

REFORMING. REMODELING. RECREATING.



TRANSFORMING FOR A BETTER FUTURE

“

Winners are going to be those who have the capacity to think on behalf of customer and come out with innovative solutions and implement”



IN LAST  
5 YEARS  
WE HAVE  
GROWN  
\*52%

\*Total income

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Nitin Shah  
Chairman & Managing Director

Mr. Prakash Shah  
Executive Director & CFO

Mr. Manoj Shah  
Executive Director

Mr. Bimal Raj  
Executive Director & CEO

Mr. Shailesh Vaidya  
Independent Director

Prof. Venugopal Iyengar  
Independent Director

Dr. Shrikant Parikh  
Independent Director

Dr. Roop Kishan Dave  
Independent Director

### COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Ravindra Joshi

### REGISTERED OFFICE

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### AUDITORS

K. M. Kapadia & Associates

### BANKERS

State Bank of India  
Standard Chartered Bank  
Barclays Bank PLC

### REGISTRAR & TRANSFER AGENT

LinkIntime India Private Limited  
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## CHAIRMAN'S MESSAGE



**Nitin Shah**  
Chairman & Managing Director  
Allied Digital Services Ltd.

Dear Shareholders,

Let me start by thanking all of you for your continued trust, encouragement and support.

Over the last five fiscal years FY06-10, your company has attained meteoric growth on a quarter-by-quarter basis with average revenue CAGR of 66% and average profit CAGR of almost 68%. – a growth performance no other players in our industry have reflected. However the last fiscal (FY10-11) saw a dip in the growth due to various factors distressing our performance. As a result, your company's growth momentum was affected resulting a change in the average revenue CAGR and average profit CAGR growth rate to 52% and 34% respectively. On a consolidated basis, our total revenues for FY 11 stood at Rs. 722 crore, a growth of 11% YoY. Our Solutions business accounted for Rs. 320 crore, (44% of our annual revenue) and our Services business accounted for Rs.395 crore, (56% of our annual revenue). Our EBITDA margin stood at 12.57% for the year. Due to unforeseen circumstances, your company wrote-off Rs.30.16 crore during the fiscal as bad debts. The resultant outcome of this has brought down the net profit for the year to about Rs. 53 crore. Revenues from our US operations (Allied Digital LLC) for the year closed at US\$ 36.15 million. We are pleased to announce a final dividend of 10% per share.

The year gone past was a bit of mixed bag as far as the global IT industry was concerned, While the first half of the year definitely saw some improvement in growth compared to the previous year, the second half was characterized by several changes that had a substantial impact on corporations across the world. We were no exception. The challenges your company faced in the second half of the year were increased pressures rising due to high operational costs, increased wage costs, demand stagnation, increased margin constraints and unexpected revenue losses towards the last quarter due to client back outs (post investments & allocation of resources) and a few abridged clients deals. As a result, our revenue expectation became

susceptible and sequential quarter performance i.e. Q3 (Oct10-Dec10) and Q4 (Jan11-Mar11) was affected considerably with revenues dipping in Q4 over the previous quarter.

The IT industry has been undergoing a sea change by moving from a distributed computing environment to a centralized computing environment (erstwhile, the mainframes). Interestingly, the new centralized computing environment is not physical like the mainframe era but rather virtualized - 'cloud' being the term most commonly used. Although the adoption of cloud computing services is slow among large enterprises, due to fear of loss of data or losing control over confidential information; your company Allied Digital sees this as a huge opportunity. Your company's expertise in this space was built much ahead in time and today we are in the process of making it much easier for clients to get personalized support and enjoy the benefits of the new virtualized environment. Also, the industry is facing mutually reinforcing forces; for example, cloud computing and mobility are reshaping service provider strategies in several areas; the design and deployment of managed services, the delivery channels, and the economics of managing infrastructure remotely. Your company had predicted this trend much in advance and we are already in the process of reshaping our client strategies away from the traditional ITO model to a flexible, on-demand services model across a range of platforms.

Despite the difficult year gone by, your company has been consistently tracking the dynamic changes taking place in sector and accordingly taking strategic steps to meet these challenges. For Allied Digital these challenges present significant

opportunities, which we believe, we are uniquely positioned to address. To keep pace with this change, the year gone by was led by a strong focus and introspection on our four pillars of transformation – human capital, intellectual capital, relationship capital and brand capital. We have already embarked on making investments and bringing change in these areas that we believe have the potential to transform our business operational model and enhance our overall value proposition in the long term.

During the fiscal year, we reduced our focus on low margin hardware commoditised legacy business. This has had some significant impact on our top line growth during the year. Your company will slowly but surely vacate the low margin, volume business and focus more on high

margin business by offering value adding services to our clients. This calls for your company to enhance its approach and become extremely client centric. We will be required to be choosy about the clients we keep and the kind of business that we do with them. We believe that this would help us to have deeper engagement with clients, increase our share of wallet and reduce the overall outstanding positions. As a result of this transition from low margin to high value business, our top-line growth in the coming quarters will be affected;

however, over a period of time the real impact will become visible with the organization's bottom-line gaining a noteworthy momentum and positive upward shift.

Your company has strongly focused on developing its expertise in the Enterprise IT Security Services space by creating a Joint Venture partnership with Singapore based e-Cop, the pioneer service provider of managed risk and information security services. With this partnership, your organization holds a major 80%

## ALLIED DIGITAL & e-COP FORM THE LARGEST THREAT INTELLIGENCE NETWORK IN THE WORLD



stake in the JV with exclusivity in over 20 countries for utilizing e-Cop's proprietary technology platform: the Cyclops Enterprise Security Manager (CESM). This will provide us with greater visibility in the Managed Security Services (MSS) market place, as e-Cop is a well acknowledged MSS player from the likes of Frost & Sullivan and Gartner for over a decade now. With this JV, your organization and e-Cop have jointly formed one of the largest threat intelligence networks in the world today with 7 Security Operations Centers (SOCs) across the globe.

Similarly, our CCTV surveillance, smart card solutions and IBMS solutions help us to uniquely position with the client. Your company has made significant investments in building a state-of-the-art Global Command Centre with unmatched quality and delivery capabilities. Our Networking Operating Centre (NOC) and Security Operating Centre (SOC) give us a significant advantage over our competitors. The enhanced capacity at our NOC, SOC centers with remote management services enabled through our proprietary ISDF framework, helps us to efficiently and effectively service our clients both in India and across global markets. Our expertise in this space has been built much ahead of time, hence with the entire industry now shifting towards this newer model of automation and virtualization; the mass adoption of this will place our organization in a much positive and profitable position in the near future.

Your company's subsidiary Digicomp Complete Solutions has also performed well during the fiscal with revenues closing at Rs. 33.34 crore and EBITDA of Rs.2.37 crore. Digicomp has created a Joint Venture partnership with Tes-Amm, one of the leading e-waste recycling companies in the world. The joint venture called DETS will allow us to

manage the complete disposition cycle of IT assets, an additional value added offering for our clients worldwide.

Your company has made significant investments in migrating the back office operations from US including HR, Finance, Dispatch and Call Coordination. We have been transforming front office support by creating strong and solid unique delivery methodology using our own integrated services delivery framework. We have been moving towards high level of automation to provide service delivery in a newer environment. The focus currently is on making your company fully geared to meet the challenges mentioned above.

To keep pace with the increasing demand for cloud services, your company has been building immense capabilities in delivering all its services on the cloud. We have already initiated delivering desktop management and website monitoring on the cloud. Additionally, we have build capabilities in successfully delivering private cloud services to some of our leading clients. Today, our cloud strategy is in place in terms of offering application as a service, infrastructure as a service, software as a service and so on and so forth. Our dedicated investments in putting the right tools, skill-sets and processes in place will certainly help our clients achieve significant benefits within the cloud environment.

Your company's HR endeavour over the year has been to build the shared vision, leadership and adopt best HR practices. For an organization like ours which thrives on technology and manpower; the process to appoint the new leadership

team which is both dynamic and sensitive towards the requirements of the employees and stakeholders, has far reaching and strategic consequences. Keeping this in mind, we

followed a consultative process to evolve many options and then deliberated on the strengths of each before arriving at a final view of the new leadership team. Your company's present leadership team is a blend of internally groomed leaders and handpicked leaders from some of the best companies across the industry.

In order to strengthen the employee engagement we have launched 'YOUNIFY' - a full-fledged employee engagement website; architected entire employee information on SAP HR & through the newly created Learning centre the company has imparted knowledge across technical competencies to our technical staff. In order to supplement the growth, we also invested in office spaces in Mumbai where we opened our corporate headquarters 'Allied House' in Mahape, which enabled us to consolidate and bring a large number of our workforce and departments under one roof. We also invested in another new office space in Nariman Point, Mumbai; alongside new offices in Delhi, Bangalore, Kolkata and Pune.

From a brand building standpoints, your company has been making significant investments in building its brand value. Over the past year, we have developed a strong marketing and communications team which focusing on building the company's brand as a key value creating asset of the business. We have also been putting a lot of effort in developing focused go-to-market communication strategies to enable our clients and prospects to continuously remain connected with our organization and be updated with our latest news, new services offerings and corporate credentials.

We are proud to state that, as always, your company has been winning accolades from the industry during this fiscal year also. We were adjudged as the Best Managed Service Provider (MSP) by CRN Excellence awards and Landesk; 'Best under a Billion Dollar' company by Forbes

Asia for 4 consecutive years, Top Solution provider by DQ Channels, etc.

While your company has undergone surmounting pressure in its revenue performance during the fiscal, we realize that the significant drop in the share prices which were initially triggered by rumors has also affected the valuation of your company as well as impacted the wealth of our investors. This is a difficult time for your company but we would strongly assert all of you to retain the confidence you have always shown in Allied Digital. The transformation journey that we have undertaken will act as a reckoning force to bring us back on our foot. This is a long drawn process which will be spread over the next 3-4 quarters. As a result, we will

continue to witness pressurized growth during this time. However, once the transformation is complete, your company will start demonstrating positive growth supplemented by value and wealth creation for all.

To stand the test of time and scale to greater heights, we are sure you will continue to support our new direction as you have done over the years. We would like to thank our shareholders, clients, partners and employees for all their trust and cooperation in helping your company remain extremely optimistic for the future and well poised to become one of the most admired global IT services companies in the world.

With warm regards

Yours sincerely

Nitin Shah

## FORBES ASIA ENTITLES ALLIED DIGITAL AS 'BEST UNDER A BILLION DOLLAR COMPANY'

## 'GET AHEAD' TRANSFORMATION PROGRAM TO PAVE WAY FOR NEW GROWTH & SUCCESS



## BOARD OF DIRECTORS



**NITIN SHAH**  
Chairman &  
Managing Director



**PRAKASH SHAH**  
Executive Director &  
CFO



**BIMAL RAJ**  
Executive Director  
& CEO



**MANOJ SHAH**  
Executive Director



**SHAILESH VAIDYA**  
Independent Director



**PROF. VENUGOPAL  
IYENGAR**  
Independent Director



**DR. SHRIKANT PARIKH**  
Independent Director



**DR. ROOP  
KISHAN DAVE**  
Independent Director



## FROM THE CEO'S DESK



**Bimal Raj**  
Executive Director & CEO  
Allied Digital Services Ltd.

Dear Shareholders,

The changing economic and business conditions during the last fiscal supplemented with rapid technological innovation created an increasingly competitive market environment that drove your company Allied Digital to transform the way we operate. The year posed several challenges, some of which were unexpected while some were inevitable. The rising cost of labor, increased attrition levels, lack of availability of highly skilled technology professionals, change in clients demands and expectations of accelerated delivery times and lower costs, high margin pressures etc. are just some of the key reasons that made the year gone by extremely demanding, thought-provoking and stimulating. As a result, companies like ours were bound to focus on their core competencies and remain flexible and think of innovative ways to adapt to the changing needs and requirements of the new dynamically changing environment.

We believe that over the last couple of years, the role of technology has evolved from supporting enterprises to transforming their business. This has increased the reliance of organizations on their service providers like us, who are now expected to continue to drive future growth with innovative value added services and solutions. Your company Allied Digital has always pre-empted change much ahead in time. As a result, before the markets took a turn last year, we had already strategized and planned our resource allocations in a way which would help us transform the way we operate. Some of the key changes which we undertook during the year will set a benchmark of excellence for our new delivery model in the future.

Throughout the history of the computing industry, we have seen long stretches of steady incremental improvement, punctuated by waves of intense transformation and change. Key breakthroughs – from the centralized computing mainframe environments three decades ago to the distributed computing environment with the advent of the internet in the last decade has revolutionized the

role that information technology plays in how we manage information, run our businesses and share experiences, bringing dramatic positive change to the lives of hundreds of millions of people.

Today, with the emergence of cloud computing, we're in the midst of the next great wave of transformation and change. With over two decades of rich experience, your company is well versed with this new environment and has built a strong expertise to offer customized cloud services to clients across the global landscape.

Your company has also moved away from the traditional service delivery model to a completely automated delivery model. This enables our clients receive much faster response to their needs while at the same time enables us to track the performance of our clients' assets in real time. Our internal technological innovations within our delivery framework has also garnered significant value added services for our clients. Our tools are now able to automatically resolve more than 30 percent of the standard issues without any form of human intervention. This ensures timeliness and sustains the overall productivity and performance levels.

Your company has been transforming its market approach by becoming extremely client sensitive and 'client-centric'. As a result, we have adopted a new go-to-market sales strategy by consolidating our service offerings under five key pillars – End User Services, Enterprise Applications Services, Infrastructure Management Services, Integrated Solutions and IT as a Service (ITaaS). We have also decided on three focus areas : business transformation, business optimization and business innovation. The aim of this change is to develop much deeper engagements with our

We are becoming extremely client sensitive and client centric

clients and remain extremely sensitive to their needs with the changing market conditions. Our closer engagements will help us understand our clients better and this in turn will enable us to add value throughout the engagement lifecycle. We believe that the new strategic approach and structure will help us expand our global market by forging stronger partnerships with our clients, increasing our revenue opportunity per client and increasing our relevance to all facets of their enterprise.

In addition, there are many other areas of change within the business that we have identified and invested in with razor-sharp focus. The transformation journey we have embarked upon will make us extremely proactive in understanding and balancing the need of our clients with our service capabilities. We are making significant investments in strengthening our internal force, which will outcome into dynamic frameworks, models and dashboard that will enable cutting edge and seamless services throughout the lifecycle from deal to delivery.

As we transform, so will our knowledge leadership. We look into the future with absolute optimism as the shift that the IT industry is making today will require players like us to be ready at the other end to continue the momentum and lead the bandwagon. We are more than certain that the Allied Digital of tomorrow will be better, bigger and much more robust in delivering exceptional value, day in day out for our shareholders, clients, partners and employees, worldwide.

With warm regards

Yours sincerely

**Bimal Raj**





**Kevin Schatzle**  
President  
Allied Digital, USA

The previous fiscal year 2010–2011 was a period of both transformation and challenges for Allied Digital US. Early in the year, a decision was made to change the name of the subsidiary from En Pointe Global Services to Allied Digital LLC. This was done to consolidate, and leverage our global branding and begin establishing our company's identity here in the USA as a solid player in the Infrastructure Management, Application and Cloud-delivered technology marketplace.

To that end, your company has been successful in beginning the transformation from a desktop services company to a trusted provider of cloud-based infrastructure as a service and local/remote management solutions. We now have over several desktops under management from a cloud based delivery framework. Fiscal 2010-2011 also saw our IT outsourcing business grow as we took over the daily management, including application and data-center services of many mid-tier companies. Our application services now include development, maintenance and support of SAP, PeopleSoft, JD Edwards, and Siebel.

Your company also focused on, and achieved significant growth in our Global Services Desk practice. As an indicator - our agents are now

processing over 30,000 tickets per month up from 10,000 in the previous year. This business continues to grow and it is our goal to double it once again in the coming year.

Allied Digital US has also faced multiple challenges in the fiscal year. The stagnant and uncertain economy in the United States has created an environment where companies are very hesitant to change or upgrade an aging I.T. infrastructure. This has resulted in reduced margins and significantly longer sales cycles, often between 6 and 12 months. In addition, our primary Prime Contractor outsourcing partner has experienced two very significant losses causing us to lose the two large contracts where we were the subcontractor.

In spite of these challenges the management team has great optimism for the future. There is a general consensus among IT industry analysts such as Gartner and others that the coming years will witness many changes in the IT landscape that will provide enormous growth opportunities for Allied Digital. We believe that over the next few years the U.S. market will see mainstream adoption of cloud-based architecture and applications. This migration to private and public cloud based infrastructure holds significant benefits for our company. Our wide breadth of offerings ranging from logistics and client services through complete I.T. infrastructure, security, and application outsourcing will separate us from many competitors due to the steep barrier to entry required to offer the full breadth of technology and services. We feel our U.S./ India blended pricing and resource model will also give us a competitive advantage to many non-global companies.

To summarize, the previous year saw significant progress in integrating the U.S. and India delivery teams, we are gradually gaining momentum in closing new business in the key areas of focus, including infrastructure-as-a-service and client services, our partner relationships are starting to lift off and we are putting in a lot of effort and hardwork to make great strides and re-energize ourselves to remain competitive and further accelerate our performance.

## OUR GLOBAL PRESENCE



Allied Digital is proud to represent a wide variety of companies and industries. Whether our clients are Fortune 500 brands with offices worldwide or local large businesses, we're committed to exceeding our clients expectations and delivering a memorable experience each and every time they choose to do business with us.

- 25+ Years in the Industry
- 52 States in USA
- 40+ Global Partner & Alliances
- 132 Locations in India
- 2,000+ Global Customers
- 3000+ Employees
- 10,000+ Years of cumulative personnel experience
- ISO 2000-01:2005 Standard Service Delivery Improvisation
- ISO 20000-1:2005 & ISO 27001-01:2005 Standard Global Command Center

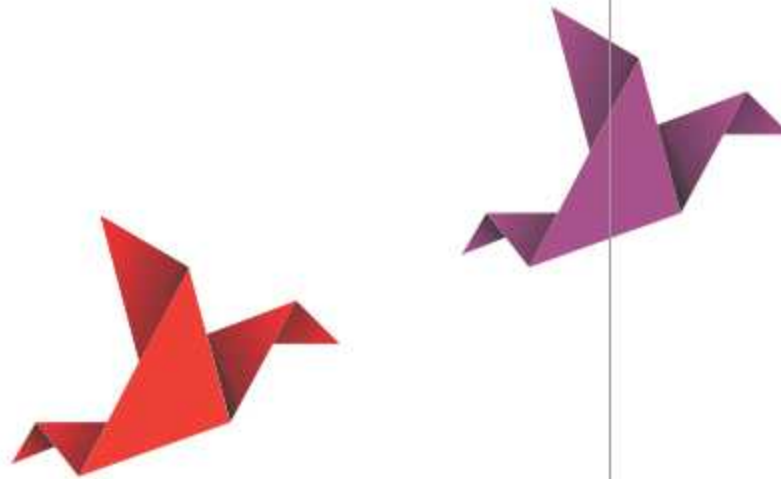




## HUMAN CAPITAL

### Investing in our key asset – OUR PEOPLE

Empowered by professionals & driven by performance, we at Allied Digital consider our people as the most important asset of the organization. We believe in the process of meritocracy. With an experienced and result oriented management team headed by a visionary par excellence, and an ever growing tribe of hungry for success Alliedians; achievement is a foregone conclusion for Allied Digital. The success of our organization largely depends on teamwork aligned to drive business forward. Our workforce is prone towards dynamism, determination & dedication and every individual here continuously learns developing new ideas, adapting new concepts with an attitude to outperform and the power to achieve.



TRANSFORMATION



## BRAND CAPITAL

### Developing a strong Knowledge Brand Recognition

Our brand is an extension of who we are. It is a the reflection of our corporate DNA. With over two decades of hard-work and in-depth commitment, we have blossomed into one of the fastest growing global IT services players today. As we prepare to take the next big leap into the future, the role of our brand asset becomes extremely significant. Keeping this in mind, we unveiled our refreshed brand identity and tagline: '*IT managed. Responsibly.*' which is more representative of the company today and its role as a trusted resource and partner to organizations around the world. The new brand initiatives will portray a more dynamic company with a contemporary look and feel and a well articulated positioning, globally.



## INTELLECTUAL CAPITAL

### The knowledge systems Infrastructure of our Business

Our Intellectual Capital is our engine of growth. Everything we do forms a part of our intellectual capability. With an impeccable track record for designing, developing, optimizing and delivering end-to-end IT Infrastructure Services, our collective knowledge base & strong expertise in technology are the key assets which have resulted to allow us prosper in providing immaculate services & solutions across various domains & geographies. With a broader insight towards innovations in technology we have successfully developed as an expert in providing solutions to meet the ever changing business needs of our clients.



## RELATIONSHIP CAPITAL

### Developing strong Relationships with our Clients & Partners

We are in tune with the changing landscape of the industry because of our strong relationships with the internal & external stakeholders of our organization. Our highly focused 'Client Centric' approach leads to client loyalty and retention. We are not at contractual obligations rather we believe that all our clients deserve pleasant surprises! We collaborate with our clients & partners making it easier to bring people & ideas closer; thereby making technology an enabler of success. We assist our client throughout the entire IT lifecycle from design to asset disposal.



# HUMAN CAPITAL



**RAJ SHEKHAR**  
Chief Transformation Officer

## TRANSFORMING FOR A BETTER FUTURE.

Organizations worldwide have risen up from the deep financial crisis and are looking for smarter ways of doing business. Unpredictable economic conditions are not helping the cause anyway. What worked until 2008 may not be the way the organizations want to do business in the coming years. They are going to be prudent, cost conscious, improve market share and would want to be financially sound. IT being an enabler in growth, all IT companies will expect to grow in the coming years, especially in the Indian market.

Given this background, it is imperative that the winners are going to be those who have the capacity to think on behalf of the client and come out with innovative solutions and implement it. Old model of delivering to client requirement will not differentiate anymore! One will have to learn to take ownership for 'client needs' and build solutions around that, without increasing cost or compromising on speed and quality.

Your company Allied Digital had recognized this need much in advance and has launched an

organization-wide Transformation Program called 'Get Ahead' in January 2011. The main objective of the program is to create that capacity to go where you want to go, given your unique circumstances. The research conducted and published in 'Beyond Performance' by Industry pundits like Scott Keller and Colin Price shows that only a third of excellent companies remain excellent over long term. Only organizations that beat the odds thrive and maintain excellence.

The market defines performance as delivering shareholder value. Therefore, most organizations come under pressure to deliver better performance quarter on quarter. Your company has come to recognize that this is a narrow view and to maintain performance excellence, we need to focus on building Capacity. We define Capacity as our ability to align to our vision, strategize to differentiate, assign accountability and renew self to execute faster than competition. The core organizational capabilities that need to be renewed are customer orientation, internal coordination, skill building and innovative culture driven through inspired leadership. Your company's transformation program has been initiated on these lines and will take time and investment to bring in change in Capacity.

## WHAT IS CHANGING?

**Building Performance culture** initiative is going to lay the foundation for fulfilling our Vision. While our value system, philosophy - ERA (empowerment, Responsibility, Accountability) and six layers of

training program are all in practice, we felt the need to integrate them into our work culture and goal. We believe that this would build the capacity in people to take ownership for client needs and fulfill them, proactively. This approach and attitude will make us nimble footed, think on behalf of our clients and provide solutions, proactively. We had conducted workshops across the locations and functions to educate them on these lines.

**Shared vision and working in teams:** We have also embarked on implementing the BSC (Balance Score Card) framework to integrate the existing best practices to implement our strategy. This has already helped different functions to come together to address client needs. For example - Today, when we receive an RFP from a prospect or client, it goes through our Proposal center. Our solution group and delivery group participate in building the right solution in conjunction with Client facing managers, proactively. This collaborative approach brings out the best in us, at the shortest time possible. It is needless to say that it also improves our success rate in converting opportunities into deals.

**Employee engagement:** In our business, people and technology matter the most. In order to connect employees to the organization's goal and facilitate their working, we launched YOUNIFY, our internal portal. YOUNIFY is aimed at becoming the workbench for every Alliedian. It has many features like My work, Self service, Knowledge management, Assistance, Social network etc. Once the employee logs into the portal, s/he hardly needs to leave the portal for any of his/her day to day work related needs. This makes their life easy and helps them to concentrate on the task on hand.

**Readying Service Delivery capabilities to futuristic needs.** If we were contented with Facilities Management Services, we are not anymore. We are constantly looking for opportunities to move up the value chain in an innovative way. We are not going to be happy with resource based revenue model. We will move into value based revenue model. This means we will have to skill or hire resources that will be top class in their respective areas. We have continuous up-

skilling programs happening in our state of the art training center.

**Building automated tools for improving productivity.** As we have said time and again, we believe our differentiator is going to be not how many people we deployed, but how we are deploying solutions to our clients. Our ISDF framework and tools built around that is one of our differentiator. Sitting in our NOC/SOC center we can identify the root cause of an equipments problem, suggest the remedial action, fix the problem or predict before the problem occurs to remediate.

**Strengthen Practices.** So far the practices were built around the kind of projects we executed or relationship we had with partners. Now the focus is to scan the market, understand the customer behavior, predict the future and build practices proactively to address those opportunities. The current buzz word is around cloud and mobile computing. But not much is known as to what it means. We have already taken leadership position and built mobility solutions for our partners. There are more such ideas in pipeline, which is getting converted into actions.

**Renew go to market strategy.** Engage with clients from a consulting / solution approach, in addition to offering portfolio of services from our capability standpoint. This calls for a complete mindset change in the sales force, delivery team, language of brochures/collaterals/case studies, branding of Allied Digital etc.

We believe that the transformational direction we have taken is right and will only add value. We know where we want to go and we are confident that as we build up our *capacity*, we will become a very strategic and competitive force to reckon with in the future.

With warm regards

Raj Shekhar



# INTELLECTUAL CAPITAL



**PARESH SHAH**  
President, Technology  
Solutions Architecture

gaining traction in public sector enterprises due to unexpected acts of terrorism. Your company has already developed a strong expertise in managing physical security and offers the same to its clients via the Integrated Solutions offering.

Your company Allied Digital is actively repositioning its service delivery model for Integrated Shared Services alongside providing vertical industry software/system integration solutions and enhancing focus on managed security services. Our subsidiary Digicomp has also made significant infrastructure investments towards enhancing capabilities for AMC/Repair.

Going forward, we are strongly focused in entering into new strategic partnerships with key industry leaders in providing platform-ready solutions, cloud migration assessment and ERP on-demand support. Allied Digital's proprietary Integrated Service Delivery Framework (ISDF) is becoming increasingly popular and undergoing a next phase of enhancements. Our software solutions have greatly influenced our company's own back-office transformation.

Though the pressures of resource attrition, lower margins and tighter SLAs have increased, your company is gearing up to meet these challenges by becoming more customer-centric, and understanding the market pulse well to flexibly adapt our value proposition with the changing demands. Your company's leadership team is actively engaged in orienting its partnerships, accelerating its innovative tools development and sharpening its overall service delivery model via "Streamlined Processes, Strategic Resourcing and Smart Technology."

The fiscal gone by brought with it many changes. The world economy faced some severe pressures while the IT industry as a whole encountered new consumption patterns and demands. For technology, the year 2010-11 has been the year of upgrades, expansion and IT-pushed business processes in India. In the current fiscal, 2011-12 things may take a new form and shape. It could well be more a year of cost savings, ROI and support to transformation. This looks similar to what the US had in 2009-10. The two famous key words 'Cloud Computing' and 'Business Transformation' are gaining prominence with respect to valid ROI story and giving agility to changed business processes.

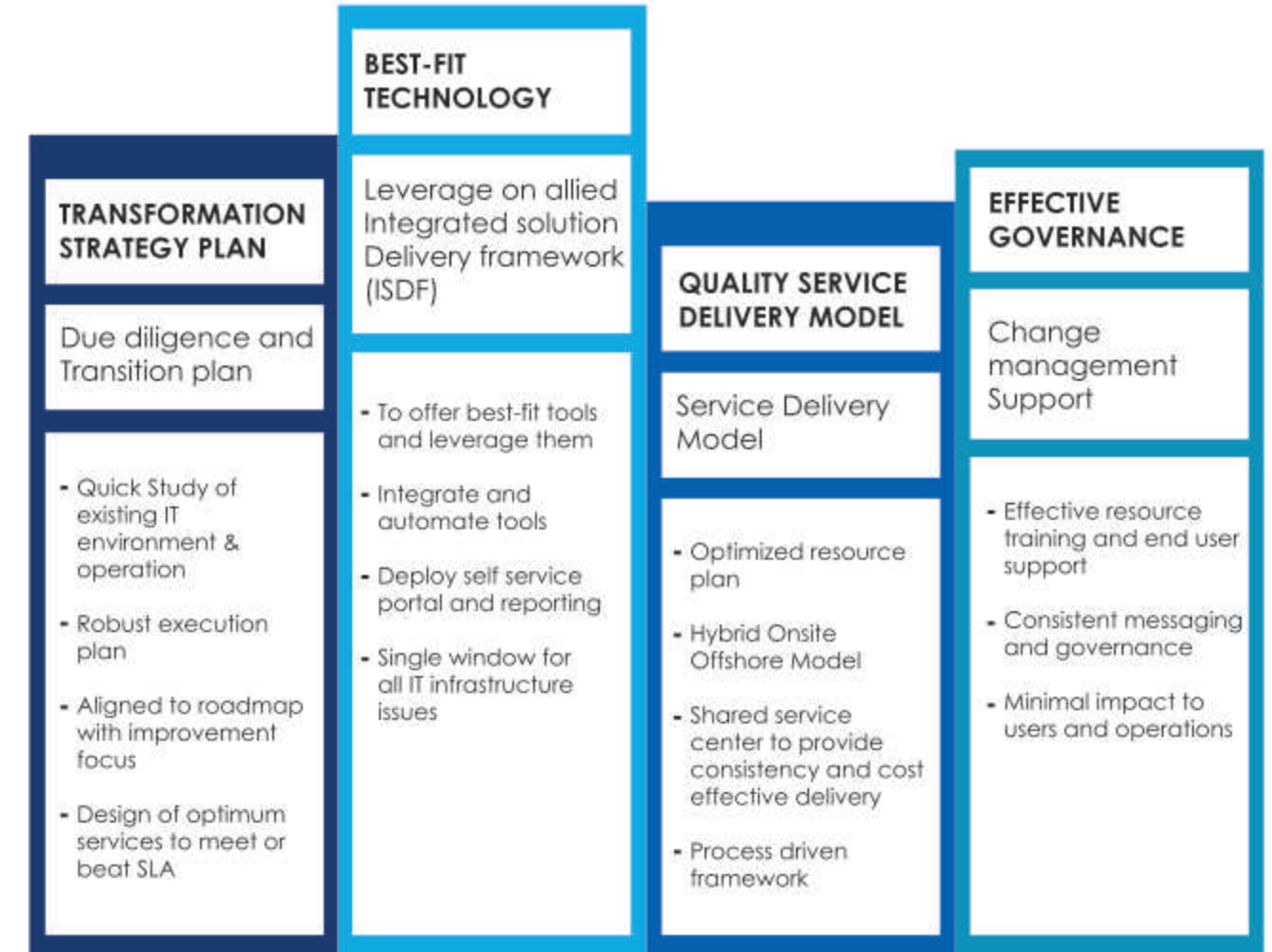
In the year gone by, your company experienced growth in demand for virtualization, data center setups and private cloud solutions across the globe. However, Allied Digital now sees more opportunities in areas such as comprehensive shared services, mobility management and Total IT outsourcing (TOS). In the software space, the need for lean BPM and BI are increasing due to the need for better analytics and automation for cost control and business agility. In the security space, due to serious increase in Cyber Crime, there is renewed demand for Managed Security Services and Access Control Solutions. Your company is already geared up to meet these demands as our expertise around this space has been built well in time. On the other hand, Managed Physical security is also

## OUR TECHNOLOGY ARCHITECTURE

### OUR FOUR PILLARS OF ENGAGEMENT

#### Innovative transformation framework-

A combination of best-of-breed processes, technologies, service delivery model and effective governance mechanisms that deliver an overall efficiency in operational services.



# RELATIONSHIP CAPITAL



**SANJIV PATKI**  
Global VP,  
Managed Services

The current Infrastructure Management Services (IMS) scenario has become very challenging. The market for rich, converged services is rapidly expanding and transitioning from early adopters to the mainstream. However to cater to this growing demand availability; well-trained manpower is the basic requirement. In addition, the processes and procedures to ensure streamlined delivery and customer satisfaction has also become significantly important; although, the cost of delivering such matured services needs to reduce Year-on-Year. Last but not the least, the SLAs need to be not only met but it must also aim at surpassing the stand expectation criteria. With all these new expectations and changes, the biggest question before your company and the IT industry at large is how to meet these contrasting demands of the clients.

The sudden downturn in the US economy has resulted in increased expectations from service providers like us. Availability of high quality resources and salary expectations of both the existing and new resources are also increasing which is driving the cost upwards. Productivity and efficiency of resources is much lower than the expectation resulting in increased deployment of resources. In response, IT industry has been following multiple strategies ranging from deploying highly skilled manpower to increasing number of resources and evolving their services infrastructure

to meet growing demand and enhance the customer experience.

However, your company Allied Digital has adopted a completely transformed delivery model – 'Smart Technology'. This is your company's proprietary Integrated Service Delivery Framework (ISDF). Using this model we have been able to meet challenging client expectations. In addition, we have also been able to implement industry standard tools and processes which forces our resources to follow a streamlined delivery methodology. The framework also provides for Auto Remediation feature whereby close to 20% of the total issues can be fixed automatically by the tool without human intervention. Integration of Knowledge Base has also resulted in faster solution to customers' problem. Tracking of an incident to closure has been made simple by integrating the Service Desk Tool in our delivery framework. All this has resulted in the increased productivity of our resources.

Your company is one of the first movers in the industry to change the linearity in the equation of Devices under Management vs. Resources Requirement. We offer periodic training to our resources as a part of our strategic skill-planning initiative; as a result of which they become highly cross-skilled. This helps us deploy the Shared Services Model across multiple clients at the same time thereby reducing the cost of delivery. New services can be developed and rolled-out to clients faster and more reliably, shortening the time to revenue; offloading risks and better controlling the costs.

As we transform for a better future, our Streamlined, Strategic and Smart (SSS) services model will continue to optimally utilize our proven delivery best practices, and serve our clients both effectively and efficiently across India and the global markets.

## OUR GROUP COMPANIES



### ALLIED e-COP PRIVATE LIMITED

Allied Digital and Singapore based e-Cop join hands to provide Managed Security Services to enterprises in 20 countries.

Allied Digital will hold a majority stake of 80% while e-Cop will hold remaining 20% in the Joint Venture. Allied e-Cop Pvt Ltd. enjoys exclusivity in over 20 countries. The multi- regional threat intelligence network will provide threat notifications and associate advisory services based on data collection from SOCs located in USA, Indian, Singapore, Malaysia, China, Hongkong and Thailand.

In addition, the JV will assume the role of e-Cop's current Global Resource Centre (GRC) in India. E-Cop's GRC provides security services to over 80 Global clients from across the globe, which includes Government and Multinational companies.

This JV will also focus on developing innovative Cloud Monitoring Solutions, powered by e-Cop's Common Inference Engine for Security Event Handling (CIESEH) technology for Allied and e-Cop's combined clientele.



Allied e-Cop is one of the largest threat intelligence networks in the world today with 7 Security Operating Centers (SOCs) across the globe.

Digicomp Complete Solutions is a subsidiary of Allied Digital Services Ltd. In business since 1993, Digicomp, incorporated as a private limited company in 2001, is headquartered in Bangalore – India. Digicomp manages end-to-end technical support, customer care, warranty services, Helpdesk and manages services, repair and refurbishment, project roll-outs, etc. through its single window solutions to meet any client need and ensure that clients can focus on their own core competency and increase customer satisfaction.

The last financial year FY10-11 for Digicomp has remained positive with a rise in the revenue growth. The company has also been able to add a few good customer accounts during 2010-2011 which has contributed to the topline as well as the bottomline. Digicomp expects this growth momentum to sustain and accelerate in the coming year. Customer satisfaction has been the key focus for the company and we are happy to inform that all existing customers have shown immense faith and commitment to continue business with Digicomp. We are happy to inform you that your company Digicomp has received the Export Excellence Award 2011 for the Best Service (Excl. Software) Exporter Award- Small Category Gold conferred by the Federation of Karnataka Chambers of Commerce and Industry.



# BRAND CAPITAL



ETHICS  
TRUST  
RELATIONSHIP  
ATTITUDE  
INFRASTRUCTURE  
CAPABILITIES  
TRANSACTION



**GAURAV BAHIRVANI**  
Chief Marketing Officer

"With over two-thirds of any enterprise value today coming from intangible assets alone (especially, Brand), the future value of most organizations will largely tend to be dependent on the ways companies acknowledge and manage these value creating asset. We believe that our brand is central to our company's ability to earn profits and it exerts an influence on the resources and capabilities that are directly responsible for our success. No other intangible has the same linear link between the market which is the source of a company's revenues, and the wealth the company creates for its shareholders. As a result, at Allied Digital there is absolute clarity as far as enhancing our brand value is concerned.

During the fiscal, we took some very strategic steps towards building our brand and marketing capabilities across the globe. We developed a global communications team (GCT) which is now responsible for ensuring consistent delivery of our key messages to all our stakeholders. We have resources allocated between India and the US who coordinate and integrate all marketing activities carried out across the globe. As a part of the transformation program, we are in the process of developing a globalised sales pitch which will keep our brand as the centerpiece of our go-to-market strategy. We are also developing extremely strategic client-centric marketing materials, which will enable us to communicate our service offerings clearly and also showcase how we can add value throughout the engagement lifecycle.

Today, the role of the marketing function within our organization has become extremely significant with its ability to generate leads, garner brand recognition and enhance reputational value through its promise of the same service delivery experience for our clients across the globe. At Allied Digital, we have articulated a single minded commitment to all our stakeholders by positioning our brand as a responsible and a well experienced player who can be trusted with delivering high quality value creating services & solutions. We believe this positioning will be significant in the way we transform for the future and become a powerful force to establish our brand amongst the most admired IT services & solutions players in the world."



## AWARDS AND RECOGNITION



**Solution Champ  
(Security)**  
-DQ Channels



**Top Solution Provider  
(Silver)**  
-DQ Channels



**Best Managed  
Services Provider '10**  
-CRN Excellence Award



**Best VAR-Mumbai**  
-VAR Magazine



**Best under a Billion Dollar**  
-Forbes Asia



**'Channel World  
Premier 100' Award**  
-Channel World



**MSP of the year**  
-Landesk

## OUR CSR INITIATIVES

### iGreen

In line with the World Environment Day celebrated across the globe on 5 June, As an organization we realize that going green is a Corporate Responsibility. We believe we can make a huge difference by helping our clients become intelligently green. Allied Digital's 'i Green' initiative is a move towards this. Through 'i Green', we aim to provide the intelligence and insight to not only green IT, but to extend beyond the walls of the data center to address many other issues. It a comprehensive strategy and a broad set of capabilities that we as an organization have, to help businesses achieve green goals and benefits across their organization. Leveraging offerings from our Integrated Solutions service line, this strategy is designed to help clients adopt solutions that optimize and reduce energy consumption and manpower costs, minimize their impact on the environment, and address emerging stakeholder expectations.



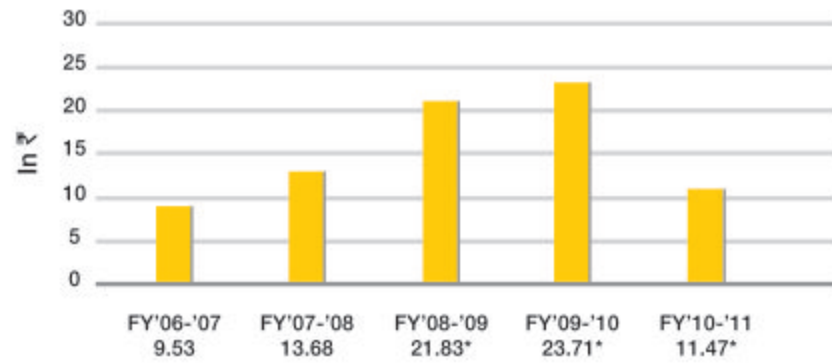
### Allied Digital cares for the community!

It is said that, 'Sharing is Caring'. Allied Digital extends its care by the way of sharing 20 desktops with Shrimad Rajchandra Love & Care – A 10 Love Packed Programs catering to the needy in different strata of the society. The above mentioned NGO have installed these desktops at a Residential School in interior part of Gujarat. Almost over 250 Children are benefitting out of these computers. Basic Computer education is provided to all school kids. Thus, Allied Digital helps the community to be computer literate.

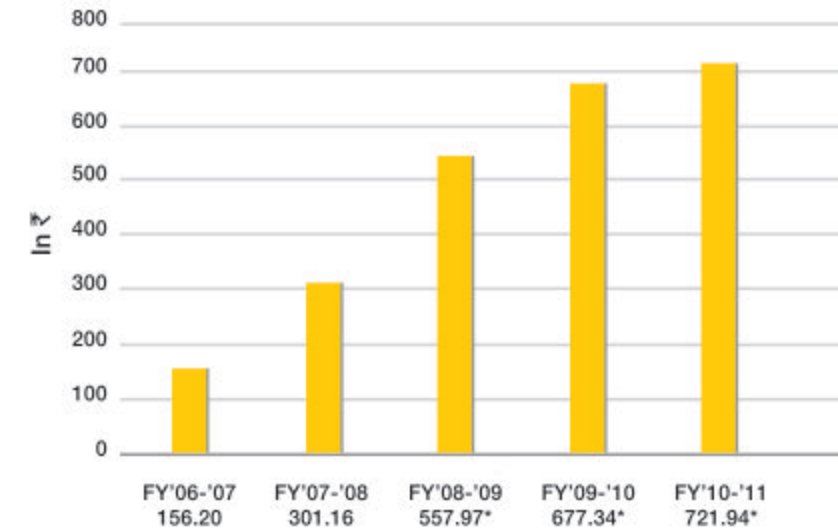


# FINANCIALS

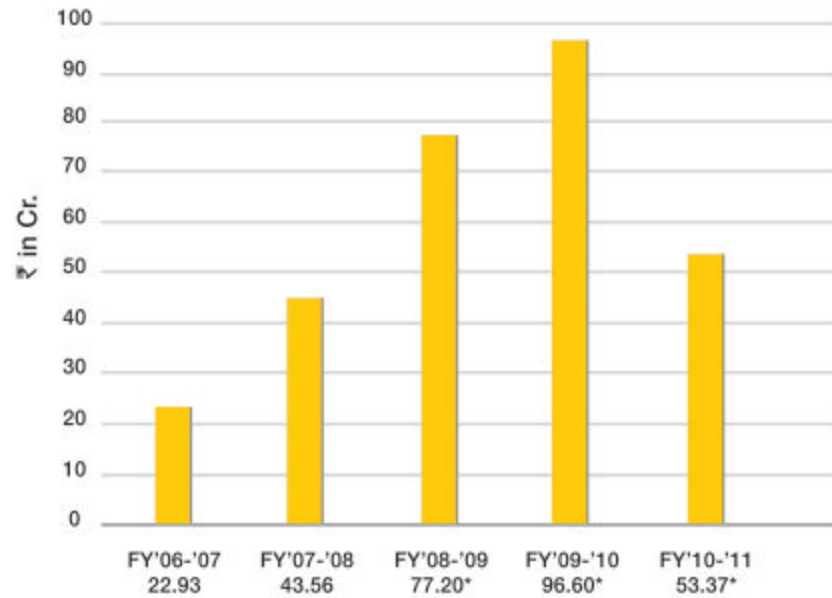
## EARNING PER SHARE



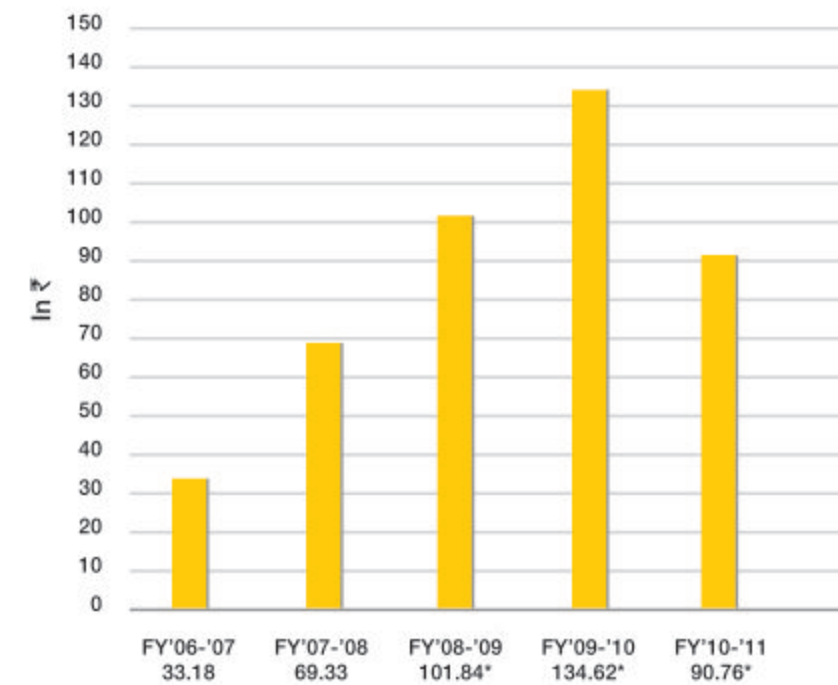
## TOTAL INCOME



## PROFIT AFTER TAX



## OPERATING PROFIT



\*Figures for the FY'08-09, FY'09-10, FY'10-11 are consolidated



## TESTIMONIALS



ADSL is extremely customer focused and easy to work with. They have a large pool of expert resources and offering good overall value."

- IT Director of one of the leading middle market private equity firm



Allied Digital's services helps me make valuable business decisions and significantly save on time and cost. I consider them an extension of my own staff and offer my experience as a tribute to their commitment"

- CIO of one of the largest automobile companies in USA.



Allied Digital is candid and flexible while willing to work towards a mutually beneficial solution. All implementations and partnerships will have problems, so the key to success is the ability to work together to resolve them and move forward for the benefit of our end users."

- CIO of one of the leading dental practice management service



3 years back after trying a couple of vendors we shifted all our IT Infrastructure Management Services to Allied Digital Services Ltd (ADSL). This has helped us to achieve our IT goals in centralizing, consolidating and standardizing our IT environment to a great extent. It was a great decision taken."

- CISO of one of the leading garment manufacturers



We have found the services rendered by Allied Digital as excellent and we would never think of changing our AMC support. The service provided by Allied Digital engineers all over India, across our branches is excellent and they work as a family with our staff, sometimes working late, coming on holidays and anything that they can do to help us out during crisis. M/s Allied Digital Services are 'the best in India' and we wish them all the success in their growth."

- Head of System Dept of one of the leading Housing Finance provider





## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventeenth Annual General Meeting of Allied Digital Services Limited will be held on Thursday, September 29<sup>th</sup>, 2011 at 3.30 p.m., at TARABAI HALL, SHIV PRASAD BUILDING, 97, MARINE DRIVE, MUMBAI - 400002, to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31<sup>st</sup> 2011, Profit and Loss Account for the year ended on that date and the Reports of the Auditors' and the Directors' thereon.
2. To declare Final Dividend on Equity Shares.
3. To appoint a Director in place of Dr. Roop-Kishan Dave, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shailesh Vaidya, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. K. M. Kapadia & Associates as Statutory Auditors of the Company for the period commencing from the conclusion of this meeting until conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

### SPECIAL BUSINESS:

6. **To consider and if thought fit, pass the following resolution with or without modification (s) as Special Resolution:**

**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as approved and recommended by the remuneration committee and the Board, the Company hereby approves re-appointment of Mr. Nitin Shah, as Managing Director for a further period of 5 (five) years with effect from April 01<sup>st</sup> 2011 on the terms & conditions as placed before the Board.

**"RESOLVED FURTHER THAT** wherein any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director the above remuneration as the minimum remuneration by way of salaries, perquisites and other allowances and benefits as specified above subject to the receipt of the requisite approvals, if any.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board of Directors, (herein after referred to as "the Board" which term shall be deemed to include any duly authorised committee thereof, for time being exercising the powers conferred by the Board by the resolution) be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit and also, to make such alterations and modifications, as may be required within the limits of Schedule XIII of the Companies Act, 1956".

7. **To consider and if thought fit, pass the following resolution with or without modification (s) as Special Resolution:**

**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as approved and recommended by the remuneration committee and the Board, the Company hereby approves re-appointment of Mr. Manoj Shah, as Whole-Time Director for a further period of 5 (five) years with effect from April 01<sup>st</sup> 2011 on the terms & conditions as placed before the Board.

**RESOLVED FURTHER THAT** wherein any financial year during the currency of the tenure of the Whole-Time Director, the Company has no profits or its profits are inadequate, the Company may pay to the Whole-Time Director the above remuneration as the minimum remuneration by way of salaries, perquisites and other allowances and benefits as specified above subject to the receipt of the requisite approvals, if any.

**RESOLVED FURTHER THAT** Mr. Manoj Shah, as Whole-Time Director, being a Director liable to retire by rotation, his re-appointment as such Director shall not be deemed to constitute a break in his appointment as Whole-Time Director.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board of Directors, (herein after referred to as "the Board" which term shall be deemed to include any duly authorised committee thereof, for time being exercising the powers conferred by the Board by the resolution) be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit and also, to make such alterations and modifications, as may be required within the limits of Schedule XIII of the Companies Act, 1956".

**8. To consider and if thought fit, pass the following resolution with or without modification (s) as Special Resolution:**

**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as approved and recommended by the remuneration committee and the Board, the Company hereby approves re-appointment of Mr. Prakash Shah, as Whole-Time Director, for a further period of 5 (Five) years with effect from April 01<sup>st</sup> 2011 on the terms & conditions as placed before the Board.

**RESOLVED FURTHER THAT** wherein any financial year during the currency of the tenure of the Whole Time Director, the Company has no profits or its profits are inadequate, the Company may pay to the Whole Time Director the above remuneration as the minimum remuneration by way of salaries, perquisites and other allowances and benefits as specified above subject to the receipt of the requisite approvals, if any.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board of Directors, (herein after referred to as "the Board" which term shall be deemed to include any duly authorised committee thereof, for time being exercising the powers conferred by the Board by the resolution) be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit and also, to make such alterations and modifications, as may be required within the limits of Schedule XIII of the Companies Act, 1956".

**For and on behalf of the Board of Directors**

sd/-

**Nitin Shah**

Chairman and Managing Director

Place : Mumbai  
Date : August 22<sup>nd</sup> 2011

**Registered Office:**

2nd Floor, Kimatrai Building,  
77/79, Maharshi Karve Marg, Marine Lines,  
Mumbai – 400 002

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. Under the Companies Act, 1956, voting is by a show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least ₹ 50,000. A proxy shall not vote except on a poll. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

2. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting in annexed hereto.

Members /Proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.

Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.

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.



3. The Register of Members and Share Transfer Books of the Company will remain closed from September 22<sup>nd</sup> 2011 to September 29<sup>th</sup> 2011 (both days inclusive) for the purpose of Annual General Meeting and Declaration of Dividend.
4. Members holding shares in physical form and desirous of making/changing nomination in respect of their shareholding in the Company, may send their request in the prescribed Form 2B to the Registrar & Transfer Agents of the Company.
5. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General meeting.
6. Members desirous of obtaining any information on the Accounts and Operations of the Company are requested to write at least one week before the meeting so that the same could be compiled in advance.
7. Members are requested to notify changes, if any, in their registered addresses to the Company's Registrars. Members are requested to bring their copy of Annual Report to the Meeting.

All documents referred to in the notice and explanatory statement are open for inspection at the registered office of the Company between 10.30 a.m. and 1.00 p.m. on all working days (except Saturday and Sunday) upto the date of the meeting.

Members are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, M/s. LinkIntime India Private Limited, C-13 Pannalal Silk Mills Compound L B S Marg, Bhandup-West MUMBAI - 400 078, Tel No: 25963838, Fax No.: 25946969.

As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer agents of the Company.

Members seeking any information or clarification on the Annual Report are requested to send in written queries to the Company at least one week before the meeting to enable the Company to compile the information and provide replies at the meeting.

**INFORMATION UNDER CLAUSE 49 (IV) (G) (i) AND CLAUSE 49 (IV) (E) (v) OF THE LISTING AGREEMENT REGARDING RE - APPOINTMENT OF DIRECTORS.**

**Dr. Roop-Kishan Dave** holds PHD degree and degree of M.S.H.S. in emergency and disaster management. He has done B.E. in Electronics & Communication and also holds an M.B.A. degree. Dr. Dave has more than 33 years of experience in ICT Policy & Project Management including emergency response, disaster mitigation and management. His domain of expertise includes - Spectrum Management, Information & Communication Technology Policy, eGovernance system management, vulnerability and Risk Assessment, development of emergency response policies / procedures / protocol / mutual-aid system, SCADA / real time data acquisition / data analysis and forecasting; design, establishment, operation and management of Emergency Operation Center(SEOC, DEOC, TEOC) in a typical Government system; Crisis Communication system; alert & warning system; development and management of EOP / EAP / SOP and capacity building.

Dr. Dave is a senior member of IEEE for more than 26 years. He is also a member of professional societies such as International Association of Emergency Managers (USA) and Fellow IETE.

Shareholding of Dr. Roop-Kishan Dave (both own or held by / for other persons on a beneficial basis) as on date is NIL.

**Mr. Shailesh Vaidya**, aged 53 years, is an Independent Director of your Company. He holds a Bachelors Degree in Law from University of Mumbai and became a Solicitor in the year 1983. He has been a partner of M/s. Kanga and Co., Solicitors, since the year 1985. He is presently a Director in several public listed Companies and Chairman of the Law, Review, Reforms and Rationalization Committee of the Indian Merchant's Chamber and is also a member of the managing committee of the Indian Merchant's Chamber.

Shareholding of Mr. Shailesh Vaidya (both own or held by / for other persons on a beneficial basis) as on date is NIL.

## **EXPLANATORY STATEMENT as required by Section 173 (2) of the Companies Act, 1956.**

### **Item No. 6**

Mr. Nitin Shah was appointed as Managing Director of the Company for a period of 5 years with effect from April 01<sup>st</sup> 2006. The tenure of his appointment expired on March 31<sup>st</sup> 2011. The proposal for his re-appointment was placed before the remuneration committee for consideration and to determine his Managerial Remuneration. The Remuneration Committee considered the proposal and decided to renew his appointment for a further period of 5 years on the terms and conditions as placed before the Committee. Accordingly, the Remuneration Committee approved his re-appointment and terms and conditions and subject to approval of the Board of Directors and consent of shareholders by way of special resolution.

The appointment of Mr. Nitin Shah as Managing Director was approved by the board and subject to consent of the shareholders in accordance with the provisions of Schedule XIII to the Companies Act, 1956. Accordingly, the proposed Special Resolutions brought for your approval.

None of the Directors of your Company is concerned or interested in the proposed Special Resolution except Mr. Nitin Shah & Mr. Prakash Shah.

### **Item No. 7**

Mr. Manoj Shah was appointed as Whole-time Director of the Company for a period of 5 years with effect from April 01<sup>st</sup> 2006. The tenure of his appointment expired on March 31<sup>st</sup> 2011. The proposal for his re-appointment was placed before the remuneration committee for consideration and to determine his Managerial Remuneration. The Remuneration Committee considered the proposal and decided to renew his appointment for a further period of 5 years on the terms and conditions as placed before the Committee. Accordingly, the Remuneration Committee approved his re-appointment and terms and conditions and subject to approval of the Board of Directors and consent of shareholders by way of special resolution.

The appointment of Mr. Manoj Shah as Whole time Director, was approved by the board and subject to consent of the shareholders in accordance with the provisions of Schedule XIII to the Companies Act, 1956. Accordingly, the proposed Special Resolutions brought for your approval.

None of the Directors of your Company is concerned or interested in the proposed Special Resolution except Mr. Manoj Shah.

### **Item No. 8**

Mr. Prakash Shah was appointed as Whole-time Director of the Company for a period of 5 years with effect from April 01<sup>st</sup> 2006. The tenure of his appointment expired on March 31<sup>st</sup> 2011. The proposal for his re-appointment was placed before the remuneration committee for consideration and to determine his Managerial Remuneration. The Remuneration Committee considered the proposal and decided to renew his appointment for a further period of 5 years on the terms and conditions as placed before the Committee. Accordingly, the Remuneration Committee approved his re-appointment and terms and conditions and subject to approval of the Board of Directors and consent of shareholders by way of special resolution.

The appointment of Mr. Prakash Shah as Whole time Director, was approved by the board and subject to consent of the shareholders in accordance with the provisions of Schedule XIII to the Companies Act, 1956. Accordingly, the proposed Special Resolutions brought for your approval.

None of the Directors of your Company is concerned or interested in the proposed Special Resolution except Mr. Prakash Shah & Mr. Nitin Shah.

**For and on behalf of the Board of Directors**

Place : Mumbai  
Date : August 22<sup>nd</sup> 2011

**Registered Office:**  
2nd Floor, Kimatrai Building,  
77/79, Maharshi Karve Marg, Marine Lines,  
Mumbai – 400 002

sd/  
**Nitin Shah**  
Chairman and Managing Director



## DIRECTORS' REPORT

To  
The Members of  
**ALLIED DIGITAL SERVICES LIMITED**

We are delighted to present the Directors' Report on our business and operations together with the audited statement of accounts for the year ended March 31<sup>st</sup> 2011.

### RESULTS OF OPERATIONS

<b>PARTICULARS</b>	<b>2010-11</b>	<b>(₹ in Lacs) 2009-10</b>
Total Operational Income	52,190.79	47,051.06
Other Income	695.32	421.55
<b>Total Income</b>	<b>52,886.11</b>	<b>47,472.61</b>
Less: Operating Expenditure	43,978.89	34,642.76
<b>Profit before Interest, Depreciation, Amortization Tax &amp; Exceptional Item</b>	<b>8,907.22</b>	<b>12,829.85</b>
Less: Interest	722.00	363.11
Less: Depreciation	1,176.14	656.58
<b>Profit before Tax</b>	<b>7,009.08</b>	<b>11,810.16</b>
Less: Provision for Taxation (Net)	888.19	2,008.90
Less: Deferred Tax Liability	511.31	137.21
<b>Net Profit for the year</b>	<b>5,609.58</b>	<b>9,664.05</b>
Add: Balance brought forward from the Previous Year	23,308.47	14,686.42
<b>Amount Available for Appropriation</b>	<b>28,918.05</b>	<b>24,350.47</b>
Less: Transfer to General Reserve	-	500.00
Proposed Dividend Including Dividend Tax	271.60	542.00
Short Provision of Tax of earlier years (Net)	659.67	-
<b>Balance carried to Balance Sheet</b>	<b>27,986.78</b>	<b>23,308.47</b>

### BUSINESS OPERATIONS

Your Company is an IT Infrastructure Management and Technical Support Services Outsourcing Company with an objective to provide end to end IT Solutions, outcomes of which have always resulted into a positive change in the organization. Your Company is an experienced entity having sufficient knowledge of the local market which assists them in organizing manpower for diverse tasks and contractual works It has over more than two decades of experience in enterprise IT Infrastructure, Management and Implementation and Consulting on complex IT Solutions for different Business Verticals.

The Company's gross income for the financial year ended March 31<sup>st</sup> 2011 increased to ₹ 528.86 crore, from ₹ 474.72 crore in the previous year, registering a growth of over 11 per cent. The operating profit (PBDIT) of the Company decreased to ₹ 89.07 crore during the year, from ₹ 128.30 crore in the previous year. Interest and Depreciation was at ₹ 18.98 crore as against ₹ 10.20 crore in the previous year. The provision for taxation during the year was ₹ 13.99 crore which includes Deferred Tax Liability for the year. The net profit for the year decreased by 42 per cent to ₹ 56.10 crore from ₹ 96.64 crore in the previous year. This was mainly on account of increase in Administrative, Sales and Other Expenses. The Company's Net worth as on March 31<sup>st</sup> 2011, stood at ₹ 686.06 crore, as against ₹ 635.13 crore last year.

Your Company provide credible, high class and customer oriented services and solutions to clients, actively participate to fulfill the needs and preferences of the customers, their requirements in a dedicated manner. We seek long - term partnership with clients while addressing their IT requirements. Our customer - centric approach has resulted in high levels of client satisfaction and retention. Moreover we encourage a warm and cordial environment in our organisation which will add to the skilled workforce and also improve the work culture.

#### **APPROPRIATIONS:**

##### **a. DIVIDEND:**

In recognition of the fact that the economy is recovering and in view of the Company's profitable performance the Directors recommend a Dividend of ₹ 0.50 per Equity Share of ₹ 5/- each (last Year ₹ 1/- on the paid up value of equity share of ₹ 5/- each) of the Company for the financial year 2010-2011.

#### **LIQUIDITY:**

Your Company maintains sufficient cash to meet its strategic objectives. As on March 31<sup>st</sup> 2011, your Company has liquid assets including investment in mutual funds of ₹ 82.09 Crore as against ₹ 217 crore at the previous year end. These funds are lying in current bank accounts, fixed deposits with banks and in mutual funds.

#### **DIRECTORS:**

##### **a. RE-APPOINTMENT**

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956 at least two-thirds of our Directors shall be subject to retirement by rotation. One- third of these retiring Directors must retire from office at each Annual General Meeting of the Shareholders. The retiring Directors are eligible for re-election.

As stipulated under clause 49 of the Listing Agreement entered into with the stock exchanges, brief resumes of the Directors proposed to be appointed / reappointed, nature of their expertise in specific functional areas and the names of companies in which they hold directorships and membership / chairmanship of Board Committees, are provided in the Report on Corporate Governance forming part of the Annual Report.

The Board recommends to the members the resolutions for appointment and re - appointment of the Directors mentioned above.

#### **SUBSIDIARIES**

Your Company has Seven subsidiaries and one Joint Venture:

1. Allied Digital Services, LLC. (USA)
2. Allied Digital, INC. (USA)
3. Allied Digital Singapore Pte. Limited
4. Allied Digital Asia Pacific Pty Limited (Australia)
5. Digicomp Complete Solutions Limited
6. En Pointe Technologies India Private Limited.
7. E-cop surveillance (India) Private Limited.
8. Digicomp Electronics Testing Services (Dets) Pte. Ltd. (50:50 Joint venture of Digicomp Complete Solutions Limited and TES-AMR PTE. LTD.).

Pursuant to Section 212 of the Companies Act, 1956 ("the Act"), the Company is required to attach to its Annual Report, the Balance Sheet, Profit and Loss Account, Directors' Report and the Report of the Auditors (collectively referred to as "the accounts and reports"), of its subsidiaries for the year ended March 31<sup>st</sup> 2011. Since the Company presents audited consolidated financial statements in its Annual Report and the Board of Directors in their meeting has given their consent for not attaching the accounts and reports of its subsidiaries to the Annual Report under the provisions of Section 212 of the Companies Act, 1956. Hence, the accounts and reports of the subsidiary companies are not attached to the Annual Report.

The Company will make available the accounts and related information of the subsidiary companies upon request by any member / investor of the Company or its subsidiaries. The accounts and related information of the subsidiary companies will also be kept open for inspection by any member, at its corporate office and that of the subsidiary companies concerned. The Company shall furnish a hard copy of the details of accounts of subsidiaries to any shareholder on demand.

The statement containing the list of subsidiaries along with brief financial details of the subsidiaries is given on page numbers 77 of the Annual Report.



## **UTILISATION OF FUNDS RAISED THROUGH QIP AND ISSUE OF SHARE WARRANTS:**

The Company has raised funds through the issue of shares to the Qualified Institutional Buyers pursuant to Qualified Institutional Placement and Issue of Share Warrants to Bennett Coleman and Company Limited. Out of the above issues proceeds as on March 31<sup>st</sup> 2011 the company is having balance of ₹ 46.35 crores pending for deployment.

## **HUMAN RESOURCES:**

Employees are vital and valuable assets of the Company. We understand that the Company's success depends largely upon the quality and competence of its management team and key personnel. A failure to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on the Company's business, its future financial performance and the price of its equity shares. We have created a favorable work environment that encourages innovation and meritocracy. We have also set up a scalable recruitment and human resources management process, which enables us to attract and retain high caliber employees. Attracting and retaining talented professionals is therefore a key element of the Company's strategy and a significant source of competitive advantage. Therefore the Company has created a healthy and productive environment to encourage excellence. The Company's HR policies and processes are aligned to effectively drive its expanding business and emerging opportunities.

Our model of recruiting the best and brightest talent from top academic institutions across the country and providing intense training has contributed greatly in differentiating Allied Digital in the marketplace. Our culture of harmonious and constructive relations between the management and employees helped us to maintain a cordial work atmosphere and achieve business growth. Our training initiative offers the best and latest in technology, domain expertise and leadership.

We added 255 employees, taking the total strength to 2230 up from 1975 at the end of the previous year. We compete in a dynamic and evolving industry in which value and differentiation are defined at each turn by the Company's most precious asset, i.e., its human capital.

## **QUALITY & CERTIFICATION:**

We continue our excellence in journey with a critical focus on Quality and Processes with significant investment in efforts and in Quality Processes. Pursuant to our ISO 9001 certification experience since last 12 years, we continued further certifications for our other activities. We have upgraded this certification to ISO 9001:2008 3 years ago. Your company's Remote Management Services (RMS) centre at Navi Mumbai has got ISO 27001:2005 certification in year 2007 and has gone through two successful surveillance audits thereafter. By this certification, we have protected our IT infrastructure by means of right infrastructure and process deployment so the customers we service are in safe hands. We have further completed certification of this RMS by ISO 20000-1:2005 which is certification for excellence in IT service management and has gone through one successful surveillance audit. The IT services that we thus provide from this RMS are certified to be one of the best in the world meeting requirements of that standard. We have further initiated movements towards Green IT and offer Green Data Center consultancy to our prospects. In this initiative we intend to voluntarily reduce energy consumption of hardware and offer consultancy to our prospects to reduce energy consumption of their Data Centers thus improving carbon footprint and one more step towards precious energy conservation. We have registered for getting our software activities certified under CMMI certification level 3 which is expected to be completed in a year's time.

## **SUSTAINABILITY INITIATIVES:**

We believe that growth and progress can only be measured in terms of the legacy we have behind for those who follow. Our focus is to provide technology, services and solutions that enhance the sustainability of our clients. Our constant endeavor is to transcribe our core value into our work, ensuring transparent stakeholder engagement at all levels.

We are responsible for the services and products we offer to our clients and our steady Customer Satisfaction scores over an increasing customer base. Our business offerings continue to provide sustainable solutions for our customers, crafting a paradigm within which we operate at the highest levels of efficiency. We enable employees to educate themselves to achieve personal skills, engage in the business through various initiatives and seek to create awareness regarding diversity and inclusivity with specific aim to enhance awareness among our employees.

## **INVESTMENTS**

The investments of the Company as on March 31<sup>st</sup> 2011 were to the tune of ₹ 171.94 crore as compared to the last year's investment of ₹ 305.11 crore.

The Book value of the quoted investments for the year under review was ₹ 42.71 crore (previous year ₹ 186.64 crore) and the realizable value as at March 31<sup>st</sup> 2011 for this investments was same as book value.

## **FIXED DEPOSITS**

In terms of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit Rules), 1975, the Company has not accepted any fixed deposits during the year and as such, no amount of Principal or Interest was outstanding as of the Balance Sheet date.

## **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

The information on Conservation of Energy required under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company. The Company requires minimum energy consumption and endeavor has been made to ensure the optimal utilization of energy, avoid wastage and conserve energy.

## **PARTICULARS OF EMPLOYEES:**

The information required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended are set out as under. The Department of Company Affairs has amended the Companies (Particulars of Employees) Rules, 1975 to the effect that particulars of employees of companies engaged in the information technology sector posted and working outside India, not being directors or their relatives, drawing more than ₹ 60 Lacs per financial year or ₹ 5 Lacs per month, as the case may be, need not be included in the statement under Section 217 (2A) of the Companies Act, 1956, but such particulars shall be furnished to the Registrar of Companies. . In terms of Section 219(1) (b) (iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary.

## **FOREIGN EXCHANGE EARNINGS AND OUTGO**

(₹ In Lacs)

<b>PARICULARS</b>	<b>2011</b>	<b>2010</b>
Earnings	3,717.79	4,906.97
Outflow (including Capital imports)	359.64	356.40
<b>Net Foreign Exchange Earnings (NFE)</b>	<b>3,358.15</b>	<b>4,550.57</b>
NFE / Earnings (%)	90	93

## **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statements in terms of Section 217(2AA) of the Companies Act, 1956, that:

- in the preparation of the Annual Accounts for the year ended March 31<sup>st</sup> 2011, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any.
- 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 March 31<sup>st</sup> 2011 and of the profit of the Company for that year.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the Annual Accounts for the year ended March 31<sup>st</sup> 2011, on a going concern basis.

## **STATUTORY AUDITORS**

M/s. K. M. Kapadia & Associates, Chartered Accountants, Mumbai, Statutory Auditors of your Company hold office till the conclusion of the forthcoming Annual General Meeting of the Company. He has signified his willingness to accept office, if re-appointed. The Company has also received his eligibility under Section 224 (1B) of the Companies Act, 1956.

## **COST AUDIT**

The Company is not required to undertake the Cost Audit as required under Section 233 B of the Companies Act, 1956.





**INTERNAL AUDITORS:**

Your Company has appointed HNT & Co. as the Internal Auditor for conducting the Internal Audit.

**EMPLOYEE STOCK OPTION PLAN (ESOP):**

At present the Company has two Option plans for its employees, "ESOP 2007" & "ESOP 2010".

The Company had granted total 4,96,600 options under "ESOP 2007" to the eligible employees in tranches out of total 5,00,000 grants allocated under the ESOP scheme. The employees has exercised 1,03,850\* Options under Growth plan during the year. Each option entitles the holder thereof to apply for and be allotted Equity Shares of the Company upon payment of the exercise price during the exercise period.

"ESOP 2010", was approved by the members at their meeting held on 29<sup>th</sup> September 2010, till the financial year ended March 31<sup>st</sup> 2011 no options were granted to employee or Directors of the Company or it's Subsidiary.

The exercise prices of "ESOP 2007" are as follows:

- Growth Plan : ₹ 95/- each (Before sub - division of equity shares)  
₹ 47.50/- each (After sub - division of equity shares)

The details of present ESOP are given in the table:

PARICULARS	LOYALTY GRANT	GROWTH GRANT
Total Options granted by the plan (no.)	63,300	4,33,300
Pricing formula on date of grant	10/-	95/-
Options granted during the year (no.)	Nil	Nil
Weighted average price per Option granted (₹)	NA	NA
Variation in terms of Options	NA	NA
Options exercised during the year (no.)	Nil	1,03,850*
Money raised on exercise of Options (₹ Lacs)	Nil	49.33
Options forfeited and lapsed during the year (no.)	Nil	28,000*
Total number of Options in force at the end of the year. (no.)	Nil	44,050*
Grant to senior management	Nil	Nil
Employees receiving 5% or more of the total number of Options granted during the year	Nil	Nil
Employees granted Options equal to or exceeding 1% of the issued capital	Nil	Nil

PARTICULARS	2011		2010	
	NO. OF OPTIONS	WEIGHTED AVERAGE / EXERCISE PRICE (₹)	NO. OF OPTIONS	WEIGHTED AVERAGE / EXERCISE PRICE (₹)
<b>Growth Grant</b>				
Outstanding at the beginning of the year	175900	47.50*	3,17,400	95.00
Forfeited	28000	47.50*	4,200	95.00
Exercised	103850	47.50*	1,96,050 equity shares of ₹ 10/- each & 58,400 equity shares of ₹ 5/- each	95.00
Granted	Nil	Nil	Nil	Nil
Outstanding at the end of the year	44050	47.50*	1,75,900*	47.50
Vested at the end of the year	Nil	Nil	1,05,600*	47.50

During the year there were no options vested below the fair market value of the shares, and hence no expenses have been provided on the account of Employee Stock Option cost.

\* The Company had passed a resolution on September 23<sup>rd</sup>, 2009 at its fifteenth Annual General Meeting for sub - division of the Equity Shares of ₹ 10 each of the Company into Equity Shares of ₹ 5 each.

### **CORPORATE GOVERNANCE**

The Company has taken appropriate steps and measures to comply with all the applicable mandatory provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges and section 292A of the companies Act 1956. The Company's governance practices are described separately in the Corporate Governance section from pages 17 to 32 of this Annual Report. We have obtained certification from a Practicing Chartered Accountant on our compliance with Clause 49 of the Listing Agreement with Indian Stock Exchanges, described in the separate section forming a part of this Annual Report.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange in India, is presented in a separate section forming a part of this Annual Report.

### **AWARDS AND RECOGNITION**

During the year, the Company has received various awards and recognitions. The awards are listed below:

1. Channel world Premier 100-2010 Award;
2. MSP of the year 2010;
3. Best VAR- Mumbai' Award 2010;
- 4.' Top Solution Provider'-Silver;
5. ' Solution Champ (Security)' -Gold;
6. Best under a Billion Dollar Company.

### **ACKNOWLEDGMENT**

Your Directors take this opportunity to thank the Company's customers, vendors, investors and bankers for their continued support during the year. We also wish to thank the Government of India, Ministry of Communication and Information Technology, the State Governments, various government agencies and the Government of United States of America where we have operations, for their immense support.

Your Directors also place on record their deep sense of appreciation for the excellent contribution made by employees of the Company through their co-operation, commitment, competence with the view to achieve consistent growth for the Company.

**For and on behalf of the Board of Directors**

**sd/-**  
**Nitin D. Shah**  
*Chairman and*  
*Managing Director*

**sd/-**  
**Prakash D. Shah**  
*Chief Financial Officer and*  
*Whole Time Director*

Mumbai  
August 22, 2011



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## INDUSTRY ANALYSIS

The Indian information technology sector continues to be one of the sunshine sectors of the Indian economy showing rapid growth and promise.

Poised to become a US\$ 225 billion industry by 2020, the Indian information technology (IT) industry has played a key role in putting India on the global map. The IT sector has become one of the most significant growth catalysts for the Indian economy. In addition to fuelling India's economy, this industry is also positively influencing the lives of its people through an active direct and indirect contribution to various socio-economic parameters such as employment, standard of living and diversity. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services, according to National Association of Software and Service Companies (NASSCOM).

The fiscal year 2010-11 was a bit of mixed bag as far as the global IT industry was concerned, While the first half of the year definitely saw some improvement in growth compared to the earlier year, the second half was characterized by several changes that had a substantial impact on corporations across the world. Companies were forced to review their deployment strategies and make decisions such as permanently lengthening life cycles, deploying virtualization, consolidating devices, migrating from higher-cost platforms or cutting non-core infrastructure, moving away from traditional owned data center approach to cloud based approach. Although there has been a moderate increase in replacement activity, this has been happening in a highly cost-constrained environment.

Over the years, the shift in computing has been taking place from mainframes computers to a distributed computing environment. The trend now is a move back into the centralized computing environment, but this time it is virtualized. It is the move to 'cloud', either privately or publicly owned to reduce the cost. Also, our industry is facing mutually reinforcing forces; for example, cloud computing and mobility are reshaping service provider strategies in several areas such as design and deployment of managed services, the delivery channels, and the economics of managing infrastructure remotely. This nascent trend is already reshaping customer strategies away from the traditional ITO model to a flexible, on-demand services model across a range of platforms.

The sector is estimated to have grown by 19 per cent in the FY2011, clocking revenue of almost US\$ 76 billion. India's outsourcing industry has witnessed a rebound and registered better than expected growth according to NASSCOM. The workforce in Indian IT industry will touch 30 million by 2020 and this sunrise industry is expected to continue its mammoth growth, expect various industry experts.

Furthermore, strong economic growth, rapid advancement in technology infrastructure, increasingly competitive Indian organizations, enhanced focus by the government and emergence of business models that help provide IT to new customer segments are the key drivers for increased technology adoption in India. The data centre services market in the country is forecast to grow at a compound annual growth rate (CAGR) of 22.7 per cent between 2009 and 2011, to touch close to US\$ 2.2 billion by the end of 2011, according to research firm IDC India's report.

Some of the key outlooks for 2011 from Dun & Bradstreet are:

- Small and Medium Business's (SMB) are expected to emerge as a significant market
- Increased government IT spending will spur growth in the domestic market
- Shift in focus from BFSI vertical to other emerging verticals
- Diversifying from core geographic markets
- Cloud computing will be the next big wave for Indian IT-BPO industry
- Remote Infrastructure Management Services (RIMS) is set to emerge as a promising opportunity

It is interesting to observe that customer segments are shifting, service offerings are changing and becoming technology centric and newer markets are going to be explored for sustaining growth. And the prediction is that the industry will grow at 16% compared to upwards of 20% growth in the earlier years.

### **Our Company; Our readiness for the change:**

Allied Digital has always remained ahead of the curve as far as changing trends in and paradigm shifts in the industry is concerned. Our advanced prediction on the growth of infrastructure management services has enabled us to lead this domain from the front while our competitors are still struggling to build this capability today. Similarly, we spotted many more changes ahead of time and the strategies that we have put together will continue to help us stay ahead of the curve.

**Our geographic market:** With 132 locations spread across India and 52 locations in US, we are well poised to service all kinds of client segments. Not many organizations can scale to this level easily, which is essential for infrastructure services business. Besides, we have diversified into newer territories and are aggressively building our capabilities in South East Asia, Australia and European markets.

**Our client segment:** We are industry segment agnostic and our core strategy is to remain 'customer-centric'. Our client base cuts across a wide range of industries/sectors and categories and includes both large enterprises to small and medium sized businesses. Our focus is to enhance our client relationships and create value by strengthening our delivery capabilities and augmenting our dedicated account management best practices. This has made us ready for the future and an extremely strong force to compete in the marketplace.

**Technology and infrastructure:** We truly believe that the investments that we have made in the last few years to build world class infrastructure and expertise in the space of Network Operating Center (NOC), Security Operating Centre (SOC) and Cloud are going to put us ahead of our competition. We have a world-class facility at Rancho (USA) to assemble, test and deploy machines in large quantities. Similarly our enhanced capacity at our Global Command Center (NOC and SOC) can take on the additional businesses, which we expect in the space of Remote Infrastructure Management Services (RIMS) and Managed Security Services (MSS). We have already demonstrated our cutting-edge Mobility Solutions to one of the leading players in the industry and it has been extremely well received and deployed. The mass adoption of cloud, virtualization, mobility etc. will place our organization in a much positive and profitable position in the near future.

The global business operations of your company has remained strongly focused on driving and leveraging the emerging innovation trends. Despite the challenging circumstances, the US subsidiary of the Company (Allied Digital Services LLC) managed to sustained the momentum during the first half of the year. The second half however remained sluggish with sales cycles extending longer than normal. This affected the cash-flows due to longer receivables from existing clients. In addition, the US business also encountered some unforeseen revenue losses due to a some client back-outs and abridged client deals. The pressure on the US economy which started building towards the end of the fiscal has impacted demand to a large extent. While our branding exercise during the start of the last financial fiscal enabled us to gain some good visibility in the marketplace, the challenge now remains to utilize this brand momentum and convert demands into actual revenues with sustainable profit margins. The transformational process being currently undertaken is aimed at rejuvenating our business focus and establish an extremely strong roadmap for the future. On the other hand, our operational capabilities in Singapore and Australia are also being built simultaneously through our subsidiaries to extend our service offerings to clients and prospects in the South East Asian and Australasia markets."

### **Way Forward**

"As we go forward, the upcoming years will encompass the positive outcome of the new transformation journey we have undertaken today. The new transformed service delivery framework of ours will be extremely business focused, will deliver confidence and manage risks for our clients, will use modern business re-alignment methodologies; and at the same time enable sustained savings and create value. The small pain that the Company is facing today will transform into optimistic results which will be visible after a few quarters. This in turn will enable the Company to take an upward turn, accelerate growth performance and deliver much more positive results.

### **FACTORS THAT MAY AFFECT RESULTS OF THE OPERATION**

**General economic conditions:** General economic slowdown may compel our clients to postpone their decisions to acquire newer technology and reduce their IT operations cost. In turn such scenario may affect our revenue and profitability.

**Foreign currency fluctuation:** Primarily our foreign currency earnings are in US dollars. The exchange rate between the Indian rupee and US dollar has fluctuated significantly in recent past and the same may continue fluctuating in future. Currency fluctuation some time may turn out highly unfavorable to us and may adversely affect our revenue and gross margins.

**We are not technology originator:** Our Enterprise Computing Team gives various technology solutions to customer. These solutions are usually conceived using building blocks of different range of IT products namely computing, storage, networking, security and software products. Very often this range of IT products belongs to different OEMs and functioning of final solutions highly depends on integration of all products.

**Pricing Pressure:** The Indian IT market (domestic) has been viewed as a highly emerging market compared to other markets, hence it has become a focused market for several large Indian IT firms & various global IT giants. Though the Company is comfortably placed because of its rich experience and vast geographical presence in the market place. But highly competitive scenario creates pricing pressure on the Company, which may affect its gross margin in the long run.



**Human Resources:** Our services business is a highly Human resource intensive. An increased demand of IT professionals may result in increased attrition which may affect our business in the short term

## DISCUSSION ON RESULTS OF OPERATIONS

The financial statements are prepared in compliance with the Companies Act, 1956 and generally accepted accounting principles in India.

The following table sets forth certain financial information from the standalone financial statement as well as these items as a percentage of our revenue for the periods indicated:

Particulars	(₹ In Lacs)	
	For the year ended March 31 <sup>st</sup> 2011	For the year ended March 31 <sup>st</sup> 2010
<b>Income</b>		
Operational Income	<b>52,190.79</b>	<b>47,051.06</b>
<i>Services</i>	20,160.45	16,423.50
<i>Solution</i>	32,030.34	30,530.10
<i>Others</i>	-	97.46
Other Income	695.32	421.55
<b>Total Income</b>	<b>52,886.11</b>	<b>47,472.61</b>
<b>Expenditure</b>		
Cost of sales	34,407.31	29,149.64
<b>% ge of Operational Income</b>	<b>66%</b>	<b>62%</b>
Cost of Employees	4,315.85	3,939.99
<b>% ge of Operational Income</b>	<b>8%</b>	<b>8%</b>
Administrative, selling and other expenses	5,255.73	1,553.14
<b>% ge of Operational Income</b>	<b>10%</b>	<b>3%</b>
<b>Total Expenditure</b>	<b>43,978.89</b>	<b>34,642.76</b>
<b>Profit before Interest, Depreciation, Amortization, Tax &amp; Exceptional Items</b>	<b>8,907.22</b>	<b>12,829.85</b>
<b>% ge of Total Income</b>	<b>17%</b>	<b>27%</b>
Interest and Finance Charges	722.00	363.11
Depreciation and Amortization	1,176.14	656.58
<b>Profit before Tax</b>	<b>7,009.08</b>	<b>11,810.16</b>
Provision for Taxation (Net)	1,399.50	2,146.11
<b>Profit after Tax</b>	<b>5,609.58</b>	<b>9,664.05</b>

### TOTAL INCOME:

The Total Operating Income of the Company has increased from ₹ 47,051.06 lacs in FY 2009-10 to ₹ 52,190.79 lacs in FY 2010-11 showing a y-o-y growth of 11%. The increase in Total Income is due to the steady growth in all lines of business. The 'services' business has grown from ₹ 16,423.50 lacs in FY 2009 - 10 to ₹ 20,160.45 lacs in FY 2010 - 11 whereas solution business has increased from ₹ 30,530.10 lacs in FY 2009 - 10 to ₹ 32,030.34 lacs in FY 2010 - 11. Both segments i.e. 'services' & 'solutions' have shown a growth of 23% and 5% respectively. The share of 'services' business in total business has increased from 35% last year to 39% for the year ended March 31<sup>st</sup> 2011.

During the year under review 93% of our revenues was domestic (Rupee) & 7% was foreign currency revenue. Foreign currency revenue was generated by way of exports of software and services from our STPI unit located at Millennium Business Park, Mahape, Navi Mumbai.

#### **COST OF SALES:**

The Company's cost of sales is predominantly related to its 'solutions' business & mainly consist of procurement of hardware, software and other related cost for execution of solutions orders. A portion of the same also contributes to the Company's 'services' business whereby Company consumes spares, software tools & utilities etc for its comprehensive services contracts. The cost of sales for the year ended March 2011 was 66% as compared to 62% during last fiscal. The reason for growth in cost of sales is mainly because of increased pricing pressure whereby selling prices needs to be frequently compromised due to highly competitive business scenario.

#### **EMPLOYEE COSTS:**

In terms of absolute numbers it appears that employee cost during the year has remained same as a percentage of operational income compare to FY 2010 - 11. However during the year Company has adopted all possible measures to keep its employee cost under control and reduced it wherever possible. This reduction is not visible in terms of percentage as the same was wiped out by the increase in employee cost in other areas where it was not controllable.

#### **INTEREST AND FINANCE CHARGES:**

Interest and finance charges for the current year was ₹ 722.00 lacs as compared to ₹ 363.11 lacs during last fiscal. Increased working capital requirement and increase in cost of borrowings have attributed to increase in interest cost during the year.

#### **DEPRECIATION:**

Depreciation & amortization for the current year was ₹ 1,176.14 lacs as compared to ₹ 656.58 lacs for the financial year 2009 - 10. The increase is mainly attributable to increased 'capital expenditure' for additional capacity creation during the period under review.

#### **EARNINGS BEFORE INTEREST DEPRECIATION, TAXES & AMORTISATION (EBIDTA):**

EBIDTA of the Company has decreased from ₹ 12,829.85 lacs in FY 2009 - 10 to ₹ 8,907.22 lacs in 2010 - 11. The EBIDTA as a percentage of total Income has decreased to 17% in FY 2010-11 from 27% in FY 2009-10. The decrease in EBIDTA level is mainly due to increase in 'Administrative, Sales & Other Expenses' (SG&A). This increase in SG&A is mainly attributable to write off of bad debts of ₹ 299.54 crores during the financial year.

#### **MAT Credit Entitlement:**

During the year the Company has carried MAT credit entitlement of ₹ 433.77 Lacs. The Company will availed the credit of this entitlement against future taxable profits.

#### **EQUITY SHARE CAPITAL:**

##### **Employees Stock Option Scheme(ESOP)**

During the year, the Company has allotted 1,03,850 Equity Shares of ₹ 5/-each at premium of ₹ 42.50 each under growth plan of 'ESOP 2007' scheme.

##### **WARRANTS TO BENNETT, COLEMEN COMPANY LIMITED (BCCL)**

During previous financial year, the Company had allotted 2,00,000 (Two Lacs) Warrants (convertible into Equity Shares of ₹ 5/- each) to Bennett, Coleman and Company Limited ("BCCL") on preferential allotment basis at ₹ 377/- per warrant with following condition; (i) if at the time of conversion, the price determined in accordance with SEBI (ICDR) is less than ₹ 377/- then the warrants will be converted at such lower price; (ii) but in any case such lower price shall not be below ₹ 277/- per warrant. Pursuant to the above, vide BCCL's letter dated March 24<sup>th</sup> 2011, the Company has received ₹ 365.50 Lacs towards the subscription for conversion of 2,00,000 warrants issued to BCCL @ ₹ 277/- per shares as per the terms of issue of warrants. These warrants were converted into 2,00,000 Equity Shares of ₹ 5/- each at a premium of ₹ 272/- per share on April 01<sup>st</sup> 2011.



**LOAN:**

Secured loan as at March 31<sup>st</sup> 2011 was ₹ 9,600.84 lacs (previous year : ₹ 6,608.89 lacs). This increase was on account of bank borrowings to meet the working capital requirement of the Company.

**DEFERRED TAX LIABILITY:**

The Company has provided a Deferred Tax Liability of ₹ 511.31 lacs (Previous Year: ₹ 137.21 lacs). The provision was mainly on account of excess depreciation under the IT Act as compared to depreciation under the Companies Act.

**FIXED ASSETS:**

During the year the Company has capitalized ₹ 13,253.27 lacs in its Gross Block of assets (₹ 3,251.68 lacs for fiscal year 2010). Capital Work in Progress pending capitalization as on March 31<sup>st</sup> 2011 was ₹ 4,630.26 lacs. The major heads under which fixed assets were acquired during the year are 'Freehold & Leasehold Land and Office Premises'.

**INVESTMENTS**

On April 1<sup>st</sup> 2011, the Company has entered into a final 'Share Purchase & Joint Venture Agreement' with 'e-Cop Pte Ltd., Singapore'. By virtue of this agreement, effective April 1<sup>st</sup> 2011 'e-Cop Surveillance India Pvt. Ltd.,' has become a subsidiary of the Company.

To expand its operation and reach during the year the Company has floated 'Wholly Owned Subsidiaries' in Singapore and Australia namely 'Allied Digital Singapore Pte Limited' and 'Allied Digital Asia Pacific Pty Limited' respectively.

**DEBTORS TURNOVER RATIO**

(₹ in Lacs)

Particulars	March 31 <sup>st</sup> 2011	March 31 <sup>st</sup> 2010
Outstanding Debtors at the end of the Period	25,167.79	22,016.00
Debtors less than 180 Days as a % of total debtors	83%	77%
Debtors more than 180 Days as a % of total debtors	17%	23%
No. of Days outstanding Debtors (Days) on an Average	176	171

Increase in debtors ageing is mainly due to increased credit period demanded and enjoyed by most of the large customers. Considering the increase in the rate of interest on working capital loans, increase in debtors ageing is adversely affecting the profitability of the Company. The Company's customer profile consists of large and blue chip corporates and hence these customers go by their corporate payment terms which Company has to accept to acquire new business and new customers. Due to constrained liquidity scenario at customers' end, in many transactions 'delivery to cash cycle' gets prolonged even beyond the agreed 'payment terms'. However the Company has been taking measures to improve the payment terms with existing customers and improve its delivery to cash cycle to bring overall receivables position down.

**CASH FLOW:**

(₹ in Lacs)

Particulars	March 31 <sup>st</sup> 2011	March 31 <sup>st</sup> 2010
Cash generated from Operating Activities	3,875.41	7,600.36
Net Cash flow from / (used in) investing activities	(2,946.68)	(26,406.65)
Net Cash flow from / (used in) financing activities	2,142.75	24,037.94
Cash and cash equivalents at the beginning of the year	3,038.56	1,571.96
Cash and cash equivalents at the end of the year	3,938.42	3,038.56

The Company has generated cash from operating activities of ₹ 3,875.41 lacs (Previous Year: 7,600.36 lacs). During the year Company has paid taxes to the extent of ₹ 2,171.62 lacs (Previous Year ₹ 2,662.59 lacs). However Company also carries a MAT credit entitlement of ₹ 433.77 lacs during current financial year. During the year, the Company has added assets worth ₹ 13,253.27 lacs into its gross block. This was mainly financed by liquidating investments in various mutual funds.

As at March 31<sup>st</sup> 2011 the cash and cash equivalent was ₹ 3,938.42 lacs (previous year : 3,038.56 lacs).

## **HUMAN RESOURCES:**

The company's HR has been focusing to strengthen the present initiatives (ERA) to maintain continuity while also strive to bring in a new dynamism, value based initiatives and speed to make the company more stronger with excellent value add for all our employees at large. It is in this very spirit that we renewed our identity in the form of our new logo ; refreshed our Newsletter to serve the changing times with erudite ; We recognized the need and launched '**Youunify**' a full-fledged employee engagement website which has brought a vibrant force in the system ; We architected entire employee information on SAP HR & through the newly created Learning centre the company has imparted knowledge across technical competencies to a large number of employees of the Company.

The company's HR endeavor this year would be to bring in the concept of "Shared Leadership" approach and build a climate of best HR practices as we move forward this year .For an organization like ours, which thrives on technology and manpower, the process to appoint the new leadership team, which is both dynamic and sensitive towards the requirements of the employees and stakeholders, has far reaching and strategic consequences. Keeping this in mind, we followed a consultative process to evolve many options and then deliberated on the strengths of each before arriving at a final view of the new leadership team.

The company seek all stakeholders' support and cooperation in helping the Company further enriching employee value enhancement proposition for the year ahead thereby building a stronger, bigger and better employee base , based on the principles of 'Caring, Sharing and Leading'.

### **Cautionary Statement**

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply government regulations and taxation natural calamities and so on over which the Company does not have any direct control.





# CORPORATE GOVERNANCE REPORT

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Transparency and accountability are the two basic tenets of Corporate Governance. We, at **ALLIED DIGITAL SERVICES LIMITED**, feel proud to belong to a Company whose visionary founders had laid the foundation stone for good governance long back and made it an integral principle of the business, demonstrated in the words above. Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. We, at **ALLIED DIGITAL SERVICES LIMITED**, are committed to do things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with the applicable legal requirements. Our Code of Business Principles is an extension of our values and reflects our continued commitment to ethical business practices and regulatory compliance. We acknowledge our individual and collective responsibilities to manage our business activities with integrity. To succeed, we believe, requires the highest standards of corporate behavior towards everyone we work with, the communities we touch and the environment on which we leave an impact. This is our road to sustainable, profitable growth and creating long-term value for our shareholders, our people and our business partners. During the last 16 years of the Company's existence, the above principles have been the guiding force for whatever we do and shall continue to be so in the coming years. The Board of Directors of your Company is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a vital role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an active, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to the best governed companies across the globe.

Your Board of Directors presents the Corporate Governance Report for the year 2010- 11.

## 2) BOARD OF DIRECTORS

The Board of Directors (the Board) is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. The Board of Directors is the core of our Corporate Governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure highest standards of Corporate Governance.

### a) Size and Composition of Board

The Composition of Board of Directors is a combination of Executive and Non Executive Directors. The Board consists of 8 Directors, out of which 4 are Independent Non Executive Directors. The Composition of the Board and Category of Directors are as follows:

Category	Name of the Directors
Promoter Director	Mr. Nitin D. Shah (Chairman & Managing Director) Mr. Prakash D. Shah (Executive Director & CFO)
Executive Director	Mr. Manoj R. Shah (Whole-Time Director & CIO) Mr. Bimal Raj (Executive Director & CEO)
Independent and Non-Executive Director	Mr. Shailesh S. Vaidya Dr. Shrikant N. Parikh Prof. Venugopal R. Iyengar Dr. Roopkishan S. Dave

“Independent Director” means a Non-executive Director of the Company who apart from receiving Director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors or its senior management or its holding company or its subsidiaries and associates, which may affect independence of the Director, is not related to promoters or persons occupying management positions at the Board level or at one level below; has not been an executive of the Company in the immediately preceding three financial years; is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following: the statutory audit firm or the internal audit firm that is associated with the Company, and the legal firm(s) and consulting firm(s) that have a material association with the Company; is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the Director; and is not a substantial shareholder of the Company, meaning owning two per cent or more of the block of voting shares.

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals / Business Executives. Independent Non Executive Directors receive sitting fees for attending the meeting of the Board and various Committees. They do not receive any remuneration apart from the sitting fees.

**b) The following table gives the number of other Directorships and Chairmanships / Membership of Committees of each Director in various Companies as on March 31<sup>st</sup> 2011.**

Name of Directors	Category	No. of Directorship(s) in other Companies*		No. of Membership / Chairmanship of other Board Committees**	
		Public	Private	Member	Chairman
Mr. Nitin D. Shah	Chairman & Managing Director	0	1	-	-
Mr. Prakash D. Shah	Executive Director & CFO	0	1	-	-
Mr. Manoj R. Shah	Executive Director & CIO	0	1	-	-
Dr. Shrikant N. Parikh	Non Executive – Independent Director	0	2	-	-
Mr. Shailesh S. Vaidya	Non Executive – Independent Director	11	0	7	2
Mr. Venugopal R. Iyengar	Non Executive – Independent Director	0	0	-	-
Mr. Bimal Raj Haridas	Executive Director	0	0	-	-
Dr. Roopkishan S. Dave	Non Executive – Independent Director	-	-	-	-

**Notes**

\* Excludes directorship in Allied Digital Services Limited and its subsidiaries.

\*\* For the purpose of considering the limit of the committee memberships and chairmanships of a Director, the Audit Committee, Shareholders' Grievance Committee have been considered. As per disclosure(s) received from the Directors, the Directors do not hold Memberships in more than 10 Committees and Chairmanship in more than 5 Committees.

**c) Board Meetings**

The Board meets at regular intervals to discuss and decide on company/ business policy and strategy apart from other normal Board business. The Board/Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors to facilitate them to plan their schedules and to ensure meaningful participation in the meetings, well in advance. However, in case of a special and urgent business need, the Board's approval is taken by circulating the resolution, which is ratified in the next Board meeting.

The agenda for the Board / Committee meetings is generally accompanied by background notes and other material information which is circulated to Directors in advance to facilitate discussion for taking an informed decision. The Independent Directors meet amongst themselves and separately with the Chairman before every Board meeting to discuss on issues and their concerns, if any.

During the Financial Year ended March 31<sup>st</sup> 2011, seven Board meetings were held on April 26<sup>th</sup> 2010, July 28<sup>th</sup> 2010, September 03<sup>rd</sup> 2010, October 26<sup>th</sup> 2010, November 12<sup>th</sup> 2010, February 03<sup>rd</sup> 2011 and February 18<sup>th</sup> 2011. The maximum interval between any two meetings was well within the maximum allowed gap of four months.



The details of Directors attendance at Board Meeting held during the year commencing April 1<sup>st</sup> 2010 to March 31<sup>st</sup> 2011 and the last AGM held on September 29<sup>th</sup> 2010.

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Nitin Shah	6	Present
Mr. Prakash Shah	7	Present
Mr. Manoj Shah	5	Present
Dr. Shrikant Parikh	5	Present
Mr. Shailesh Vaidya	6	Present
Prof. Venugopal Iyengar	7	Present
Mr. Bimal Raj	3	Present
Dr. Roop-Kishan Dave	6	Present

#### d) Board Agenda

The Board has complete access to any information within the Company. Board members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committee(s). However, in case of business exigencies or urgencies, the resolutions are passed by way of circulation. In addition to the regular business items, the following items/ information are regularly placed before the Board to the extent applicable.

- Unaudited Quarterly / Half yearly financial results and audited annual accounts of the company with relevant details for consideration and approval;
- Strategies for shaping of portfolio and direction of the company and priorities, in corporate resource allocation;
- Corporate annual plan and operating framework;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Board Remuneration policy and individual remuneration packages of Directors;
- Compliance with all relevant legislations and regulations;
- Risk evaluation and control;
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement;
- significant development in the human resources and industrial relations fronts;
- any materially significant effluent or pollution problems;
- Status of Business Risk Exposures, its Management and related action plans;
- Minutes of meetings of other Committee Meetings;
- Abstracts of circular resolutions passed;
- General notices of interest;
- Sale and/or Purchase of investments, fixed assets;
- Review compliance of all laws applicable to the Company including the requirements of the Listing Agreement with the Stock Exchanges and steps taken by the Company to rectify instances of non compliances, if any;
- Related party transactions;
- Reviewing the company's financial and risk management policies;
- Reviewing the business plan and strategy of the Company;
- Reviewing the operations and financial results of the Subsidiary Company;
- Reviewing the Minutes of meetings of Subsidiary Company.

### e) Risk Management

We at Allied Digital Services Limited have established effective risk assessment and risk minimization procedures, which are reviewed by the Board periodically. The procedure comprises of an in- house exercise of Risk Management, carried out periodically by the company, including the functioning of a structure to identify and mitigate various risks faced by the Company from time to time. The structure also comprises of risk identification and assessment by the concerned departments, identification of controls in place/ mitigation process in place and presenting the same in front of the company.

## 3. COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and are being set out to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board, to carry out the clearly defined role which is considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Minutes of the meetings of all the Committees are placed before the Board for review. The Board has currently established the following statutory and non-statutory Committees.

### A) AUDIT COMMITTEE:

Audit Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors. The primary objective of the Audit Committee is to provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures. In general, the primary role/objective of the Audit Committee is to review the Financial Statements of the Company, strengthen internal controls & look into all transactions that have monetary implications on the functioning of the company. The members of the Audit Committee have adequate knowledge in the field of finance, accounting and law.

#### a) Constitution and Composition of Committee

The Board of Directors constituted an Audit Committee in the year 2007. The Audit Committee for the accounting year comprises of following three non-executive and independent directors and one executive director who have financial/legal/accounting acumen to specifically look into the internal controls and audit procedures.

Name of Members	Designation	Category of Director	Nos. of meetings attended
Mr. Shailesh Vaidya	Chairman	Non-Executive Independent	4
Dr. Shrikant Parikh	Member	Non-Executive Independent	3
Prof. Venugopal Iyengar	Member	Non-Executive Independent	5
Mr. Prakash Shah	Member	Executive	5

In addition to the members of the Audit Committee, these meetings are attended by the General Manager Finance & Accounts and other respective functional heads, internal auditors and statutory auditors of the Company, whenever necessary, and those executives of the Company who can provide inputs to the Committee. Members have discussions with the statutory auditors during the meetings of the Committee and the quarterly/half-yearly and annual audited financials of the Company are reviewed by the audit committee before consideration and approval by the Board of Directors. The Committee also reviews the internal control systems, IT systems and conduct of the internal audit.

#### b) Meetings

During the accounting year 2010- 11, five Audit Committee Meetings were held on April 26<sup>th</sup> 2010, July 28<sup>th</sup> 2010, September 3<sup>rd</sup> 2010, November 12<sup>th</sup> 2010 and February 3<sup>rd</sup> 2011.

c) Mr. Ravindra Joshi, Company Secretary, acts as Secretary of the Committee.



**d) The functions of the Audit Committee include the following:**

- Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosures of related party transactions;
- Qualifications in draft audit report;
- Reviewing with the Management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the performance of Statutory & Internal Auditors, adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the officials heading the department, reporting structure, coverage and frequency of internal audit;
- Discussion with internal auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with the 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 look into the reasons for substantial defaults, if any, in the payments to the debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower Mechanism;
- Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors and/or other Committees of Directors of the Company;
- Reviewing the financial statements and in particulars the investments made by the unlisted subsidiaries of Company.

Senior executives of the Accounts Department, Finance Department, Secretarial Department and Representatives of the Statutory and Internal Auditors attend the Audit Committee meetings.

A summary statement of transactions with related parties was placed periodically before the Audit Committee during the year. Suitable disclosures have been made in the financial statements.

The Minutes of the Meetings of the Committee are circulated through email to all Directors and are confirmed at the subsequent Meeting.

**B) REMUNERATION COMMITTEE:**

The Remuneration Committee of the Board has been constituted in the year 2007, which, inter-alia recommends to the Board the compensation terms of Executive Directors, key managerial personnels and the senior most level of management immediately below the Executive Directors.

The Remuneration Committee deals with all elements of remuneration package of all the Executive Directors i.e. salary, benefits, bonuses, stock options, pension etc. including details of fixed component and performance linked incentives, along with the performance criteria.

**Remuneration Policy**

The remuneration of Executive Directors is decided by the Board of Directors as per the remuneration policy of the Company within the overall ceiling approved by shareholders.

**a) Composition of the Committee**

The Board constituted Remuneration Committee in the year 2007. The Remuneration Committee comprises of Mr. Shailesh Vaidya, Non-Executive and Independent Director as Chairman, Dr. Shrikant Parikh, Non-Executive and Independent Director and Prof. Venugopal Iyengar, Non-Executive and Independent Director as Members of the Committee.

**b) The functions of the Remuneration Committee include the following:**

- a. To approve the Annual Remuneration Plan of the Company;
- b. To review and grant annual increments to Executive/Managing Director.
- c. Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend /approve.

**c) Attendance at the Remuneration Committee Meetings**

During the accounting year 2010 – 11, two meeting of the Remuneration Committee was held on April 26<sup>th</sup> 2010 and on September 3<sup>rd</sup> 2010.

Name of Members	Designation	Category of Director	Nos. of meetings attended
Mr. Shailesh Vaidya	Chairman	Non-Executive Independent	2
Dr. Shrikant Parikh	Member	Non-Executive Independent	2
Prof. Venugopal Iyengar	Member	Non-Executive Independent	2

**d) Disclosure of Remuneration paid:**

At present Non-executive and Independent Directors are not paid any remuneration except sitting fees for attending Board Meetings.

Details of remuneration paid to Executive Directors during the accounting year ended March 31<sup>st</sup> 2011 are as under:

Name of Directors	Gross Salary ₹	Sitting Fees ₹	Total ₹	Stock Option granted
Mr. Nitin Dhanji Shah	50,00,000	-	50,00,000	Nil
Mr. Prakash Dhanji Shah	30,00,000	-	30,00,000	Nil
Mr. Manoj Ramesh Shah	20,00,000	-	20,00,000	Nil
Mr. Bimal Raj	30,00,000	-	30,00,000	Nil
Prof. Venugopal Iyengar	-	1,40,000	1,40,000	Nil
Dr. Shrikant Parikh	-	95,000	95,000	Nil
Mr. Shailesh Vaidya	-	85,000	85,000	Nil
Dr. Roopkishan Dave	-	60,000	60,000	Nil

**5 INVESTORS / SHAREHOLDERS GRIEVANCE COMMITTEE:**

**a) Constitution and Composition of Committee**

The Board of Directors constituted a Shareholders Grievance Committee in the year 2007. The Shareholders Grievance Committee for the accounting year comprises of following two non-executive and independent directors and one executive director.

Name of Members	Designation	Category of Director	Nos. of meetings attended
Mr. Prakash Shah	Member	Executive	4
Dr. Shrikant Parikh	Member	Non-Executive Independent	2
Prof. Venugopal Iyengar	Chairman	Non-Executive Independent	4

**b) Meetings of the Shareholders' grievance Committee**

During the accounting year 2010 – 2011, four Shareholders' Grievance Committee Meetings were held on April 26<sup>th</sup> 2010, July 28<sup>th</sup> 2010, November 12<sup>th</sup> 2010 and February 3<sup>rd</sup> 2011

**c) Compliance Officer**

Mr. Ravindra Joshi, Company Secretary, has been designated as the Compliance Officer.



**d) Investor Grievance Redressal**

Number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

<b>Nature of Complaints</b>	<b>Opening</b>	<b>Received</b>	<b>Resolved</b>	<b>Outstanding as at March 31<sup>st</sup> 2011.</b>
Non Receipt of Refund orders and /or non credit of shares in demat account.	NIL	02	02	NIL

During the accounting year ended March 31<sup>st</sup> 2011, 14 (fourteen) complaints were received from shareholders, all of which have been attended/ resolved as on date. All valid Share Transfers received during the period have been acted upon. There were no Share transfers pending as on March 31<sup>st</sup> 2011, for more than 30 days.

The Shareholders Grievance Committee continued to function effectively and held four meetings during the year under review. It continued to attend the matters related to Share Transfers and redressal of Shareholders' complaints. The complaints and grievances of shareholders received were duly attended by the Committee and as of now no complaints are pending.

**e) The functions of the Shareholders' Grievance Committee include the following:**

- Transfer /Transmission of shares;
- Issue of duplicate Share Certificates;
- Reviewing Shares dematerialized, rematerialized and all other related matters;
- Monitoring expeditious redressal of Investors' Grievances;
- Non receipt of Annual Report and declared dividend;
- All other matters related to Shares.

**6 COMPENSATION COMMITTEE:**

The Compensation Committee was formed inter alia to formulate detailed terms and conditions of Employee Stock Option Scheme.

**a) Constitution and Composition of Committee**

The Board constituted a Compensation Committee comprising of Mr. Nitin Shah, Managing Director as Chairman, Dr. Shrikant Parikh and Prof. Venugopal Iyengar, Non-Executive Independent Directors as Members of the Committee.

**b) Meetings of the Compensation Committee**

During the accounting year 2010 – 2011, Four Compensation Committee Meetings were held on April 26<sup>th</sup> 2010, September 3<sup>rd</sup> 2010, November 12<sup>th</sup> 2010 and February 3<sup>rd</sup> 2011

<b>Name of Members</b>	<b>No. of Compensation Committee Meetings attended</b>
Mr. Nitin Shah	4
Dr. Shrikant Parikh	3
Prof. Venugopal Iyengar	4

**c) The functions of the Compensation Committee include the following:**

- To decide the terms and conditions of the Employee Stock Option Scheme (ESOP);
- the quantum of any option to be granted under an employee stock option scheme per employee and in aggregate;
- the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;

- the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
- the right of the Employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights, issues, bonus issues, merger, sale of divisions and other;
- the grant, vest and exercise of option in case of employees who are on long leave.

## 7 MANAGEMENT COMMITTEE

### a) Constitution and Composition of Committee

The Board constituted Management Committee on April 28<sup>th</sup> 2009 comprising of Mr. Nitin Shah, Managing Director and Chairman, Mr. Manoj Shah, Executive Director and Mr. Prakash Shah, Executive Director & CFO as Members of the Committee.

### b) Meetings of the Management Committee

During the accounting year 2010 – 2011, six Management Committee Meetings were held on May 12<sup>th</sup> 2010, June 11<sup>th</sup> 2010, July 01<sup>st</sup> 2011, August 17<sup>th</sup> 2010, November 08<sup>th</sup> 2010 and January 21<sup>st</sup> 2011.

Name of Members	No. of Compensation Committee Meetings attended
Mr. Nitin Shah	6
Mr. Prakash Shah	6
Mr. Manoj Shah	6

### c) The Functions of the Management Committee includes

- To borrow monies not exceeding ₹ 200 crores or such other amount as may be authorized by the Shareholders at the General Meeting, together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) from Financial Institutions / Banks and others from time to time;
- To authorize Employees of the Company for purchase whether on hire purchase or otherwise or sale of vehicle;
- To open Bank Accounts and to authorise Directors/Authorised Signatories to operate the Bank Accounts;
- To withdraw / change the authority to operate any of the Company's Bank Account;
- To appoint attorney for and on behalf of the Company for specific power or for general purposes;
- To authorize Company Executives to represent the Company and sign and execute all the documents and papers related to the Central Government, State Government, Local Authority or any other authority in relation to the business of the Company;
- To take premises on leave and license / lease to be used as office / store / godown of the company or for the purpose of residence of employees or for any other purpose.
- To decide on opening Branches / Godowns at different places in the country or abroad subject to such permission as may be required from different authorities.
- To authorize Company Executives for obtaining Telephone / Electricity connections or other permissions in the name of the Company
- To decide on filing recovery suits against distributors / dealers / customers and to authorise company's executives to prosecute the same.
- To launch criminal proceedings against those misusing the company's rights under the Design, Patents, Trade marks and Copyright Laws.
- To authorize company's executives to defend civil suits filed by third parties against the company.
- Other general day-to-day affairs of the Company.





## 8 GENERAL BODY MEETINGS:

The particulars of last Three Annual General Meetings are as under:-

Financial Year	Day and Date	Location of AGM	Time
2009 - 2010	Wednesday September 29 <sup>th</sup> 2010	Walchand Hirachand Hall, LNM Indian Merchants' Chamber Building, 4 <sup>TH</sup> Floor, Churchgate, Mumbai – 400020	03.30 p.m.
2008 - 2009	Wednesday September 23 <sup>rd</sup> 2009	Walchand Hirachand Hall, Indian Merchants' Chamber Building, 4 <sup>TH</sup> Floor, Churchgate, Mumbai – 400020	11:30. a.m.
2007 – 2008	Friday September 12 <sup>th</sup> 2008	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2 <sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001.	11.00 a.m.

### DETAILS OF SPECIAL RESOLUTION PASSED IN THE PREVIOUS THREE ANNUAL GENERAL MEETINGS:

**At the Annual General Meeting of the Shareholders held on September 29<sup>th</sup> 2010, the following special resolutions were passed:**

- Appointment of Dr. Roop Kishan Dave as a Director of the Company;
- Ratification of Remuneration of Mr. Manoj Shah, Director of the Company from 14 lacs to 20 lacs;
- Adoption of ESOP Scheme titled "ESOP 2010".
- Granting of Options (ESOP) to Employees/ Directors of Subsidiary Companies.
- Appointment of Mr. Nehal Shah Under section 314(1B) of Companies Act, 1956.

**At the Annual General Meeting of the Shareholders held on September 23<sup>rd</sup> 2009, the following special resolutions were passed:**

- Approval of the terms of Remuneration of Mr. Bimal Raj as a Whole Time Director designated as Executive Director;
- Increase in Remuneration of Mr. Nitin Shah, Chairman and Managing Director of the Company;
- Increase in Remuneration of Mr. Prakash Shah, Whole Time Director of designated as Executive Director and CFO of the Company;
- Issue and Allotment of Equity Warrants to Bennett, Coleman and Company Limited;
- Issue of Securities to Qualified Institutional Buyers (QIBs) pursuant to the Qualified Institutional Placement (QIP);
- Sub – Division of Equity Shares of the Company of the face value of ₹ 10 each to 2 Equity Shares of ₹ 5/- each and Amendment in the Memorandum of Association to that effect.

**At the Annual General Meeting of the Shareholders held on September 12<sup>th</sup> 2008 the following special resolutions were passed.**

- Approval for issue of 7,45,000 Equity Shares of ₹ 10/- each to En Pointe Technologies Sales Inc. on Preferential Allotment basis.
- Approval for Issue of Equity Shares or Convertible Securities to Qualified Institutional Buyers (QIBs).

## 9 DISCLOSURES :

### 1. Related Party Transactions

- ❖ Related Parties transactions as required under Accounting Standard (AS-18) are furnished under paragraph number 52 of the Notes to the Accounts attached with the financial statements for the year ended March 31<sup>st</sup> 2011.
- ❖ No transaction of material nature has been entered into by the Company with its promoters, the directors or the management, their subsidiary or relatives etc. that may have a potential conflict with the interest of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board regularly.

## 2. Compliance by the Company

- ❖ The Company has complied with the requirements of the Stock Exchange (BSE), the Securities and Exchange Board of India (SEBI) and Statutory Authorities on all matters related to capital markets and no penalties / strictures were imposed on the Company during the last three years.

## 3. Mandatory & Non Mandatory requirement of this clause

- ❖ Adoption of non mandatory requirements under Clause 49 of the Listing Agreement are being reviewed by the Board from time to time.
- ❖ The Company has set up a Remuneration Committee, details of which have been given earlier in this Report.
- ❖ The statutory financial statements of the Company are unqualified.
- ❖ The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee.

## 10 MEANS OF COMMUNICATION:

- ❖ The Quarterly and Half Yearly results of the Company are published in an English and one Regional newspaper namely Economics Times and Maharashtra Times respectively. The results are also displayed on the Company's website: [www.allieddigital.net](http://www.allieddigital.net)
- ❖ The Company informs the Stock Exchanges about all price sensitive matters or such other matters which are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters. A Management Discussion and Analysis Statement is a part of the Company's Annual Report.

## 11 CODE OF CONDUCT:

- ❖ The Board of Directors has adopted the Business Ethics Policy and Code of Conduct for Directors and Senior Management. The Code is reviewed from time to time by the Board. The said Code has been communicated to the Directors and the Members of the Senior Management. The Code has also been posted on the Company's website [www.allieddigital.net](http://www.allieddigital.net)

## 12 TRADING IN THE COMPANY'S SHARES BY DIRECTORS AND DESIGNATED EMPLOYEES:

- ❖ In compliance with the SEBI (Prevention of Insider Trading) Regulations, 1992, our company has appointed Mr. Ravindra Joshi, Company Secretary of the Company as Compliance Officer who is responsible for setting policies, procedures for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Company has adopted a Code of Conduct for Prevention of Insider Trading.

## 13 GENERAL SHAREHOLDER INFORMATION:

### a) Annual General Meeting

- **Date** : September 29<sup>th</sup> 2011
- **Time** : 3.30.p.m.
- **Venue** : TARABAI HALL, SHIV PRASAD BUILDING, 97, MARINE DRIVE, MUMBAI - 400002
- **Financial Year** : The financial year of the Company is from April 1<sup>st</sup> 2010 to March 31<sup>st</sup> 2011

### b) Financial Calendar

- Quarterly Financial Reporting for financial year 2011- 2012

Quarter ending June 30 <sup>th</sup> 2011	On or before August 14 <sup>th</sup> 2011
Quarter/Half year ending September 30 <sup>th</sup> 2011	On or before November 14 <sup>th</sup> 2011
Quarter ending December 31 <sup>st</sup> 2011	On or before February 15 <sup>th</sup> 2012
Quarter/Year ending March 31 <sup>st</sup> 2012	On or before May 15 <sup>th</sup> 2012

- Date of Book Closure: September 22<sup>nd</sup> 2011 to September 29<sup>th</sup> 2011 (both days inclusive)



**c) Dividend Payment Date:**

The dividend will be paid on or after September 29<sup>th</sup> 2011 (within the statutory time limit of 30 days subject to shareholders approval).

**Unclaimed Dividends**

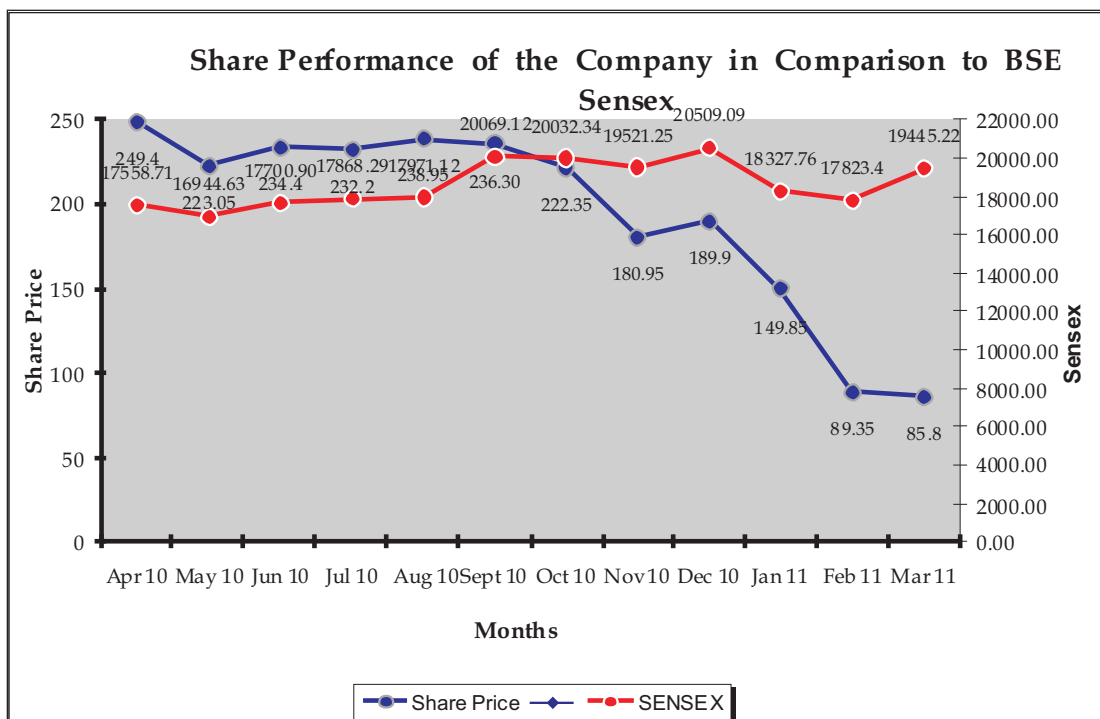
Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years, statutorily get transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government, and thereafter cannot be claimed by the investors. To ensure maximum disbursement of unclaimed dividend, the Company sends reminders to the concerned investors, before transfer of dividend to IEPF.

**d) Market information**

- Listing on Stock Exchange : The Bombay Stock Exchange Limited  
The National Stock Exchange of India Limited
- Listing fee for the year 2010 – 2011 has been paid in full to both the Stock Exchanges.
- Stock Code :  
National Stock Exchange India Limited - ADSL  
Bombay Stock Exchange Limited - 532875
- ISIN in NSDL and CDSL for equity shares : INE102I01027
- Corporate Identification No. : L72200MH1995PLC085488

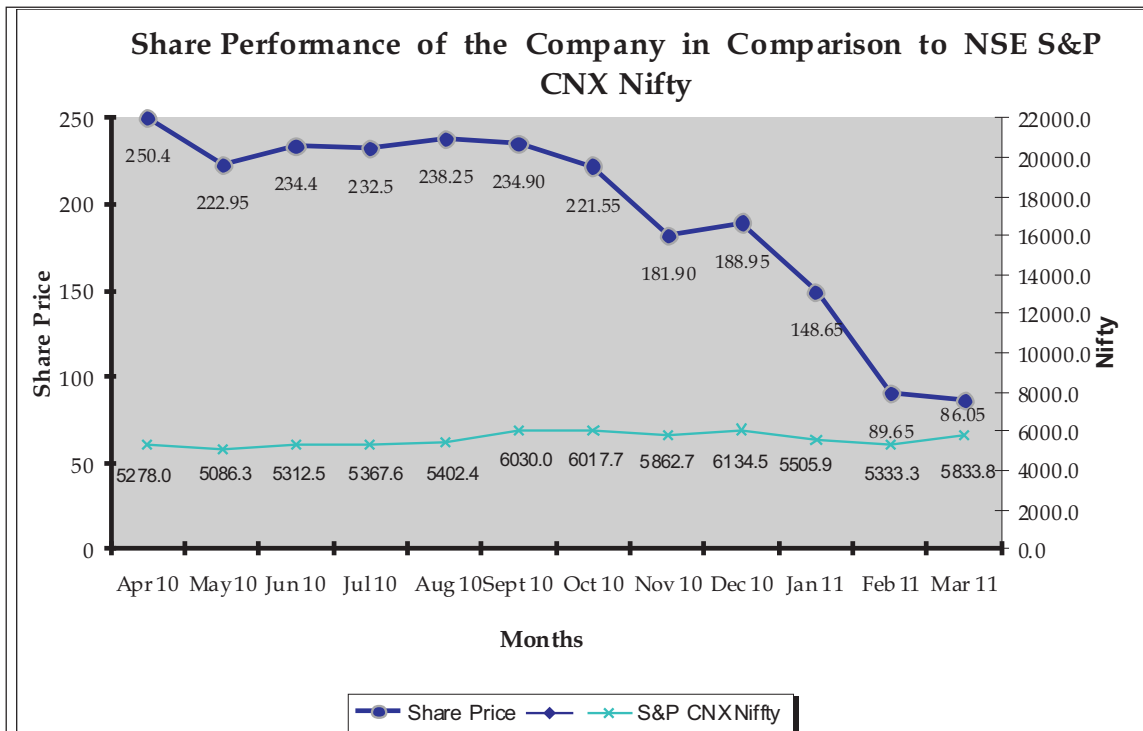
**MARKET PRICE DATA: HIGH LOW DURING EACH MONTH IN LAST FINANCIAL YEAR**

ALLIED DIGITAL SERVICES LIMITED								BSE Sensex		
Date	Open (₹)	High (₹)	Low (₹)	Close (₹)	No. of Shares	No. of Trades	Net T/O (₹)	High (₹)	Low (₹)	Close (₹)
<b>2010</b>										
Apr	211.8	270.6	209.5	249.4	2494782	41868	616060189	18047.86	17276.80	17558.71
May	250.9	250.9	196.4	223.05	846019	23494	189982571	17536.86	15960.15	16944.63
Jun	224.8	244.8	210	234.4	739534	20867	167812775	17919.62	16318.39	17700.90
Jul	231.4	248.9	223.15	232.2	1420907	31472	337629546	18237.56	17395.58	17868.29
Aug	234.8	258	226.2	238.95	1669987	33080	398033680	18475.27	17819.99	17971.12
Sept	241.4	265.1	231.05	236.3	2032720	35400	498371222	20267.98	18027.12	20069.12
Oct	237.6	251.75	218.8	222.35	859488	17401	204922774	20854.55	19768.96	20032.34
Nov	224.7	231.9	169.05	180.95	754794	17425	156734090	21108.64	18954.82	19521.25
Dec	184.8	196	168	189.9	1530120	20285	275336745	20552.03	19074.57	20509.09
<b>2011</b>										
Jan	191.8	198.75	148.05	149.85	499070	9054	87878594	20664.80	18038.48	18327.76
Feb	150.6	168.9	71	89.35	13583910	84876	1306375392	18690.97	17295.62	17823.40
Mar	89.9	93.2	77.05	85.8	2101889	22800	179427395	19575.16	17792.17	19445.22



ALLIED DIGITAL SERVICES LIMITED							NSE Nifty		
Date	Open (₹)	High (₹)	Low (₹)	Close (₹)	No. of Shares	Net T/O (in lacs)	High (₹)	Low (₹)	Close (₹)
<b>2010</b>									
Apr	212.6	270.6	210	250.4	46,41,891	11,363.16	5399.65	5160.90	5278.00
May	250.5	250.5	193.5	222.95	18,81,371	4,217.23	5278.70	4786.45	5086.30
Jun	234	244.8	206	234.4	14,18,577	3,211.86	5366.75	4961.05	5312.50
Jul	231.9	248.85	223.65	232.5	30,44,147	7,247.72	5447.50	5225.60	5367.60
Aug	234.4	252	227.3	238.25	39,52,736	9,416.57	5549.80	5348.90	5402.40
Sep	239.65	261.45	231.2	234.9	53,37,881	13,091.94	6073.50	5403.05	6029.95
Oct	236	251.75	218.25	221.55	23,06,217	5,483.68	6284.10	5937.10	6017.70
Nov	222.4	232	171	181.9	21,80,861	4,593.09	6338.50	5690.35	5862.70
Dec	183.9	196	168	188.95	36,01,701	6,486.79	6147.30	5721.15	6134.50
<b>2011</b>									
Jan	190	199.5	147.35	148.65	9,79,115	1,720.87	6181.05	5416.65	5505.90
Feb	149	168.9	70.8	89.65	21,430,765	20,954.55	5599.25	5177.70	5333.25
Mar	90	94	77	86.05	50,05,408	4,257.75	5872.00	5348.20	5833.75





**d) Share Transfer System & Other Related Matters.**

● **Share Transfer System**

The Shares lodged for transfer are processed by the Registrar and Transfer Agent and are approved by Shareholders Grievance Committee. Shares sent for transfer in physical form are registered and returned within a maximum period of 30 days from the date of receipt, subject to documents being valid and complete in all respects. Similarly all requests for demat are received and processed by the Registrar and Transfer Agent and confirmations are given to the depositories within the prescribed time limit.

● **Registrar and Share Transfer Agent:**

LinkIntime India Private Limited,  
 C 13, Pannalal Silk Mills Compound,  
 L.B.S Marg, Bhandup (West)  
 Mumbai 400078  
 Tel. No. : +91 22 25963838  
 Fax No. : +91 22 25946969  
 Email : investors@allieddigital.net  
 Website : www.linkintime.co.in

● **Nomination Facility for Shareholding:**

As per the provisions of the Companies Act, 1956, facility for making nomination is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer agents of the Company.

● **Payment of Dividend through Electronic Clearing Service:**

The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.

● **Correspondence regarding Change in Address:**

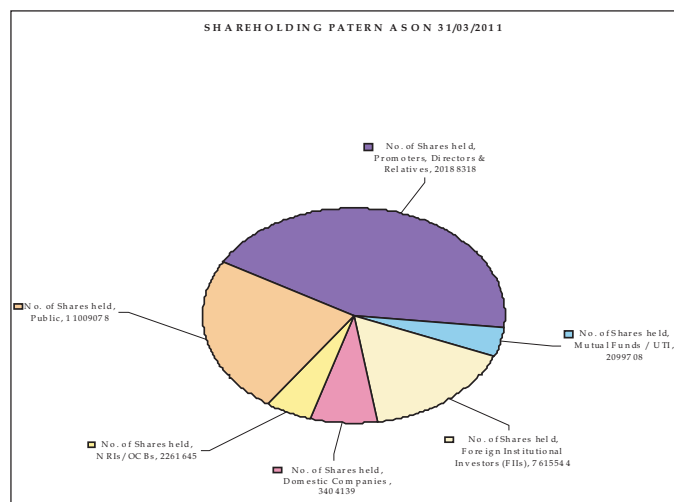
Members are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, LinkIntime India Private Limited, Tel No: +91 22 2596 3838, Fax No.: +91 22 25946969, Email: [investors@allieddigital.net](mailto:investors@allieddigital.net)

**DISTRIBUTION OF SHARE HOLDING AS ON March 31<sup>st</sup> 2011**

NO. OF EQUITY SHARES HELD	NO. OF SHARE HOLDERS	% OF TOTAL SHARE HOLDERS	NO. OF SHARES HELD*	% OF TOTAL NUMBER OF SHARES
1 - 5000	31175	89.1810	3707243	7.9582
5001 - 10000	1882	5.3838	1504055	3.2287
10001 - 20000	951	2.7205	1462463	3.1394
20001 - 30000	331	0.9469	842977	1.8096
30001 - 40000	126	0.3604	454129	0.9749
40001 - 50000	128	0.3662	598490	1.2848
50001 - 100000	189	0.5407	1403344	3.0125
100001 AND ABOVE	175	0.5006	36611101	78.5919
<b>TOTAL</b>	<b>34957</b>	<b>100.00</b>	<b>46583802</b>	<b>100.00</b>

**SHAREHOLDING PATTERN AS ON March 31<sup>st</sup> 2011**

CATEGORY	NO. OF SHARES HELD*	PERCENTAGE TO TOTAL NUMBER OF SHARES (%)
a. Promoters, Directors & Relatives	20188318	43.34
b. Mutual Funds / UTI	2099708	4.51
c. Banks, FIs & Insurance Cos.	5370	0.01
d. Foreign Institutional Investors (FIIs)	7615544	16.35
e. Domestic Companies	3404139	7.31
f. NRIs/OCBs/Pak Enemy Cases	2261645	4.86
g. Public	11009078	23.63
<b>TOTAL</b>	<b>46583802</b>	<b>100</b>



- **Dematerialisation of Shares**

The Shares of the Company can be held and traded in electronic form. As on March 31<sup>st</sup> 2011, 96.79 % (45087948 Shares) of total shares of the Company were held in demat form.

Break up of shares in physical and demat form as of March 31<sup>st</sup> 2011:

No. of Share	Percentage of Shares
<b>Physical Segment</b>	3.21%
<b>Demat Segment</b>	
NSDL	87.61%
CDSL	9.18%
<b>Total</b>	<b>100.00</b>

- Outstanding GDRs/ ADRs : NIL
- Warrants or any convertible Instrument, conversion date and likely impact on equity : 2,00,000\* Equity warrants, each warrants convertible into 1 equity shares of ₹ 5/- each.
- Plant Location : Not Applicable.
- Address for Correspondence : **ALLIED DIGITAL SERVICES LIMITED**  
2<sup>nd</sup> Floor, Kimatrai Building,  
77/79, Maharshi Karve Marg,  
Marine Lines, Mumbai – 400 002.  
Tel. : +91 22 22093030  
Fax : +91 22 27784968  
Email : investors@allieddigital.net  
Website : www.allieddigital.net

- **E-mail Id for Investor's Grievances:**

The Company has designated separate Email Id for the investor grievance and to improve the quality of the services to the investor. The e-mail address for investor grievance is investors@allieddigital.net

- **Secretarial Audit Report:**

As stipulated by the Securities and Exchange Board of India, a qualified Practising 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 the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges 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 dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

## 14 MANAGEMENT DISCUSSION AND ANALYSIS

As required by Clause 49 of the Listing Agreement the Management Discussion and Analysis is included as a separate section in this Annual Report.

## 15 CEO/CFO Certification

As required by Clause 49 of the Listing Agreement the CEO/CFO Certificate is provided in the Annual Report.

## 16 AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement the Auditor's Certificate is obtained and provided in the Annual Report.

# AUDITORS' REPORT ON CORPORATE GOVERNANCE

To The Members of Allied Digital Services Limited

We have examined the compliance of conditions of Corporate Governance by Allied Digital Services Limited for the Year ended March 31<sup>st</sup> 2011 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievances Committee.

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 **K. M. Kapadia & associates,**  
Chartered Accountants

Sd/-

**Kamlesh Kapadia**

Membership No.: 039707

Date: 22nd August, 2011

Place : Mumbai

## CHIEF EXECUTIVE OFFICER (CEO) and CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Bimal Raj, CEO and Executive Director and Prakash Shah, CFO & Executive Director, of **ALLIED DIGITAL SERVICES LIMITED**, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account and notes on accounts, as well as the cash flow statements and the Directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements and other financial information included in this report, fairly present in all material respects, the financial condition, results of the operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or in violation of the Company's Code of Conduct.
5. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the Company, and we have :
  - a. designed such disclosure controls and procedures to ensure that material information relating to the Company, is made known to us by others within those entities particularly during the period during which this report is being prepared; and
  - b. evaluated the effectiveness of the company's disclosure, controls and procedures.
6. The Company's other certifying officers and we, have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing equivalent functions):
  - a. all significant deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weakness in internal controls;
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls;
  - c. the company's other certifying officers and we, have indicated in this report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weakness; and
  - d. all significant changes in the accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
7. In the event of any materially significant misstatements or omissions, the signing officers will return to the Company that part of any bonus or incentive or equity –based compensation, which was inflated on account of such errors, as decided by the Audit Committee;
8. We affirm that we have not denied any personnel access to the Audit Committee of the Company;
9. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Place: Mumbai  
Date: August 22<sup>nd</sup> 2011

sd/-  
Bimal Raj  
Chief Executive Officer & Executive Director

sd/-  
Prakash Shah  
Chief Finance Officer & Executive Director

## DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members have confirmed compliance with the Code of Conduct and Ethics for the year ended 31<sup>st</sup> March 2011.

For **Allied Digital Services Limited**

Place : Mumbai  
Date : August 22<sup>nd</sup> 2011

sd/-  
**Nitin D. Shah**  
Chairman & Managing Director





# AUDITORS' REPORT

## TO THE MEMBERS OF ALLIED DIGITAL SERVICES LIMITED

We have audited the attached Balance Sheet of ALLIED DIGITAL SERVICES LIMITED ("the Company"), as at March 31<sup>st</sup> 2011, and also the Profit and Loss Account and 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.

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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs, Government of India, in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order on the basis of such checks as we considered appropriate and according to the information and explanations given to us.

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

- i. 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;
- ii. 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;
- iii. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors, as on March 31<sup>st</sup> 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31<sup>st</sup> 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us the said accounts, read with the Notes of Accounts thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31<sup>st</sup> 2011;
  - b. in the case of Profit and Loss Account, of the Profit for the year ended on that date; and
  - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **K. M. KAPADIA & ASSOCIATES**  
**Chartered Accountants**  
*F. No. 104777W*

**Sd/-**

**(KAMLESH KAPADIA)**  
*M. No.: 039707*

**Place:** Mumbai  
**Date:** August 22<sup>nd</sup> 2011

## **ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE SHAREHOLDERS OF ALLIED DIGITAL SERVICES LIMITED**

As required by the Companies (Auditors Report) Order, 2003 issued by the department of Company Affairs, Government of India in terms of Section 227(4A) of the Companies Act 1956 and on the basis of such checks of Books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we further state that:

- I (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.  
(b) We are informed that most of the Fixed Assets have been verified once during the year by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed by the management as compared with the records maintained by the Company.  
(c) The Company has not disposed off any fixed assets during the year so as to affect its going concern status.
- II (a) The Stock of Goods have been physically verified by the management during the year at reasonable intervals.  
(b) The procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining reasonable records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material.
- III In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956;  
(a) The Company has granted loans secured / unsecured to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The balance amount due to be received from these parties as on March 31<sup>st</sup> 2011 is ₹ 645.48 Lacs. The maximum amount due from such loans during the year was ₹1606.61 Lacs.  
(b) The Company has not taken interest free / interest bearing loans, secured / unsecured loans during the year under review from any party and the balance outstanding as on March 31<sup>st</sup> 2011 is ₹ Nil. The maximum amount involved during the year was ₹ Nil.  
(c) The registers required to be maintained u/s 301 of the Companies Act 1956 have been maintained in the prescribed format by the Company.  
(d) In our opinion and according to the information and explanation given to us, the rate of interest in case of loan taken, wherever applicable and other terms and conditions are not prima- facie prejudicial to the interest of the Company.  
(e) In respect of the loans taken by the Company, the principal as well as interest is regularly paid by the Company.  
(f) There is no over due amount in respect of the loans taken by the Company.
- IV In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of the business, for the purchase of the inventory and fixed assets and for the sale of goods.
- V (a) The registers required to be maintained u/s 301 of the Companies Act 1956 have been maintained in the prescribed format by the Company.  
(b) In our opinion and according to the information given to us all the transactions entered into by the Company with related parties in pursuance to Section 301 of the Companies Act have been done with fair amount of reasonability vis-à-vis the prevailing market prices at the relevant time.
- VI The Company has not accepted any deposits from public during the year.
- VII The Company has Internal Audit system which is commensurate with its size and nature of its business.
- VIII No Cost Records have been prescribed by the Central Govt. under Clause (d) of Sub Section (1) of Section 209 of the Companies Act, 1956.



- IX (a) According to the records of the Company, the Company has generally been regular in depositing with appropriate authorities the undisputed statutory dues such as Provident Fund, Employees State Insurance, VAT, CST, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. However some delays have been noticed in payment of some of the above liabilities.
- (b) According to the information and explanation given to us, details of Income Tax which has not been deposited on account of dispute is Nil
- X The Company does not have accumulated losses as at the end of the year and the Company has not incurred any cash losses in the current and immediately preceding financial year.
- XI As per the explanation and information given to us, the Company has not defaulted in repayment of any dues to any Financial Institution or Banks. There is no issue of any Debentures by the Company in the year under review or any of the preceding years.
- XII The Company has not granted loans and advances on the basis of security by way of pledge of Shares, debentures or other securities.
- XIII In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of said order 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. Therefore the provision of clause (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XV According to the information and explanation given to us, the Company has given guarantees for the loans taken by the subsidiaries companies from Banks and Financial Institutions. The details of the Guarantee are as follows:

Sr. No.	Name of the Company	Nature of Guarantee	Balance Outstanding as at March 31 <sup>st</sup> 2011
1	Digicomp Complete Solutions Ltd.	Corporate Guarantee against Working Capital Loan	INR 299.00 Lacs
2	Allied Digital Inc (USA)	Corporate Guarantee against Term Loan	US\$ 44.44 Lacs
3	Allied Digital Services LLC (formerly known as EnPoint Global Services LLC)	Corporate Guarantee in form of SBLC against Working Capital Loan	US\$ 25.00 Lacs

- XVI According to the information and explanations given to us by the Company, term loans taken if any have been applied for the purpose for which they were obtained.
- XVII In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have not been used for long term investment.
- XVIII During the year, the Company has not made any preferential allotment of shares to the parties and the Companies covered in the register maintained under section 301 of the Act.
- XIX In our opinion and according to the information and explanation given to us, the Company has not issued any debentures during the period covered by our report. Accordingly, clause 4 (xix) of the said order is not applicable.
- XX During the period covered by our report, the Company has not raised any money by way of public issue.
- XXI According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **K. M. KAPADIA & ASSOCIATES**  
**Chartered Accountants**  
*F. No. 104777W*

**Place:** Mumbai  
**Date:** August 22<sup>nd</sup> 2011

**Sd/-**  
**(KAMLESH KAPADIA)**  
*M. No.: 039707*

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

	Schedule	As At 31 <sup>st</sup> March, 2011	As At 31 <sup>st</sup> March, 2010
<u>Sources of Funds</u>			
Shareholders' Funds			
Share Capital	1	2,329.19	2,324.00
Reserves and Surplus	2	66,276.89	61,188.93
Loan Funds			
Secured Loans	3	9,600.84	6,608.89
Deferred Tax Liability		796.27	284.96
Total		79,003.19	<b>70,406.78</b>
<u>Application of Funds</u>			
Fixed Assets			
Gross Block	4	20,785.57	7,532.30
Less: Depreciation		2,549.33	1,373.19
Net Block		18,236.24	<b>6,159.11</b>
Capital Work in Progress		4,630.26	4,824.58
		22,866.50	<b>10,983.69</b>
Investments			
	5	17,193.83	<b>30,511.48</b>
Current Assets, Loans and Advances			
Inventories	6	2,220.47	918.03
Sundry Debtors	7	25,167.79	22,016.00
Cash and Bank Balances	8	3,938.42	3,038.56
Loans and Advances	9	10,202.16	6,224.38
		41,528.84	32,196.97
Less : Current Liabilities and Provisions			
Current Liabilities	10	1,676.42	1,956.72
Provisions		909.56	1,328.64
		2,585.98	3,285.36
Net Current Assets		38,942.86	<b>28,911.61</b>
Total		79,003.19	<b>70,406.78</b>
Significant Accounting Policies and Notes on Accounts	17		

As per our report of even date

For K. M. Kapadia & Associates  
Chartered Accountants  
F. No. 104777W

sd/-  
Kamlesh Kapadia  
Membership No.039707

Place : Mumbai  
Dated : 22<sup>nd</sup> August 2011

sd/-  
Nitin Shah

Chairman & Managing Director

For Allied Digital Services Ltd.

sd/-  
Prakash Shah

Executive Director & CFO

sd/-  
Ravindra Joshi  
Company Secretary



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	Schedule	For the year ended 31 <sup>st</sup> March, 2011	For the year ended 31 <sup>st</sup> March, 2010
<b>Income</b>			
Operational Income	11	52,190.79	47,051.06
Other Income	12	695.32	421.55
		<u>52,886.11</u>	<u>47,472.61</u>
<b>Expenditure</b>			
Cost of Sales	13	34,407.31	29,149.64
Employee Costs	14	4,315.85	3,939.98
Administration, Sales and Other Expenses	15	5,255.73	1,553.14
		<u>43,978.89</u>	<u>34,642.76</u>
Profit before Interest, Depreciation, Amortization, Tax & Exceptional Items		8,907.22	<b>12,829.85</b>
Interest and Finance Charges	16	722.00	363.11
Depreciation and Amortization	4	1,176.14	656.58
Profit before Tax		7,009.08	<b>11,810.16</b>
Provision for Taxation		1,321.96	2,008.90
Deferred Tax Liability/(Asset)		511.31	137.21
MAT credit entitlement		(433.77)	-
Profit after Tax		5,609.58	<b>9,664.05</b>
Balance in Profit and Loss account b/f		23,308.47	14,686.42
Amount available for Appropriation		<u>28,918.05</u>	<u>24,350.47</u>
<b>Appropriations</b>			
Transfer to General Reserve		-	500.00
Short Provision of Tax of earlier years (Net)		659.67	-
Proposed Dividend		232.92	464.80
Dividend Tax		38.68	77.20
Balance in Profit and Loss account c/f		<u>27,986.78</u>	<u>23,308.47</u>
<b>Earning per share (Refer Note No. 11(ii))</b>			
Basic		12.06	23.72
Diluted		12.05	23.70
<b>Significant Accounting Policies and Notes on Accounts 17</b>			

As per our report of even date

For Allied Digital Services Ltd.

For K. M. Kapadia & Associates  
Chartered Accountants  
F. No. 104777W

sd/-  
Nitin Shah

sd/-  
Prakash Shah

Chairman & Managing Director

Executive Director & CFO

sd/-  
Kamlesh Kapadia  
Membership No.039707

sd/-  
Ravindra Joshi  
Company Secretary

Place : Mumbai  
Dated : 22<sup>nd</sup> August 2011

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	For the year ended 31 <sup>st</sup> March, 2011	For the year ended 31 <sup>st</sup> March, 2010
<b>Cash Flow from Operating Activities:</b>		
Net Profit before tax	7,009.08	<b>11,810.16</b>
Adjustments for :		
Depreciation and Amortization	1,929.14	1,135.56
Loss on sale of fixed assets	-	44.95
Interest Expenses	722.00	363.11
Interest and Dividend Income	(664.64)	(401.92)
Operating profit before working capital changes	<u>8,995.58</u>	<u><b>12,951.86</b></u>
Adjustments for :		
Trade and other receivables	(3,904.78)	(3,683.28)
Inventories	(1,302.43)	(162.71)
Trade Payables	(238.99)	389.56
Loans and Advances	326.03	(1,895.07)
Cash generated from operating activities	<u>3,875.41</u>	<u><b>7,600.36</b></u>
Direct Tax Paid	(2,171.62)	<b>(2,662.59)</b>
<b>Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(13,058.95)	(5,184.16)
Sale/(Purchase) of Investments	13,317.66	(21,799.41)
Sale of Fixed Assets	-	175.00
Deposits - Others	(3,870.03)	-
Interest and Dividend Received	664.64	401.92
Net Cash used in investment activities	<u>(2,946.68)</u>	<u><b>(26,406.65)</b></u>
<b>Cash Flow from Financing Activities:</b>		
Issue of Equity Shares/ Warrants	414.84	22,548.00
Proceeds from borrowings	2,991.91	2,276.90
Dividend incl. dividend tax	(542.00)	(423.85)
Financing Charges	(722.00)	(363.11)
Net Cash used from financing activities	<u>2,142.75</u>	<u><b>24,037.94</b></u>
Increase in cash and cash equivalents:		
Cash and Cash equivalents (Opening)	3,038.56	1,571.96
Cash and Cash equivalents (Closing)	3,938.42	3,038.56
Net increase in cash and cash equivalents	<u>899.86</u>	<u><b>1,466.60</b></u>

**Notes :**

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on cash flow statement issued by the Institute of Chartered Accountants of India.
2. Purchase of Fixed Assets includes movement of Capital WIP during the year.
3. Cash and cash equivalent at the end of the year consist of cash in hand and balances with banks.

Particulars	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
Cash in hand	37.35	37.55
Balances with Banks	<u>3,901.07</u>	<u>3,001.01</u>
Total	<u>3,938.42</u>	<u><b>3,038.56</b></u>

As per our report of even date

For K. M. Kapadia & Associates  
Chartered Accountants  
F. No. 104777W

sd/-  
Kamlesh Kapadia  
Membership No.039707

Place : Mumbai  
Dated : 22<sup>nd</sup> August 2011

sd/-  
Nitin Shah

Chairman & Managing Director

For Allied Digital Services Ltd.

sd/-  
Prakash Shah

Executive Director & CFO

sd/-  
Ravindra Joshi  
Company Secretary



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
<b>Schedule "1" :- Share Capital</b>		
<b>Authorised</b>		
5,00,00,000 (Previous year 5,00,00,000 Equity Shares of ₹ 5/- each)		
Equity Shares of ₹ 5/- each	<u>2,500.00</u>	<u>2,500.00</u>
<b>Issued, Subscribed and Paid up</b>		
4,65,83,802 (Previous year 4,64,79,952 Equity Shares of ₹ 5/- each)		
Equity Shares of ₹ 5/- each fully paid up	<u>2,329.19</u>	<u>2,324.00</u>
	<u>2,329.19</u>	<u><b>2,324.00</b></u>
<b>Note:</b>		
1) Out of the above, 13,22,300 Equity Shares of ₹ 10/- each were allotted as fully paid up bonus shares by capitalising reserves in 1999-2000.		
2) Out of the above, 71,05,605 Equity Shares of ₹ 10/- each were allotted as fully paid up bonus shares by capitalising reserves in 2006-2007.		
3) Out of the above, 745,000 Equity Shares of ₹ 10/- each were allotted as fully paid up shares to En Pointe Technologies Sales Inc., at the premium of ₹ 820/- per share under the swap arrangement for the acquisition of Allied Digital Services LLC (formerly known as En Pointe Global Services LLC) in 2008-2009.		
4) The Company's Equity Share of ₹ 10/- each was sub-divided into 2 Equity shares of ₹ 5/- each vide special resolution dated September 23, 2009.		
<b>Schedule "2" :- Reserves and Surplus</b>		
<b>Securities Premium</b>		
At the commencement of the year	36,354.20	14,507.21
Addition during the year	<u>44.14</u>	<u>22,843.57</u>
	36,398.34	37,350.78
Less : Share Issue Expenses	-	996.58
	<u>36,398.34</u>	<u><b>36,354.20</b></u>
<b>General Reserve</b>		
At the commencement of the year	1,337.77	837.77
Transfer during the year	<u>-</u>	<u>500.00</u>
	<u>1,337.77</u>	<u><b>1,337.77</b></u>
<b>Capital Reserve</b>		
Subscription amount received on Equity Warrants	554.00	<b>188.49</b>
Balance in Profit and Loss Account	<u>27,986.78</u>	<u><b>23,308.47</b></u>
	<u>66,276.89</u>	<u><b>61,188.93</b></u>
<b>Schedule "3" :- Secured Loans</b>		
- Working Capital facilities from Banks	<u>9,600.84</u>	<u>6,608.89</u>
	<u>9,600.84</u>	<u><b>6,608.89</b></u>

Notes:

Security Details:-

Working capital loans from banks are secured by hypothecation of stock, book debts and further secured by way of collateral charge on some office premises, fixed deposits with banks and the personal guarantees of promoter directors.

Schedule : "4" :- Fixed Assets

(₹ in Lacs)

Description of Assets	Gross Block		Depreciation/Amortisation				Net Block		
	As at 31 <sup>st</sup> March, 2010	Additions / (Deductions)	As at 31 <sup>st</sup> March, 2011	Upto 31 <sup>st</sup> March, 2010	For the Period	Additions/ (Deductions)	Upto 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
Leasehold Premises	531.84	6,397.28	6,929.12	12.69	77.37	-	90.06	6,839.06	519.15
Leasehold Land	-	1,602.84	1,602.84	-	3.27	-	3.27	1,599.57	-
Freehold Premises	43.60	1,086.63	1,130.23	3.31	5.13	-	8.44	1,121.79	40.29
Civil and Plumbing Work	283.24	783.97	1,067.21	3.54	13.68	-	17.22	1,049.99	279.70
Furniture and Fixtures	1,174.11	883.23	2,057.34	132.02	110.85	-	242.87	1,814.47	1,042.09
Office Equipments	250.09	390.21	640.30	41.54	12.62	-	54.16	586.14	208.55
Motor Vehicles	133.44	-	133.44	40.45	12.68	-	53.13	80.31	92.99
Computers and IT Equipments	4,960.00	2,109.11	7,069.11	983.66	940.54	-	1,924.20	5,144.91	3,976.34
Computers (Given on lease)	155.98	-	155.98	155.98	-	-	155.98	-	-
Total	7,532.30	13,253.27	20,785.57	1,373.19	1,176.14	-	2,549.33	18,236.24	6,159.11
Previous Year	4,280.62	3,251.68	7,532.30	723.71	656.58	(7.10)	1,373.19	6,159.11	3,556.90
Capital Work-In-Progress including Capital Advances									4,824.58
Grand Total									22,866.50





SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	As at	
	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
Schedule "5" :- Investments		
I) Subsidiary Companies (Unquoted):-		
a) Allied Digital Services LLC (USA) (Formerly known as Enpoint Global Services LLC) 306017 (Previous year: 306017) equity shares of USD 10 each fully paid up	7,530.79	7503.31
b) Digicomp Complete Solutions Limited 19300 (Previous year: 19300) equity shares of ₹ 100/- each fully paid up (Includes 25% Application Money paid on subscription of 4280 equity shares of ₹ 100/- each at the premium of ₹ 3600/- per share)	612.53	572.94
c) Allied Digital Inc. (USA) (Refer note no.B 5 (iii))	4,648.68	3770.81
d) En Pointe Technologies India Private Limited 1000 (Previous year: 1000) equity shares of ₹ 100/- each fully paid up	-	-
e) Allied Digital Singapore Pte Limited 100 (Previous year: Nil) equity shares of SGD 1/- each fully paid up (Refer note no.B 5 (iii))	3.21	-
f) Allied Digital Asia Pacific Pty Limited (Australia) (Refer note no.B 5 (iii))	127.84	-
II) Current Investments:-		
a) Fortis Money Plus Fund Institutional Plan - Daily Dividend 186,242.843 (Previous year: 15,273,534.116 units of ₹ 10.0031 each) units of ₹ 10.0032 each	18.63	1,525.32
b) Fortis Flexi Debt Fund - Regular - Quarterly Dividend 164,281.735 (Previous year: 5,037,589.889 units of ₹ 10.0433 each) units of ₹ 10.09171 each	16.59	508.45
c) HDFC Cash Management Fund Treasury Advantage Plan - Daily Dividend 705,987.977 (Previous year: 25,323,394.680 units of ₹ 10.0315 each) units of ₹ 10.0315 each	70.82	2,540.32
d) Kotak Floater Long Term - Daily Dividend 994,857.032 (Previous year: 10,228,782.916 units of ₹ 10.0798 each) units of ₹ 10.0798 each	100.29	1,031.04
e) Kotak Credit Opp. Fund Weekly Dividend 3,857,267.476 (Previous year: Nil) units of ₹ 10.07639 each	388.67	-
f) Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan 0.181 (Previous year: 104,171.931 units of ₹ 1001.3389 each) units of ₹ 1001.1364 each	-	1,043.11
g) Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan Nil (Previous year: 9,996,801.024 units of ₹ 10.0049 each)	-	1,000.17
h) Reliance Regular Savings Fund- Debt- Institutional Growth 2,347,980.558 (Previous year: Nil) units of ₹ 12.7769 each	300.00	-
i) ICICI Prudential Flexible Income Plan Premium - Daily Dividend 9.869 (Previous year: 498,682.211 units of ₹ 105.7350 each) units of ₹105.7607 each	0.01	527.28
j) ICICI Prudential Income Opportunities Fund Institutional Growth 48,500.014 (Previous year: Nil) units of ₹ 11.2806 each	5.47	-

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
k) Birla Sun Life Floating Rate Fund - Long Term - Weekly Dividend 2,015,173.056 (Previous year: 5,146,464.985 units of ₹ 10.0295 each) units of ₹ 10.00 each	201.52	516.16
l) Birla Sun Life Floating Rate Fund - Long Term-Instl-weekly Div 175.396 (Previous year: Nil) units of ₹ 10.0265 each	0.02	-
m) SBI SHF Ultra Short Term Fund - Institutional Plan - Daily Dividend 228.124 (Previous year: 20,170,457.969 units of ₹ 10.0060 each) units of ₹ 10.0060 each	0.02	2,018.26
n) DSP Black Rock Floating Rate Fund - Institutional Plan - Weekly Dividend Nil (Previous year: 50,440.971 units of ₹ 1000.6014 each)	-	504.72
o) DSP Black Rock Floating Rate Fund - Institutional Plan - Daily Dividend 3.234 (Previous year: 201,933.224 units of ₹ 1000.5452 each) units of ₹ 1000.5452 each	0.03	2,020.43
p) Canara Robeco Treasury Advantage Super Institutional - Daily Dividend 11.5084 (Previous year: 8,158,037.5631 units of ₹ 12.4071 each) units of ₹ 12.4071 each	0.00	1,012.18
q) Canara Robeco Income Growth Fund 4,578.4592 (Previous year: Nil) units of ₹ 19.9025 each	0.91	-
r) Canara Robeco Short Term Institutional Growth Fund 124.2276 (Previous year: Nil) units of ₹ 10.8064 each	0.01	-
s) TFLW Tata Floater Fund - Weekly Dividend Nil (Previous year: 5,010,396.032 units of ₹ 10.0807 each)	-	505.08
t) IDFC Money Manager Fund - Treasury Plan Nil (Previous year: 5,047,669.848 units of ₹ 10.0070 each)	-	505.12
u) IDFC Fixed Maturity Plan -100 days Series -3 Dividend 12,174,660.561 (Previous year: Nil) units of ₹ 10.00 each	1,217.47	-
v) IDFC Fixed Maturity Plan - Eighteen Month Series 7 - Growth 5,000,000.00 (Previous year: Nil) units of ₹ 10.00 each	500.00	-
w) Baroda Pioneer Treasury Advantage Fund - Institutional Weekly Dividend Option Nil (Previous year: 5,052,503.52 units of ₹ 10.0001 each)	-	505.25
x) Birla Sun Life Dynamic Bond Fund - Retail - Quarterly Dividend 188,363.021 (Previous year: 4,498,748.848 units of ₹ 11.1306 each) units of ₹ 11.2331 each	21.16	500.74
y) Templeton India Short Term Income Retail Plan 11,805.22 (Previous year: 46,201.095 units of ₹ 1083.4842 each) units of ₹ 1085.6741 each	128.17	500.58
z) Templeton India Opportunities Fund Growth 4,798,191.4337 (Previous year: Nil) units of ₹ 10.4206 each	500.00	-
aa) Templeton India Income opportunities fund - Dividend reinvestment 7,458.296 (Previous year: Nil) units of ₹ 10.492 each	0.78	-
ab) IL & FS Milestone Fund II B 30,000 (Previous year: Nil) units of ₹ 1,000 each	300.00	-
ac) SBI Debt Fund Series - 370 Days - 8 - Growth 5,000,000.00 (Previous year: Nil) units of ₹ 10.0037 each	500.19	-
ad) SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend 227.066 (Previous year: Nil) units of ₹ 8.940 each	0.02	-
ae) SBI Magnum Insta Cash Fund - Daily Dividend Option Nil (Previous year: 11,344,306.1306 units of ₹ 16.7503 each)	-	1,900.21
	<u>17,193.83</u>	<u>30,511.48</u>



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
<b>Schedule "6" :- Inventories</b>		
- Stock in trade	2,220.47	918.03
	<u>2,220.47</u>	<u><b>918.03</b></u>
<b>Schedule "7" :- Sundry Debtors</b>		
Other Debts		
- Considered Good	21,525.13	17,428.67
- Considered Doubtful	-	-
	<u>21,525.13</u>	<u>17,428.67</u>
Debts outstanding for a period exceeding six months		
- Considered Good	3,642.66	4,587.33
- Considered Doubtful	753.00	478.98
	<u>4,395.66</u>	<u>5,066.31</u>
Total Debtors	25,920.79	22,494.98
Less : Provision for doubtful debts	753.00	478.98
	<u>25,167.79</u>	<u><b>22,016.00</b></u>
<b>Schedule "8" :- Cash and Bank Balances</b>		
Cash in Hand	37.35	37.55
Balances with Scheduled Banks		
- in Current Accounts	1,858.28	1,122.60
- in Deposit Accounts	2,042.79	1,878.41
(Extended as cash margin against various credit facilities)		
	<u>3,938.42</u>	<u><b>3,038.56</b></u>
<b>Schedule "9" :- Loans and Advances</b>		
(Unsecured, Considered Good)		
Advance recoverable in cash or kind or for value to be received	4,844.70	4,341.71
Balance with Subsidiaries	104.35	1,606.61
Staff advances	379.09	158.58
MAT credit entitlement	433.77	-
Sundry Deposits		
- Trade Deposits	570.22	117.48
- Others	3,870.03	-
	<u>10,202.16</u>	<u><b>6,224.38</b></u>
<b>Schedule "10" :- Current Liabilities and Provisions</b>		
<u>Current Liabilities</u>		
Sundry Creditors for Goods	1,082.33	976.79
Sundry Creditors for Expenses	506.58	942.37
Other Liabilities	87.51	37.56
	<u>1,676.42</u>	<u>1,956.72</u>
<u>Provisions</u>		
- Taxation	447.87	637.86
- Gratuity	82.86	27.69
- Dividend including dividend tax	271.60	542.00
- Others	107.23	121.09
	<u>909.56</u>	<u>1,328.64</u>
	<u>2,585.98</u>	<u><b>3,285.36</b></u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

(₹ in Lacs)

Particulars	For the year ended 31 <sup>st</sup> March, 2011	For the year ended 31 <sup>st</sup> March, 2010
Schedule "11" :- Operational Income		
Services, Solutions and Sales	52,138.77	46,953.60
Lease Rent	19.22	14.82
Gain on foreign currency (net)	-	44.00
Others	32.80	38.64
	<u>52,190.79</u>	<u><b>47,051.06</b></u>
Schedule "12" :- Other Income		
Interest Income*	288.57	75.41
Dividend Income**	376.08	326.51
Other Miscellaneous Income	30.67	19.63
	<u>695.32</u>	<u><b>421.55</b></u>
Note* Tax deducted at source ₹ 37.76 Lacs		
Note** Dividend Income consists of dividend on current investments and does not include any dividend from subsidiaries and trade investments.		
Schedule "13" :- Cost of Sales		
Opening Stock in Trade	918.03	755.32
Add : Purchases during the year	35,683.65	29,269.18
	<u>36,601.68</u>	<u>30,024.50</u>
Less : Closing Stock in Trade	2,220.47	918.03
	<u>34,381.21</u>	<u>29,106.47</u>
Add : Other Direct Expenses	26.10	43.17
	<u>34,407.31</u>	<u><b>29,149.64</b></u>
Schedule "14" :- Employees Cost		
Salaries and Wages	3,841.41	3,681.85
Directors' Remuneration	125.16	88.48
Contribution to PF and other Funds	219.36	132.21
Contribution to Gratuity Fund	65.75	4.16
Staff Training and Welfare Expenses	64.17	33.28
	<u>4,315.85</u>	<u><b>3,939.98</b></u>



**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

(₹ in Lacs)

Particulars	For the year ended 31 <sup>st</sup> March, 2011	For the year ended 31 <sup>st</sup> March, 2010
Schedule "15" :- Administration, Sales and Other Expenses		
Rent, Rates & Taxes	151.60	165.27
Travelling & Conveyance Expenses	213.77	165.20
Communication Expenses	176.94	160.92
Printing & Stationery Expenses	32.15	26.44
Electricity Expenses	99.33	70.28
Legal & Professional Fees	185.44	83.19
Repairs & Maintenance	53.39	24.54
Insurance	9.09	9.92
Loss on foreign currency (net)	168.51	-
Other Administrative Expenses	161.84	111.65
Provision for Doubtful Debts	753.00	478.98
Bad debts written off	2,999.54	57.29
Loss on sale of Asset	-	44.95
Sales Promotion Expenses	39.47	5.53
Freight Outwards	100.95	81.70
Advertisement Expenses	110.71	67.28
	<u>5,255.73</u>	<u>1,553.14</u>
Schedule "16" :- Interest and Financial Charges		
Interest to Banks:		
On Term Loans	-	2.15
On Working Capital Loans	604.83	175.95
Bank and Other Financial Charges	117.17	185.01
	<u>722.00</u>	<u>363.11</u>

## SCHEDULE '17' - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A) Significant Accounting Policies

#### 1) Basis of Preparation

The financial statements are prepared under the historical cost convention and as per the requirements of the Companies Act, 1956.

#### 2) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred to complete software development and the useful lives of depreciable fixed assets.

#### 3) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition. Financing cost related to acquisition of Fixed Assets are also included to the extent they relate to the period till such assets are ready to put to use.

#### 4) Depreciation

Depreciation other than on capital work-in-progress is charged so as to write-off the cost of assets, on the following basis:

Freehold & Leasehold Land	Straight line	1.63
Freehold & Leasehold Buildings	Straight line	1.63
Furniture and Fixtures	Straight line	6.33
Computer Equipment (Own Use and Leased)	Straight line	16.21
Motor Cars	Straight line	9.5
Office Equipment	Straight line	4.75
Civil and Plumbing Work	Straight line	1.63

Depreciation is charged only from the date the asset concerned is put to use by the Company.

Fixed Assets individually costing ₹ 5,000/- or less are fully depreciated in the year of acquisition itself.

#### 5) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the profit and loss account on pro-rata basis over the period of the lease.

#### 6) Impairment

At each Balance Sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is re-estimated in order to determine the extent of impairment loss. Any deviation in the value of such asset is recognized in the Profit and Loss Account. Recoverable amount is the higher of an asset's net selling price and value in use.

#### 7) Investments

Long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments comprising investments in mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis.

Profit or Loss on sale of Investment is determined on the specific identification basis.



## 8) Employee Benefits

### (i) Post Retirement Benefit Plans

Payments to the defined retirement benefit schemes are recognized as expenses when employees have rendered services entitling them to contributions.

In accordance to the applicable Indian Laws and as per the Accounting Standard 15 (Revised) for "Accounting for Employees Benefit", the Company with effect from April 1, 2006 provides for gratuity for its eligible employees. The Actuarial Gains or Losses are charged to the Profit and Loss Account for the period in which they occur.

### (ii) Employees Defined Contribution Plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. This contribution is made to the Government's Provident Fund.

## 9) Revenue Recognition

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Sales in case of supply of goods are recognized when the goods are invoiced or dispatched to the customers and are recorded exclusive of VAT, CST, other local levies and other discounts and rebates.

Revenue from sale of software licenses are recognized upon delivery where there is no customization required. In case of sale of customized software the same is recognized on the basis of achieving the various milestones attached with the customization, net of all taxes, local levies and other discounts & rebates.

Service revenue is considered on acceptance of the contract and is accrued over the period of the contract, net of all taxes, local levies and other discounts & rebates.

Dividends are recorded when the right to receive payment is established.

Interest income is recognised on time proportion basis.

## 10) Taxation

Current income tax expense comprises taxes on income from operations in India.

Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax expense or benefit is recognised on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in the subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws prevailing as on the date of the Balance Sheet.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised to the extent that there is virtual certainty that sufficient taxable income will be available in future to realise such assets.

Provisions for income taxes are presented in the balance sheet after offsetting Advance Taxes paid and TDS deductions for the respective assessment years.

The Company offsets deferred tax assets and deferred tax liabilities, if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

MAT credit is recognized as an asset only when and to the extent there are adequate and satisfying reasons that the Company will pay normal income tax during the specified period. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent that there is no satisfying reason to the effect that the Company will pay normal income tax during the specified period.

## 11) Foreign Currency Transactions

The transactions in foreign currencies on revenue accounts are stated at the rate of exchange prevailing on the date of transaction. The difference on account of fluctuation in the rate of exchange prevailing on the date of transaction and the date of realization is treated as revenue / expenditure.

Differences on translation of Current Assets and Current Liabilities remaining unsettled at the year end are recognized in the Profit and Loss Account except those relating to acquisition of fixed assets which are adjusted in the cost of the assets.

## 12) Employee Stock Option Scheme

In accordance with the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India ("SEBI"), the Company is following the Intrinsic Value Method of ESOP cost whereby the excess of Fair Market Value of the shares of the Company one day prior to the date of issue of the shares over the price at which they are issued is recognised as employee compensation cost. This cost is amortized on straight-line basis over the period of vesting of the Option.

However, during the year there were no Options vested below the Fair Market Value of the Shares hence no expenses have been provided on account of Employee Stock Options Cost (Previous Year: Nil).

## 13) Inventories

Inventories are carried at lower of cost and net realizable value. Cost is determined on a first in first out basis. Purchased goods in transit are carried at cost. Stores and spare parts are carried at cost less provision for obsolescence.

## B) Notes on Accounts

### 1) Acquisitions

- (i) To expand its operation and reach during the year the Company has floated 'Wholly Owned Subsidiaries' in Singapore and Australia namely 'Allied Digital Singapore Pte Limited' and 'Allied Digital Asia Pacific Pty Limited' respectively.
- (ii) During the year the Company has advanced Share Application Money towards the subscription of the Rights Issue of its subsidiary 'Digicomp Complete Solutions Limited'. The Company has paid an amount of ₹ 39.59 Lacs towards this subscription which is 25% application money paid on 4280 equity shares of ₹ 100 each at the premium of ₹ 3,600/- per share.
- (iii) On 1st April '2011, the Company has entered into a final 'Share Purchase & Joint Venture Agreement' with 'e-Cop Pte Ltd., Singapore'. By virtue of this agreement, effective 1st April '2011 'e-Cop Surveillance India Pvt. Ltd.,' has become a subsidiary of the Company.

### 2) Employee Benefits

- (i) An amount of ₹ 10.00 Lacs (Previous Year ₹ 20.00 Lacs) has been contributed towards the Employees Gratuity Fund against the current year liability of ₹ 65.75 Lacs (Previous Year ₹ 4.16 Lacs) and earlier year liabilities as per the Actuarial Valuation for Gratuity as on 31st March 2011. The Company has its Employees Gratuity Fund managed by Birla Sun Life Insurance Company.
- (ii) The Company recognised ₹ 143.53 Lacs (Previous year: ₹ 89.40 Lacs) for provident fund contributions during the year. The contributions payable to this plan by the Company are at rates specified in the rules of the scheme and the same are charged to the Profit and Loss Account of the Company.

#### (iii) Employee Stock Options

The Company by a Special Resolution passed at the Extra Ordinary General Meeting held on January 02, 2007 approved the Employee Stock Option Scheme under Section 79 A of the Companies Act, 1956 to be read along with SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 whereby options convertible into Equity Shares had been granted to eligible employees of the Company. The Board of Directors had resolved to grant the Options to the eligible employees vide resolution dated January 22, 2007, consequently the Options were granted to eligible employees.

The Company has two Stock Options Plans which are summarized as under:

#### (a) Stock Option Scheme (2007) Loyalty Grant

Under this scheme, the Company had granted 63,300 Options @ ₹ 10/- each to the eligible employees.

Out of the above mentioned grant of 63,300 options, 50,436 Options were exercised by the eligible employees and balance Options were lapsed.

#### (b) Stock Option Scheme (2007) Growth Grant

Under this scheme, the Company had granted 4,30,300 Options (pre-split of Company's Equity Shares) @ ₹ 95/- each to the eligible employees which were to be exercised within four years from the date of the grant.





Out of the above, during the year under review 1,03,850 Options (post - split of Company's Equity Shares from the face value of ₹ 10/- to ₹ 5/-each) were exercised by the eligible employees.

The summary of the Stock Options exercised by the eligible employees during the year under review are as under:

Outstanding options as at April 1, 2010	-	1,75,900
Granted during the year	-	Nil
Exercised during the year (Post-split)	-	1,03,850
Forfeited/lapsed during the year (Post-split)	-	28,000
Outstanding Options as at March 31, 2011 (Post-split)	-	44,050
Stock Option Scheme (2010)		

The Company by a Special Resolution passed at Annual General Meeting held on 29th September 2010 approved the Employee Stock Option Scheme under section 79A of the companies act 1956 to be read along with SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 whereby 30,00,000/- options convertible into Equity Shares of ₹ 5/- each to be granted to eligible employees of the Company. This stock option scheme is titled as "ESOP 2010" and no options had been granted under this scheme during the year.

### 3) Contingent Liabilities

- As per the Certificate issued by the banks, value of bank guarantees outstanding as on 31st March, 2011 amounts to ₹ 1,520.48 Lacs (Previous Year ₹ 996.09 Lacs) and the value of Letter of Credit outstanding as on 31st March, 2011 amounts to ₹ 77.22 Lacs (Previous Year ₹ 24.81 Lacs).
- Claim against the Company not acknowledged as debts ₹ 8.93 Lacs (Previous Year ₹ 5.92 Lacs).
- The Income Tax Authorities carried out a search operation at certain locations of the Company on 4th February 2011. The Company extended its full co-operation to the tax authorities and various statements were recorded during the course of search. The search operation got concluded on the same business day. The Company has not received any such communication from the income tax authorities till date having any potential financials or tax implication on the Company.
- The Company has given guarantees for the loans taken by the subsidiary companies from Banks and Financial Institutions. The details of the Guarantee are as follows:

Sr. No.	Name of the Company	Nature of Guarantee	Balance Outstanding as at 31st March 2011
1	Digicomp Complete Solutions Ltd.	Corporate Guarantee against Working Capital Loan	INR 299.00 Lacs
2	Allied Digital Inc (USA)	Corporate Guarantee against Term Loan	US\$ 44.44 Lacs
3	Allied Digital Services LLC (formerly known as EnPoint Global Services LLC)	Corporate Guarantee in form of SBLC against Working Capital Loan	US\$ 25.00 Lacs

### 4) Fixed Assets

During the year under consideration the Company has acquired Leasehold Premises, Leasehold Land and Freehold Premises total amounting to ₹ 9,086.75 Lacs. The above includes the cost of acquiring these assets inclusive of incidental charges and lease premium paid if any.

### 5) Current Assets, Loans and Advances

In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated and are realisable in the ordinary course of business.

- The management is in process of obtaining external confirmations and reconciling balances relating to Sundry Debtors and Loans & Advances amounting to ₹ 25,167.79 Lacs and ₹ 8,714.73 Lacs respectively as

at 31st March 2011. Based on the ageing analysis prepared for the Sundry Debtors, as per the books of accounts but subject to our verification, produced before us Sundry Debtors of ₹ 2,999.54 Lacs has been written off as unrecoverable and a further provision of ₹ 753.00 Lacs has been provided for Doubtful Debts. On receipt of the confirmations and reconciliations as stated above the need to make further provisions for doubtful debts, if any, will be ascertained.

- ii) The value of the Inventory as on 31st March 2011 includes certain slow moving item which has not been provided for during the valuation of the same. The valuation of the Inventory is as certified by the management.
- (iii) Amounts extended to wholly owned subsidiaries Company has been shown under the head investment as the same is long term in nature.

6) MAT Credit Entitlement

Considering the consistent profit over the years and also considering the future profit projections, the management believes that there are adequate and satisfying reasons with regards to the earning of future taxable income and payment of tax under normal tax within the specified period. Hence MAT credit entitlement of ₹ 433.77 Lacs (Previous year Nil) has been recognized during the year.

7) Current Liabilities and Provisions

In the opinion of the Board, the current liabilities are approximately at the fair value in the Balance Sheet. Balances of sundry creditors are subject to confirmation and reconciliation.

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

8) Additional Information pursuant to the Provisions of Part II of the Schedule VI of the Companies Act 1956

	(₹ In Lacs)	
	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
(i) Income in Foreign Currency Sales of services, Software & Solution	3,717.79	4,906.97
(ii) Expenditure in Foreign Currency (subject to deduction of tax where applicable)		
(a) Travelling Expenses	19.66	<b>37.54</b>
(b) Professional Fees	25.52	1.89
(iii) Value of Imports calculated on C.I.F. basis		
(a) Capital goods	-	<b>98.64</b>
(b) Trade goods	314.46	<b>218.33</b>

9) Quantitative Information

Considering the nature of business of the Company, it is not practically possible to give quantitative information in the absence of common expressible unit.

10) Dues to Micro, Small and Medium Enterprises

As per the information provided by the Company, there are no Micro, Small and Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at the balance Sheet date. No response was received by the Company from its creditors to enable them to identify the same and hence the above information has been determined on the basis of the explanation provided by the Company to the auditors. This has been relied upon by the auditors.



## 11) Earnings Per Share

		2010-11	2009-10
A	Weighted average number of equity shares of ₹ 5/- each		
I	Number of shares at the beginning of the year (Nos.) of ₹ 5/- each (Previous Year of ₹ 5/- each)	4,64,79,952	1,81,14,726
II	Number of Shares at the end of the year (Nos.) of ₹ 5/- each	4,65,83,802	4,64,79,952
III	ESOP outstanding to employees 44,050 ( previous year 1,75,900 Equity Shares of ₹ 5/- each) @ ₹ 47.50 per share	44,050	1,75,900
IV	Weighted average number of Equity Shares of ₹ 5/- each (Previous Year ₹ 5/- each) outstanding during the year (Nos) for Basic EPS	4,65,19,460	4,07,37,334
V	Weighted average number of Equity Shares of ₹ 5/- each (Previous Year ₹ 5/- each) outstanding during the year (Nos) for Dilutive EPS	4,65,43,580	4,07,79,111
B	Net Profit after tax available for equity shareholders (In ₹ Lacs)	5,609.58	9,664.05
C	Basic income per share (in ₹) [B/A (v)]	₹ 12.06	₹ 23.72
D	Diluted income per share (in ₹) [B/A (vi)]	₹ 12.06	₹ 23.70

## 12) Issue of Warrants

During previous financial year, the Company had allotted 2,00,000 (Two Lacs) Warrants (convertible into Equity Shares of ₹ 5/- each) to Bennett, Coleman and Company Limited ("BCCL") on preferential allotment basis at ₹ 377/- per warrant with following condition; (i) if at the time of conversion, the price determined in accordance with SEBI (ICDR) is less than ₹ 377/- then the warrants will be converted at such lower price; (ii) but in any case such lower price shall not be below ₹ 277/- per warrant. Pursuant to the above, vide BCCL's letter dated 24th March, 2011, the Company has received ₹ 365.50 Lacs towards the subscription for conversion of 2,00,000 warrants issued to BCCL @ ₹ 277/- per share as per the terms of issue of warrants. These warrants were converted into 2,00,000 Equity Shares of ₹ 5/- each at a premium of ₹ 272/- per share on 01st April 2011.

## 13) Taxes on Income

- Provision for taxation for the year has been made in accordance with the provisions of the Income Tax Act, 1961.
- In terms of Accounting Standard on "Accounting for Taxes on Income" (AS 22), the Company has recognised Deferred Tax Liability amounting to ₹ 796.27 Lacs (Previous Year ₹ 284.96 Lacs) for the period ended 31st March, 2011 in the Profit and Loss Account.

The amount of Deferred Tax Liability as on March 31, 2011 comprises of:

(₹ In Lacs)

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
	Deferred Tax Liability/ (Asset)		
1	Depreciation	1,458.52	1,017.40
2	Provision for Bad Debts	(250.13)	(162.61)
3	On account of Exchange Rate Fluctuation	-	-
4	On account of Deferred Revenue Expenses (IPO Exp)	(430.66)	(564.45)
5	On account of other disallowable Expenses and Income	-	-
6	Gratuity	18.54	(5.38)
	Deferred Tax Liability / (Assets)	796.27	<b>284.96</b>

#### 14) Related Party Disclosures

##### A) Related Parties and their Relationship

###### (i) Subsidiaries

1. Allied Digital Services LLC (formerly known as En Pointe Global Services LLC)
2. Allied Digital INC
3. Allied Digital Singapore Pte Ltd
4. Allied Digital Asia Pacific Pty Ltd
5. Digicomp Complete Solutions Ltd.
6. En Pointe Technologies India Private Limited

###### (ii) Associates

1. Assetlite Equipment India Private Limited
2. Abhirati Properties Private Limited
3. Digicomp Electronics Testing Services (DETS) Pte. Limited
4. The Gateways

###### (iii) Key Management Personnel & their relatives (KMP)

Mr. Nitin Shah	Chairman & Managing Director
Mr. Prakash Shah	Executive Director & CFO
Mr. Manoj Shah	Executive Director & CIO
Mr. Bimal Raj	Executive Director & CEO
Mrs. Tejal P. Shah	Wife of Mr. Prakash Shah
Mr. Nehal N. Shah	Son of Mr. Nitin Shah
Miss. Dhara N. Shah	Daughter of Mr. Nitin Shah
Mrs. Smitha B. Raj	Wife of Mr. Bimal Raj

##### B) Nature of transaction with the Related Parties

(₹ In Lacs)

Year ended 31 <sup>st</sup> March, 2011	Subsidiaries	Associates	Key Management Personnel
Revenue	299.79	24.62	-
	1,545.11	108.57	-
Purchase of goods, services and facilities	64.13	151.90	5.40
	28.57	44.67	8.41
Loans and advances	199.50	542.50	0.27
	2,018.31	2.98	-

##### C) Balance with Related Parties

(₹ In Lacs)

As at 31 <sup>st</sup> March, 2011	Subsidiaries	Associates	Key Management Personnel
Sundry Debtors	66.95	104.86	-
	10.30	100.14	-
Sundry Creditors	2.68	3.48	0.45
	-	-	-
Loans and advances	104.35	541.13	0.27
	1,606.61	-	-



D) Disclosure required by Clause 32 of the listing agreement regarding the related parties:  
Amount of Loans/Advances in the nature of loans outstanding from Subsidiaries and Associates:

(₹ In Lacs)

Particulars	Outstanding as at the end of the year	Maximum amount Outstanding during the year	Investments in shares of the Company
<b>Subsidiaries</b>			
Digicomp Complete Solutions Ltd.			
2010-11	103.37	103.37	39.59
2009-10	30.77	50.00	-
Allied Digital Services LLC, (Formerly known as En Pointe Global Services LLC)			
2010-11	-	1,505.48	27.48
2009-10	1,505.48	-	792.71
Allied Digital INC			
2010-11	-	-	877.86
2009-10	-	-	2,369.66
En Pointe Technologies India Private Ltd.			
2010-11	0.97	70.36	-
2009-10	70.36	70.36	-
Allied Digital Singapore Pte Ltd.			
2010-11	-	-	3.21
2009-10	-	-	-
Allied Digital Asia Pacific Pty Ltd.			
2010-11	-	-	127.84
2009-10	-	-	-
<b>Associates</b>			
Assellite Equipment India Private Ltd.			
2010-11	0.78	0.50	-
2009-10	-	90.00	-
Abhirati Properties Private Limited			
2010-11	540.34	540.34	-
2009-10	-	-	-

(vi) Remuneration to Key Management Personnel

(₹ In Lacs)

	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
<b>(a) Managing Director and other Whole-time Directors</b>		
Mr. Nitin Shah (Including arrears of ₹ 0.63 Lacs)	50.63	34.37
Mr. Prakash Shah (Including arrears of ₹ 0.31 Lacs)	30.31	19.69
Mr. Manoj Shah (Including arrears of ₹ 1.50Lacs)	21.50	14.00
Mr. Bimal Raj	22.72	20.42
<b>Total Remuneration</b>	<b>125.16</b>	<b>88.48</b>

(vii) Computation of Net Profit in accordance with Section 198 and with Section 349 of the Companies Act, 1956  
(₹ In Lacs)

	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
(a) Net Profit as per Profit and Loss Account	5,609.58	9,664.05
Add: Provision for Income Tax (Net of MAT Credit)	888.19	2,008.90
Provision for Deferred Tax	511.31	137.21
Profit under Section 349 of the Companies Act, 1956	7,009.08	11,810.16
Add: Managerial Remuneration	125.16	88.48
Depreciation as per accounts	1,176.14	656.58
Provision for bad and doubtful debts	753.00	478.98
Less: Depreciation as per Section 350 of the Companies Act, 1956	1,176.14	656.58
Profit under Section 198 of the Companies Act, 1956	7,887.24	12,377.62
 (b) Details of Managerial Remuneration under Section 198 of the Companies Act, 1956		
Salaries, Remuneration and Allowances	125.16	88.48
Total	125.16	88.48

15) Auditors' Remuneration

	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
		(₹ In Lacs)
For services as Auditors, including quarterly audits	3.50*	3.50*
For Tax Audit	0.50*	0.50*
Others	<u>5.93*</u>	<u>4.95*</u>
	<u>9.93</u>	<u>8.95</u>

\* excluding service tax

16) Lease Income

In accordance with the Accounting Standard 19, "Leases" issued by the Institute of Chartered Accountants of India, the Company has given Assets on Operational Lease on or after 1st April 2001. These assets have been capitalized and consequently depreciation has also been provided on these assets. The minimum lease rent receivable as at 31st March, 2011 are as follows:

	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
		(₹ In Lacs)
<u>Lease Rent Receivable</u>		
Not Later than One Year	19.22	14.82
Later than One Year but Not Later than Five Years	88.43	107.65



17) Segment Reporting

During the year under review, the Company's business consisted of two reportable business segments i.e. Solutions and Infrastructure Management Services. The details pertaining to attributable Revenues, Profits and Capital employed are given hereunder.

(₹ In Lacs)

	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
1 Segment Revenue		
Solutions	32,030	30,530
Infrastructure Management Services	20,160	16,424
Unallocated	695	519
Net Segment Revenue	<u>52,885</u>	<u>47,473</u>
2 Profit before Interest, unallocable expenses & Tax		
Solutions	6,095	8,186
Infrastructure Management Services	12,383	11,889
	<u>18,478</u>	<u>20,075</u>
Less : i) Interest	722	363
ii) Un-allocable Expenses (net of un-allocable income)	10,747	7,902
Total Profit Before Tax	<u>7,009</u>	<u>11,810</u>
3 Capital Employed		
Unallocable	57,346	33,464
Total Capital Employed	<u>57,075</u>	<u>33,464</u>

18) Subsequent event

The Board of Directors of the Company in their meeting held on February 18, 2011 have resolved to buyback ("Buyback") its fully paid-up equity shares of the face value of ₹ 5/- each (Equity Shares) from the existing owners of Equity Shares of the Company, other than Promoters of the Company from the open market stock exchange in accordance with the provisions of Sections 77A, 77AA, 77B and other applicable provisions of the Companies Act, 1956 ("the Act") and Securities and Exchange Board of India (Buy Back of Securities) Regulation, 1998 ("the Regulation") and the relevant provisions of Memorandum of Association and Articles of Association of the Company and at a maximum price not exceeding ₹ 140/- per Equity Share ("Maximum Buyback Price") payable in cash, for an amount of upto ₹ 28 crores ("Offer size"). The Date of Opening of the buyback was April 25, 2011 and last Date for the Buyback is February 17, 2012.

As at August 22, 2011 the Company has bought back 5,49,731 Equity Shares out of which 5,45,731 Equity Shares have been extinguished.

19) Previous year's figures have been recast / restated wherever necessary.

20) Previous year's figures are in italics.

Signature to Notes and Schedules "Schedules 1 to 16"

As per our report of even date

For K. M. Kapadia & Associates  
Chartered Accountants  
F. No. 104777W

sd/-  
Kamlesh Kapadia  
Membership No.039707

Place : Mumbai  
Dated : 22<sup>nd</sup> August 2011

sd/-  
Nitin Shah

Chairman & Managing Director

For Allied Digital Services Ltd.

sd/-  
Prakash Shah

Executive Director & CFO

sd/-  
Ravindra Joshi  
Company Secretary

**Balance Sheet Abstract and Company's General Business Profile:**

Information pursuant to Part IV of schedule VI to Companies Act, 1956.

**I Registration Details**

Registration No. :	85488	State Code:	11
Balance Sheet Date :	31	March	2011
	Date	Month	Year

**II. Capital Raised during the Year (₹ in Lacs)**

Public Issue	N.A.	Right Issue	N.A.
Bonus Issue	N.A.	Private Placement/ Promoter's Contribution	5
Call Unpaid/ Received	N.A.		

**III. Position of Mobilisation and Deployment of Funds (₹ In Lacs)**

Total Liabilities	79,003	Total Assets	79,003
Sources of Funds			
Paid up Capital	2,329	Reserve and Surplus	66,277
Share Application Money	NIL	Secured Loans	9,601
Unsecured Loans	NIL	Deferred Tax Liability	796
Application of Funds			
Net Fixed Assets	22,866	Investments	17,194
Net Current Assets	38,943	Deferred Tax Asset	NIL
Accumulated Losses	NIL		

**IV. Performance of Company. (₹ In Lacs)**

Turnover and Income	52,886	Total Expenditure	45,877
Profit/ Loss Before Tax	7,009	Profit/Loss After Tax	5,610
(Please tick appropriate box.+ Profit, - for Loss)			
Earnings Per Share in (₹)	12.06	Dividend Rate %	10%

**V. Generic Names of Three Principal Products/Services of Company (As Per Monetary Terms)**

Item Code No. (ITC Code)	84713010	Item Code No. (ITC Code)	85249113
Product Description	Personal Computers	Product Description	I.T Software

As per our report of even date

For K. M. Kapadia & Associates  
Chartered Accountants  
F. No. 104777W

sd/-  
Kamlesh Kapadia  
Membership No.039707

Place : Mumbai  
Dated : 22<sup>nd</sup> August 2011

sd/-  
Nitin Shah

Chairman & Managing Director

For Allied Digital Services Ltd.

sd/-  
Prakash Shah

Executive Director & CFO

sd/-  
Ravindra Joshi  
Company Secretary





# AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF  
ALLIED DIGITAL SERVICES LIMITED

- 1) We have audited the attached Consolidated Balance Sheet of ALLIED DIGITAL SERVICES LIMITED and its subsidiaries (collectively referred as "the ADSL Group) as at March 31, 2011 and the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the 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 disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) (a) The financial statements of certain subsidiaries whose financial statements reflect total assets (net) of ₹ 5,222.29 Lacs as at March 31, 2011, total revenues of ₹ 16,434.94 Lacs and net operating cash In flows amounting to ₹ 10.14 Lacs for the year ended on that date have been audited by other auditors. The reports of such other Auditors have been furnished to us and our opinion in so far as it related to the amounts included in respect of these subsidiaries is based solely on the report of those auditors.  
(b) The figures used for this consolidation of some financial statements of certain insignificant subsidiaries having total assets of ₹ 5,875.78 Lacs as at 31st March 2011, total revenue of ₹ Nil are based on the management's estimates and are not audited by the Auditors.

We report that the consolidated financial statements have been prepared by the ADSL Group's management in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated Financial statements and Accounting Standards (AS) 23 Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial statement and on the financial statement of the component, and to the best of our information and according to the explanation given to us, we are of the opinion that, subject to our Notes of Accounts, the attached consolidated financial statements give a true and fair view in conformity with the accounting principle generally accepted in India:

- (i) In the case of the Consolidated Balance Sheet, of the state of affairs of the ADSL Group as at March 31, 2011;
- (ii) In the case of Consolidated Profit and Loss A/c , of the profit on that date; and
- (iii) In the case of Consolidated Cash Flow Statements, of the cash flows for the year ended that date.

For K. M. KAPADIA & ASSOCIATES  
Chartered Accountants

Place: Mumbai  
Date: 22<sup>nd</sup> August 2011

sd/  
(KAMLESH KAPADIA)  
Membership No.: 039707

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	Schedule	As at 31st March, 2011	As at 31 March, 2010
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	2,329.19	2,324.00
Reserves and Surplus	2	65,861.25	61,006.25
Minority Interest		996.46	872.32
<b>Loan Funds</b>			
Secured Loans	3	13,006.02	9,743.59
Unsecured Loans	4	6.66	43.97
Deferred Tax Liability		840.79	314.07
<b>Total</b>		<b>83,040.37</b>	<b>74,304.20</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	5	22,947.90	8,678.41
Less: Depreciation		3,214.23	1,776.35
Net Block		19,733.67	6,902.06
Capital Work in Progress		4,857.25	5,031.05
		24,590.92	11,933.11
Goodwill (On Consolidation)		11,260.11	11,260.11
Investments	6	4,270.76	18,664.41
<b>Current Assets, Loans and Advances</b>			
Inventories	7	2,582.16	1,309.95
Sundry Debtors	8	29,722.99	26,579.74
Cash and Bank Balances	9	4,450.04	3,539.64
Loans and Advances	10	10,651.07	5,308.30
		47,406.26	36,737.63
Less : Current Liabilities and Provisions	11		
Current Liabilities		3,443.54	2,904.19
Provisions		1,044.14	1,386.87
		4,487.68	4,291.06
Net Current Assets		42,918.58	32,446.57
<b>Total</b>		<b>83,040.37</b>	<b>74,304.20</b>
Significant Accounting Policies and Notes on Accounts	18		

As per our report of even date

For K. M. Kapadia & Associates  
Chartered Accountants  
F. No. 104777W

sd/-  
Kamlesh Kapadia  
Membership No.039707

Place : Mumbai  
Dated : 22<sup>nd</sup> August 2011

sd/-  
Nitin Shah

Chairman & Managing Director

For Allied Digital Services Ltd.

sd/-  
Prakash Shah

Executive Director & CFO

sd/-  
Ravindra Joshi  
Company Secretary



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	Schedule	As at 31st March, 2011	As at 31st March, 2010
<b>Income</b>			
Operational Income	12	71,493.18	67,304.51
Other Income	13	701.28	429.33
		<u>72,194.46</u>	<u>67,733.84</u>
<b>Expenditure</b>			
Cost of Sales	14	48,161.17	40,970.63
Employee Costs	15	6,793.82	8,559.51
Administration, Selling and Other Expenses	16	8,163.93	4,741.54
		<u>63,118.92</u>	<u>54,271.68</u>
Profit before Interest, Depreciation, Amortization, Tax & Exceptional Items		9,075.54	13,462.16
Interest and Finance Charges	17	851.46	605.83
Depreciation and Amortization	5	1,431.85	875.72
Profit before Tax		6,792.23	11,980.61
Provision for Taxation		1,370.90	2,084.32
MAT Credit Entitlement		(435.90)	-
Deferred Tax Liability/(Asset)		527.76	153.62
Profit after Tax		5,329.47	9,742.67
Minority Interest		(7.37)	82.36
Profit after Minority Interest		5,336.84	9,660.31
Balance in Profit and Loss account b/f		23,041.56	14,423.25
Profit available for Appropriation		28,378.40	24,083.56
<b>Appropriations :</b>			
Transfer to General Reserve		-	500.00
Short Provision of Tax of earlier years (Net)		668.87	-
Proposed Dividend		232.92	464.80
Dividend Tax		38.68	77.20
Balance in Profit and Loss account c/f		<u>27,437.93</u>	<u>23,041.56</u>
<b>Earning per share (Refer Note No. 10(ii))</b>			
Basic		11.47	23.71
Diluted		11.47	23.69
Significant Accounting Policies and Notes on Accounts	18		

As per our report of even date

For Allied Digital Services Ltd.

For K. M. Kapadia & Associates  
Chartered Accountants  
F. No. 104777W

sd/-  
Nitin Shah

sd/-  
Prakash Shah

Chairman & Managing Director

Executive Director & CFO

sd/-  
Kamlesh Kapadia  
Membership No.039707

sd/-  
Ravindra Joshi  
Company Secretary

Place : Mumbai  
Dated : 22<sup>nd</sup> August 2011

# CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>Cash Flow from Operating Activities:</b>		
Net Profit before tax	6,792.23	11,980.61
Adjustments for :		
Depreciation and Amortization	2,189.35	1,374.87
Loss / (Profit) on sale of assets	2.48	53.62
Interest Expenses	851.46	605.83
Interest and Dividend Income	(668.83)	(403.94)
Operating profit before working capital changes	<u>9,166.69</u>	<u>13,610.99</u>
Adjustments for :		
Trade and other receivables	(3,897.88)	(4,360.48)
Inventories	(1,272.21)	(250.48)
Trade Payables	606.54	(1,830.84)
Loans and Advances	(1,111.62)	(2,007.17)
Cash generated from operating activities	<u>3,491.52</u>	<u>5,162.02</u>
Direct Tax Paid	(2,170.62)	(2,722.20)
<b>Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(14,130.03)	(5,498.81)
Sale/(Purchase) of Investments	14,393.65	(18,172.29)
Sale of fixed assets	35.01	189.27
Foreign Currency Translation Reserve	48.98	31.51
Deposits - Others	(3,804.96)	-
Interest and Dividend Received	668.83	403.94
Net Cash used in Investment activities	<u>(2,788.52)</u>	<u>(23,046.38)</u>
<b>Cash Flow from Financing Activities:</b>		
Issue of Equity Shares/ Warrants	546.35	22,976.79
Proceeds from borrowings	3,225.12	547.18
Financing Charges	(851.46)	(605.83)
Dividend paid	(542.00)	(423.85)
Net Cash used from financing activities	<u>2,378.01</u>	<u>22,494.29</u>
Increase in cash and cash equivalents:		
Cash and Cash equivalents (Opening)	3,539.64	1,651.95
Cash and Cash equivalents (Closing)	<u>4,450.04</u>	<u>3,539.64</u>
Net increase in cash and cash equivalents	<u>910.40</u>	<u>1,887.69</u>

Notes :

- 1 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on cash flow statement issued by the Institute of Chartered Accountants of India.
- 2 Purchase of Fixed Assets includes movement of Capital WIP during the year.
- 3 Cash and cash equivalent at the end of the year consist of cash in hand and balances with banks.

Particulars	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
Cash in hand	55.16	40.87
Balances with Bank	4,394.88	3,498.77
Total	<u>4,450.04</u>	<u>3,539.64</u>

As per our report of even date

For Allied Digital Services Ltd.

For K. M. Kapadia & Associates  
Chartered Accountants  
F. No. 104777W

sd/-  
Nitin Shah

sd/-  
Prakash Shah

Chairman & Managing Director

Executive Director & CFO

sd/-  
Kamlesh Kapadia  
Membership No.039707

sd/-  
Ravindra Joshi  
Company Secretary

Place : Mumbai  
Dated : 22<sup>nd</sup> August 2011



CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	As at 31 <sup>ST</sup> March, 2011	As at 31 <sup>ST</sup> March, 2010
<b>Schedule "1" :- Share Capital</b>		
<b>Authorised</b>		
5,00,00,000 (Previous year 5,00,00,000 Equity Shares of ₹ 5/- each) Equity Shares of ₹ 5/- each	2,500.00	2,500.00
<b>Issued, Subscribed and Paid up</b>		
4,65,83,802 (Previous year 4,64,79,952 Equity Shares of ₹ 5/- each) Equity Shares of ₹ 5/- each fully paid up	2,329.19	2,324.00
	<u>2,329.19</u>	<u>2,324.00</u>
<b>Note:</b>		
1) Out of the above, 13,22,300 Equity Shares of ₹ 10/- each were allotted as fully paid up bonus shares by capitalising reserves in 1999-2000.		
2) Out of the above, 71,05,605 Equity Shares of ₹ 10/- each were allotted as fully paid up bonus shares by capitalising reserves in 2006-2007.		
3) Out of the above, 745,000 Equity Shares of ₹ 10/- each were allotted as fully paid up shares to En Pointe Technologies Sales Inc., at the premium of ₹ 820/- per share under the swap arrangement for the acquisition of Allied Digital Services LLC (formerly known as En Pointe Global Services LLC) in 2008-2009.		
4) The Company's Equity Share of ₹ 10/- each is Sub-divided into 2 Equity shares of ₹ 5/- each vide special resolution dated September 23, 2009.		
<b>Schedule "2" :- Reserves and Surplus</b>		
<b>Securities Premium</b>		
At the commencement of the year	36,354.20	14,507.21
Additions during the year	44.14	22,843.57
	<u>36,398.34</u>	<u>37,350.78</u>
Less : Share Issue Expenses	-	996.58
	<u>36,398.34</u>	<u>36,354.20</u>
<b>General Reserve</b>		
At the commencement of the year	1,337.77	837.77
Transfer during the year	-	500.00
	<u>1,337.77</u>	<u>1,337.77</u>
<b>Capital Reserve</b>		
Subscription Amount Received on Equity Warrants	554.00	188.49
Foreign Currency Translation Reserve	133.21	84.23
Balance in Profit and Loss Account	27,437.93	23,041.56
	<u>65,861.25</u>	<u>61,006.25</u>
<b>Schedule "3" :- Secured Loans</b>		
- Term Loan from Banks	1,984.44	2,907.80
- Working Capital Loans from Banks	11,017.09	6,835.79
- Vehicle Loans	4.49	-
	<u>13,006.02</u>	<u>9,743.59</u>
<b>Notes:</b>		
<b>Security Details:-</b>		
Working capital loans from banks are secured by hypothecation of stock, book debts and further secured by way of collateral charge on some office premises, fixed deposits with banks and the personal guarantees of promoter directors.		
<b>Schedule "4" :- Unsecured Loans</b>		
- Overdraft from Bank	6.66	14.50
- From Others	-	29.47
	<u>6.66</u>	<u>43.97</u>

Schedule "5" :- Fixed Assets

(₹. in Lacs)

Description of Assets	Gross Block			Depreciation/Amortisation				Net Block			
	As at 31 <sup>st</sup> , March 2010	Additions	Deductions	Translation Exchange Difference	As at 31 <sup>st</sup> , March 2011	As at 31 <sup>st</sup> , March 2010	Deductions	For the Period	Translation Exchange Difference	Uplo 31 <sup>st</sup> , March 2011	As at 31 <sup>st</sup> , March 2010
Leasehold Premises	685.36	6,425.38	2.87	(1.37)	7,106.48	75.58	0.62	111.56	(0.68)	185.85	6,920.63
Leasehold Land	-	1,602.84	-	-	1,602.84	-	-	3.27	-	3.27	1,599.57
Freehold Premises	43.60	1,086.63	-	-	1,130.23	3.31	-	5.13	-	8.44	1,121.79
Civil and Plumbing Work	283.24	783.97	-	-	1,067.21	3.54	-	13.68	-	17.22	1,049.99
Furniture and Fixtures	1,308.07	910.05	3.94	(0.63)	2,213.55	181.63	3.04	133.79	(0.39)	311.99	1,901.56
Office Equipments	406.76	432.09	18.27	(0.99)	819.59	101.81	11.19	48.89	(0.44)	139.07	680.52
Motor Vehicles	162.99	-	-	-	162.99	47.28	-	15.10	-	62.38	100.61
Computers and IT Equipments	5,498.05	2,238.55	9.26	(4.24)	7,723.10	1,192.65	8.08	1,129.99	(1.48)	2,313.08	5,410.02
Computers (Given on lease)	155.98	-	-	-	155.98	155.98	-	-	-	155.98	-
Plant & Machinery	134.35	6.28	-	-	140.63	14.57	-	2.38	-	16.95	123.68
Other Intangible Assets	-	825.30	-	-	825.30	-	-	-	-	-	825.30
Total	8,678.41	14,311.09	34.34	(7.23)	22,947.90	1,776.35	22.93	1,463.79	(2.99)	3,214.23	19,733.67
Previous Year	5,116.73	3,880.45	262.59	(56.18)	8,678.41	924.25	14.41	875.72	(9.21)	1,776.35	6,902.06
Capital Work-In-Progress including Capital Advances											
Grand Total											
4,857.25											
24,590.92											
5,031.05											



CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH , 2011

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
Schedule "6" :- Investments		
I) Current Investments:-		
a) Fortis Money Plus Fund Institutional Plan - Daily Dividend 186,242.843 (Previous year: 15,273,534.116 units of ₹ 10.0031 each) units of ₹ 10.0032 each	18.63	1,525.32
b) Fortis Flexi Debt Fund - Regular - Quarterly Dividend 164,281.735 (Previous year: 5,037,589.889 units of ₹ 10.0433 each) units of ₹ 10.09171 each	16.58	508.45
c) HDFC Cash Management Fund Treasury Advantage Plan - Daily Dividend 705,987.977 (Previous year: 25,323,394.680 units of ₹ 10.0315 each) units of ₹ 10.0315 each	70.82	2,540.32
d) Kotak Floater Long Term - Daily Dividend 994,857.032 (Previous year: 10,228,782.916 units of ₹ 10.0798 each) units of ₹ 10.0798 each	100.28	1,031.04
e) Kotak Credit Opp. Fund Weekly Dividend 3,857,267.476 (Previous year: Nil) units of ₹ 10.07639 each	388.67	-
f) Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan 0.181 (Previous year: 104,171.931 units of ₹ 1001.3389 each) units of ₹ 1001.1364 each	-	1,043.11
g) Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan Nil (Previous year: 9,996,801.024 units of ₹ 10.0049 each)	-	1,000.17
h) Reliance Regular Savings Fund- Debt- Institutional Growth 2,347,980.558 (Previous year: Nil) units of ₹ 12.7769 each	300.00	
i) ICICI Prudential Flexible Income Plan Premium - Daily Dividend 9.869 (Previous year: 498,682.211 units of ₹ 105.7350 each) units of ₹ 105.7607 each	0.01	527.28
j) ICICI Prudential Income Opportunities Fund Institutional Growth 48,500.014 (Previous year: Nil) units of ₹ 11.2806 each	5.47	
k) Birla Sun Life Floating Rate Fund - Long Term - Weekly Dividend 2,015,173.056 (Previous year: 5,146,464.985 units of ₹ 10.0295 each) units of ₹ 10.00 each	201.52	516.16
l) Birla Sun Life Floating Rate Fund - Long Term-Instl-weekly Dividend 175.396 (Previous year: Nil) units of ₹ 10.0265 each	0.02	
m) SBI SHF Ultra Short Term Fund - Institutional Plan - Daily Dividend 228.124 (Previous year: 20,170,457.969 units of ₹ 10.0060 each) units of ₹ 10.0060 each	0.02	2,018.26
n) DSP Black Rock Floating Rate Fund - Institutional Plan - Weekly Dividend Nil (Previous year: 50,440.971 units of ₹ 1000.6014 each)	-	504.71

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH , 2011

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
o) DSP Black Rock Floating Rate Fund - Institutional Plan - Daily Dividend 3,234 (Previous year: 201,933.224 units of ₹ 1000.5452 each) units of ₹ 1000.5452 each	0.03	2,020.43
p) Canara Robeco Treasury Advantage Super Institutional - Daily Dividend 11,5084 (Previous year: 8,158,037.5631 units of ₹ 12.4071 each) units of ₹ 12.4071 each	-	1,012.18
q) Canara Robeco Income Growth Fund 4,578.4592 (Previous year: Nil) units of ₹ 19.9025 each	0.91	
r) Canara Robeco Short Term Institutional Growth Fund 124.2276 (Previous year: Nil) units of ₹ 10.8064 each	0.01	
s) TFLW Tata Floater Fund - Weekly Dividend Nil (Previous year: 5,010,396.032 units of ₹ 10.0807 each)	-	505.08
t) IDFC Money Manager Fund - Treasury Plan Nil (Previous year: 5,047,669.848 units of ₹ 10.0070 each)	-	505.12
u) IDFC Fixed Maturity Plan -100 days Series -3 Dividend 12,174,660.561 (Previous year: Nil) units of ₹ 10.00 each	1,217.47	
v) IDFC Fixed Maturity Plan - Eighteen Month Series 7 - Growth 5,000,000.00 (Previous year: Nil) units of ₹ 10.00 each	500.00	
w) Baroda Pioneer Treasury Advantage Fund - Institutional Weekly Dividend Option Nil (Previous year: 5,052,503.52 units of ₹ 10.0001 each)	-	505.25
x) Birla Sun Life Dynamic Bond Fund - Retail - Quarterly Dividend 188,363.021 (Previous year: 4,498,748.848 units of ₹ 11.1306 each) units of ₹ 11.2331 each	21.16	500.74
y) Templeton India Short Term Income Retail Plan 11,805.22 (Previous year: 46,201.095 units of ₹ 1083.4842 each) units of ₹ 1085.6741 each	128.17	500.58
z) Templeton India Opportunities Fund Growth 4,798,191.4337 (Previous year: Nil) units of ₹ 10.4206 each	500.00	
aa) Templeton India Income opportunities fund - Dividend reinvestment 7,458.296 (Previous year: Nil) units of ₹ 10.492 each	0.78	
ab) IL & FS Milestone Fund II B 30,000 (Previous year: Nil) units of ₹ 1,000 each	300.00	
ac) SBI Debt Fund Series - 370 Days - 8 - Growth 5,000,000.00 (Previous year: Nil) units of ₹ 10.0037 each	500.19	
ad) SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend 227.066 (Previous year: Nil) units of ₹ 8.940 each	0.02	
ae) SBI Magnum Insta Cash Fund - Daily Dividend Option Nil (Previous year: 11,344,306.1306 units of ₹ 16.7503 each)	-	1,900.21
	4,270.76	18,664.41





CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
Schedule "7" :- Inventories		
- Stock in trade	2,582.16	1,309.95
	<u>2,582.16</u>	<u>1,309.95</u>
Schedule "8" :- Sundry Debtors		
Other Debts		
- Considered Good	24,852.14	21,961.70
- Considered Doubtful	-	-
	<u>24,852.14</u>	<u>21,961.70</u>
Debts outstanding for a period exceeding six months		
- Considered Good	4,870.85	4,618.04
- Considered Doubtful	919.68	685.91
	<u>5,790.53</u>	<u>5,303.95</u>
Total Debtors	<u>30,642.67</u>	<u>27,265.65</u>
Less : Provision for doubtful debts	<u>919.68</u>	<u>685.91</u>
	<u>29,722.99</u>	<u>26,579.74</u>
Schedule "9" :- Cash and Bank Balances		
Cash in Hand	55.16	40.87
Balances with Scheduled Banks		
- in Current Accounts	2,320.44	1,590.74
- in Deposit Accounts	2,074.44	1,908.03
(Out of the above ₹ 2,042.79 Lacs has been extended as cash margin against Bank Guarantees, LC's and other credit facilities)		
	<u>4,450.04</u>	<u>3,539.64</u>
Schedule "10" :- Loans and Advances (Unsecured, Considered Good)		
Advance recoverable in cash or kind or for value to be received	5,224.62	4,902.26
Staff Advances	383.07	164.03
MAT credit entitlement	433.77	-
Sundry Deposits		
- Trade Deposits	570.22	-
- Others	4,039.39	234.43
	<u>10,651.07</u>	<u>5,308.30</u>
Schedule "11" :- Current Liabilities and Provisions		
<u>Current Liabilities</u>		
Sundry Creditors for Goods	1,541.48	1,587.16
Sundry Creditors for Expenses	1,082.67	1,057.07
Other Liabilities	819.39	259.96
	<u>3,443.54</u>	<u>2,904.19</u>
<u>Provisions</u>		
- Taxation	519.77	659.29
- Gratuity	95.32	27.69
- Dividend including dividend tax	271.60	542.00
- Others	157.45	157.89
	<u>1,044.14</u>	<u>1,386.87</u>
	<u>4,487.68</u>	<u>4,291.06</u>

CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2011	For the Year Ended 31 <sup>st</sup> March, 2010
Schedule "12" :- Operational Income		
Services, Solutions and Sales	71,439.63	67,232.14
Lease Rent	19.22	14.82
Gain on foreign currency	1.53	18.91
Others	32.80	38.64
	<u>71,493.18</u>	<u>67,304.51</u>
Schedule "13" :- Other Income		
Interest Income*	292.75	77.43
Dividend Received **	376.08	326.51
Other Miscellaneous Income	32.45	25.39
	<u>701.28</u>	<u>429.33</u>
Note* Tax deducted at source ₹ 37.76 Lacs		
Note** Dividend Income consist of dividend on current investments and does not include any dividend from subsidiaries and trade investments.		
Schedule "14" :- Cost of Sales		
Opening Stock in Trade	1,236.84	969.00
Add : Purchases during the year	49,295.89	41,112.02
	<u>50,532.73</u>	<u>42,081.02</u>
Less : Closing Stock in Trade	2,526.45	1,236.84
	<u>48,006.28</u>	<u>40,844.18</u>
Add : Other Direct Expenses	154.89	126.45
	<u>48,161.17</u>	<u>40,970.63</u>
Schedule "15" :- Employees Costs		
Salaries and Wages	5,737.60	6,659.10
Directors' Remuneration	147.96	98.08
Contribution to PF and other Funds	455.69	852.42
Contribution to Gratuity Funds	65.75	4.16
Staff Training and Welfare Expenses	386.82	945.75
	<u>6,793.82</u>	<u>8,559.51</u>



CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2011	For the Year Ended 31 <sup>st</sup> March, 2010
Schedule "16" :- Administration, Selling and Other Expenses		
Rent, Rates & Taxes	540.25	575.50
Travelling & Conveyance Expenses	558.34	522.97
Communication Expenses	465.73	423.36
Printing & Stationery Expenses	45.62	38.32
Electricity Expenses	133.32	90.80
Legal & Professional Fee	340.08	135.25
Repairs & Maintenance	113.49	74.46
Insurance	149.74	157.65
Loss on foreign currency	174.82	-
Other Administrative Expenses	773.98	838.99
Provision for Doubtful Debts	757.50	499.15
Bad debts written off	3,016.06	59.57
Loss on sale of assets	3.14	53.62
Prior period expenses	-	2.94
Sales Promotion Expenses	44.77	16.79
Freight Outwards	168.98	100.06
Commission	728.44	1,040.23
Advertisement Expenses	149.67	111.88
	<u>8,163.93</u>	<u>4,741.54</u>
Schedule "17" :- Interest and Financial Charges		
Interest to Banks:		
On Term Loans	-	202.87
On Working Capital Loans	726.96	217.95
Bank and Other Financial Charges	124.50	185.01
	<u>851.46</u>	<u>605.83</u>

## SCHEDULE '18' - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A) Significant Accounting Policies

#### 1) Basis of Preparation

The Consolidated Financial Statements of Allied Digital Services Limited and its subsidiaries are prepared under the historical cost convention and as per the requirements of the Companies Act, 1956.

#### 2) Principles of Consolidation

The financial statements of the subsidiary companies used for the publishing of the consolidated results are drawn upto the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Company and its subsidiary companies have been combined on the line by line basis by adding together like item of assets, liabilities, income and expenses. Inter-Company balances and transactions and unrealized profits or losses have been fully eliminated.
- (ii) The excess of cost to the Parent Company of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investment in subsidiary companies are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- (iii) Minority interest in the net assets of the consolidated subsidiaries consists of the amount of the equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

(iv) Interest in a jointly controlled entity is reported using proportionate consolidation.

#### 3) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred to complete software development and the useful lives of depreciable fixed assets.

#### 4) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition. Financing cost related to acquisition of Fixed Assets are also included to the extent they relate to the period till such assets are ready to put to use.

#### 5) Depreciation

Depreciation other than on capital work-in-progress is charged so as to write-off the cost of assets, on the following basis:

Freehold & Leasehold Land & Buildings	Straight line	1.63%
Furniture and Fixtures	Straight line	6.33%
Computer Equipment (Own Use and Leased)	Straight line	16.21%
Motor Cars	Straight line	9.5%
Office Equipment	Straight line	4.75%
Civil and Plumbing Work	Straight line	1.63%

Depreciation is charged only from the date the concerned asset is put to use by the Company.

Fixed Assets individually costing ₹ 5,000/- or less are fully depreciated in the year of acquisition itself.



The depreciation has been charged using straight line Method over the estimated life of assets of three to seven years in case of Allied Digital Services LLC (formerly known as En Pointe Global Services LLC)

6) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the profit and loss account on pro-rata basis over the period of the lease.

7) Impairment

At each Balance Sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is re-estimated in order to determine the extent of impairment loss. Any deviation in the value of such asset is recognized in the Profit and Loss Account. Recoverable amount is the higher of an asset's net selling price and value in use.

8) Investments

Long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments comprising investments in mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis.

Profit or Loss on sale of Investment is determined on the specific identification basis.

9) Employee Benefits

(i) Post Retirement Benefit Plans

Payments to the defined retirement benefit schemes are recognized as expenses when employees have rendered services entitling them to contributions.

In accordance to the applicable Indian Laws and as per the Accounting Standard 15 (Revised) for "Accounting for Employees Benefit", the Company with effect from April 1, 2006 provides for gratuity for its eligible employees. The Actuarial Gains or Losses are charged to the Profit and Loss Account for the period in which they occur.

(ii) Employees Defined Contribution Plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. This contribution is made to the Government's Provident Fund.

10) Revenue Recognition

Revenues from contracts priced on a time and material basis are recognized when services are rendered and related costs are incurred.

Sales in case of supply of goods are recognized when the goods are invoiced or dispatched to the customers and are recorded exclusive of VAT, CST, other local levies and other discounts and rebates.

Revenue from sale of software licenses are recognized upon delivery where there is no customization required. In case of sale of customized software the same is recognized on the basis of achieving the various milestones attached with the customization and are recorded exclusive of VAT, CST, other local levies and other discounts and rebates.

Service revenue is considered on acceptance of the contract and is accrued over the period of the contract and are recorded exclusive of local levies and other discounts and rebates

Dividends are recorded when the right to receive payment is established.

Interest income is recognized on time proportion basis.

11) Taxation

Current income tax expense comprises taxes on income from operations in India.

Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expenses relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred tax expense or benefit is recognized on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in the subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws prevailing as on the date of the Balance Sheet.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized to the extent that there is virtual certainty that sufficient taxable income will be available in future to realise such assets. Provisions for income taxes are presented in the balance sheet after offsetting Advance Taxes paid and TDS deductions for the respective assessment years.

The Company offsets deferred tax assets and deferred tax liabilities, if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

MAT credit is recognized as an asset only when and to the extent there are adequate and satisfying reasons that the Company will pay normal income tax during the specified period. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent that there is no satisfying reason to the effect that the Company will pay normal income tax during the specified period.

## 12) Foreign Currency Transactions

The transactions in foreign currencies on revenue accounts are stated at the rate of exchange prevailing on the date of transaction. The difference on account of fluctuation in the rate of exchange prevailing on the date of transaction and the date of realization is treated as revenue / expenditure.

Differences on translation of Current Assets and Current Liabilities remaining unsettled at the year-end are recognized in the Profit and Loss Account except those relating to acquisition of fixed assets which are adjusted in the cost of the assets.

For the purpose of consolidation, Income & expenses are translated at average rates and assets & liabilities are stated at closing rate. The net impact of such change is disclosed under foreign currency translation reserve.

## 13) Employee Stock Option Scheme

In accordance with the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India ("SEBI"), the Company is following the Intrinsic Value Method of ESOP cost whereby the excess of Fair Market Value of the shares of the Company one day prior to the date of issue of the shares over the price at which they are issued is recognised as employee compensation cost. This cost is amortized on straight-line basis over the period of vesting of the Option.

However during the year there were no Options vested below the fair market value of the Shares, and hence no expenses have been provided on account of Employee Stock Option cost (Previous year Rs: Nil).

## 14) Inventories

Inventories are carried at lower of cost and net realizable value. Cost is determined on a first in first out basis. Purchased goods in transit are carried at cost. Stores and spare parts are carried at cost, less provision for obsolescence.

## B) Notes on Accounts

### 1) Acquisitions

- (i) To expand its operation and reach during the year the Company has floated 'Wholly Owned Subsidiaries' in Singapore and Australia namely 'Allied Digital Singapore Pte Limited' and 'Allied Digital Asia Pacific Pty Limited' respectively.
- (ii) During the year the Company has subscribed to the Rights Issue of its subsidiary 'Digicomp Complete Solutions Limited'. The Company has paid an amount of ₹ 39.59 Lacs towards this subscription which is 25% application money paid on 4280 equity shares of ₹ 100 each at the premium of ₹ 3,600/- per share.
- (iii) On 1st April '2011, the Company has entered into a final 'Share Purchase & Joint Venture Agreement' with 'e-Cop Pte Ltd., Singapore'. By virtue of this agreement, effective 1st April '2011 'e-Cop Surveillance India Pvt. Ltd.,' has become a subsidiary of the Company.



## 2) Employee Benefits

- (i) An amount of ₹ 16.50 Lacs (Previous Year ₹ 23.24 Lacs) has been contributed towards the Employees Gratuity Fund against the current year liability of ₹ 78.20 Lacs (Previous Year ₹ 6.18 Lacs) and earlier year liabilities as per the Actuarial Valuation for Gratuity as on 31st March 2011.
- (ii) The Company recognised ₹ 157.72 Lacs (Previous Year ₹ 103.78 Lacs) for provident fund contributions during the year. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes and the same are charged to the Profit and Loss Account of the Company.
- (iii) The US Subsidiary of the Company viz. Allied Digital Services, LLC (Formerly known as En Pointe Global Services, LLC) has employee saving plans (the 401(k) plan) that cover substantially all full time employees who are twenty years of age or older. The Company's contribution to the 401(k) plan are at the discretion of the Board of Directors and vest over seven years of service. To the date the Company has made no contribution to the 401(k) plan.

### (iii) Employee Stock Options

The Company by a Special Resolution passed at the Extra Ordinary General Meeting held on January 02, 2007 approved the Employee Stock Option Scheme under Section 79 A of the Companies Act, 1956 to be read along with SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 whereby options convertible into Equity Shares had been granted to eligible employees of the Company. The Board of Directors had resolved to grant the Options to the eligible employees vide resolution dated January 22, 2007, consequently the Options were granted to eligible employees.

The Company has two Stock Options Plans which are summarized as under:

#### (a) Stock Option Scheme (2007) Loyalty Grant

Under this scheme, the Company had granted 63,300 Options @ ₹ 10/- each to the eligible employees. Out of the above mentioned grant of 63,300, options, 50,436 Options were exercised by the eligible employees and balance Options were lapsed.

#### (b) Stock Option Scheme (2007) Growth Grant

Under this scheme, the Company had granted 4,30,300 Options (pre-split of Company's Equity Shares) @ ₹ 95/- each to the eligible employees which were to be exercised within four years from the date of the grant.

Out of the above, during the year under review 1,03,850 Options (post - split of Company's Equity Shares from the face value of ₹ 10/- to ₹ 5/-each) were exercised by the eligible employees.

The summary of the Stock Options exercised by the eligible employees during the year under review are as under:

Outstanding options as at April 1, 2010	-	1,75,900
Granted during the year	-	Nil
Exercised during the year (Post-split)	-	1,03,850
Forfeited/lapsed during the year (Post-split)	-	28,000
Outstanding Options as at March 31, 2011 (Post-split)	-	44,050

#### Stock Option Scheme (2010)

The Company by a Special Resolution passed at Annual General Meeting held on 29th September 2010 approved the Employee Stock Option Scheme under section 79A of the Companies Act 1956 to be read along with SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 whereby 30,00,000 options convertible into Equity Shares of ₹ 5/- each to be granted to eligible employees of the Company. This stock option scheme is titled as "ESOP 2010" and no options had been granted under this scheme during the year.

## 3) Contingent Liabilities

- (i) As per the Certificate issued by the banks, value of bank guarantees outstanding as on 31st March, 2011 amounts to ₹ 1,545.40 Lacs (Previous Year ₹ 1,016.61 Lacs) and the value of Letter of Credit outstanding as on 31st March, 2011 amounts to ₹ 77.22 Lacs (Previous Year ₹ 24.81 Lacs).

- (ii) Claim against the Company not acknowledged as debts ₹ 8.93 Lacs (Previous Year ₹ 5.92 Lacs).
- (iii) The Income tax Authorities carried out a search operation at certain locations of the Company on 4th February 2011. The Company extended its full co-operation to the tax authorities and various statements were recorded during the course of search. The search operation got concluded on the same business day. The Company has not received any such communication from the income tax authorities till date having any potential financials or tax implication on the Company.
- (iv) During the year under consideration subsidiary of the Company (viz. Digicomp Complete Solutions Ltd.) was subject to Audit from the Service Tax Department. The Department has issued a Show Cause Notice stating that the Company has failed to discharge the Service Tax liability on the basis of correct value of taxable service by not including the value of components/parts used in the provision of the service and thus contravened the provisions of Section 67 of the Act. as the Company avails the CENVAT Credit (CVD+Cess) of such goods utilized for the services. The Service Tax department has instructed the Company to reverse/pay ₹ 41.45 Lacs under the provisions of Section 67 of the Finance Act, 1944 read with Rule 3 of the Service Tax (Determination of value) Rules, 2006.
- (v) The Company has given guarantees for the loans taken by the subsidiary companies from Banks and Financial Institutions. The details of the Guarantees are as follows:

Sr. No.	Name of the Company	Nature of Guarantee	Balance Outstanding as at 31st March 2011
1	Digicomp Complete Solutions Ltd.	Corporate Guarantee against Working Capital Loan	INR 299.00 Lacs
2	Allied Digital Inc (USA)	Corporate Guarantee against Term Loan	US\$ 44.44 Lacs
3	Allied Digital Services LLC (formerly known as EnPoint Global Services LLC)	Corporate Guarantee in form of SBLC against Working Capital Loan	US\$ 25.00 Lacs

#### 4) Fixed Assets

During the year under consideration the Company has acquired Leasehold Premises, Leasehold Land and Freehold Premises total amounting to ₹ 13,485.78 Lacs. The above includes the cost of acquiring these assets inclusive of incidental charges and lease premium paid if any.

#### 5) Current Assets, Loans and Advances

In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated and are realisable in the ordinary course of business.

- (i) The management is in process of obtaining external confirmations and reconciling balances relating to Sundry Debtors and Loans & Advances amounting to ₹ 25,167.79 Lacs and ₹ 8,714.73 Lacs respectively as at 31st March 2011. Based on the ageing analysis prepared for the Sundry Debtors, as per the books of accounts but subject to our verification, produced before us Sundry Debtors of ₹ 3,016.06 Lacs has been written off as unrecoverable and a further provision of ₹ 757.50 Lacs has been provided for Doubtful Debts. On receipt of the confirmations and reconciliations as stated above the need to make further provisions for doubtful debts, if any, will be ascertained.
- ii) The value of the Inventory as on 31st March 2011 includes certain slow moving items which has not been provided for during the valuation of the same. The valuation of the Inventory is based as certified by the management.

#### 6) MAT Credit Entitlement

Considering the consistent profit over the years and also considering the future profit projections, the management believes that there are adequate and satisfying reasons with regards to the earning of future taxable income and payment of tax under normal tax within the specified period. Hence MAT credit entitlement of ₹ 435.90 Lacs (Previous year Nil) has been recognized during the year.

#### 7) Current Liabilities and Provisions

In the opinion of the Board, the current liabilities are approximately at the fair value in the Balance Sheet. Balances of sundry creditors are subject to confirmation and reconciliation.





The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

8) Additional Information pursuant to the Provisions of Part II of the Schedule VI of the Companies Act 1956

(₹ In Lacs)

	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March 31,2010
(i) Income in Foreign Currency Sales of services, Software & Solution	4,639.94	5,548.72
(ii) Expenditure in Foreign Currency (subject to deduction of tax where applicable)		
(a) Travelling Expenses	24.07	44.80
(b) Professional Fees	25.52	1.89
(iii) Value of Imports calculated on C.I.F. basis		
(a) Capital goods	4.52	98.79
(b) Trade goods	478.66	352.03

9) Quantitative Information

Considering the nature of business of the Company, it is not practically possible to give quantitative information in the absence of common expressible unit.

10) Dues to Micro, Small and Medium Enterprises

As per the information provided by the Company, there are no Micro, Small and Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at the balance Sheet date. No response was received by the Company from its creditors to enable them to identify the same and hence the above information has been determined on the basis of the explanation provided by the Company to the auditors. This has been relied upon by the auditors.

11) Earnings Per Share

	2010-11	2009-10
A Weighted average number of equity shares of ₹ 5/- each		
I Number of shares at the beginning of the year (Nos.) of ₹ 5/- each (Previous Year of ₹ 5/- each)	4,64,79,952	1,81,14,726
II Number of Shares at the end of the year (Nos. of ₹ 5/- each Previous Year of ₹ 5/- each)	4,65,83,802	4,64,79,952
III ESOP outstanding to employees of 44,050 ( previous year 1,75,900 of ₹ 5/- each)) Equity Shares of ₹ 5/- @ ₹ 47.50 per share	44,050	1,75,900
IV Weighted average number of Equity Shares of ₹ 5/- each (Previous Year of ₹ 5/- each) outstanding during the year (Nos) for Basic EPS	4,65,19,460	4,07,37,334
V Weighted average number of Equity Shares outstanding during the year (Nos of ₹ 5/- each) (Previous Year of ₹ 5/- each) for Dilutive EPS	4,65,43,580	4,07,79,111
B Net Profit after tax available for equity shareholders (In ₹ Lacs)	5,336.83	9,660.31
C Basic income per share (in ₹) [B/A (v)]	₹ 11.47	₹ 23.71
D Dilutive income per share (in ₹) [B/A (vi)]	₹ 11.47	₹ 23.69

12) Issue of Warrants to BCCL

During previous financial year, the Company had allotted 2,00,000 (Two Lacs) Warrants (convertible into Equity Shares of ₹ 5/- each) to Bennett, Coleman and Company Limited ("BCCL") on preferential allotment basis a ₹ 377/- per warrant with following condition; (i) if at the time of conversion, the price determined in accordance with SEBI (ICDR) is less than ₹ 377/- then the warrants will be converted at such lower price; (ii) but in any case such lower price shall not be below ₹ 277/- per warrant. Pursuant to the above, vide BCCL's letter dated 24th March, 2011, the Company has received ₹ 365.50 Lacs towards the subscription for conversion of 2,00,000 warrants issued to BCCL @ ₹ 277/- per share as per the terms of issue of warrants. These warrants were converted into 2,00,000 Equity Shares of ₹ 5/- each at a premium of ₹ 272/- per share on 01st April 2011.

13) Taxes on Income

- (i) Provision for taxation for the year has been made in accordance with the provisions of the Income Tax Act, 1961.  
 (iii) In terms of Accounting Standard on "Accounting for Taxes on Income" (AS 22) the Company has recognised Deferred Tax Liability amounting to ₹ 840.78 Lacs (Previous Year ₹ 314.07 Lacs) for the period ended 31st March, 2011 in the Profit and Loss Account.

The amount of Deferred Tax Liability as on March 31, 2011 comprises of:

(₹ In Lacs)			
Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
	Deferred Tax Liability/ (Asset)		
1	Depreciation	1,504.12	1,053.37
2	Provision for Bad Debts	(248.72)	(169.47)
3	On account of Exchange Rate Fluctuation	-	-
4	On account of Deferred Revenue Expenses (IPO Exp)	(430.66)	(564.45)
5	On account of other disallowable Expenses and Income	-	-
6	Gratuity	(16.04)	(5.38)
	Deferred Tax Liability / (Assets)	840.79	314.07

14) Related Party Disclosures

A) Related Parties and their Relationship

(i) Associates

- Assetlite Equipment India Private Limited
- Abhirati Properties Private Limited
- Digicomp Electronics Testing Services (DETS) Pte. Limited
- En Pointe Technologies Sales Inc.
- The Gateways

(ii) Key Management Personnel & their relatives (KMP)

Mr. Nitin Shah	Chairman & Managing Director
Mr. Prakash Shah	Executive Director & CFO
Mr. Manoj Shah	Executive Director & CIO
Mr. Bimal Raj	Executive Director & CEO
Mrs. Tejal P. Shah	Wife of Mr. Prakash Shah
Mr. Nehal N. Shah	Son of Mr. Nitin Shah
Miss. Dhara N. Shah	Daughter of Mr. Nitin Shah
Mrs. Smitha B. Raj	Wife of Mr. Bimal Raj
Mr. Suresh K. S.	Managing Director
Mr. Pradeep P.	Wholetime Director
Mr. Kaleere Gowda	Co- Promoter
Mr. Ravikiran N.	Co- Promoter
Mr. Ranganath P.	Co- Promoter
Mr. Bob Din	Director



B) Nature of transaction with the Related Parties (₹ in Lacs)

Year ended 31 <sup>st</sup> March, 2011	Associates	Key Management Personnel
Revenue	24.62	-
	108.57	-
Purchase of goods, services and facilities	151.90	-
	44.67	22.81
Loan and advances	542.50	-
	2.98	-

C) Balance with Related Parties (₹ in Lacs)

Year ended 31 <sup>st</sup> March, 2011	Associates	Key Management Personnel
Sundry Debtors	104.86	-
	100.14	-
Sundry Creditors	3.48	-
	9.07	-
Loan and advances	541.13	-
	-	-

The Company's subsidiary Allied Digital Services LLC (formerly known as En Pointe Global Services, LLC) had sales, purchase and other related transaction with En Pointe Technologies Sales (Inc.). However the reporting of the same was not done by the statutory auditors of Allied Digital Services LLC (formerly known as En Pointe Global Services, LLC) as the same is not mandatory under the US GAAP.

(iv) Remuneration to Key Management Personnel (₹ in Lacs)

	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
(a) Managing Director and other Whole-time Directors		
Mr. Nitin Shah	50.63	34.38
Mr. Prakash Shah	30.31	19.69
Mr. Manoj Shah	21.50	14.00
Mr. Bimal Raj	22.72	20.42
Mr. Suresh K. S.	12.68	4.80
Mr. Pradeep P.	12.68	4.80
Total Remuneration	150.52	98.08

15) Auditors' Remuneration (₹ in Lacs)

	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
For services as Auditors, including quarterly audits	26.80*	18.24*
For Tax Audit	0.79*	0.75*
Others	14.55*	22.62*
	<u>42.14</u>	<u>41.61</u>

\* excluding service tax

16) Lease Income

In accordance with the Accounting Standard 19, "Leases" issued by the Institute of Chartered Accountants of India, the Company has given Assets on Operational Lease on or after 1st April 2001. These assets have been capitalised and consequently depreciation has also been provided on these assets. The minimum lease rent

receivable as at 31st March, 2011 are as follows:

(₹ in Lacs)

	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
--	--	--

Lease Rent Receivable		
Not Later than One Year	19.22	14.82
Later than One Year but Not Later than Five Years	88.43	107.65

17) Segment Reporting

During the year under review, the Company's business consisted of two reportable business segments i.e. Solutions and Infrastructure Management Services. The details pertaining to attributable Revenues, Profits and Capital employed are given hereunder.

	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
(₹ in Lacs)		
Particulars		
1 Segment Revenue		
Solutions	32,030	30,530
Infrastructure Management Services	39,461	36,702
Unallocated	703	502
Net Segment Revenue	72,194	67,734
2 Profit before Interest, unallocable expenses & Tax		
Solutions	6,095	8,186
Infrastructure Management Services	12,295	12,313
	18,390	20,499
Less : i) Interest	851	616
ii) Un-allocable Expenses (net of un-allocable income)	10,747	7,902
Total Profit Before Tax	6,792	11,981
3 Capital Employed		
Unallocable	62,645	35,582
Total Capital Employed	62,645	35,582

18) Subsequent event

The Board of Directors of Allied Digital Services Ltd. ("the Company") in their meeting held on February 18, 2011 have resolved to buyback ("Buyback") of its fully paid-up equity shares of the face value of ₹ 5/- each (Equity Shares) from the existing owners of Equity Shares of the Company, other than Promoters of the Company from the open market stock exchange in accordance with the provisions of Sections 77A, 77AA, 77B and other applicable provision of the Companies Act, 1956 ("the Act") and Securities and Exchange Board of India (Buy Back of Securities) Regulation, 1998 ("the Regulation") and the relevant provisions of Memorandum of Association and Articles of Association of the Company and at a maximum price not exceeding ₹ 140/- per Equity Share ("Maximum Buyback Price") payable in cash, for an amount of upto ₹ 28 crores ("Offer size"). The Date of Opening of the buyback was April 25, 2011 and last Date for the Buyback is February 17, 2012.

As at August 22, 2011 the Company has bought back 5,49,731 Equity Shares out of which 5,45,731 Equity Shares have been extinguished.

19) Previous year's figures have been recast / restated wherever necessary.

20) Previous year's figures are in italics.

Signature to Notes & Schedules "Schedules 1 to 17"

As per our report of even date

For Allied Digital Services Ltd.

For K. M. Kapadia & Associates  
Chartered Accountants  
F. No. 104777W

sd/-  
Nitin Shah

sd/-  
Prakash Shah

Chairman & Managing Director

Executive Director & CFO

sd/-  
Kamlesh Kapadia  
Membership No.039707

sd/-  
Ravindra Joshi  
Company Secretary

Place : Mumbai  
Dated : 22<sup>nd</sup> August 2011



Summarized statement of financials of Subsidiary Companies pursuant to approval under Section 212(8) of the Companies Act, 1956  
(₹ in lacs)

Sr. No.	Particulars	Allied Digital Services LLC (formerly known as En Pointe Global Services, LLC)	Allied Digital Inc.	Digicomp Complete Solutions Ltd.	En Pointe Technologies India Pvt. Ltd.	Allied Digital Asia Pacific Pty Ltd.	Allied Digital Singapore Pte Ltd.
	Reporting Currency	USD 2010-11	USD 2010-11	INR 2010-11	INR 2010-11	AUD 2010-11	SGD 2010-11
1	Capital	2,679.00	-	37.80	1.00	-	-
2	Reserves	(233.79)	(494.02)	737.09	67.26	(50.00)	-
3	Loans	1,227.88	1,984.44	402.91	0.98	-	-
4	Total Assets	5,149.50	5,794.72	1,761.60	72.79	77.84	3.21
5	Total Liabilities	1,476.42	4,304.30	519.04	4.53	127.84	3.21
6	Investment Other than Investment in subsidiary	-	-	-	0.57	-	-
7	Turnover	16,348.04	-	3,333.54	86.90	-	-
8	Profit before tax	(195.64)	(108.59)	125.48	11.89	(50.00)	-
9	Provision for tax	-	-	63.56	0.88	-	-
10	Profit after tax	(195.64)	(108.59)	61.92	11.89	(50.00)	-
11	Proposed dividend	-	-	-	-	-	-
	Country	USA	USA	India	India	Australia	Singapore

Note : The annual accounts of the above Subsidiary Companies are open for inspection by any investor at the Registered Office of the Company.



# ALLIED DIGITAL SERVICES LIMITED

Registered Office : 2nd Floor, Kimatrai Building, 77/79, Maharshi Karve Marg, Marine Lines, Mumbai - 400 002

## ATTENDANCE SLIP

17th Annual General Meeting, Thursday, September 29th, 2011

I hereby record my presence at the 17th Annual General Meeting of the Company (including adjournment thereof) at TARABAI HALL, SHIV PRASAD BUILDING, 97, MARINE DRIVE, MUMBAI - 400002, on Thursday, September 29<sup>th</sup> 2011 at 03.30 p.m.

Folio No. : \_\_\_\_\_ DP ID : \_\_\_\_\_

Client ID : \_\_\_\_\_ Email ID : \_\_\_\_\_

No. of shares held : \_\_\_\_\_

Full name of the Shareholder/Proxy (in block letters) \_\_\_\_\_

Signatruue

Note: Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand over at the entrance of the hall.

\* applicable for investor holding shares in electronic form.

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# ALLIED DIGITAL SERVICES LIMITED

Registered Office : 2nd Floor, Kimatrai Building, 77/79, Maharshi Karve Marg, Marine Lines, Mumbai - 400 002

## PROXY FORM

Folio No. : \_\_\_\_\_ DP ID : \_\_\_\_\_

Client ID : \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_

In the district of \_\_\_\_\_ being a member(s) of the

above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_

in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of

\_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to

vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company (including adjournment thereof) to be held at TARABAI HALL, SHIV PRASAD BUILDING, 97, MARINE DRIVE, MUMBAI - 400002, on Thursday, September 29<sup>th</sup> 2011 at 03.30 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Affix  
₹ 0.15/-  
Revenue  
Stamp

Note : 1. The proxy need not be a member

2. The Proxy Form duly completed should be deposited at the Registered Office of the Company at Mumbai not later than 48 hours before the time of the meeting.

\* applicable for investor holding shares in electronic form.

Signature[s] of the  
Shareholder[s]



“

The **future** will belong to those who believe in their ability to take the right steps and **transform** the way they **think** and **operate**, today”



**Registered Office:**

Allied Digital Services Limited  
2nd floor, Kimatrai Building,  
77/79, Maharshi Karve Marg,  
Marine Lines, Mumbai - 400002.(INDIA)  
Tel : +91-22-2209 30 30

**Corporate Office:**

Allied Digital House  
A4, Sector 1, Millennium Business Park,  
M.I.D.C, Mahape, Navi Mumbai- 400710  
Contact No.: +91-22-6681 66 81  
Fax: +91-22-2778 49 68  
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Concept and Designing: [www.imperialgraphics.in](http://www.imperialgraphics.in)

[www.allieddigital.net](http://www.allieddigital.net)