciation	1,488,042	1,515,578
Provisions and write - off	2,287,462	9,978
Loss on exchange	—	—
Operating Profit before working capital changes	96,530,377	85,103,918
Adjustments for :		
Current assets(Increase)/Decrease	(15,635,452)	21,409,013
Current liabilities Increase/(Decrease)	(28,163,590)	93,816,177
Taxes paid	(39,046,709)	(28,806,767)
Net cash generated from operations	13,684,626	171,522,341
	A	
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase\Sale of fixed assets	(5,520,934)	(270,507)
Interest \ Dividend	10,811,202	7,502,190
Investment (Net)	(476,189)	(11,639,408)
Net Cash flow from Investing activities	4,814,079	(4,407,725)
	B	
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest & Finance expenses	(1,183,807)	(1,320,715)
Long Term Borrowings-secured loans	-	-
Dividend paid including Corporation Tax	(11,551,686)	(5,642,203)
Net cash flow from Financing Activities	(12,735,493)	(6,962,918)
	C	
Net decrease \ increase in cash and cash equivalents	5,763,212	160,151,698
	(A + B + C)	
Cash and Cash equivalent as at 1st April, 2009	204,972,454	44,820,756
Cash and Cash equivalent as at 31st March, 2010	210,735,666	204,972,454

Notes:

- 1) The Cash Flow Statement is prepared in accordance with indirect method as per AS.3 "Cash Flow Statements".
- 2) Previous years figures have been regrouped and recasted wherever necessary

As per our report of even date

For S. P. Sule & Associates
 Chartered Accountants
 Registration No. : 110543W

S. P. Sule
 Proprietor
 M. No.: 39399

 Date : 29th May, 2010
 Place : Mumbai

For and behalf of the Board of Directors

PRAKASH B RANE
 Managing Director

M N AHMED
 Director

SUPRIYA P RANE
 Director

DR. AJIT C KULKARNI
 Director

**SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET
AND PROFIT AND LOSS ACCOUNT**

SCHEDULE J**A. Significant Accounting Policies:**

The financial statements have been prepared in accordance with applicable accounting standards. A summary of the important accounting principles that have been applied consistently is set out below:

1. Basis of accounting

The financial statements are prepared on accrual basis in accordance with the historical cost convention.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

3. Fixed assets

Tangible: Fixed assets are recorded at cost. Cost is purchase cost together with all incidental expenses of acquisition and other related costs.

Intangible: Costs that are directly associated with identifiable and unique software products controlled by the Company, whether developed in-house or acquired, and have probable economic benefits exceeding the cost beyond one year are recognized as software products.

4. Depreciation

Depreciation on fixed assets other than Rights and Software has been provided on straight line basis at the rates and in the manner prescribed under schedule XIV to the Companies Act 1956. Rights and Software Products meant for sale is amortized over the period the benefit out of them is expected to accrue, in any case, not exceeding five years.

5. Revenue recognition

- a) Sale of IT Products are recognized when the products are supplied and are recorded net off trade discounts and rebates exclusive of Value Added Tax where applicable.
- b) Revenue from services is recognized either on time and material basis or fixed price basis or based on certain measurable criteria as per relevant agreements. Revenue on time and material contracts is recognized as and when services are performed. Revenue on fixed-price contracts is recognized on the percentage of completion method, with contract cost determining the degree of completion. Revenue from other service contracts is recognized based on transactions processed, manpower deployed and terms of contract. Escalation claim are recognized only if there is certainty of realisation.
- c) Income from deputation of personnel is recognized based on terms of agreement & arrangement with the concerned parties, on accrual basis.
- d) Interest / dividend income is recognized on accrual basis.
- e) Transactions in foreign currency are normally accounted for at the rate prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of Balance sheet. The exchange differences on settlement/conversion are adjusted to Profit & Loss Account.

6. Sundry Debtors and Loans and Advances are stated after making adequate provisions for doubtful recovery or write offs as considered necessary by the management.**7. Employee Benefits:**

Employee benefits are provided in the books as per AS -15(revised) in the following manner:

- a) Provident Fund and Pension Contribution as a percentage of Salary / wages in a defined contribution scheme are charged to Profit & Loss Account.
- b) Gratuity is a defined benefit obligation . The liability is provided for on the basis of actuarial valuation made at the end of each Financial year. The actuarial valuation is made on projected unit credit method.
- c) Long term compensated absences are provided for on actuarial valuation basis. The actuarial valuation is made on projected unit credit method.
- d) Actuarial gains or losses in respect of such benefits are charged to Profit & Loss Account.

8. Provision for tax is made for Current and Deferred Tax. Current taxes are provided on the estimated taxable income using the applicable current tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods, are recognized using the current tax rates and tax laws that have been enacted.**9. Investments**

Current investments are stated at lower of fair value or cost. Long Term investments are stated at cost. Cost includes incidental expenses incurred in acquisition. The decline in value of long term investments if any other than of temporary nature is provided in profit & loss a/c.

10. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss, if material, is charged for when the asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

11. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

B. NOTES TO ACCOUNTS:

1. Directors' Remuneration

	Year ended On 31.03.2010 (Rs.)	Year ended On 31.03.2009 (Rs.)
a. Salaries	3,000,000	3,000,000
b. Employer's contribution to PF and other funds:	331,200	331,200
c. Commission payable	1,900,000	1,303,994

Note : The above figure does not include provision for gratuity liability actuarially valued as separate figures are not available.

Computation of Profit Under Section 349 of the Companies Act, 1956.

	Year Ended On 31.03.2010 (Rs.)	Year Ended on 31.03.2009 (Rs.)
Profit after Tax as per Profit and Loss Account	57,074,204	59,354,544
Add: Depreciation as per Accounts	1,488,042	1,515,578
Managerial Remuneration	3,000,000	3,000,000
Managerial Commission	1,900,000	1,303,994
Sitting Fees to Non-Executive Directors	292,000	194,000
Bad Debts	2,281,677	9,978
Provision for Taxation	<u>33,564,880</u>	<u>30,405,293</u>
	42,526,599	36,428,843
	99,600,803	95,783,387
Less: Depreciation as per Section 350	<u>1,488,042</u>	<u>1,515,578</u>
Eligible Net Profit as per section 349 of the Companies Act, 1956	98,112,761	94,267,809
Maximum Limit of Remuneration payable as per section 198, 309 read with Schedule XIII of the Companies Act, 1956 to Managing Director @ 5% of Eligible Profit	4,905,638	4,713,390
Managerial Remuneration paid During the year	3,000,000	3,000,000
Commission payable to Managing Director	1,900,000	1,303,994

2. Contingent Liabilities in respect of :- i) Claims against the company not acknowledged as debts amounting to Rs. 22.27 lacs (previous year Rs. 22.27 Lacs) in respect of which the company has made deposits of Rs. 22.27 lacs as per the Court Order. ii) Bank guarantees Rs 290.95 Lacs (previous year Rs 265.77 Lacs).

3. Expenditure in Foreign currency: - Professional Fees Rs.374,137/- (Previous year - Nil)

4. The Company has paid dividend in respect of shares held by Non-Residents. The Total amount remittable in this respect is given herein below:

	2009-10 (Final Dividend)	2008-09 (Final Dividend)
a) Number of Non Resident Shareholders	16	17
b) Number of Equity Shares held by them	1,346,003	1,339,598
c) (i) Amount of Dividend Paid (Gross)	1,346,003	669,799
(ii) Tax Deducted at Source	—	—
(iii) Year to which dividend relates	2008-09	2007-08

5. Auditor's Remuneration (*) includes:

	Year ended On 31.03.2010 (Rs.)	Year ended On 31.03.2009 (Rs.)
Audit Fees:	99,270	100,940
Tax Audit Fees:	49,635	50,470
Fees for other Services (includes e-filing fees)	102,580	103,749

* Inclusive of service tax

6. Deferred Tax liability of Rs.3,532,284/- (P.Y.Rs. 3,451,259/-) represent timing difference on account of depreciation.
7. The Company's business activity comprises of only single segment i.e. Software and Services. Hence no separate information is given.
8. Related party disclosure in accordance with the Accounting Standard 18 "Related Party Disclosures". The company has no related parties except key management personnel. The details and transactions with related party are as under.

Name of the related parties with whom the transactions have been made	Description of relationship with the party	Nature of Transaction	For the Year 2009-2010 (Rs.)	For the Previous Year 2008-2009 (Rs.)
Prakash.B.Rane	Managing Director (Key Management Personnel)	Remuneration	5,231,200	4,635,194
Supriya P. Rane	Director (Wife of Mr.Prakash B. Rane)	Sitting Fees	1,08,000	73,000

Amount outstanding payable to Mr. Prakash B. Rane as on 31.03.2010 Rs.19.00 Lacs & 31.03.2009 was Rs 13.04 Lacs

9. Earning per share calculated and disclosed in accordance with Accounting Standard (AS20) "Earning Per Share"

Particulars	31/03/2010	31/03/2009
Profit after Tax less Preference Dividend if any (Rs.) (A)	68,736,363	59,354,544
Weighted Average Number of Equity Shares (B)	10,001,100	10,001,100
Basic Earning Per Share (A/B) (Rs.)	6.87	5.93

Diluted Earning Per Share is same as above since there are no potential Equity Shares.

10. Employee Benefits

- (a) Provident Fund – Defined Contribution Plan

All Employees are entitled to Provident Fund benefits. Amount Debited to Profit & Loss Account Rs. 4,458,883.00 during the year.

- (b) Gratuity defined Benefit Plan – Provision made as per actuarial Valuation.

SI No.	Particulars	Non-Funded Gratuity (Rs.)	
		F.Y. 2009-2010	F.Y. 2008-2009
I	Expenses recognised in the statement of Profit and Loss Account /IEDC for the year ended 31st March, 2010		
	1 Current Service Cost	763,803	621,998
	2 Interest Cost	124,653	84,880
	3 Expected return on plan assets	(58,198)	(54,929)
	4 Actuarial (Gains) / Losses	(272,633)	41,419
	5 Expenses recognized in Profit and Loss account	557,625	693,368
II	Net Asset / (Liability) recognised in the Balance Sheet as at 31st March, 2010		
	1 Present value of Defined Benefit obligation	2,155,472	1,558,159
	2 Fair Value of Plan Assets	2,036,546	727,474
	4 Net Asset / (Liability) as at March 31,2010	(118,926)	830,685
III	Change in Obligation during the year ended March 31, 2010		
	1 Present value of Defined Benefit obligation at the beginning of the year	1,558,159	1,060,996
	2 Current Service Cost	763,803	621,998
	3 Interest Cost	124,653	84,880
	4 Settlement Cost	-	-
	5 Past Service Cost	-	-
	6 Employee Contribution	-	-
	7 Actuarial (Gains) / Losses	(242,123)	43,791
	8 Benefit Payments	(49,020)	(253,505)
	9 Present Value of Defined benefit obligation at the end of the year	2,155,472	1,558,159
IV	Change in Assets during the year ended March 31,2010		
	1 Plan Assets at the beginning of the year	727,474	686,610
	2 Assets acquired on amalgamation in pervious year	-	-
	3 Settlements	-	-
	4 Expected return on Plan Assets	58,198	54,929
	5 Contribution by employer	1,269,384	237,069
	6 Actual Benefit Paid	(49,020)	(253,505)
	7 Actuarial (Gains) / Losses	30,510	2,371
	8 Plan Assets at the end of the year	2,036,546	727,474
	9 Actual Return on Plan Assets	88,708	57,300
(c)	Actuarial Assumptions		
	(i) Discount Rate	8 %	8 %
	(ii) Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
	(iii) Turnover Rate	1%	1%
	(iv) Future Salary increase	5%	5%

11. No information is available with the Company in respect of dues to micro small and medium enterprise.

12. There are no dues to be credited to Investor Education and Protection Fund.

13. Previous years figures are regrouped and rearranged wherever necessary to conform to the current years presentation. Schedule 'A' to 'J' form an integral part of the Balance Sheet & Profit and Loss account and have been duly authenticated.

As per our report of even date

For S. P. Sule & Associates

Chartered Accountants
Registration No. : 110543W

S. P. Sule

Proprietor
M. No.: 39399

Date : 29th May, 2010
Place : Mumbai

For and behalf of the Board of Directors

PRAKASH B RANE
Managing Director

M N AHMED
Director

SUPRIYA P RANE
Director

DR. AJIT C KULKARNI
Director

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. : 11-113638 State Code : 11 Balance Sheet Date : 31st March, 2010

II. Capital raised during the year (Rs. In thousand)

Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> N I L	Rights Issue	<input type="text"/> <input type="text"/> <input type="text"/> N I L
Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> N I L	Private Placement	<input type="text"/> <input type="text"/> <input type="text"/> N I L

III. Position of Mobilisation and Deployment of Funds (Rs. In thousand)

Total Liabilities	<input type="text"/> <input type="text"/> <input type="text"/> 2 6 4 9 1 2	Total Assets	<input type="text"/> <input type="text"/> <input type="text"/> 2 6 4 9 1 2
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Sources of Funds

Paid up Capital	<input type="text"/> <input type="text"/> 1 0 2 4 1 5
Reserve & Surplus	<input type="text"/> <input type="text"/> 1 5 8 9 6 5
Secured Loans	<input type="text"/> <input type="text"/> <input type="text"/> N I L
Unsecured Loans	<input type="text"/> <input type="text"/> <input type="text"/> N I L
Deferred Tax Liability	<input type="text"/> <input type="text"/> <input type="text"/> 3 5 3 2

Application of Funds

Net Fixed Assets	<input type="text"/> <input type="text"/> 2 4 4 7 8
Investments	<input type="text"/> <input type="text"/> 1 2 1 3 3
Net Current Assets	<input type="text"/> <input type="text"/> 2 2 8 3 0 0
Misc. Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> N I L
Accumulated Losses	<input type="text"/> <input type="text"/> <input type="text"/> N I L

IV. Performance of Company (Rs. In thousand)

Turnover / Total Income	<input type="text"/> <input type="text"/> 3 8 8 9 5 9	Total Expenditure	<input type="text"/> <input type="text"/> 2 8 6 5 7 7
Profit / (Loss) before Tax	<input type="text"/> <input type="text"/> 1 0 2 3 8 2	Profit / (Loss) after Tax	<input type="text"/> <input type="text"/> 6 8 7 3 6
Earning per share (Rs)	<input type="text"/> <input type="text"/> 6 . 8 7	Dividend Rate %	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 10%

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

ITC Code	Product Description
NIL	Software Development Services
8471410, 852499	Sale of Computers & Peripherals