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CORPORATE INFORMATION

Board of Directors

A.D. Sudhindra	<i>Chairman (Non-Executive Director)</i>
Capt. D.S. Srinivasan	<i>Managing Director</i>
S. Manoharan	<i>Independent & Non-Executive Director</i>
G. Rathan Kumar	<i>Independent & Non-Executive Director</i>
R. Radhakrishna	<i>Independent & Non-Executive Director</i>
Justice (Retd.) S. Kalyanam	<i>Independent & Non-Executive Director</i>
Darshan Suryakant Shah	<i>Independent & Non-Executive Director</i>
R. Ramnath	<i>President (Corporate Affairs & Strategies), CFO & Company Secretary</i>

Statutory Auditors

M/s.P.C. Acharya & Co.
Chartered Accountants
1st Floor, 14/20, Srinivasa Pillai Street,
West Mambalam,
Chennai – 600 033, India

Internal Auditors

M/s. S. Vasudevan & Associates
Chartered Accountants
B1-H2, Nutech Indira, 150, Pilayarkovil Street,
Jafferkhanpet, Ashok Nagar,
Chennai – 600 083, India

Bankers

UCO Bank
Axis Bank Limited
The Bank of Rajasthan Limited
ICICI Bank Limited

Registrars & Share Transfer Agents

Cameo Corporate Services Limited
Subramanian Building
No. 1, Club House Road
Chennai – 600 002, India
Tel.: +91 44 28460390
Fax: +91 44 28460129
E-Mail: cameo@cameoindia.com

Registered Office

6-B, Mena Kampala Arcade
113/114, Theyagaraya Road
T. Nagar
Chennai – 600 017, India

Administrative Office

2-AB, Gee Gee Emerald
151, Village Road
Nungambakkam,
Chennai – 600 034, India

Listings

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

Scrip Code

BSE : 532903
NSE : DHANUS

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of Dhanus Technologies Limited will be held at Unix Hall, Fortune Select Palms, 142, Rajiv Gandhi Salai (Old Mahabalipuram Road), Thoraipakkam, Chennai – 600 096 on Thursday, March 31, 2011 at 10.30 AM to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at December 31, 2010, the Profit & Loss Account for the eighteen-month period and financial year ended on that date and the Report of the Board of Directors and Auditor's thereon.
2. To appoint a Director in place of Justice (Retd.) Shri. S. Kalyanam, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. A.D. Sudhindra, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. S. Manoharan, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint the Auditors and fix their remuneration and in this regard, to consider, and if thought fit, to pass with or without modifications(s), the following resolution as an Ordinary Resolution. M/s. P.C. Acharya & Co., Chartered Accountants and M/s S. Vasudevan & Associates, Chartered Accountants, the retiring Auditors of the Company, being eligible offer themselves for re-appointment.

“RESOLVED THAT M/s P.C. Acharya & Co., Chartered Accountants and M/s S. Vasudevan & Associates, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company for auditing the Accounts of the Company for the year 2011 and the Board of Directors be and is hereby authorized to fix their remuneration.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to determine the terms and conditions of their appointment, scope of work, allocation of responsibilities such as statutory audit, internal audit, taxation, tax audit etc and to accordingly fix their remuneration.”

SPECIAL BUSINESS

6. Appointment of Director

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

“RESOLVED THAT Shri. Darshan Suryakant Shah, who was appointed as an additional Director of the Company on November 20, 2010 who will hold office till the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation.”

For and on behalf of the Board

Place: Chennai
Date : February 28, 2011

Capt. D.S. Srinivasan
Managing Director

NOTES:

1. *A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY TO BE VALID AND EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.*
2. **The Register of Members of the Company will be closed from 29th March 2011 to 31st March 2011 (both days inclusive) under Section 154 of the Companies Act, 1956.**

3. Members are hereby requested to send all correspondence in respect of their change of address, transfer of Shares or any other queries directly to the Company's Registrars and Share Transfer Agent M/s Cameo Corporate Services Limited, Subramanian Building, 5th Floor, No.1, Club House Road, Chennai-600 002. Members holding shares in electronic mode are requested to update their change of address with their respective Depository Participants.
4. Members desiring to have any clarification on Accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.
5. Members/ Proxies should bring the attendance slip duly filled in for attending the meeting and corporate members are requested to send a duly certified copy of the Board resolution/ Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting
6. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956, are requested to write to the Company's Registrar for the prescribed form.
7. Information under Clause 49 of the Listing Agreement regarding appointment/ re-appointment of Directors in Items Nos. 2, 3, 4 and 6 of the Notice is also annexed hereto separately and forms part of the Notice.
8. 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.
9. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on working days between 11 AM to 1 PM upto the date of the ensuing Annual General Meeting.
10. As a measure of economy, copies of the Annual Report will not be distributed at the Meeting. Members are requested to bring their copies along with them to the Meeting.

INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING APPOINTMENT/ REAPPOINTMENT OF DIRECTORS

Pursuant to Clause 49 (IV)(E) and 49 (IV)(G)(i) of the Listing Agreement

Name of Director	Justice (Retd.) S. Kalyanam	A.D. Sudhindra	S. Manoharan
Position held	Non-Executive & Independent Director	Chairman (Non-Executive & Non-Independent Director	Non-Executive & Independent Director
Date of Birth	07.01.1934	27.02.1954	02.02.1955
Qualifications	M.A. (Triple), BL (Gold Medalist)	B.E.	SSLC
List of other companies in which outside Directorship held	i. Energyspin Pvt. Ltd.	i. Dhanus Global Medicare Limited ii. Kshetra Out of Home Media Limited iii. Dhanus Technologies Inc., USA iv. Mpingi Inc., USA	-
Chairman/ Member of the committee of the Boards of other companies on which he is a Director	-	-	-
Shareholding in the Company	-	1,93,811	-
Relationship with other Directors	None	None	None

Name of Director	Darshan Suryakant Shah
Position held	Non-Executive & Independent Director
Date of Birth	3.8.1977
Qualifications	B. Com
List of other companies in which outside Directorship held	-
Chairman/ Member of the committee of the Boards of other companies on which he is a Director	-
Shareholdings in the Company	-
Relationship with other Directors	None

None of the Directors of the Company is in any way, concerned or interested in the above Resolution.

EXPLANATORY STATEMENT
Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 6

Shri. Darshan Suryakant Shah was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on November 20, 2010. Pursuant to Section 260 of the Companies Act, 1956, he holds office only up to this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, notice has been received from a member along with requisite deposit fee signifying his intention to propose Shri Darshan Suryakant Shah as Director of the Company. The Notice received from a member is available for inspection at the Registered Office and Administrative Office of the Company.

Except Shri. Darshan Suryakant Shah, none of the Directors of the Company are concerned or interested in this resolution.

The Board recommends this resolution for member's approval.

For and on behalf of the Board

Place: Chennai
Date : February 28, 2011

Capt. D.S. Srinivasan
Managing Director

DIRECTORS' REPORT

Your Directors are pleased to present the 17th Annual Report together with the statement of Audited Accounts of the Company for the eighteen-month period and financial year ended December 31, 2011.

Financial Highlights

The following table summarizes the financial highlights of your Company on a standalone basis for the financial year under review:

Particulars	(Amount in Rs.)	
	FY 2009-10 (18 months)	FY 2008-09 (12 Months)
Total Income	119,29,85,522	117,58,71,655
Profit Before Interest, Depreciation and Taxes	39,83,74,913	56,69,79,401
Less: (a) Interest	4,30,58,343	2,40,33,180
(b) Depreciation	37,01,00,290	33,39,72,731
Profit / (Loss) Before Tax	(1,47,83,720)	20,89,73,490
Less: (a) Provision for Current Tax	1,21,90,000	1,34,60,000
(b) Deferred Tax	(1,68,84,584)	(24,84,850)
(c) Fringe Benefit Tax	-	22,84,578
Profit / (Loss) After Tax	(1,00,89,136)	19,57,13,762
Add: Balance brought forward from Previous year	105,26,16,862	85,69,03,100
Profit Available for appropriation	104,25,27,726	105,26,16,862
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	104,25,27,726	105,26,16,862

Financial Review

The turnover of the Company for the eighteen-month period and year ended 31st December, 2010, reported an increase of 1.46% from Rs. 11758.71 lakhs in the previous year to Rs. 11929.85 lakhs in the year/period under review.

The Company has reported a Profit before interest, depreciation and tax of Rs. 3983.75 lakhs and after providing Rs. 430.58 lakhs towards interest, Rs. 3701.00 lakhs towards depreciation and adjusting Rs. 46.94 lakhs towards tax, the net loss amounts to Rs. 100.89 lakhs.

Business Review

During the current financial year 2009-10 comprising an eighteen-month period, the businesses across various verticals had a major setback on account of multiple factors largely external and beyond the control and maneuverability of the management. Dhanus has, over the past eighteen months, been making extraordinary efforts to arrest the downslide in business and simultaneously restructure and consolidate its different verticals, strengthen its business systems and marketing reach, so as to reverse this recessionary trend across businesses.

Telecom

With the Company facing a recession throughout this eighteen-month period under review, and the growing menace of instability and terrorism across various parts of the globe, tourism as an industry suffered substantially thus adversely impacting overseas travels of Indians. There was therefore a perceptible drop in the volume of Indian travelers going abroad either for business, studies or vacation. The Company's telecom services were thus impacted as Indians traveling abroad happen to be the exclusive target customer segment in this vertical. V-tel though continues to contribute a major share to the Company's top line. The Company is making all attempts to arrest this negative trend by strategizing new plans both on the product and marketing front.

Telematics

The Company's telematics vertical brand 'Fleetrac' also showed a negative growth on account of recession in the transportation and automobile sector. The Company is exploring opportunities in various states and is also simultaneously attempting to come out with modified and more consumer-friendly features.

IT/ITES

The extended recessionary conditions prevailing in the US that started sometime in 2008 has affected the Company's main customer segment, and the anti-outsourcing sentiments encouraged by the current administration in the US on account of large scale unemployment there has impacted this segment of Company's business overwhelmingly. The Software services division took a substantial toll in terms of not being able to grab any fresh order throughout the year. The BPO business also has sustained a negative growth in its business.

New Business Initiative

To tide over this recessionary phase and also in order to sustain and consolidate, your Company has forayed into a new business segment viz., Trading Activity. The Company primarily is engaged in the trading of computer products, accessories and peripheral items. The Company started this business in the first week of November, 2010 and has been doing robust business in this segment, although with nominal margin levels. However, the Company proposes to continue to do this business and understand its scalability and sustainability for the next couple of months and decide on charting a future course of action in this segment on seeing its performance. The profitability of this new business initiative is currently very low, very thin margins to be precise, which is likely to improve in the current financial year.

The Company's current strategy remains unchanged:

The Company aims to be a global communications company, utilizing emerging technologies to provide convergent communication services. The business model of the Company revolves around its core competence i.e., Telecom & Networking.

The Company seeks to further enhance its position as a leading provider of integrated IT services. The Company proposes to have a multi-pronged strategy to achieve its business growth path.

The Company's business opportunities are undoubtedly high in various parts of the world wherever there is a perceptible presence of Indian diaspora. The Company intends to leverage this opportunity in the coming months and years by marketing its product to this target segment of Indians travelling abroad for either business or pleasure, once it tides over the current recessionary phase.

Management Discussion and Analysis

A detailed report on Management Discussion & Analysis for the eighteen-month period and financial year ended December 31, 2010 as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India is provided as a separate chapter in the Annual Report.

Issue of Convertible Warrants

As mentioned earlier above, your Company aims to be a Global Communications company. As large part of the Company's business segments happen to be capital Intensive, highly competitive and subject to rapid technology obsolescence, it was in the best interest of the Company to make firm financial arrangements sufficiently in advance to take advantage of lucrative business opportunities coming its way.

The Company therefore proposed to raise funds by way of issue of Convertible Equity Warrants to select group of investors/allottees. The purpose of issue of the warrants convertible into Equity shares is to achieve the long term plans of the Company and to meet funding requirements including but not limited to investment for meeting its business requirements, funding Company's growth plans through organic and inorganic avenues and working capital requirements in order to improve operations and enhance infrastructure facilities. The shareholders gave their approval, in the Extra Ordinary General Meeting held on December 18, 2010, to the issue of 15,00,00,000 Convertible Warrants to the proposed allottees.

None of the Promoters, Directors or Key Management Personnel would be subscribing to the proposed issue.

The Board, on the receipt of upfront money, has since allotted the said Convertible Warrants to all the proposed allottees in the month of February, 2011.

Increase in Authorised Capital

The Shareholders of the Company in order to give effect to the recommendation of issue of Convertible Equity Warrants, issue of Bonus Equity Shares, raising funds through issue of FCCBs, ADR, GDR and/or other Financial Instruments and Qualified Institutional Placement and to meet any future requirements, approved the increase in Authorised Share Capital of the Company from Rs. 40 crores (Rupees forty crores only) to Rs. 600 crores (Rupees six hundred crores only) in the above general meeting.

Public Deposits

Your Company has not accepted any public deposits.

Directors

In compliance with the provisions of the Companies Act, 1956 and in accordance with the Company's Articles of Association, Justice (Retd.) Shri. S. Kalyanam, Shri. A.D. Sudhindra and Shri. S. Manoharan, Directors, retire by rotation at this Annual General Meeting scheduled on March 31, 2011 and, being eligible, offer themselves for re-appointment.

During the year the following developments in the Board took place:

Shri. P.K. Bhattacharjee, Non-Executive and Independent Director of the Company resigned on 8th January, 2010 and ceased to be a Director. His resignation was accepted by the Board in its meeting held on January 31, 2010.

Shri. T.S. Srinivasan, Non-Executive and Independent Director of the Company resigned on 18th March, 2010 and ceased to be a Director. His resignation was accepted by the Board in its meeting held on May 22, 2010.

Shri. S. Muthukrishnan, Vice Chairman and Whole-time Director resigned on 27th February, 2010 and ceased to be the Director and Vice Chairman of the Company. His resignation was accepted by the Board in its meeting held on May 22, 2010.

Shri. V. Narayanaswamy ceased to be the Managing Director on expiry of his term on May 14, 2010 and the Board thought it appropriate to not renew his term and appointment. Thereafter, Shri. V. Narayanaswamy resigned as Director on August 29, 2010 and the same was accepted by the Board held on the same day.

During the year, the term of Shri. A.D. Sudhindra as whole-time director expired on September 30, 2010 and the Board decided not to renew his term and appointment as whole-time director. However, Shri. Sudhindra shall continue as a Non-Executive and Non-Independent Director. He will continue as Non-Executive Chairman of the Company.

During the year, Shri. Darshan Suryakant Shah was appointed as Additional Director w.e.f November 20, 2010 and he will hold office till the conclusion of the ensuing Annual General Meeting of the Company. The Board welcomes Shri. Darshan Suryakant Shah on board and looks forward to an active participation on various deliberations.

Capt. D.S. Srinivasan's re-appointment as Whole-Time Director and designation as Managing Director of the Company for a period of 3 years with effect from October 1, 2010 was approved by the shareholders in the Extra Ordinary General Meeting held on December 30, 2010.

The Board appreciates the contributions made by Shri. P.K. Bhattacharjee, Shri. T.S. Srinivasan, Shri. S. Muthukrishnan and Shri. V. Narayanaswamy during their tenure as Directors of the Company.

The Board of Directors inform the members that all the directors of your Company have confirmed that, in terms of Section 274(1)(g) of the Companies Act, 1956, they are not disqualified to act as directors of your Company.

Directors Responsibility Statement

Pursuant to the requirements of sub-section 2AA of Section 217 of the Companies (Amendment) Act 2001, the Directors confirm that:

- (i) In preparation of the annual accounts, the applicable accounting standards have been followed and proper explanations have been provided for material departures, wherever applicable.
- (ii) 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 as at 31st December, 2010 and the loss of the Company for the eighteen-month period and financial year ended 31st December, 2010.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Company's Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts on a going concern basis.

Auditors

M/s. P.C. Acharya & Co., Chartered Accountants and M/s S. Vasudevan & Associates, Chartered Accountants, the Auditors, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee and your Board recommend their reappointment as Auditors of the Company for a further period of one year and to fix their remuneration. They have furnished to the Company a certificate of their eligibility for appointment as auditors, pursuant to section 224 (1B) of the Companies Act, 1956.

The Board of Directors shall subsequent to their appointment determine the terms and conditions of their appointment, scope of work, and allocation of responsibilities such as statutory audit, internal audit, taxation, tax audit etc and to accordingly fix their remuneration.

Auditor's Report

With regard to the qualifications and emphasis of matter contained in the Auditor's Report of Dhanus Technologies Limited, our explanations are given below:

- i. Note (b) and (c) of the 4th para of the Auditor's Report – Note 2a of Schedule 19 - Notes to Accounts to the financial statements
The Company has five business verticals (a new business segment was initiated in the last quarter of the financial year ended 31st December, 2010) and has a large number of debtors and creditors as its business across various service verticals is of retail nature. Also, the Company's services and products has a wide geographical reach as well. Consequently, the reconciliation and control accounts of receivables and payables are not fully complete, although substantially covered. The Company however believes that non-reconciliation in such accounts will not have any serious and perceptible impact on the revenues and expenses recognized.
- ii. Note (d) of the 4th para of the Auditor's Report
The Company has maintained a proper system of accounts. The Company confirms that the purported deviation from Accounting Standards prescribed under AS-6, AS-9, AS-10, AS-22 and AS-28 will in no way have any material adverse impact on the Profit & Loss Account and also the Asset Liability position of the Company. The Company shall however make extra efforts to bring the systems in line with the accounting Standards expected of the Company.
- iii. Note (e) of the 4th para of the Auditor's Report
The inability to quantify the value of current assets including debtors, loans and advances from a mark to market perspective will not have any material impact on the asset liability position of the Company. The Company's fixed assets being very large in number as it primarily comprises of high-value routers, switches, servers, computing systems, integrators etc., the Company is in the process of completing the physical verification of its fixed assets. The Company certifies that it fully owns the title to the assets and the cost of purchase and depreciation levied on them is accurate and in terms of generally accepted accounting principles. Kindly refer to Note 1.2 on Fixed Assets and corresponding write up on depreciation on assets.
- iv. Note (f) of the 4th para of the Auditor's Report
The Board agrees with the statement that the investment in M/s Borusan Telekom, Turkey is possibly irrecoverable. The Company however proposes to attempt recovering the initial advance given towards share purchase, although the Company agrees that the attempt may be an exercise in futility and accordingly appropriate steps in this regard would be followed to write off the investment after all possible efforts towards recovery are completely exhausted.

The Company disagrees with the view that the amount advanced to M/s Sreeven Infocom is irrecoverable. Sreeven Infocom is a healthy company and the Company is in talks with the management of Sreeven Infocom to recover the amount advanced earlier.

Since the qualifications made by the Auditor's in the Report on the Consolidated financial statements is similar to the ones made in the Standalone financial statements, the above explanations apply equally to those as well.

Audit Committee

The Audit Committee consists of three members namely Shri. G. Rathan Kumar, Justice (Retd.) Shri. S. Kalyanam and Shri. R. Radhakrishna, all of whom are independent. Shri. G. Rathan Kumar is the Chairman of the Audit Committee. All members of the Audit Committee possess sufficient knowledge and experience in the field of Finance and Accounts.

Subsidiary Companies

Dhanus Global Medicare Limited, India and Dhanus Technologies Inc., USA continue to be wholly owned subsidiaries of your company. The statement under section 212 of the Companies Act, 1956 along with a statement of additional information of subsidiaries is attached herewith.

* An application has been made under Section 212(8) of the Companies Act, 1956 to the Ministry of Corporate Affairs, Government of India seeking exemption from publishing the detailed accounts of the subsidiary companies. Therefore, the accounts of Dhanus Global Medicare Limited and Dhanus Technologies Inc (wholly owned subsidiaries of your company) are not attached. Approval of the same is awaited. However, pursuant to Clause 41 of the listing agreement and as prescribed by Accounting Standard 21 issued by the Institute of Chartered Accountants of India, the audited consolidated financial statement incorporating accounts of the subsidiary companies are attached. However, the Company will make available the detailed financial statements of the subsidiary companies upon written request from a shareholder. The detailed financial statements and audit reports/management certification of the subsidiary companies are available for inspection, by any investor, at the registered and/or administrative office of the Company.

Listing

The Equity Shares continue to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Both these exchanges have nation-wide terminals and therefore, shareholders/investors are not facing any difficulty in trading the shares of the Company from any part of the country. The Company has paid the annual listing fee for 2009-10 and 2010-11 to the BSE and NSE and the annual custody fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed as an Annexure to this Report.

Particulars of Employees

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended, there was no employee during the year drawing remuneration more than the stipulated amount in the said rules.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a detailed compliance report on Corporate Governance systems and practices together with a certificate from the statutory auditors confirming compliance with the conditions of corporate governance stipulated in the said clause is annexed to this report.

The Board laid down a "Code of Conduct" for all Board members and senior management of the Company and the "Code of Conduct" has been posted on the website of the Company, www.dhanus.net.

Acknowledgements

Your Directors take this opportunity to place on record their sincere appreciation for the continued support and confidence reposed by the Banks, Financial Institutions, clients, business associates and the shareholders. The Directors also convey their appreciation to the employees at all levels for their enormous personal efforts as well as collective contribution.

For and on behalf of the Board of Directors

Place: Chennai
Dated: 28th February, 2011

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

ANNEXURE TO THE DIRECTORS REPORT

Information under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of Directors Report as under:

A. Conservation of Energy

The Operations of your Company are not energy-intensive. Adequate measures have however been taken to reduce energy consumption by using energy efficient computer terminals and by the purchase of energy efficient equipment incorporating the latest technology. As energy forms a very small part of the total cost, the impact on cost is negligible.

B. Technology Absorption

Your Company is constantly making efforts towards adoption, innovation and absorption of the latest technology. The Company continues to carry out Research and Development activities to enhance its capability and customer service. Your Company hopes that this thrust will bring in new and better products and upgrade the existing products.

Your Company will continue to invest in and adopt the best processes and methodologies suited to its line of business and long term business strategy. The company will continue to leverage on new technologies and also on the expertise available.

C. Foreign Exchange Earnings and Outgo:

The details of Foreign Exchange Earnings and Outgo are given below:

	Rs. In Lakhs	
	2009-10	2008-09
a) Foreign Exchange Earnings	Nil	383.38
b) Foreign Exchange Outgo	Nil	394.88

D. Details under section 217(2A) of the Companies Act, 1956 for the year 2009-10

There was no Director or Key Managerial personnel drawing remuneration that would make them eligible for being mentioned under section 217(2A) of the Companies Act, 1956.

For and on behalf of the Board of Directors

Place: Chennai
Dated: 28th February, 2011

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

Registered Office:
6-B, Mena Kampala Arcade
113-114, Sir Theyagaraya Road
T. Nagar
Chennai - 600 017
India

Statement in Pursuance of Section 212(3) of the Companies Act, 1956

Sl. No.	Name of the Subsidiary Company	Dhanus Global Medicare Ltd.	Dhanus Technologies Inc., USA
1.	Financial Year of the Subsidiary Company	30.06.2010	31.12.2010
2.	Holding Company's interest in the Company's Accounts	Rs. 2,81,34,500/- (28,13,450 Equity Shares of Rs.10/- each) 100%	Rs.9,54,73,560/- (22,64,90,000 shares of US\$ 0.01 each)100%
3.	Net Aggregate amount of the Losses not dealt with in the Holding Company's Accounts a) For the subsidiary's financial year ended as stated above b) For the previous financial year of the Subsidiary company.	NIL	NIL
4.	Net Aggregate amount of the Losses dealt with in the Holding Company's Accounts. a) For the subsidiary's financial year ended as stated above b) For the previous financial year of the Subsidiary company.	NIL	NIL

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

R. Ramnath
Group President, CFO
& Company Secretary

Place: Chennai

Date: 28th February, 2011

Statement in Pursuance of Section 212(5) of the Companies Act, 1956

Statement of material changes which has occurred in respect of the following in the case of the subsidiary between the end of the financial year and that of the holding company in respect thereof.

Sl. No.	Particulars	Dhanus Global Medicare Ltd.	Dhanus Technologies Inc.
a.	Fixed Assets of the Subsidiary	Nil	Nil
b.	Investments in subsidiary	Nil	Nil
c.	Money lent by the subsidiary	Nil	Nil
d.	Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities	Nil	Nil

For consolidation of the accounts of Dhanus Technologies Limited, the foreign subsidiary transactions are translated/ converted into Indian Rupees at Rs. 44.95 per US\$ i.e., the exchange rate as on 31st December 2010.

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

R. Ramnath
CFO & Company Secretary

Place: Chennai

Date: 28th February, 2011

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Industry segment, in which the Company operates in, can be classified into four segments:

- A. Global Calling Cards and Mobile SIM Cards
- B. IT-ITes and BPO Industry
- C. Fleet Tracking System
- D. Trading Activities

A. Global Calling Cards & Mobile SIM Cards

Global calling cards are cards, which allow the user to make long distance and international calls at cheaper rate. It is a card with a balance amount specified and, the balance amount and available talk time keeps on reducing on the basis of usage. The cards can be used with phone of any service provider and in most cases the customer would not incur any local call charges. Prepaid cards means that the end-customer purchases the cards by paying for them in full and the minutes on the cards are decremented upon usage.

A Subscriber Identity Module (SIM) on a removable SIM card securely stores the service-subscriber key (IMSI) used to identify a subscriber on mobile telephony devices (such as computers and mobile phones). The SIM card allows users to change phones by simply removing the SIM card from one mobile phone and inserting it into another mobile phone or broadband telephony device.

SIM card contains its unique serial number, international unique number of the mobile user (IMSI), security authentication and ciphering information, temporary information related to the local network (also temporary local id that has been issued to the user), list of the services the user has access to and two passwords (regular PIN and unblocking PUK).

Internet Protocol (IP) phones

It is a class of products that allows users to speak over an IP network, such as the internet or an intranet. Its benefit is that it is very cost effective and all calls are free; all the user pays for is the IP phone software. Internet phone, web phone, and televox are examples. IP telephony (Internet Protocol telephony) is a general term for the technologies that use the IP's packet-switched connections to exchange voice, fax, and other forms of information that have traditionally been carried over the dedicated circuit-switched connections of the public switched telephone network (PSTN). Using the Internet, calls travel as packets of data on shared lines, avoiding the tolls of the PSTN. The challenge in IP telephony is to deliver the voice, fax, or video packets in a dependable flow to the user. Much of IP telephony focuses on that challenge. IP telephony is an important part of the convergence of computers, telephones, and television into a single integrated information environment.

While internationally capable cell phones make calling home from abroad convenient, they are not always the most economical choice. For travelers looking for inexpensive alternatives, there are several options: new internet-based voice services, callback services and one of the most low-tech and low-cost options: prepaid calling cards.

B. IT - ITes and BPO Industry

Business Process Outsourcing (BPO) is the delegation of one or more IT-intensive business processes to an external provider that in turn owns, administers and, manages the selected process based on defined and measurable performance criteria. BPO is one of the fastest growing segments of the Information Technology Enabled Services (ITES) industry.

The concept of outsourcing of business processes work to third-party providers has been a fast growing industry both in terms of volume and value. Companies seek BPO services to enhance their margins and consequently their revenues by managing growth at reduced risk levels. BPO provides the means to service an enterprise's critical yet non-core functions at lower operating costs than would be incurred by performing the functions in-house.

It is the transfer of an organization's entire non-core but critical business process/function to an external vendor who uses an IT-based service delivery. By doing so, BPO helps an organization concentrate on its core competencies, improve efficiency, reduce cost and improve shareholders' value. Though IT outsourcing has been happening for so many years, an increased momentum has been witnessed since the late 1990s due to the rise of Internet and Communication technologies. Several global giants from various industries have begun to realize the importance of BPO and have started outsourcing their non-core business functions. This has given rise to many specialized BPO vendors across the globe, with India being a major hub owing to its large computer-literate English-speaking population, low billing rates, strategically favourable time zone and high quality.

The BPO industry consists of businesses that depend entirely on repeat business for growth. The key factors that identify the capability of the Indians are that they have developed quality and adopted standards that permeate all business aspects.

Indian BPO scenario is evolving according to changing global scenario. The success of Indian BPO emerging as a major player is mostly because India is a low-cost destination with a deep supply of qualified and skilled manpower. This is one of the primary reasons as to why India happens to be a preferred destination.

One of the enabling aspects of the India's regulatory environment has been de-constraining the Factories Act by allowing female workers to work in the night shift. This has added an increased pool of skilled manpower whose talent can be utilized.

The rapid growth in technological development and telecommunications sector has paved the way for 'Telemarketing' to become a major tool to facilitate business growth in a cost-effective manner. Telemarketing is here to stay as an integral and effective marketing tool for businesses.

Outsourcing allows companies to focus on other business issues while having the details taken care of by outside experts. This means that a large amount of resources and attention that might fall on the shoulders of management professionals can be used for more important, broader issues within the company. The specialized company that handles the outsourced work is often streamlined and often has world-class capabilities and access to new technology.

Telemarketing is a smart choice regardless of the type of company one runs. By outsourcing and using telemarketers, the Client literally has a dramatic rise in scaling its efforts with minimal increase of internal overheads. Effective outsourcing will allow a company to concentrate on running its business while allowing the BPO service provider to manage its customer contact operations.

Business Process Outsourcing - Industry Functional Processes

- ? Logistics
- ? Finance & Accounting
- ? Procurement
- ? Customer Care
- ? Training
- ? Sales and Marketing
- ? Product Engineering
- ? Human Resources

Growing competitive markets and the increasing demands for cost savings have made U.S. and other businesses in the developed world more amenable to consider BPO solutions that utilize strategic offshore resources. Although BPO firms still must convince their clients that the service provided from offshore will meet the quality level expectation without exposing the client to unnecessary risks; an increasing percentage of BPO work is being done from offshore locations that are able to meet the quality requirements, at measurably lower costs.

BPO industry giants have already established offshore service centers to manage some of their work. However, many companies lack the wherewithal to establish an offshore presence with the required assurance of continued quality. Many of these companies have recognized the need to establish alliances with BPO providers and have reached a decision to explore the potential of using reliable offshore service providers.

OPPORTUNITIES AND THREATS

While there is ample scope for opportunities in this industry, there are also factors that could impact growth.

Opportunities

The Company's business opportunities are substantially high in various parts of the world wherever there is a perceptible presence of Indian diaspora. The Company intends to leverage this opportunity in the following areas.

Telecards: V-Tel Global Calling Card

There was earlier a dramatic growth in Indians travelling abroad and it was estimated that the number of Indians travelling abroad would touch 35 million by 2010. The large diaspora of Indians who live and work abroad is another important market for the Company. Dhanus has been targeting these markets effectively and expects to increase the sales from this sector. However, there was a perceptible decline in the volume of travel during the last year-and-a-half.

The USP of Dhanus' product lies in the fact that Dhanus' global calling cards are 'straight' cards. What the customer pays for, he gets. The 'value for money' concept, which a customer gets would be a major determinant to increase the Company's penetration of these markets.

Teleservices/ITES / BPO Operations

The cheap labour costs and the pool of skilled, English-speaking Indians have always been the two foremost factors contributing to the BPO boom in the country. As the National Association of Software Services and Companies (NASSCOM) points out, the other equally motivating factors include strong quality orientation among players, ability to offer round-the-clock services based on the country's unique geographic location, positive policy environment which encourages investments and a friendly tax structure, which places the ITES/BPO industry on almost equal footing with IT services companies.

Although countries like Australia, China, Philippines and Ireland have emerged as close competitors in the ITES/BPO sector, India is still the favoured market for BPO Companies. NASSCOM has predicted that there would be a considerable expansion in the captive operations of global organizations and MNCs in the BPO sector. Another key development would be the rapid growth in offshore outsourcing, especially in the sectors of Automatic data management, Human Resources (HR), Finance and Accounting and Health.

Telematics: FleeTrac

There are about 5 million trucks and an equal number of busses on Indian roads as of now, with the emphasis on expressways such as the Golden Quadrilateral, the number of vehicles are only bound to increase. There is thus an expanding opportunity to induct modern communication and control systems to improve the efficiency, reliability and security of the transport vehicles.

Threats

The IT services industry faces several challenges that are not unique to Dhanus.

Global Competition

Major global players are establishing their own captive IT Service centers in India, thus shrinking market share for Indian service providers.

Margin Pressure

The cost of delivery is continuously rising due to labour and infrastructure components.

Availability of Talent

India is facing stiff competition from the likes of China, Eastern Europe and several Asia-Pacific countries. Despite not being high on maturation scale, these regions have the technology talent and are gaining on cost advantage over India.

India is facing severe shortage of mid to high-end talent requiring grass root investments in education and training. The U.S. immigration reforms and restrictions on skilled visa are hurting the industry.

Foreign Exchange

Weakening U.S. Currency is diminishing cost advantage of cross border transactions.

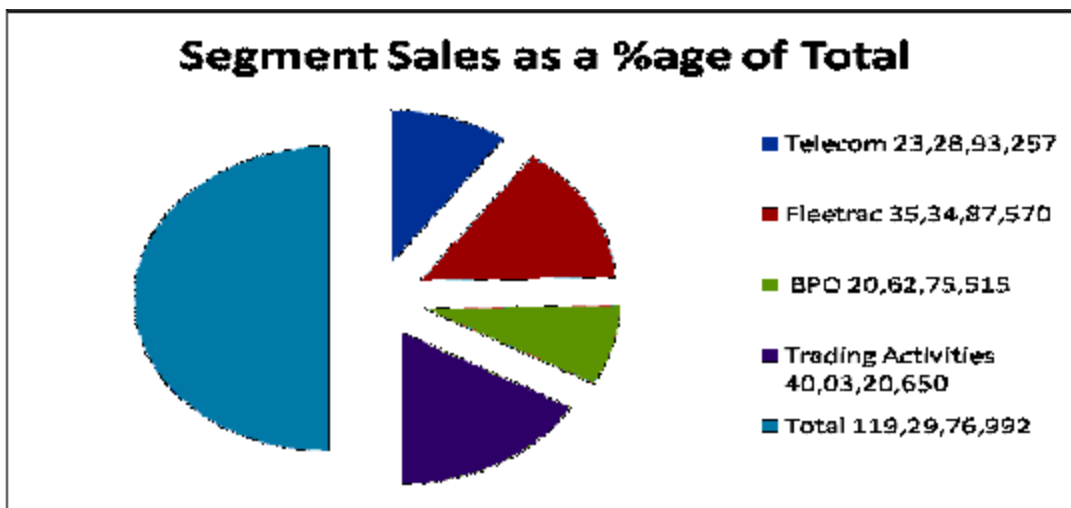
SEGMENT WISE AND PRODUCT WISE PERFORMANCE

As the members are aware, the Company had three main lines of business at the beginning of the year. The Company has forayed into trading activities in the last quarter of the eighteen-month period and financial year ended 31st December, 2010. The sales contribution of these activities for the period and year ended is as follows:

Sales/ Services of Dhanus Technologies Limited:

Business Segment	Sales	% of Total
Telecom	23,28,93,257	19.52
Fleetrac	35,34,87,570	29.63
BPO	20,62,75,515	17.29
Trading Activities	40,03,20,650	33.56
Total	119,29,76,992	100.00

Graphic presentation of Segment Sales:



Business Strategy

The goal of the Company is to be a premier company in the Telecom & ITeS space and, build a brand that will enable the Company to deliver the most compelling value proposition to its customers and stakeholders. A significant portion of the Company's growth stems from the expansion of existing client relationships. These relationships and the resulting opportunities continue to grow in scale, complexity and profit potential. Additionally, the Company believes that tremendous growth opportunities exist within each of its business lines and the domain expertise it has obtained will enable the Company to compete effectively for this business. To successfully execute its strategy and achieve its goals, the management believes in continuing to be proactive by concentrating on the following factors:

- ? Business process improvements.
- ? Leverage its Indian operations.
- ? Strengthening its financial position.
- ? Maintain domain focus and expertise management.
- ? Have an inorganic growth path as well by pursuing acquisitions.
- ? Continue to foster talent development and retention.

RISKS AND CONCERNS

The following Risks are incurred:

- ? Exposures that fundamentally impact the competitive position of the industry in general or a company in particular.
- ? Exposures that primarily and directly impact the profitability.
- ? Exposures that primarily impact customer satisfaction and operational efficiency.
- ? Exposures that initially attract penalties and, subsequently, restrict flexibility of operations.
- ? Exposures that affect the credibility of the organization with stakeholders.

INTERNAL CONTROL SYSTEMS

The Company has adequate internal control procedures and systems commensurate with the nature and size of its business. The Company's internal control systems primarily cover aspects such as:

- i. Operating parameters and various aspects relating to sales, services and customer support.
- ii. Efficient use and protection of product and business rights.
- iii. Accuracy and promptness of financial reporting.
- iv. Compliance of laws and regulations.

The Company has well laid-out policy guidelines, structured authority levels and exhaustive budgetary control systems to ensure adequate internal control levels.

The Company has an internal Audit Department, commensurate with its size and nature of business, which periodically audits the office and stock points. This ensures that the system of recording and reporting, internal controls and checks, safeguarding and protection of assets, and remitting statutory dues in time are adequate and proper. The Internal Auditor reports to the Audit Committee.

The management and the Audit Committee of the Board review the findings and recommendations of the internal audit team and review periodically the adequacy of the internal control, internal audit and the management control systems, so as to be in line with changing requirements.

DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Authorized Share Capital

The Company had an authorized share capital of Rs. 40,00,00,000 comprising 4,00,00,000 equity shares of Rs. 10/- each as of June 30, 2009. The Company proposed to raise funds by way of allotting 15,00,00,000 convertible equity warrants to twenty select investors and as a step towards this process sought the approval of the members in its Extra Ordinary General Meeting held on December 18, 2010 and increased the authorized share capital to Rs. 600,00,00,000 comprising 60,00,00,000 equity shares of Rs. 10/- each.

Share Capital & Reserves and Surplus

The paid up share capital of the company is Rs. 1794.26 lakhs. The loss of Rs. 100.89 lakhs for the eighteen-month period and year ended December 31, 2010 has been adjusted in reserves. The balance in reserves and surplus account including share premium account, on account of loss during the current period/year, has decreased to Rs. 26974.62 lakhs as at December 31, 2010 from Rs. 27075.51 lakhs as at June 30, 2009. The Company has received Rs. 3587.40 lakhs as upfront money towards the convertible warrants in the last quarter of the year.

Secured Loans

The Secured loans at the end of the fiscal were Rs. 1291.92 lakhs as against Rs. 2007.95 lakhs as at the end of the previous fiscal.

Fixed Assets

There was no addition to the gross block in the eighteen month-period ended December 31, 2010.

Depreciation

The Company provided a sum of Rs. 3701.00 lakhs as depreciation for the fiscal 2010 as against Rs. 3339.73 lakhs for the previous fiscal ended 30th June 2009 representing 31.02% and 28.40% of total revenues.

Investments

During the year, the Company has invested a sum of Rs. 3350 lakhs in various companies out of the funds received as upfront money towards equity warrants from the proposed allottees and, Rs. 0.99 lakhs in Dhanus Technologies Inc., USA., its wholly owned subsidiary.

Inventories

The stock of V-Tel Cards and FleeTrac devices has increased to Rs. 6591.71 lakhs as on December 31, 2010 from Rs. 4805.59 lakhs as on June 30, 2009.

Sundry debtors

Sundry debtors amounted to Rs. 13740.86 lakhs for the year ended December 31, 2010 as compared to Rs. 5869.64 lakhs for the year ended June 30, 2009. These are considered good and realizable.

Cash and Bank Balances

Cash and bank balances have decreased to Rs. 65.32 lakhs as on 31st December, 2010 from Rs. 154.26 lakhs as on 30th June 2009.

Loans and advances
(Rupees in lakhs)

As at	December 31, 2010	June 30, 2009
Advances	4306.35	4810.50
Escrow Deposits	9.00	9.00

Advances are made for payments for Pins and communications for Telecards.

Current liabilities & Provisions
(Rupees in lakhs)

As at	December 31, 2010	June 30, 2009
Sundry creditors	7757.91	2011.38
Taxation	1031.53	909.63
Total	8789.44	2921.01

Sundry creditors represent trade creditors for the services rendered and goods supplied.

Total Revenue

The total revenue of the company has increased marginally by 1.46% from Rs. 11758.71 lakhs in financial 2008-09 to Rs. 11929.85 lakhs during the financial year 2009-10.

Total Expenses

Total expenditure has increased by 24.91% from Rs. 9668.98 lakhs in financial year 2009-10 to Rs. 12077.69 lakhs during the year 2009-10.

Operating Profit (EBIDTA)

The Operating Profit of the company has decreased by 29.74% during the financial year 2009-10 from Rs. 5669.79 lakhs to Rs. 3983.75 lakhs.

Profit / (Loss) before tax (PBT):

The Company reported a Loss before tax of Rs. 147.84 lakhs in the financial year 2009-10 as compared to Profit before Tax of Rs. 2089.73 lakhs in the previous year 2008-09.

Profit after Tax (PAT)

The Company reported a Loss after tax of Rs. 100.89 lakhs in the financial year 2009-10 as compared to Rs. 1957.14 lakhs in the previous financial year 2008-09.

Earning Per Share (EPS)

The Company has reported a negative earning per share of Rs. 0.37 in the financial year 2009-10 as compared to Rs. 10.91 in financial year 2008-09.

Related Party Transactions

The related party transactions are discussed in detail in the notes on accounts of the financial statements.

Strengths, Strategy & Competition

With increasingly competitive business environment, companies have become dependent on technology not only on day-to-day operations, but also as a strategic tool to enable them to re-engineer business processes, restructuring, regulatory and speed with the change emerging in technology areas. As systems continually become more complex and cost efficient, companies increasingly turn into external IT service providers to develop and implement new technologies and integrate them with existing applications in which a company may have made considerable investments.

Our strengths

The Company believes that the following are its principal competitive strengths, which differentiates it from other IT Solutions and BPO service providers:

i. Healthy Customer base and relationship:

The Company has a healthy customer base, which include companies that have demand for services in the telecommunications, health care, financial services, insurance sectors, mutual funds, medical transcriptions sector etc. The Company is constantly in a position to not only retain existing clients, but also leverage on its existing relationships to source business from new clients. The Company has a track record of retaining its client base.

In the BPO industry, the customers place great value on experience and existing relationships with providers when awarding business to BPO providers. The Company builds business clientele with whom the Company can enter into long-term business relationships, although the financial year 2009-2010 showed decreased business levels.

The Company lays strong emphasis on customer service and satisfaction and has repeat customer business and referrals. The Company makes constant efforts to provide efficient service, fast turn-around-times, timely response, quality and integrity.

ii. Experienced Management Team:

The Company's management and employees are well qualified and bring substantial experience in the Company's business domain.

iii. Current Position in the Large and Growing BPO Market with Limited Competitors:

Due to strong economic growth, the BPO market is projected to grow at a fast pace. The Company's position in the industry will ensure that it has good growth and has the ability to garner new clients in new markets and begin to offer additional services, including additional customized software-driven solutions, to existing and new customers.

BPO services being a relationship and customer oriented business, the Company believes that besides retaining its existing client profile, it will also be able to adequately ward off competitors who may face difficulties in winning new customers.

The Company provides comprehensive IT services with ability to scale up value added services.

iv. Healthy Employee profile:

The Company has a typical flat organization structure, a multi-cultural setting right technological skill-sets, client-focused business approach and good work environment. The Company constantly strives to keep up the morale and work satisfaction levels of its employees.

With a relatively flat organization structure, appraisal-based remuneration package, multi-cultural workforce and a dynamic and challenging work environment, the Company will be able to keep up the employee satisfaction and motivation levels.

v. **De-risked Business Model:**

The Company, through its strategic business units, provides a host of services to its customers and has the ability and the requisite wherewithal to cater to the increasing needs of its clients. Through the synergies that exist across the Company's various business segments, the Company has the ability to comprehensively take up the information technology outsourcing needs of its Clients. Since each of the three SBUs are independent profitable business units, the Company has a derisked business model, while at the same time they are able to complement each other in the overall growth of the Company.

vi. **The Company has a multi-vendor service provider and enjoys good and long term relationships with its principals.**

The Company has strong relationship with most of its vendors and technology partners. The Company is able to leverage these relationships to provide its customers an optimal and cost efficient solution. Given its relationship with these technology partners, the Company is not dependent on a particular technology solution, thus improving its efficiency as a service provider.

Our Strategy

We seek to further strengthen our position as a leading global technology solutions company by successfully differentiating our service offerings and increasing the scale of our operations.

Our goal is to build enduring relationships with both existing and new clients. With existing clients, we aim to expand the nature and scope of our engagements by increasing the size and number of projects and extending the breadth of our service offerings. For new clients, we seek to provide value-added solutions by leveraging our in-depth industry expertise and expanding the breadth of services offered to them beyond those in the initial engagement. We manage first-time engagements by educating clients about the offshore model, taking on smaller projects to minimize client risk and demonstrating our superior execution capabilities. We plan to increase our recurring business with clients by providing software re-engineering, maintenance, and business process management services, which are long-term in nature and require frequent client contact.

Geographical expansion

We seek to selectively expand our national presence to enhance our ability to service clients. We plan to accomplish this by establishing new sales and marketing offices, representative offices across various states during the year to expand our geographical reach to these regions to eventually support clients in the local market as well as our global clients.

Competition

The IT services market is highly competitive. Competitors include large global consulting firms, sub-division of large multinational technology firms, IT outsourcing firms, Indian IT services firms, software firms and in-house IT departments of large corporations. The increasing attractiveness of the Global Delivery Model is forcing the overseas-based competitors to expand their base in India. In the future we expect competition from firms establishing and building their offshore presence and firms in countries with lower personnel costs than those prevailing in India. However, we recognize that price alone cannot constitute sustainable competitive advantage. The competitors have also indulged in aggressive poaching of talent, especially for experienced IT professionals.

We believe that the principal competitive factors in our business include the ability to: Effectively integrate onsite execution capabilities to deliver seamless, scalable, cost-effective services; Increase scale and breadth of service offerings to provide one-stop solutions; Provide domain / industry expertise to clients' business solutions; Attract and retain high quality technology professionals; and maintain financial strength to make strategic investments in human resources and physical infrastructure through business cycles. We believe we compete favorably with respect to these factors.

Material Developments in Human Resources

One of the key focus areas for your Company is developing human capital. The Company continues to attract and retain talent of high quality. The company provides a challenging and exciting work environment by nurturing and mobilizing individual potential.

Cautionary Statement

Certain statements in this analysis concerning the Company's objectives, expectations, estimates, projections and future growth prospects are forward-looking statements which involve a number of presumption risks and uncertainties that could cause actual results to differ materially. The risks and uncertainties relating to these statements include, but are not limited to, fluctuations in earnings, intense competition in Information Technologies and information processing businesses including those factors which may affect our cost advantage and services in our key focus areas, disruptions in telecommunication networks, liability for damages on our service contracts, withdrawal of governmental fiscal incentives, political instability, legal restrictions on acquiring companies or having offices outside India, general economic conditions affecting our businesses over which the Company does not have any control.

For and on behalf of the Board of Directors

Place: Chennai
Dated: 28th February, 2011

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE REPORT FOR THE YEAR 2009-10

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India and some of the best practices in Corporate Governance, the report containing the details of governance systems and processes at Dhanus Technologies Limited is as under:

Your Company believes that the fundamental objective of corporate governance is to enhance the interests of all stakeholders. The Company's essential character revolves around values based on commitment towards discipline, accountability, transparency and fairness. Key elements in corporate governance are timely and adequate disclosure, establishment of internal controls and high standard of accounting fidelity, product and service quality.

The Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

BOARD OF DIRECTORS

Your Company is in strict compliance of Board composition requirements. The day-to-day management of the Company is entrusted to key management personnel led by the Managing Director who operates under the superintendence, guidance and control of the Board.

The Board reviews and approves strategy and oversees the actions and performance of the management to ensure that the long-term objectives of enhancing stakeholder's value are met. The independent Directors provide their independent judgment, external perspective and objectivity on the issues, which are placed before them. The Board provides leadership, strategic guidance and objective judgment on the affairs of the Company. The Board comprises persons of eminence with excellent professional achievement in their respective fields. The Company's commitment to good governance practices allows the Board to effectively perform these functions.

The Board presently consists of seven directors, with knowledge and experience across diverse fields. Apart from Capt. D S Srinivasan, Managing Director who is a Whole-time Director and enjoys executive position, Mr. A.D. Sudhindra is non-executive and non-independent director who is the Non-Executive Chairman of the Company. The remaining are all non-executive and independent directors.

The composition of and the category of directors on the Board of the Company are as under:

Category of Directors	No. of Directors	%age of total no. of Directors
Whole-time Directors (Executive)	1	14.30%
Independent Directors (Non-Executive)	5	71.40%
Non-Independent Directors (Non-Executive)	1	14.30%
TOTAL	9	100.00%

There were 4 Whole-Time Directors at the beginning of the year. The term of Mr. A.D. Sudhindra, Whole-Time Director and Executive Chairman, expired on September 30, 2010 and was not renewed by the Board. He continues to be Non-Executive Chairman and Non-independent director. Mr. S. Muthukrishnan, Whole-Time Director and Vice Chairman, resigned on February 27, 2010 and his resignation was accepted by the Board in its meeting on May 22, 2010. The term of Mr. V. Narayanaswamy as Managing Director expired on May 14, 2010 and was not renewed by the Board. Mr. V. Narayanaswamy however continued as Director thereafter till he resigned as Director on August 29, 2010 and his resignation was accepted by the Board in its meeting scheduled on the same date.

There were 6 non-executive and independent directors at the beginning of the year.

Mr. P.K. Bhattacharjee, Non-Executive & Independent Director resigned on January 8, 2010 and his resignation was accepted by the Board in its meeting on January 31, 2010.

Mr. T.S. Srinivasan, Non-Executive & Independent Director resigned on March 18, 2010 and his resignation was accepted by the Board in its meeting on May 22, 2010.

Mr. Darshan Suryakant Shah was appointed as Additional Director on November 20, 2010 and he will hold office till the conclusion of the ensuing Annual General Meeting.

Notes:

- i. None of the Directors is related to any other director.
- ii. None of the Directors has any business relationship with the Company.
- iii. None of the Directors received any loans and advances from the Company during the year.

The Composition of the Board, attendance of each Director at the Board Meetings held during the year under review as well as in the last Annual General Meeting held during the financial year 2009-10 and details of other Directorship / Committee memberships held by them is given herein-below:

Name of Director	Status	No. of Board Meetings during the year		Attendance at last AGM	Number of directorships held in the Indian Companies	Number of Board Committee memberships held in other Companies
		Held	Attended			
A.D. Sudhindra	<i>Non-Executive Chairman</i>	10	5	Yes	2	Nil
S. Muthukrishnan	<i>Executive</i>	4	0	No	2	Nil
V. Narayanaswamy	<i>Executive</i>	7	2	Yes	2	Nil
Capt. D.S. Srinivasan	<i>Executive</i>	10	10	Yes	4	Nil
S. Manoharan	<i>Independent Non-Executive</i>	10	0	No	Nil	Nil
G. Rathan Kumar	<i>Independent Non-Executive</i>	10	5	No	3	Nil
R. Radhakrishna	<i>Independent Non-Executive</i>	10	7	Yes	Nil	Nil
T.S. Srinivasan	<i>Independent Non-Executive</i>	4	3	No	Nil	Nil
Justice (Retd.) S Kalyanam	<i>Independent Non-Executive</i>	10	6	No	1	Nil
Darshan Suryakant Shah	<i>Independent Non-Executive</i>	1	0	NA	Nil	Nil

Further the Board of Directors would like to inform the members that none of the director is disqualified to act as director of this Company or any other public Company under Section 274(1)(g) and other applicable provisions of the Companies Act, 1956.

The requisite information as prescribed under Clause 49 of the Listing Agreement is placed before the Board from time to time and is generally provided as part of the Agenda papers of the Board Meeting and/or is placed at the table during the course of the meeting.

Board Meetings

During the eighteen-month period from July 1, 2009 to December 31, 2010 in the Financial Year 2009-10, the Board of Directors met ten times on September 30, 2009, October 31, 2009, November 16, 2009, January 31, 2010, April 30, 2010, May 15, 2010, May 22, 2010, August 29, 2010, November 20, 2010 and November 30, 2010 and in respect of which, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. The meetings are in compliance with clause 49 of the Listing Agreement and the Board has adhered to the time gap between two meetings.

Annual General Meeting

The Annual General Meeting for the financial year ended on 30th June, 2009 was held on 31st March, 2010, by giving due notice to the members of the Company and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.

None of the Directors is related to each other.

Equity Shares held by the Directors as on 31st December, 2010

Name of the Director	No. of Equity Shares
A.D. Sudhindra	1,93,811
Capt. D S Srinivasan	2,00,067
G. Rathan Kumar	90,000

There are no other shares or convertible instruments held by any other Director(s).

Information about the Directors proposed to be appointed/re-appointed required to be furnished pursuant to Clause 49 of the listing agreement with the Stock Exchanges is forming part of the Notice of the Seventeenth Annual General Meeting to the shareholders of the Company.

AUDIT COMMITTEE

The Audit committee was constituted by the Board of Directors in its meeting held on September 12, 2005. The Audit Committee was reconstituted on January 29, 2007 and October 31, 2008. It was further reconstituted on May 22, 2010. The Committee consists of three Non-Executive & Independent Directors and has the following terms of reference and composition:

a) Terms of Reference:

- i. Overseeing the company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ii. Recommending to the Board, the appointment, reappointment and if required, the replacement and removal of the statutory auditors and fixation of audit fees;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to matters required to be included in the Director's Responsibility Statement to be included in the Board's Report; changes, if any, in accounting policies and practices and reasons for the same; major accounting entries involving estimates based on the exercise of judgment by management; significant adjustments made in the financial statements arising out of audit findings; compliance with listing and other legal requirements relating to financial statements; disclosure of any related party transactions; and qualifications in the draft Audit Report.
- v. Reviewing with management, the quarterly financial statements before submission to the Board for approval;
- vi. Reviewing with management, performance of statutory auditors, and adequacy of internal auditors;
- vii. 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, and;
- viii. Review the functioning of the Whistle Blower mechanism, in case the same exists.

The un-audited/audited financial results of the Company are also specifically reviewed by the Audit Committee before these are submitted to the Board for approval. Minutes of each Audit Committee meeting is placed before the Board for information.

Composition and Attendance

The Company has an Audit Committee of the Board consisting of three “Non-Executive & Independent Directors” as members as detailed below and all members have adequate financial and accounting knowledge. The Committee met six (6) times during the period/year i.e., on September 25, 2009, November 14, 2009, January 30, 2010, May 21, 2010, August 29, 2010 and November 30, 2010. The details of the number of meetings held and attendance record of the members are as follows:

Name of Directors	Status and Category	No. of Meetings	
		Held	Attended
G. Rathan Kumar	Non-Executive & Independent	6	4
T.S. Srinivasan	Non-Executive & Independent	3	3
Justice (Retd.) S. Kalyanam	Non-Executive & Independent	6	5
R. Radhakrishna	Non-Executive & Independent	3	3

The Statutory Auditors, the Internal Auditor and the CFO & Company Secretary of the Company are permanent invitees. Mr. R. Ramnath, Group President (Corporate Affairs & Strategies), CFO and Company Secretary is the Secretary of the Committee.

REMUNERATION COMMITTEE

The Remuneration Committee was constituted by the Board of Directors in its meeting held on 28.03.2002. The Remuneration Committee was reconstituted on 29.1.2007, October 31, 2008 and May 22, 2010 and has the following terms of reference and composition:

a) Terms of Reference:

Your Company had initially constituted a Remuneration Committee under the Chairmanship of Mr. S Manoharan. Presently the Remuneration committee consisting of Justice (Retd) S. Kalyanam, Mr. G. Rathan Kumar and Mr. R. Radhakrishna decide the structure of the Whole-Time Director's Remuneration.

WHOLE-TIME DIRECTOR

The Company has a Managing Director. During the period/year under review, the Company reappointed Capt. D.S. Srinivasan as Whole-Time Director and designated him as Managing Director for a period of 3 (Three) years with effect from October 1, 2010 as per the resolution passed by the shareholders in the Extra Ordinary General Meeting held on December 30, 2010. The remuneration paid to the Directors during the period 1.7.2009 to 31.12.2010 was as under:

Name and Designation	Period	Salary & Allowances
A.D. Sudhindra <i>Non-Executive Chairman</i> <i>(Whole Time Director & Executive Chairman till 30.9.2010)</i>	01.07.2009 to 30.09.2010	18.00
Capt. D.S. Srinivasan <i>Managing Director</i>	01.07.2009 to 31.12.2010	18.00
S. Muthukrishnan <i>(Whole Time Director & Vice-Chairman till 27.2.2010)</i>	01.07.2009 to 27.02.2010	18.00
V. Narayanaswamy <i>(Whole Time Director & Managing Director till 14.5.2010)</i>	01.07.2009 to 14.05.2010	18.00

NON EXECUTIVE DIRECTOR

Non-Executive Directors of the Company are remunerated by way of sitting fees for the meetings of the Board/Committees of the Board attended by them. There was no other payment to the Non-Executive Directors.

None of the non-executive directors has any pecuniary relationship with the Company, its promoters, management or its subsidiaries.

- i. To review, assess and recommend the appointment of executive and non-executive directors from time to time, to periodically review the remuneration package of the executive director(s) and recommend suitable revision to the Board, to recommend compensation to the non-executive directors in accordance with the Companies Act, to consider and recommend Employee Stock Option Schemes, if any, from time to time and to administer and superintend the same.
- ii. To approve the Annual Remuneration Plan of the Company.

b) Remuneration Policy:

The remuneration policy of the Company is driven by the success and performance of each individual employee and the company. The Company seeks to attract, retain, develop and motivate a high performance workforce through its compensation programme. The Company follows a compensation mix of fixed pay and benefits, individual performance pay is determined by business performance and the performance of individual is ensured through the annual appraisal process.

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications, and experience of the employee, responsibilities handled by him, individual performance etc.

The Committee of the Board consisting of three "Non-Executive & Independent Directors" as members as detailed below and all members have adequate knowledge, who met once (1 time) during the eighteen-month period/year. The details of the meeting held and attendance record of the members are as follows:

Name of Directors	Status and Category	No. of Meetings	
		Held	Attended
G. Rathan Kumar	Non-Executive & Independent	1	1
Justice (Retd.)	Non-Executive & Independent	1	1
S. Kalyanam			
R. Radhakrishna	Non-Executive & Independent	1	1

SHAREHOLDER'S GRIEVANCE COMMITTEE

The Shareholder's Grievance Committee was constituted by the Board of Directors in its meeting held on September 12, 2005. The Committee was reconstituted on January 29, 2007, October 31, 2008 and May 22, 2010. The committee met four (4) times during the year viz., October 21, 2009, November 16, 2009, December 7, 2009 and, January 18, 2010. This Committee has been constituted to specifically look into redressing the shareholders and investors' complaints, oversee share transfers and monitor investors' grievances such as complaints on transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. and redressal thereof. It has the following terms of reference and composition:

a) Terms of Reference:

- i. To accept the share application along with the share application money and reject the application as may be deemed fit and proper;
- ii. To do all work relating to transfer, transmission, consolidation, split and issue of duplicate shares of the Company;

- iii. To do all the necessary things as may be required from time to time under the Companies Act, 1956 and other related enactment; and
- iv. To look into the shareholder complaints, if any, and to redress the same expeditiously.

b) Composition:

Name of Director	No. of Meetings	Total number of meetings
G. Rathan Kumar	4	3
V. Narayanaswamy *	4	4
Justice (Retd.) S. Kalyanam	4	4
Capt. D.S. Srinivasan	-	-

***Resigned on 29th August, 2010

Mr. R. Ramnath, Group President (Corporate Affairs & Strategies), CFO and Company Secretary is the Compliance Officer.

There were no unresolved complaints/transfer pending.

GENERAL BODY MEETINGS:

The details of the Annual General Meetings held during the last three years are as follows:

Financial Year	Location	Date	Time
2006-07	6B, Mena Kampala Arcade 113/114, Sir Theyagaraya Road T. Nagar, Chennai-600 017	August 27, 2007	12.30 PM
2007-08	Galaxy Hall, Hotel Star City 39, Bazullah Road T.Nagar, Chennai - 600 017	December 24, 2008	4.00 PM
2008-09	Unix Hall Fortune Select Palms 142, Rajiv Gandhi Salai (Old Mahabalipuram Road) Thoraipakkam, Chennai – 600 096	March 31, 2010	10.30 AM

The detail of the Extra-Ordinary General Meeting held during the year is as follows:

Financial Year	Location	Date	Time	Whether Special Resolution(s) passed or not
2009-10	Opal Hall Hotel Fortune Select Palms 142, Rajiv Gandhi Salai (Old Mahabalipuram Road) Thoraipakkam, Chennai – 600 096, India.	December 18, 2010	10.30 AM	Yes
	Unix Hall Hotel Fortune Select Palms 142, Rajiv Gandhi Salai (Old Mahabalipuram Road) Thoraipakkam, Chennai – 600 096, India.	December 30, 2010	10.00 AM	Yes

The shareholders in the Extraordinary General Meeting held on December 18, 2010 passed a special resolution and accorded their unanimous consent to the following:

- i. Increase in the Authorized Share Capital and Alteration of Memorandum of Association
- ii. Issue of Convertible Equity Warrants on Preferential Basis
- iii. Raising of Funds by way of FCCB, GDR, ADR or any other Modes
- iv. Raising of funds by Qualified Institutional Placement
- v. Alteration of the Articles of Association
- vi. Amendment to the Articles regarding issue of Bonus Shares

The shareholders in the Extraordinary General Meeting held on December 30, 2010 passed a special resolution and accorded their unanimous consent to the following:

- i. Appointment of Auditors
- ii. Re-appointment of Capt. D.S. Srinivasan as Whole-Time Director and redesignated as Managing Director

Further the company had submitted to the Exchange copies of the EGM Notice containing the resolutions passed in the EGM.

All the resolutions including the special resolutions as set out in the respective notices were passed by the shareholders.

The Board does not recommend any special resolution for approval of the members at the ensuing Seventeenth Annual General Meeting.

DISCLOSURE MADE BY THE SENIOR MANAGERIAL PERSONNEL TO THE BOARD

During the year, no material transaction has been entered into by the Company with the Senior Managerial personnel where they had or were deemed to have had personal interest that may have potential conflict with the interest of the Company

DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

The details of the transaction with related parties or others, if any, as prescribed in the listing agreement are periodically placed before the Audit committee from time to time. Material significant related party transactions during the year 2009-2010 have been given in Clause 2.9 of Schedule 19 to the Annual Accounts for the year 2009-2010. There were no other transactions of material nature that has been entered into by the Company with related parties (i.e., Directors or Management, their subsidiaries or relatives) that had potential conflict with the interest of the Company at large in the financial year ended December 31, 2010.

The related party transactions with the subsidiary/ group companies, as may be applicable, have been disclosed in the Annual Accounts.

DISCLOSURE OF ACCOUNTING TREATMENT

In the prescription of financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standards) Rules, 2006, as applicable. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

RISK MANAGEMENT

In order to ensure that management controls risk by means of properly defined framework, a report on Risk Management and minimization procedures as received from the Individual functional heads of the Company is placed before the Board of Directors of the Company.

CODE OF CONDUCT FOR THE DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

The Company has laid down a Code of Conduct (Code) for all the Board Members and Senior Management Personnel of the Company. The Code is also posted on the Website of the Company. All Board Members and Senior Management Personnel have affirmed their compliance with the Code for the financial year ended 31st December, 2010. A declaration to this effect signed by Capt. D.S. Srinivasan, Managing Director of the Company forms part of this report.

CEO/CFO CERTIFICATION

In terms of Clause 49(V) of the Listing Agreement, the Certificates duly signed by Capt. D.S. Srinivasan was placed before the Board of Directors along with financial statement for the financial year ended December 31, 2010 at its meeting held on 28th February, 2011.

COMPLIANCES BY THE COMPANY

The Board of Directors is periodically reviewing the Compliance Reports of the Laws applicable to the Company and the Company initiates requisite actions for strengthening of its statutory compliance procedures as may be suggested by the Board from time to time.

DETAILS OF NON-COMPLIANCES WITH REGARD TO CAPITAL MARKET

There were no instances of non-compliance by the Company on any matter related to capital markets during the last three years. Hence there was no penalty or strictures imposed by SEBI/Stock Exchange or any other statutory/local authorities against the Company.

SUBSIDIARY COMPANY

During the year, none of the Subsidiaries was a material non-listed Indian Subsidiary as per the criteria given in the Clause 49 of the Listing Agreement.

MEANS OF COMMUNICATION TO SHAREHOLDERS

- ? The quarterly, half-yearly and annual results are published in English language in **News Today** and in Tamil language in **Maalai Sudar**. These results are promptly submitted to the Stock Exchanges to enable them to display the same on their website.
- ? The domain name of the Company's website is www.dhanus.net where general information about the Company is available.
- ? The Management Discussion and Analysis report forms part of the Annual Report.

GENERAL SHAREHOLDER'S INFORMATION

Financial Calendar (Tentative)

Financial year First Quarter Result Second Quarter Result and Half-yearly Result Third Quarter Result Fourth Quarter Result Annual Result (Audited) Annual General Meeting	January 1, 2011 to December 31, 2011 by the end of April, 2011 by the end of July, 2011 by the end of October, 2011 by the end of February, 2012 Within 6 months of the close of the financial year in accordance with Section 166 of the Companies Act, 1956.
Dates of book closure	29 th March 2011 to 31 st March 2011 (Both days Inclusive)
Venue and other details of the Annual General Meeting	Day : Thursday Date : 31 st March 2011 Time : 10.30 AM Unix Hall, Fortune Select Palms 142, Rajiv Gandhi Salai (Old Mahabalipuram Road) Thoraipakkam, Chennai – 600 096
List of Stock Exchanges where the Company's shares are listed and Stock Code	Bombay Stock Exchange Limited (BSE) - Scrip Code 532903 National Stock Exchange of India Limited (NSE) - Scrip ID : DHANUS

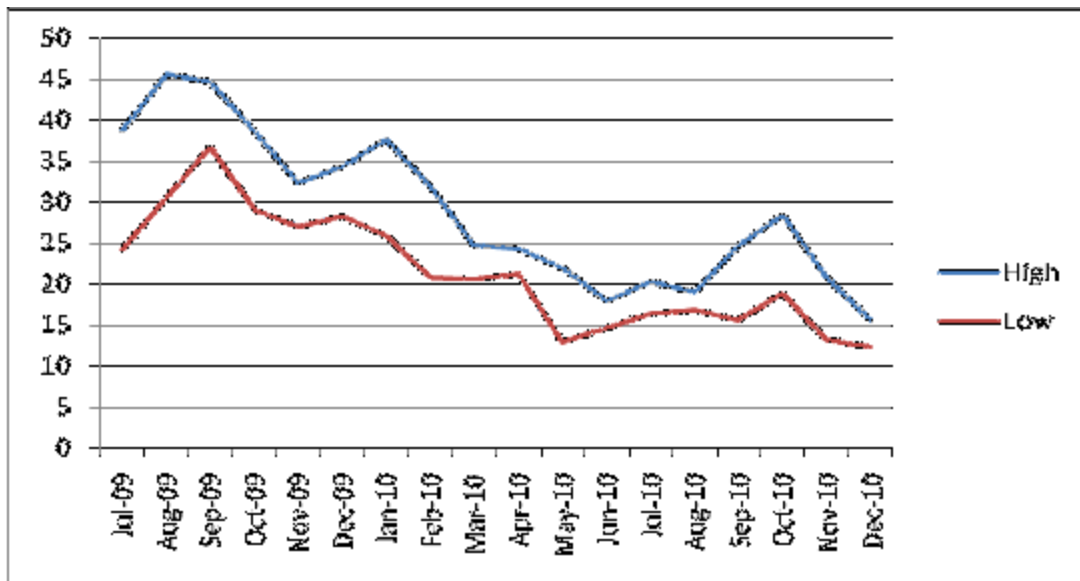
Stock Market data for the period July 2009 to December 31, 2010:

Monthly high and low of closing prices as well as the volume of shares traded at BSE and NSE for the year 2009-2010.

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High	Low	Volume	High	Low	Volume
July 2009	38.75	24.20	16,62,975	38.90	24.10	18,47,544
August 2009	45.70	30.60	29,55,574	45.85	30.50	28,51,401
September 2009	44.80	36.75	20,01,465	45.00	37.50	19,95,770
October 2009	38.60	29.15	14,73,830	38.90	29.00	16,38,823
November 2009	32.40	27.15	6,34,040	32.10	27.15	7,94,821
December 2009	34.45	28.25	6,97,040	34.40	28.05	9,20,144
January 2010	37.70	26.00	34,61,131	38.00	26.00	46,72,678
February 2010	32.00	20.85	12,91,444	32.10	21.00	13,71,554
March 2010	24.80	20.60	8,58,624	25.10	20.60	9,01,563
April 2010	24.35	21.35	5,47,855	24.10	21.35	5,96,590
May 2010	22.00	13.10	9,86,932	22.00	13.15	11,46,896
June 2010	18.00	14.81	14,67,117	18.00	14.70	11,41,168
July 2010	20.30	16.50	9,71,336	20.20	16.25	8,95,456
August 2010	19.15	17.00	5,96,777	19.00	15.90	5,96,467
September 2010	24.65	15.60	26,53,746	23.40	16.15	35,95,389
October 2010	28.55	19.00	63,69,829	28.30	18.80	82,14,755
November 2010	21.00	13.30	29,68,512	19.95	13.05	30,08,453
December 2010	15.65	12.40	21,90,034	15.85	10.60	15,13,174

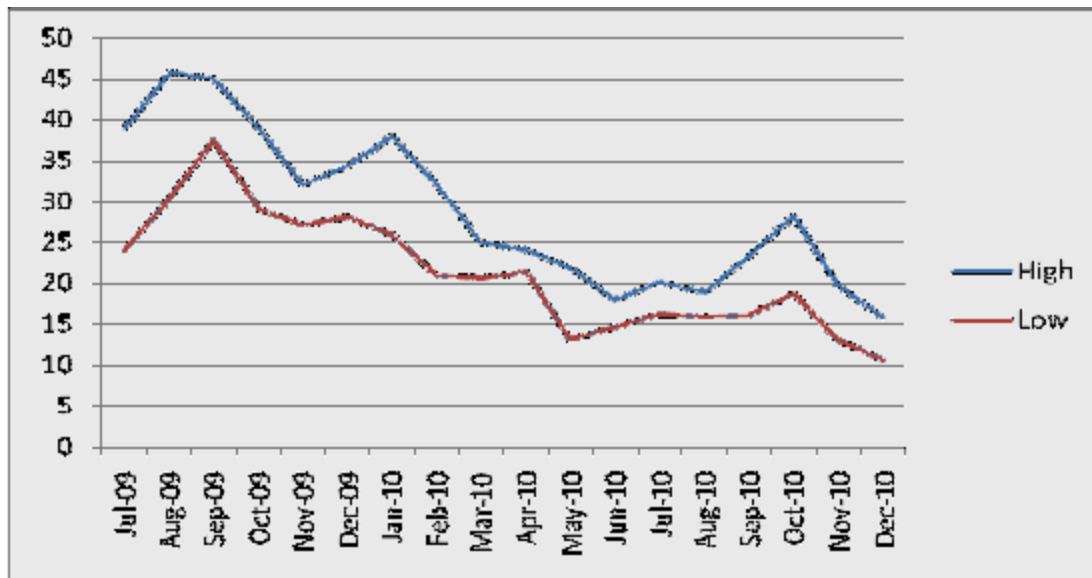
The chart given hereunder plots the movement of the Company's high and low of the closing prices on the BSE and NSE for the year 2009-2010.

Bombay Stock Exchange Limited (BSE)
Scrip Code: 532903
Monthly High / Low of Closing Prices



'Y' Axis : Closing Prices

National Stock Exchange of India Limited (NSE)
Scrip Code: DHANUS
Monthly High / Low of Closing Prices



'Y' Axis : Closing Prices

Dematerialisation of Shares and Liquidity

The equity shares of your Company are made available for dematerialization under depository system operated by the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The Shares of your Company are under compulsory demat settlement mode and can be traded only in the demat form. Shares dematerialized up to December 31, 2010 are under:

Particulars of Capital Structure	No of shares	% of Total issued Capital
Listed Capital as per Company's record	1,79,42,630	100.00
Held in dematerialized Form in CDSL	67,34,504	37.53
Held in dematerialized Form in NSDL	1,10,89,372	61.81
Physical	1,18,754	0.66

Registrar and Share Transfer Agents (RTA)

Pursuant to regulations 53A of the Securities and Exchange Board of India (Depositories & Participants) Regulations, 1996, the Company had appointed Cameo Corporate Services Limited, a SEBI registered Agency as the Common Registrar and Share Transfer Agent of the Company for both physical and dematerialized segments and they continue to be associated with us. Their complete address is as under:

Cameo Corporate Services Limited
 Subramanian Buildings
 1, Club House Road,
 Chennai 600 002,
 Tel.: +91 44 28460390-94
 Fax: +91 44 28460129
 E-mail: cameo@cameoindia.com

Share Transfer System

The shares of the Company are traded on the Stock Exchanges through the Depository System. The Demat ISIN in National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) is **INE406H01016**.

All requests received by the Company/ RTA for dematerialization/ rematerialization, transfers, transmissions, subdivision, consolidation of shares or any other share related matters and/or change in address are disposed of expeditiously.

Distribution Schedule as on December 31, 2010

Share Holding		Share Holders		Share Amount	
		Number	% of Total	Rs.	% of Total
10	5000	25,769	86.6913	2,40,29,310	13.3923
5001	10000	1,896	6.3784	1,59,96,980	8.9156
10001	20000	977	3.2867	1,51,42,260	8.4392
20001	30000	324	1.0899	83,01,360	4.6266
30001	40000	160	0.5382	56,29,610	3.1375
40001	50000	145	0.4878	69,18,670	3.8559
50001	100000	231	0.7771	1,71,21,290	9.5422
100001	And above	223	0.7502	8,62,86,820	48.0903
		29,725	100.0000	17,94,26,300	100.0000

As required under Circular No.D&CC/FITC/CIR-16/2002 dated 31st December, 2002 issued by the Securities and Exchange Board of India and amended thereafter, the Company has appointed a Practicing Company Secretary to do the Secretarial Audit and the report was placed before the Board and sent forthwith to Stock Exchanges for their information and record.

CATEGORIES OF SHAREHOLDINGS AS ON DECEMBER 31, 2010

Category of Shareholders	Total Number of Shares	% Holding
Promoters	4,21,926	2.3515
Financial Institutions	500	0.0027
Foreign Institutional Investors	-	-
Venture Capital Funds	-	-
Bodies Corporate	49,81,104	27.7612
Individual shareholders holding nominal share capital up to Rs. 1 lakh	79,48,756	44.3009
Individual shareholders holding nominal share capital in excess of Rs.1 lakh	26,68,619	14.8730
Clearing Members	53,957	0.3007
Directors and their relatives	5,90,000	3.2882
Hindu Individual families	6,01,679	3.3533
Non Resident Indian	6,61,027	3.6841
Trusts	15,062	0.0839
Total	1,79,42,630	100.0000

Company Registration Details

The Company is registered in the State of Tamilnadu. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L72300TN1993PLC024748

LEGAL PROCEEDINGS:

There are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).

No disciplinary action / investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.)

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, potential disputes, labour disputes, bargains and demands, investigations, Central / State Government claims proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences or inquires proceedings or tax liabilities, overdue to banks/financial institutions, defaults against banks/financial institutions, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company or its subsidiaries or its Group Companies or its promoters or its directors and no defaults of non-payment of statutory dues against the Company including under the customs, sales tax, income tax and service tax save and except the following.

AGAINST THE COMPANY

Sl. No.	Description	Current Status
1.	<p>Case No.: CC No. 13577 of 2008</p> <p>Court: The Additional Chief Metropolitan Magistrate, Egmore, Chennai</p> <p>Parties: Central Bureau of Investigation (Petitioner/Complainant)</p> <p>V/s</p> <p>Dhanus Technologies Limited (Respondent/Accused)</p> <p>Act under which petitioned: Under Section 20 read with 4 of Indian Telegraph Act, 1885</p>	<p>Details: The allegation is that Dhanus Technologies Limited is dealing in V-tel Calling Cards without a No Objection Certificate (NOC) from the Department of Telecommunications, Government of India. However, neither the Act nor the Rules framed under the Indian Telegraph Act, 1885 contemplate a requirement for a No Objection Certificate.</p> <p>During the pendency of First Information Report (FIR), NOC was granted to Dhanus Technologies Limited by the Department of Telecommunications, Government of India.</p> <p>As against the dismissal of the discharge petition, the Company preferred a Revision before the High Court and the entire proceedings are now stayed.</p> <p>Current Status: Stay granted by the Hon'ble High Court continues.</p> <p>Amount involved: Nil</p> <p>No contingent liability is likely to arise on the Company on the outcome of the decision.</p>

Sl. No.	Description	Current Status
2.	<p>Case No.: C.P. NO. 1 OF 2010</p> <p>Court: The Hon'ble High Court Judicature at Madras</p> <p>Parties: Mr. V. Padmanabhan Senior Advocate No.52, Nehruji Street, Ramakrishna Nagar Extension –II, Porur, Chennai – 600 106. (Petitioner/Complainant)</p> <p>V/s</p> <p>Dhanus Technologies Ltd. (Respondent/Accused)</p> <p>Act under which petitioned: U/Sec. 439 (e) & (f) read with Sec. 434 (1) (A) & Sec. 439 (1) (b) of Companies Act, 1956</p>	<p>Details: The Petitioner is a Senior Advocate, he was asked by an advocate Mr. S. Santhoshkumar to appear on behalf of the Respondent (DTL) in respect of various criminal matters. Since the fees was not settled, he filed a petition for winding up.</p> <p>Amount involved: Rs. 64,00,000/- (Rupees Sixty Four Lakhs Only)</p> <p>Sequence of events: Notice Received.</p> <p>Current Status: Matter is settled under the memo of compromise to pay a sum of Rs. 27,50,000/- in instalments. As per the memo of compromise, the last installment is due on 6th May 2011. The Company Petition was closed after recording the memo of Compromise.</p> <p>Any Contingent Liability: Rs. 64,00,000/- (Sixty Four Lakhs Only)</p>
3.	<p>Case No. O. A. No.280 of 2010</p> <p>Court: Debts Recovery Tribunal – II, Chennai</p> <p>Parties: M/s. UCO Bank, Rep. by its Chief Manager, T. Nagar Branch, Ground Floor, 67, Burkit Road T. Nagar, Chennai – 17</p> <p>V/s</p> <p>1. M/s. Dhanus Technologies Ltd., and 4 others</p> <p>Act under which petitioned: Section 19 of SARFAESI Act,</p>	<p>Details: The defendants (Company) approached the applicant (Bank) in the year 2006 for grant of certain credit facilities for improvement of business. The bank on consideration of the request of the Company (DTL) sanctioned a term loan vide its letter dated 19.08.2008 a cash credit facility up to a limit of Rs. 16,00,00,000/ (Sixteen Crores); comprising (Rs. 4,00,00,000/- (Four Crores) towards Term Loan and Rs. 12,00,00,000/- towards cash credit in favour of the company. The company created a primary security by way of hypothecation of stocks of Fleetrac, Vtel cards, software development work progress etc., and hypothecation of fixed assets viz., computers, routers, LCD panels, telephones, furniture, fixtures etc., and also submitted collateral security by way of equitable mortgage of the property viz., Land and building situated in Door No. 10-2/99, Ellampillai Village, Salem measuring an extent of 29621 sq. ft with built up area of 7200 sq.ft comprised of Survey Nos. 12/9, 12/8 & 12/7. On 23.07.2010, the bank sent a notice under section 13(2) of SARFAESI ACT calling upon the defendants to pay the outstanding liability with further interest and incidental expenses and costs and Possession notices dated 22.10.2010 & 23.10.2010 were issued U/Sec. 13(12) r/w Rule 3 of SARFAESI ACT. The claim is for a sum of Rs. 11,45,07,726.94. (Rupees eleven crores forty five lakhs seven thousand seven hundred and twenty six and ninety four paisa)</p> <p>Amount involved: Rs. 11,45,07,726.94. (Rupees eleven crores forty five lakhs seven thousand seven hundred and twenty six and ninety four paisa)</p> <p>Sequent of events: Notice Received.</p> <p>Any Contingent Liability: Rs. 11,45,07,726.94. (Rupees eleven crores forty five lakhs seven thousand seven hundred and twenty six and ninety four paisa)</p> <p>Current Status: Posted for reply statement on 14.3.2011</p>

Sl. No.	Description	Current Status
4.	<p>Arbitration Case:</p> <p>Court: Arbitral Tribunal Sole Arbitrator Justice Smt. K. K. Baam (Retd)</p> <p>Parties: Batliboi Limited, Registered Office at Bharat house, 104, Mumbai Samachar Marg, Fort, Mumbai – 400 001 and another. Claimants</p> <p>V/s</p> <p>Dhanus Technologies Ltd. (Respondent)</p> <p>Act under which petitioned: Arbitration and Conciliation Act, 1996 Section 23</p>	<p>Details: On 16 September 2006 the Claimants and the Respondent (DTL) entered into Memorandum of Understanding (MOU) to purchase the shares of Batliboi Environmental Engineering Ltd., (BEEL). After execution of the said MOU, the Respondent failed to conduct a due diligence of BEEL within 30 days from the execution of the MOU and the prescribed period of 30 days expired. Hence the Claimants filed an arbitration case against the respondent praying for an order directing the Respondent to perform the MOU dated 16.09.2006 by making payment of the Rs. 18,00,00,000/- (Rupees eighteen crores only).</p> <p>Amount Involved: Rs. 18,00,00,000/- (Rupees eighteen crores only)</p> <p>Sequence of events: Notice Received and replied.</p> <p>Any Contingent liability: Rs. 18,00,00,000/- (Rupees eighteen crores only)</p> <p>Current Status: Posted for written statement on 16.4.2011.</p>

BY THE COMPANY

Sl. No.	Description	Current Status
1	<p>Case No.: CC No. 1526 of 2008</p> <p>Court: The II Metropolitan Magistrate, Egmore, Chennai</p> <p>Parties: Dhanus Technologies Limited (Petitioner/Complainant)</p> <p>V/s</p> <p>A.V. Srinivasan (Respondent/Accused)</p> <p>Act under which petitioned: Under Section 138 of Negotiable Instruments Act, 1881</p>	<p>Details: The Accused was employed as Director (Finance) in Dhanus Technologies Limited (Company). Mr. A.V. Srinivasan had requested the Company to advance him a temporary loan of Rs. 10,00,000 (Rupees ten lakhs only) against which he had issued cheque towards repayment of the loan, which was dishonoured.</p> <p>Current Status: Non Bailable Warrant pending.</p> <p>Amount Involved: Rs. 5,00,000/- (Rupees Five lakhs only)</p> <p>No contingent liability is likely to arise on the Company on the outcome of the decision.</p>
2	<p>Case No.: CC No. 3505 of 2008</p> <p>Court: The IX Metropolitan Magistrate, Saidapet, Chennai</p> <p>Parties: Dhanus Technologies Limited (Petitioner/Complainant)</p> <p>V/s</p> <p>A.V. Srinivasan (Respondent/Accused)</p> <p>Act under which petitioned: Under Section 138 of Negotiable Instruments Act, 1881</p>	<p>Details: The Accused was employed as Director (Finance) in Dhanus Technologies Limited (Company). Mr. A.V. Srinivasan had requested the Company to advance him a temporary loan of Rs. 10,00,000 (Rupees ten lakhs only) against which he had issued cheque towards repayment of the loan, which was dishonoured.</p> <p>Current Status: Bailable Warrant pending.</p> <p>Amount Involved: Rs. 2,55,000/- (Rupees Two lakhs fifty five thousand only)</p> <p>No contingent liability is likely to arise on the Company on the outcome of the decision.</p>

BY THE COMPANY

Sl. No.	Description	Current Status
3.	<p>Case No.: CC No. 2019 of 2008</p> <p>Court: The VIII Metropolitan Magistrate, George Town, Chennai</p> <p>Parties: Dhanus Technologies Limited (Petitioner/Complainant)</p> <p>V/s</p> <p>Mrs. S. Kausalya Wife of A.V. Srinivasan Proprietrix, M/s Kaushal Garments (Respondent/Accused)</p> <p>Act under which petitioned: Under Section 138 of Negotiable Instruments Act, 1881</p>	<p>Details: The husband of the Accused was employed as Director (Finance) in Dhanus Technologies Limited (Company). Mr. A.V. Srinivasan had requested the Company to advance him a temporary loan of Rs. 10,00,000 (Rupees ten lakhs only). His wife (Mrs. S. Kausalya), as a guarantor, issued one cheque which was dishonoured.</p> <p>Current Status: Bailable Warrant pending.</p> <p>Amount Involved: Rs. 3,00,000/- (Rupees Three lakhs only)</p> <p>No contingent liability is likely to arise on the Company on the outcome of the decision.</p>

The Company has not issued any GDRs/ADRs or other instruments, which are pending for conversion. The Company however may issue one or more variety of securities including Qualified Institutional Placement, Global Depository Receipts and/or Foreign Currency Convertible Bonds in line with the approval taken from the shareholders on 18th December, 2010.

The Company has however received the approval of its members towards issue of Convertible Equity Warrants to the list of prospective allottees as mentioned in the Notice of the Extra Ordinary General Meeting held on 18th December, 2010.

Address for Communication

Dhanus Technologies Limited
2-AB, Gee Gee Emerald
151, Village Road
Nungambakkam
Chennai – 600 034
India
Telephone: +91 44 43561149
Facsimile: +91 44 43561149
E-mail: info@dhanus.net
Website: www.dhanus.net

In terms of Clause 47(f) of the Listing Agreement of Stock Exchanges, investors may please use info@dhanus.net as e-mail id for redressal of Investor requests/complaint.

For and on behalf of the Board of Directors

Place: Chennai
Dated: 28th February, 2011

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT

As required by Clause 49 of the listing agreement, the Managing Director's declaration on code of conduct is as under:

I, Capt. D.S. Srinivasan, Managing Director of the Company declare that all the Board members and Senior Management of the Company have affirmed compliance with the code of conduct.

Dated: 28th February, 2011

Capt. D.S. Srinivasan
Managing Director

Registered Office

6-B, Mena Kampala Arcade
113/114, Sir Theyagaraya Road
T. Nagar
Chennai - 600 017
India

Administrative Office

2-AB, Gee Gee Emerald
151, Village Road
Nungambakkam
Chennai – 600 034
India

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

AUDITOR'S CERTIFICATE (Under Clause 49 of the General Listing Agreement)

To

The Members of Dhanus Technologies Limited

We have examined the compliance of the conditions of Corporate Governance by **Dhanus Technologies Limited** ('the Company') for the eighteen-month period and financial year ended 31st December 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the General Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the conditions given by the Registrar and Transfer Agent of the Company, as on 31st December, 2010, there was no investor grievance remaining unattended.

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 P.C. Acharya & Co.
Chartered Accountants

Place : Chennai
Date : 28th February, 2011

P.C. Acharya
Proprietor
MRN No.210719

AUDITOR'S REPORT

TO THE MEMBERS OF M/S DHANUS TECHNOLOGIES LIMITED

We have audited the attached Balance Sheet of M/s Dhanus Technologies Limited as at 31st December, 2010 and the Profit and Loss Account 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 misstatements. An audit includes, examining on a test basis, evidence to support the financial statement amounts and disclosures in the financial statement, assessing the accounting principles used in the preparation of financial statements, assessing significant estimates made by management in the preparation of financial statements and evaluating 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 Central Government 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.

Further to our comments as above, we state that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books, **subject to Note No.2a.**
- c) The Balance Sheet and the Profit and Loss account referred to in this report are in agreement with the books of account, **subject to Note No.2a.**
- d) In our opinion, the Profit and Loss account and the Balance Sheet comply with the Accounting Standards referred to sub-section [3C] of Section 211 of the Companies Act, 1956, **except for AS-6 – "Depreciation", AS-9 – "Revenue Recognition", AS-10 – "Fixed Assets", AS-22 – "Deferred Taxes" and AS-28 – "Impairment of Assets"**.
- e) **Non application of AS-28 to the value of assets, the effect of which is not quantifiable from a mark to market perspective. Also tests of impairment, ownership and valuation of new and pre-existing fixed assets are under completion and we are unable to express opinion on the same.**
- f) **Investments in, M/s Borusan Limited, Turkey amounting to 1 million USD and M/s. Sreeven Infocom amounting to Rs. 2,50,00,000/-, is, in our opinion, irrecoverable.**
- g) On the basis of written representation received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2010 from being appointed as a director in terms of clause [g] of sub-section [1] of Section 274 of the Companies Act, 1956.
- h) The company has not provided for the cess payable under Sec.441A of the Companies Act, 1956 as the notification regarding rate and mode of payment has not received.

Subject to clauses [d] to [f] above, the cumulative effect of which is not quantifiable and the effect of which results in our inability to express an opinion on the same, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the other notes and accounting policies give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles accepted in India:

-
- i) in so far as it relates to the Balance Sheet, of the state of affairs of the company as at 31st December, 2010,
- ii) in so far as it relates to the Profit and Loss account, of the Loss of the company for the year ended 31st December, 2010,, and
- iii) in case of Cash Flow Statement, of the cash flows for the year ended 31st December, 2010.

For P C ACHARYA & Co
Chartered Accountants

Place : Chennai
Date : 28th February, 2011

P C ACHARYA
Proprietor
MRN: 210719

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our even date)

In terms of the information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

1. a) The company is in the process of maintaining proper records showing full particulars including quantitative details and the situation of fixed assets.
- b) The fixed assets of the company have been physically verified by the management at reasonable intervals. We have relied on Management Representations for physical verification of fixed assets and accounting for discrepancies thereon.
- c) During the year the Company has not disposed off substantial part of the fixed assets and the going concern status of the company is not affected.
2. a) According to the information and explanations given to us, inventories have been physically verified during the year by the management. We have relied on Management Representations for physical verification, stock valuation of finished goods and WIP.
- b) We have relied on management representations for discrepancies in inventory check.
3. a) In our opinion, the company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As such, the clauses iii (b), iii (c) and iii (d) of paragraph 4 of the order are not applicable to the company.
- b) In our opinion, the company has not taken any loans, secured or unsecured from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As such, the clauses iii (f) and iii (g) of paragraph 4 of the order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures; however the same is not fully commensurate with the size of the company and the nature of its business with regard to purchase of inventories including components, plant and machinery, equipment and other assets and with regard to the sale of goods. The Internal control requires elaborate strengthening.
5. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Sec. 301 of the Companies Act. 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public. The provisions of Sections 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.
7. In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size of the company and nature of its business.
8. In our opinion, the Central Government has not prescribed the maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956.
9. a) According to the records of the company, the company is irregular in depositing undisputed statutory dues including Income tax, Sales Tax, Customs duty, Cess and other statutory dues with the appropriate authorities. There have been delays in few cases. According to the information and explanations given to us no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth Tax and Customs duty were outstanding as at 31st December, 2010 for a period of more than six months from the date they became payable. However we have relied on management representations to report this clause.
b) According to the information and explanations given to us, there are no dues in respect of Income tax, Sales Tax, Wealth tax, Customs duty and Cess that have not been deposited with the appropriate authorities on account of any dispute. However we have relied on management representations to report this clause.
10. The company has neither accumulated losses as at 31st December, 2010 nor it has incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by management, the company has defaulted in its interest on term loan from UCO Bank; the repayment schedule has been since restructured.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute as specified under clause [xiii] of paragraph 4 of the Companies [Auditors Report] Order, 2003 are not applicable to the Company.
14. According to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly clause 4[xiv] of Companies [Auditors Report] Order, 2003 is not applicable.
15. The company has not given any guarantee for loans taken by others from bank or financial institutions. We have relied on management representations to report this clause.
16. The term loans have been applied for purpose for which it has been raised. We have relied on management representations to report this clause.
17. According to the information and explanation given to us and on overall examination of the balance sheet of the company, short-term funds has not been applied for long term purposes.
18. The Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act 1956 and the price at which the shares have been issued are not prejudicial to the interest of the Company.
19. The Company has not issued debentures during the year and therefore the question of creation of charge or security does not arise.
20. The Company has not raised funds through public issue during the financial year under report. Hence this clause is inapplicable.
21. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

For P C ACHARYA & Co
Chartered Accountants

Place : Chennai
Date : 28th February, 2011

P C ACHARYA
Proprietor
MRN: 210719

BALANCE SHEET AS AT 31ST DECEMBER 2010

(Amount in Rs.)

Particulars	Schedule	Period and year ended 31.12.2010		Year ended 30.06.2009
I Sources of Funds:				
<u>Shareholders' Funds</u>				
Share Capital	1	538,166,300		179,426,300
Reserves & Surplus	2	2,697,461,631		2,707,550,767
			3,235,627,931	2,886,977,067
<u>Loan Funds</u>				
Secured Loans	3	129,192,489		200,794,963
Unsecured Loans	4	-		-
Deferred Tax Liability		2,453,101		19,337,685
Total			3,367,273,521	3,107,109,715
II Application of Funds:				
<u>Fixed Assets</u>				
Gross Block	5	2,029,492,315		2,029,492,315
Less: Accumulated Depreciation		998,119,403		628,019,110
Net Block			1,031,372,912	1,401,473,205
<u>Investments</u>	6		458,608,060	123,508,100
<u>Current Assets, Loans & Advances</u>				
Stock in Trade	7	659,170,847		480,559,157
Work-in-Progress	8	162,734,687		162,734,687
Sundry Debtors	9	1,374,085,677		586,963,692
Cash and Bank Balances	10	6,532,269		15,426,146
Loans and Advances	11	431,535,199		481,949,586
		2,634,058,679		1,727,633,268
<u>Less: Current Liabilities & Provisions</u>	12	878,944,525		292,100,635
<u>Net Current Assets</u>			1,755,114,154	1,435,532,633
<u>Miscellaneous Expenditure</u> (to the extent not written off or adjusted)				
Miscellaneous Expenses	13		122,178,395	146,595,777
Total			3,367,273,521	3,107,109,715

Notes on Accounts 19

Schedules 1 to 19 forming part of the Accounts

As per our report of even date

for P C ACHARYA & Co.

Chartered Accountants

By order of the Board

P.C. Acharya

Proprietor

MRN:210719

A D Sudhindra

Director

Capt. D.S.Srinivasan

Managing Director

R. Ramnath

CFO &
Company Secretary

Place: Chennai

Date : 28th February, 2011

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD AND YEAR ENDED
31ST DECEMBER 2010**

(Amount in Rs.)

PARTICULARS	Schedule	Period and Year Ended 31.12.2010		Year Ended 30.06.2009	
Income					
Sales & Services	14	1,192,976,992		1,172,690,085	
Other Income	15	8,530		3,181,570	
Total Revenue			1,192,985,522		1,175,871,655
Expenditure					
Direct Expenses	16	718,156,894		462,072,860	
Administrative Expenses	17	52,036,333		122,402,012	
Research and Development Expenses W/off		9,748,655		9,748,655	
IPO Expenses W/off		14,668,727		14,668,727	
Interest Cost		43,058,343		24,033,180	
Depreciation	5	370,100,290		333,972,731	
Total Expenses			1,207,769,242		966,898,165
Profit Before Tax & Extraordinary Items			(14,783,720)		208,973,490
Extraordinary Expenses			-		-
Profit Before Tax			(14,783,720)		208,973,490
Provision for Taxation:					
Current Tax		12,190,000		13,460,000	
Deferred Tax		(16,884,584)		(2,484,850)	
Fringe Benefits Tax		-		2,284,578	
Total Tax			(4,694,584)		13,259,728
Profit after Tax			(10,089,136)		195,713,762
Balance Brought Forward from Previous Period			1,052,616,862		856,903,100
Profit Before Appropriation			1,042,527,726		1,052,616,862
Appropriation					
Dividend on Equity Shares (including dividend tax)			-		-
Transfer to General Reserve			-		-
Balance Carried Over to Balance Sheet			1,042,527,726		1,052,616,862
			1,042,527,726		1,052,616,862
Basic and Diluted earnings per share of face value of Rs.10 each before Exceptional Items	18		(0.37)		10.91
Basic and Diluted earnings per share of face value of Rs.10 each after Exceptional Items	18		(0.37)		10.91
Notes on Accounts	19				

Schedules 1 to 19 forming part of the Accounts

As per our report of even date
for **P C ACHARYA & Co.**
Chartered Accountants

By order of the Board

P.C. Acharya
Proprietor
MRN:210719

A D Sudhindra
Director

Capt. D.S.Srinivasan
Managing Director

R. Ramnath
CFO &
Company Secretary

Place: Chennai
Date : 28th February, 2011

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in Rs.)

PARTICULARS	Period and Year Ended 31.12.2010	Year Ended 30.06.2009
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED:		
60,00,00,000 Equity Shares of Rs 10/- each	<u>6,000,000,000</u>	<u>400,000,000</u>
(4,00,00,000 Equity Shares of Rs 10/- each)		
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
179,42,630 (179,42,630) Equity shares of Rs 10/- each	179,426,300	179,426,300
(Of the above 16,00,000 shares are allotted as fully paid up pursuant to a contract of acquisition of asset from 3 Directors for consideration other than cash)		
(Of the above 2,25,600 shares are allotted as fully paid up by way of Bonus Shares out of accrued cash resources)		
Share Application Money	358,740,000	-
	<u>538,166,300</u>	<u>179,426,300</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
General Reserve	75,000,000	75,000,000
Share Premium	1,579,933,905	1,579,933,905
Surplus from Profit and Loss Account	1,042,527,726	1,052,616,862
	<u>2,697,461,631</u>	<u>2,707,550,767</u>
SCHEDULE 3		
SECURED LOANS		
Term Loan- UCO Bank (Secured against Hypothecation of Computers, Telephones, Softwares, Furniture & Fixtures, Office Equipments, etc arising out of such loan proceeds on a first and exclusive charge basis)	-	49,899,304
Cash Credit- UCO Bank (Secured against Hypothecation of Stocks and Sundry Debtors)	114,507,727	123,395,659
Term Loan- IFCI Venture Capital Funds Ltd. (Secured against Hypothecation of Promoters and Promoters' Group Shares and measuring 251.23 acres of land of R R High Energetics Ltd.)	14,684,762	27,500,000
	<u>129,192,489</u>	<u>200,794,963</u>
SCHEDULE 4		
UNSECURED LOANS		
Unsecured Loans	-	-
	<u>-</u>	<u>-</u>

Schedule - 5 Fixed Assets

Particulars	Rate	Gross Block			Depreciation Block				Net Block		
		Cost as on 30/06/2009	Additions	Deletions	Cost as on 31/12/2010	Depreciation upto 30/06/2009	for the year	Deletion	Depreciation upto 31/12/2010	as on 31/12/2010	as on 30/06/2009
Plant and Machinery:-	40.00%	224,694,515	-	-	224,694,515	128,792,699	45,028,809	-	173,821,508	50,873,007	95,901,816
Computers & Accessories	13.91%	791,767,785	-	-	791,767,785	121,085,409	128,642,886	-	249,728,295	542,039,490	670,682,376
Network Operating Centre Equipments & Devices	13.91%	389,882,854	-	-	389,882,854	64,381,064	62,434,159	-	126,815,223	263,067,631	325,501,790
Fleetrack Data Storage Server Units	40.00%	503,516,647	-	-	503,516,647	256,011,922	116,210,969	-	372,222,891	131,293,756	247,504,725
Fleetrack Communication Software	18.10%	22,443,592	-	-	22,443,592	7,393,078	3,659,805	-	11,052,883	11,390,709	15,050,514
Furniture and Fixtures	13.91%	22,961,514	-	-	22,961,514	6,653,684	3,127,987	-	9,781,671	13,179,843	16,307,830
Office Equipments	40.00%	51,560,234	-	-	51,560,234	35,334,438	7,618,503	-	42,952,941	8,607,293	16,225,796
Software	13.91%	12,818,625	-	-	12,818,625	3,798,734	1,730,096	-	5,528,830	7,289,795	9,019,891
Electrical Fittings	13.91%	1,452,402	-	-	1,452,402	718,959	140,681	-	859,640	592,762	733,443
Air Conditioner	25.89%	8,394,147	-	-	8,394,147	3,849,126	1,506,395	-	5,355,521	3,038,626	4,545,021
TOTAL		2,029,492,315	338,228,542	-	2,029,492,315	628,019,111	370,100,290	-	998,119,403	1,031,372,912	1,401,473,205
Previous Year		1,691,263,773	338,228,542	-	2,029,492,315	294,046,377	333,972,734	-	628,019,111	1,401,473,205	1,397,217,396

PARTICULARS	Period and Year Ended 31.12.2010	Year Ended 30.06.2009
SCHEDULE 6		
INVESTMENT		
(Non-trade at cost)		
i. 28,13,450 (28,13,450) equity shares of Rs.10 each in Dhanus Global Medicare Ltd. (Unquoted)	28,134,500	28,134,500
ii. 22,64,90,000 (22,62,90,000) shares of US\$ 0.01 each in Dhanus Technologies Inc., USA (Unquoted)	95,473,560	95,373,600
iii. 50,000 (Nil) equity shares of Rs.10 each in Merchant Agrimart India Pvt. Ltd. (Unlisted, Unquoted)	2,500,000	-
iv. 1,37,500 (Nil) equity shares of Rs.10 each in Mainstream Commosales Pvt. Ltd. (Unlisted, Unquoted)	27,500,000	-
v. 1,35,000 (Nil) equity shares of Rs.10 each in Center Dealers Pvt. Ltd. (Unlisted, Unquoted)	27,000,000	-
vi. 1,25,000 (Nil) equity shares of Rs.10 each in Midway Tradelink Pvt. Ltd. (Unlisted, Unquoted)	25,000,000	-
vii. 1,52,500 (Nil) equity shares of Rs.10 each in Midpoint Tradelink Pvt. Ltd. (Unlisted, Unquoted)	30,500,000	-
viii. 52,000 (Nil) equity shares of Rs.10 each in Jayalalita Commodities Pvt. Ltd. (Unlisted, Unquoted)	13,000,000	-
ix. 80,000 (Nil) equity shares of Rs.10 each in Gateway Textile Traders Pvt. Ltd. (Unlisted, Unquoted)	20,000,000	-
x. 1,00,000 (Nil) equity shares of Rs.10 each in SSK Trading Pvt. Ltd. (Unlisted, Unquoted)	10,000,000	-
xi. 1,50,000 (Nil) equity shares of Rs.1 each in Kartik Creative Consultants Pvt. Ltd. (Unlisted, Unquoted)	30,000,000	-
xii. 70,000 (Nil) equity shares of Rs.10 each in V And R Yarns Pvt. Ltd. (Unlisted, Unquoted)	17,500,000	-
xiii. 80,000 (Nil) equity shares of Rs.10 each in Radford Real Estate Pvt. Ltd. (Unlisted, Unquoted)	20,000,000	-
xiv. 20,000 (Nil) equity shares of Rs.10 each in Yadon Constructions Pvt. Ltd. (Unlisted, Unquoted)	5,000,000	-
xv. 50,000 (Nil) equity shares of Rs.10 each in Tanish Homes & Construction Pvt. Ltd. (Unlisted, Unquoted)	5,000,000	-
xvi. 34,000 (Nil) equity shares of Rs.10 each in Ethan Construction Pvt. Ltd. (Unlisted, Unquoted)	8,500,000	-
xvii. 30,000 (Nil) equity shares of Rs.10 each in Aristo Media & Entertainment Pvt. Ltd. (Unlisted, Unquoted)	7,500,000	-

PARTICULARS	Period and Year Ended 31.12.2010	Year Ended 30.06.2009
xviii. 20,000 (Nil) equity shares of Rs.10 each in Akansha Media & Entertainment Pvt. Ltd. (Unlisted, Unquoted)	5,000,000	-
xix. 18,000 (Nil) equity shares of Rs.10 each in Adila Traders Pvt. Ltd. (Unlisted, Unquoted)	4,500,000	-
xx. 15,000 (Nil) equity shares of Rs.10 each in Naturalle Leisure & Resorts Pvt. Ltd. (Unlisted, Unquoted)	1,500,000	-
xxi. 3,00,000 (Nil) equity shares of Rs.10 each, Rs. 5 paid-up, in Rajkamal Motors (I) Pvt. Ltd. (Unlisted, Unquoted)	75,000,000	-
	458,608,060	123,508,100
SCHEDULE 7		
STOCK IN TRADE	326,483,500	236,874,500
V-Tel Cards	332,687,347	243,684,657
FleeTrac Devices	659,170,847	480,559,157
SCHEDULE 8		
WORK-IN-PROGRESS	162,734,687	162,734,687
GIS Development, Development of In-Vehicle navigation system, FleeTrac v2.0-Software Development, FleeTrac ERP v.1.0, Supply Chain Management, Mobility solution for Logistics, Development of Comprehensive CRM & Integration of V-Tel solution on hand held	162,734,687	162,734,687
SCHEDULE 9		
SUNDRY DEBTORS		
Unsecured and considered good	475,5777,529	113,687,364
Debts outstanding for a period exceeding six months	898,508,148	473,276,328
Other debts	1,374,085,677	586,963,692
SCHEDULE 10		
CASH AND BANK BALANCES		
Cash on Hand	4,637,217	14,052,495
Liquid Mutual Fund Account	34,182	34,182
With Scheduled Banks		
In Current Account	1,761,408	136,636
In USD Account	15,125	-
In Fixed Deposit Account	84,337	1,202,833
	6,532,269	15,426,146
SCHEDULE 11		
LOANS AND ADVANCES		
Unsecured and considered good		
Advances recoverable in cash or in kind or for value to be received		
Advances	430,635,199	481,049,586
Escrow Deposits	900,000	900,000
	431,535,199	481,949,586

(Amount in Rs.)

PARTICULARS	Period and Year Ended 31.12.2010	Year Ended 30.06.2009
SCHEDULE 12 CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors		
- Due to small scale industrial undertakings	-	-
- Due to Others	775,791,638	201,137,748
	775,791,638	201,137,748
Provision for Taxation	103,152,887	90,962,887
Proposed Dividend	-	-
	<u>878,944,525</u>	<u>292,100,635</u>
SCHEDULE 13 PRELIMINARY EXPENSES		
IPO Expenses	102,681,086	117,349,813
Research & Development Expenses	19,497,309	29,245,964
	<u>122,178,395</u>	<u>146,595,777</u>
SCHEDULE 14 SALES AND SERVICES		
Telecard Service	232,893,257	398,736,621
BPO Services	206,275,515	262,704,492
Fleetrace Sales	353,487,570	422,148,051
Software Products & Services	-	89,100,921
Trading Activities	400,320,650	-
	1,192,976,992	1,172,690,085
	<u>1,192,976,992</u>	<u>1,172,690,085</u>
SCHEDULE 15 OTHER INCOME		
Dividend Income	678	230,623
Interest Income	7,852	2,950,947
	<u>8,530</u>	<u>3,181,570</u>
SCHEDULE 16 DIRECT EXPENSES		
Telecard:		
Expenses w.r.t Development of Communication Protocols	22,187,029	33,723,466
Pins & Communication Expenses	95,181,573	124,578,003
Channel Distribution Margin & Expenses	14,146,409	26,363,306
	131,515,011	184,664,775
FleeTrac:		
Communication, Development & Distribution Expenses	144,904,270	127,531,707
BPO:		
Outsourcing Cost, Internet Charges & etc.	42,918,213	121,091,140
Software:		
Software Development & Maintenance Expenses	-	28,785,238
Trading:		
Purchases	398,819,400	-
	<u>718,156,894</u>	<u>402,072,860</u>

(Amount in Rs.)

PARTICULARS	Period and Year Ended 31.12.2010		Year Ended 30.06.2009	
SCHEDULE 17				
ADMINISTRATIVE EXPENSES				
Employees Cost	10,315,061		24,720,449	
Consultancy & Professional Charges	625,421		9,575,912	
Rent,Rates and Taxes	25,520,262		15,691,836	
Electricity Charges	1,076,562		3,001,316	
Remuneration to Auditors	1,433,900		1,444,200	
Internet charges	391,588		1,246,578	
Repairs and Maintenance	438,208		4,139,729	
Travelling & Conveyance	998,665		6,308,332	
Staff welfare expenses	220,540		2,592,269	
Postage and Telegrams	102,256		632,938	
Computer Stationery & Consumables	452,711		2,890,712	
Printing and Stationery	311,833		2,252,843	
Directors' Remuneration & Sitting Fees	7,762,925		14,850,000	
Miscellaneous Expenses	1,465,824		3,655,897	
Advertisement & Marketing Expenses	133,133		22,273,794	
Trunks & Telephone charges	599,718		5,311,020	
Bank charges	187,727		1,814,188	
		52,036,333		122,402,012

SCHEDULE 18
COMPUTATION OF EARNING PER SHARE

Issue Date	Period & Year Ended 31.12.2010		Year Ended 30.06.2009	
	No. of Shares	EPS Rs./Share	No. of Shares	EPS Rs./Share
Profit after Tax & before Extraordinary items		Rs.(10,089,136)		Rs.195,713,762
Profit after tax & Extraordinary items		Rs.(10,089,136)		Rs.195,713,762
Shares at Beginning of the Year	17,942,630		17,942,630	
Shares issued	-		-	
Therefore the Wtd. Average Shares	-		-	
Total Wtd. Average Number of Shares	<u>17,942,630</u>		<u>17,942,630</u>	
EPS Annualized before Extraordinary items		(0.37)		10.91
EPS Annualized after Extraordinary items		(0.37)		10.91

CASH FLOW STATEMENT

(Amount in Rs.)

PARTICULARS	Period and Year Ended 31.12.2010	Year Ended 30.06.2009
<u>Cash Flow from Operating Activities</u>		
Profit before interest, tax and extra ordinary item	28,274,623	233,006,670
Adjustment for :-		
Depreciation	370,100,290	333,972,731
Miscellaneous Expenses Written off	24,417,382	24,417,383
<u>Decrease/Increase in Current Assets:</u>		
Sundry Debtors	(787,121,984)	(109,230,809)
Work in Progress	-	(11,339,001)
Inventories	(178,611,689)	(351,045,656)
Loans and Advances	50,414,388	(159,630,409)
Current liabilities and Provisions	574,653,890	46,091,114
Tax Paid	-	-
Net Cash Generated by Operating Activities	82,126,900	6,242,023
<u>Cash Flow from Financing Activities</u>		
Shares & Shares Application Money	358,740,000	-
Share Premium	-	-
Secured Loan	(71,602,474)	80,140,016
Unsecured Loan	-	-
Dividend & Tax thereon	-	-
Financial Expenses	(43,058,343)	(24,033,180)
Miscellaneous Expenses Written off	-	-
Net Cash used in financing Activities	244,079,183	56,106,836
<u>Cash Flow from Investing Activities</u>		
Purchase of Fixed Assets and Change in Capital Work in Progress	-	-
Investments	(335,099,960)	(338,228,542)
Miscellaneous Expenses	-	(8,109,410)
Net Cash used in Investing Activities	(335,099,960)	(346,337,952)
Net Increase in Cash and Cash equivalents during the year	(8,893,877)	(283,989,093)
Cash and Cash Equivalents at the beginning of the year	15,426,146	299,415,239
Cash and Cash Equivalents at the end of the year	6,532,269	15,426,146

As per our report of even date
for **P C ACHARYA & Co.**
Chartered Accountants

By order of the Board

P.C. Acharya
Proprietor
MRN:210719

A D Sudhindra
Director

Capt. D.S.Srinivasan
Managing Director

R. Ramnath
CFO &
Company Secretary

Place: Chennai
Date : 28th February, 2011

SCHEDULE-19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE PERIOD AND YEAR ENDED 31ST DECEMBER 2010

1. Significant Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting principles (“GAAP”), the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the company. All income and expenditure having a material bearing on the Financial Statements are recognized on accrual basis.

The preparation of the financial statements in conformity with Indian GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

1.2 Fixed Assets

Fixed assets are stated at the cost of acquisition, less accumulated depreciation. Direct costs are capitalized till the assets are ready to be put to use. These costs include financing costs relating to specific borrowing (s) attributable to fixed assets as per AS-16 “Borrowing Costs” issued by the Institute of Chartered Accountants of India.

Fixed Assets, are depreciated pro rata to the period of use on the basis of written down value method based on the estimated useful lives as per the following rates prescribed in the Schedule XIV to the Companies Act, 1956, as amended and rules there under:

Descriptions	Rate
Air Conditioner	13.91%
Plant & Machinery-	
Computers & Accessories	40.00%
Flee track Devices	13.91%
Network Operating Equipments	13.91%
Communication Software	40.00%
Electrical Fittings	13.91%
Office Equipment	13.91%
Furniture & Fixtures	18.10%
Vehicles	25.89%
Software	40.00%

1.3 Investments

Long-term investments are carried at cost. No provision is being made for diminution in the value of investments, as they are long-term investments. Investments are accounted as per Accounting Standard 13 “Accounting for Investment “, issued by the Institute of Chartered Accountants of India.

1.4 Foreign Currency Translations

Foreign currency transactions are recorded in the books by applying the exchange rate as on the date of transaction. Fluctuations in the exchange rate transactions are charged to Profit & Loss Account, wherever necessary. In respect of foreign currency transactions in fixed assets, the exchange gain or loss is adjusted in the carrying amount of fixed assets and accordingly depreciation is charged.

1.5 Revenue recognition

Revenue is recognized based on the terms of contracts and passing of title wherever necessary. With respect to Calling Cards and Trading Activities, Sales are recognized on despatch of goods to customers. FleeTrac and BPO revenues are recognized on completion of services and billed.

1.6 Retirement Benefits

The Company has a scheme of provident fund for its employees, registered with the Regional Provident Fund Commissioner, Chennai. The Company also has a scheme of employees' state insurance for its employees, registered with the Employees State Insurance Corporation, Chennai. The Company's contributions to provident fund and employees' state insurance are charged to the Profit and Loss Account.

1.7 Expenditure

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities. Provisions are made for future unforeseeable factors, which may affect the ultimate profit on fixed price.

1.8 Depreciation

Depreciation on fixed assets is provided using the written down value method at the rates specified in schedule XIV to the Companies Act, 1956, as amended. Depreciation is charged on a Pro-rata basis for assets purchased / sold during the year. Individual assets costing less than Rs. 5000/- are depreciated in full in the year of purchase.

1.9 Research and Development

Research and Development expenditure on the communications & telematic projects is accumulated for writing off in future years. Research and Development expenditure incurred during the year on software development, product development, product testing etc., is charged to revenue.

1.10 Stocks and Work in Progress

Stocks of Cards are valued at Cost and on FIFO basis and include all applicable overheads in bringing the inventories to their present location and condition. Work in progress in respect of GIS Development, Development of In-Vehicle navigation system, Flee Trac v2-0-Software Development, FleeTrac ERP v.1.0, Supply Chain Management, Mobility solution for logistics, Development of Comprehensive CRM & Integration of V-Tel solution on hand held , etc is valued at Cost.

1.11 Segment Accounting

The accounting policies adopted for Segment reporting are in line with the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

- a. The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.
- b. Segment revenue and segment results include transfers between business segments. Such transfers are accounted for at a competitive market price and such transfers are eliminated in the consolidation of the segments.
- c. Expenses that are directly identifiable to segments are considered for determining the segment result. Expenses, which relate to the Company as a whole and are not allocable to segments, are included under unallocated corporate expenses.
- d. Segments assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

1.12 Miscellaneous Expenditure

Miscellaneous expenses viz., Research and Development Expenditures are amortised over a period of 5 years, whereas Public Issue Expenses are amortised over a period of 10 years.

1.13 Taxes on Income

Provision for income tax is made based on the rates and methods provided under the Income Tax Act 1961, based on the tax liability as computed after taking credit for allowances and exemptions.

Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised as per AS-22 "Accounting for Taxes on income" issued by the Institute of Chartered Accountants of India.

1.14 Earning Per Share

Profit after Tax of a particular reporting period is used as the earnings figure for the purpose of calculating Earning per Share. Basic Earning per Share has been computed by dividing Profit after Tax by the weighted average number of Shares outstanding for the year. Using the weighted average number of Shares and dilutive potential equity shares outstanding the year the diluted earning per share is arrived at as per AS-20 "Earning per Share" issued by the Institute of Chartered Accountants of India.

1.15 Impairment of Assets

Impairment will be provided as and when required based on Management discussion.

2. Notes on Accounts

- a. Though the books of account have incorporated the major entries in respect of Trading Activities viz., the new segment incorporated in the last quarter of the financial period & year ended 31st December, 2010, the key reconciliations and control accounts of receivables and payables in respect of all segments including especially the whole receivables and payables of trading activities segment are yet to be confirmed by the concerned parties, the effect of which is not quantifiable. The company has recognized revenues and expenses as it is confident of the reconciliations of the same.
- b. Stock and WIP valuation has been done by us, but not subject to separate audit by the statutory auditors.

2.1 Share Capital

Particulars	31 st December 2010		30 th June 2009	
	Number	Value Rs.	Number	Value Rs.
Closing Balance as of	179,42,630	17,94,26,300	179,42,630	17,94,26,300

2.2 Secured loans

Secured loans from banks and others are secured by hypothecation of UPS, Computers, Networking Equipment, Telephone Softwares, Furnitures and Fixtures, Office Equipments; etc arising out of such loan proceeds on a first and exclusive charge basis. Cash Credit is secured against hypothecation of Stocks and Receivables.

2.3 Retirement Benefits

The Company has a scheme of provident fund for its employees, registered with the Regional Provident Fund Commissioner, Chennai. The Company also has a scheme of employees' state insurance for its employees, registered with the Employees State Insurance Corporation, Chennai. The company had no voluntary retirement scheme during the period and year under report. None of the employees have completed five years, hence gratuity has not been provided. Leave encashment is provided as and when paid for.

2.4 Managerial remuneration paid to the Directors

(Rs. in Lakhs)

Particulars	2009-10	2008-09
Total remuneration paid to the Directors.	72.00	144.00

2.5 Auditors' remuneration

(Rs. in Lakhs)

Particulars	2009-10	2008-09
a) Audit Fees	14.34	14.44
Total	14.34	14.44

2.6 Quantitative Details

The company is engaged in the provision and services of Global calling Cards and development and maintenance of software, FleeTrac, BPO services and Trading Activities sales. The sales and services of such calling cards, software, FleeTrac, BPO and Trading activities cannot be expressed in any generic unit. It is not possible to give the quantity details of production and other information as required under the paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956. The services of calling cards are Rs. 23,28,93,257/- (Rs.39,87,36,621/-), for software services Rs. Nil (Rs. 8,91,00,921/-), for FleeTrac Services Rs. 35,34,87,570/- (Rs. 42,21,48,051/-), for BPO services Rs. 20,62,75,515/- (Rs. 26,27,04,492/-), for Trading sales Rs. 40,03,20,650/- (Rs. Nil) and for other income Rs. 8,530/- (Rs. 31,81,570/-).

2.7 Deferred Tax Movement

The net deferred tax liability/(assets) of Rs. 24,53,101/- as at 31st December, 2010 (Previous Year- Rs. 1,93,37,685/- deferred tax liability) has arisen on account of the following:

(Rs. in Lakhs)

Nature- (Asset/ Liability)	As at 30.06.2009	Charged/ (Credited) to P & L	As at 31.12.2010
Deferred Tax Liabilities:			
Difference between the written down value of assets as per Book of Accounts and the Income Tax Act, 1961	296.28	-	296.28
Total (A)	296.28	-	296.28
Deferred Tax Assets:			
Difference between the written down value of assets as per Book of Accounts and the Income Tax Act, 1961	102.90	168.85	271.75
Total (B)	102.90	168.85	271.75
Net Deferred Tax Liability (A-B)	193.38	(168.85)	24.53

2.8 Segment Information

The Company's operations are organized into five major divisions – Telecom, Software, FleeTrac, BPO services and new segment viz., Trading sales during the current fiscal year under report. Accordingly, these divisions comprise the primary basis of segmental information. The segment information for the year ended 31st December, 2010 is as follows:

SEGMENT REPORTING (Rs. in Lakhs)

		Year ended 31.12.2010	Year ended 30.06.09
1	Segment Revenue:		
	Telecom	2328.93	3987.37
	Software	-	891.01
	Fleetrac	3534.88	4221.48
	BPO	2062.75	2627.04
	Trading Activities	4003.21	-
	Sub Total	11929.77	11726.90
	Other Income	0.09	17.76
	Total	11929.86	11744.66
	Less: Inter/Intra Segment Sales	-	-
	Net Sales	11929.86	11744.66
2	Segment Results (Profit before Tax and Interest)		
	Telecom	595.93	1550.18
	Software	-	89.27
	Fleetrac	(1077.90)	143.47
	BPO	993.87	791.32
	Trading Activities	15.01	-
	Total	526.91	2574.24
Less	i) Interest & Finance Charges	430.58	240.33
	ii) Other un-allocable expenditure	244.17	244.17
	Profit before Tax	(147.84)	2089.74
3	Capital Employed (Segment Assets-Segment Liabilities)		
	Telecom	8031.75	7036.03
	Software	1103.99	1456.64
	Fleetrac	15609.99	15836.10
	BPO	1567.08	1839.96
	Trading Activities	235.61	-
	Un-allocated	4586.08	1235.08
	Total	31134.50	27403.81

2.9 Disclosure in respect of Related Parties pursuant to Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

Names of related parties and description of relationship:

Sl. No.	Name of the Key Management Personnel/Relatives	Relationship
I	Subsidiary Companies	
I.a.	Dhanus Global Medicare Ltd.	Wholly-Owned Subsidiary Company
I.b.	Dhanus Technologies Inc., USA	Wholly-Owned Subsidiary Company
2.	Sree Sella Infrastructure & Projects Limited	Directors are Interested in the Company
3.	RR High Energetics Limited	Directors are Interested in the Company
II	Key Management Personnel	
1	Mr A D Sudhindra	Director (Non-Executive Chairman)
2	Mr S Muthukrishnan	Director
3	Mr. V Narayanaswamy	Director
4	Capt. D S Srinivasan	Managing Director

Disclosure of transaction between the company and related parties for the Year ended 31.12.2010

(Rs. in Lakhs)

Sl. No.	Name of related Party	Nature of transaction	Amounts
1	Dhanus Global Medicare Ltd.	Investment	281.35
2	Dhanus Technologies Inc., USA	Investment	954.74
3	Dhanus Technologies Inc., USA	Current Receivables	63.56
4	Dhanus Technologies Inc., USA	Long Term Receivables	47.20
5	Sree Sella Infrastructure & Projects Ltd.	Directors are interested in the Company (ICD)	668.74
6	R R High Energetics Limited	Directors are Interested in the Company (Loan)	146.85
7	Mr. A.D. Sudhindra	Remuneration & Allowances	18.00
8	Mr. S. Muthukrishnan	Remuneration & Allowances	18.00
9	Mr. V. Narayanaswamy	Remuneration & Allowances	18.00
10	Capt. D.S. Srinivasan	Remuneration & Allowances	18.00

2.10 Dues to Small –Scale Industrial undertakings

Amounts due to Small Scale Industries under Current Liabilities is based on the information available with the company regarding the status of the suppliers as defined under the “Micro, Small and Medium Enterprises Development Act, 2006”. Amounts overdue as on 31st December, 2010 to Micro, Small and Medium Enterprises on account of principal and interest is Rs. Nil (Rs. Nil)

- 2.11 The Term Loan balances from IFCI Venture Capital Funds Ltd. is subject to confirmation by the IFCI Venture Capital Funds Ltd. as on 31st December, 2010.
- 2.12 The Sundry Debtors and Creditors balances of parties are subject to confirmation by the parties.
- 2.13 The inventories and work in progress are shown at the value as certified by the management.
- 2.14 Loans, Advances and Sundry Debtors stated in the balance sheet, in the opinion of the management, are realizable in the ordinary course of business.
- 2.15 As of December 31, 2010, the Contingent Liabilities are as follows:
- Income Tax Liability amounting to Rs. 5,77,06,713
Assessment Year 2006-07
Appeal before CIT (Appeal), Chennai
 - Income Tax Liability amounting to Rs. 20,09,19,372/-
Assessment Year 2007-08
Appeal before CIT (Appeal), Chennai
 - Income Tax Liability amounting to Rs. 40,37,00,490/-
Assessment Year 2008-09
Appeal before CIT (Appeal), Chennai

2.16 Foreign Exchange earnings and outgo:

Earnings in Foreign Currency	Rs. Nil (Rs. 3,83,37,873/-)
Foreign Currency outflow	Rs. Nil (Rs. 3,94,88,257/-)

2.17 Amount remitted during the year in foreign currency on account of dividends- Nil (Nil)

2.18 Balance sheet abstract and general business profile as per part IV of schedule VI to the Companies Act, 1956 is annexed here to and forms an integral part of the annual accounts.

2.19 Previous period/year figures have been regrouped / recast wherever necessary to conform to the classification of the current period/year figures.

A.D. Sudhindra
Director

Capt. D.S. Srinivasan
Managing Director

R. Ramnath
CFO & Company
Secretary

Place: Chennai
Date : 28 February 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As per Schedule VI, Part IV of the Companies Act, 1956)

I.	Registration Details		
	Registration No.	:	L72300TN1993PLC024748
	State Code	:	18
	Balance Sheet Date	:	31.12.2010
II.	Capital raised during the year (Amount in Rs. Thousands)		
	Public Issue	:	Nil
	Rights Issue	:	Nil
	Bonus Issue	:	Nil
	Private Placement	:	Nil
III.	Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)		
	Total Liabilities	:	3367273
	Total Assets	:	3367273
	Sources of Funds		
	Paid up Capital	:	179426
	Share Application Money	:	358740
	Reserves & Surplus	:	2697462
	Secured Loans	:	129192
	Unsecured Loans	:	Nil
	Deferred Tax Liability	:	2453
	Application of Funds		
	Net Fixed Assets	:	1031373
	Investments	:	458608
	Net Current Assets	:	1755114
	Misc. Expenses	:	122178
	Accumulated Losses	:	Nil
IV.	Performance of Company (Amount in Rs. Thousands)		
	Turnover	:	1192986
	Total Expenditure	:	1207769
	(+)Profit/(-)Loss Before Tax	:	14784 (-)
	(+)Profit/(-) Loss After Tax	:	10089 (-)
	(Please tick appropriate box +for profit,-for loss)		
	Earnings Per Share in Rs.	:	(0.37)
	Dividend Rate %	:	Nil
V.	Generic Names of Three Principal Products/Services of Company (as per monetary terms)		
	Item Code No.	:	
	(ITC Code) (ITC Code)		
	Product Description	:	Telecom, Telematics
	Item Code No.	:	
	(ITC Code) (ITC Code)		
	Product Description	:	IT & IT Enabled Services
	(ITC Code) (ITC Code)		
	Product Description	:	Trading Activities

Place: Chennai
Date : 28 February 2011

A D Sudhindra
Director

Capt. D S Srinivasan
Managing Director

R Ramnath
CFO & Company Secretary

AUDITORS' REPORT

TO THE MEMBERS OF DHANUS TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

We have audited the attached consolidated Balance Sheet of Dhanus Technologies Limited and its subsidiaries as at 31st December, 2010 and also the related Profit and Loss account and the Cash flow statement for the period then ended. 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.

The financial statements of the holding company namely Dhanus Technologies Limited is audited by us for the year ended 31st December, 2010 and its Indian subsidiary namely Dhanus Global Medicare Limited is audited by us for the year ended 30th June 2009 and thus consolidated.

The financial statements of USA subsidiary namely Dhanus Technologies Inc., unaudited results as reviewed and certified by the management for the period ended 31st December, 2010 is considered by us for the consolidation purposes.

Based on the information furnished and certified by the management, we conducted our audit in accordance with generally accepted auditing standards 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 misstatements. 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.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India **subject to note no 2 a to c of schedule 19**, on the basis of the individual financial statements of Dhanus Technologies Limited and its subsidiary companies included in the aforesaid consolidation.

On the basis of the information and explanations given to us, and on consideration of the separate individual financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements read together with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India **except for**

- a) **AS-6 – "Depreciation", AS-9 – "Revenue Recognition", AS-10 – "Fixed Assets", AS-22 – "Deferred Taxes" and AS-28 – "Impairment of Assets".**
- b) **Non application of AS-28 to the value of assets, the effect of which is not quantifiable from a mark to market perspective. Also tests of impairment, ownership and valuation of new and pre-existing fixed assets are under completion and we are unable to express opinion on the same.**
- c) **Investments in, M/s Borusan Limited, Turkey amounting to 1 million USD and M/s. Srevan Infocom amounting to Rs. 2,50,00,000/-, is, in our opinion, irrecoverable.**
 - (i) in the case of consolidated Balance Sheet, the state of affairs of the company and its subsidiaries as at 31st December, 2010,
 - (ii) in the case of the consolidated Profit & Loss Account, the consolidated results of operations of the company and its subsidiaries for the year ended 31st December, 2010,
 - (iii) in the case of consolidated cash flow statement, the consolidated cash flows of the company and its subsidiaries for the year ended December 31, 2010.

For P C ACHARYA & Co
Chartered Accountants

P C ACHARYA
Proprietor
MRN: 210719

Place : Chennai
Date : 28th February, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2010

(Amount in Rs.)

Particulars	Schedule	As on 31.12.2010		As on 30.06.2009
I Sources of Funds:				
<u>Shareholders' Funds</u>				
Share Capital	1	538,166,300		179,426,300
Reserves & Surplus	2	2,611,483,917		2,623,513,081
			3,149,650,217	2,802,939,381
<u>Loan Funds</u>				
Secured Loans	3	129,192,489		200,794,963
Unsecured Loans	4	-		-
Deferred Tax Liability/(Asset)		2,035,231		18,977,285
Total			3,280,877,937	3,022,711,629
II Application of Funds:				
<u>Fixed Assets</u>				
Gross Block	5	2,039,792,453		2,039,792,453
Less: Accumulated Depreciation		1,003,813,598		631,930,545
Net Block			1,035,978,855	1,407,861,908
Capital Work-in-Progress			13,944,054	13,944,054
Investments	6		355,485,918	21,771,130
<u>Current Assets, Loans & Advances</u>				
Stock in Trade	7	662,385,485		483,773,795
Work-in-Progress	8	162,734,687		162,734,687
Sundry Debtors	9	1,397,009,908		577,753,192
Cash and Bank Balances	10	6,538,697		15,437,498
Loans and Advances	11	419,012,137		489,325,465
		2,647,680,914		1,729,024,637
Less: Current Liabilities & Provisions	12	894,516,571		296,738,622
<u>Net Current Assets</u>			1,753,164,343	1,432,286,015
<u>Miscellaneous Expenditure</u> (to the extent not written off or adjusted)				
Miscellaneous Expenses	13		122,304,767	146,848,522
Total			3,280,877,937	3,022,711,629

Notes on Accounts 19
Schedules 1 to 19 forming part of the Accounts

As per our report of even date
for **P C ACHARYA & Co.**
Chartered Accountants

By order of the Board

P.C. Acharya
Proprietor
MRN:210719

A D Sudhindra
Director

Capt. D.S.Srinivasan
Managing Director

R. Ramnath
CFO &
Company Secretary

Place: Chennai
Date : 28th February, 2011

CONSOLIDATED PROFIT & LOSS ACCOUNT
for the period & year ended 31st December 2010

(Amount in Rs.)

PARTICULARS	Schedule	Year Ended 31.12.2010		Year Ended 30.06.2009	
Income					
Sales & Services	14	1,192,976,992		1,172,690,085	
Other Income	15	8,530	1,192,985,522	3,181,570	1,175,871,655
Less: Intersegment Sales			-		-
Total Revenue			1,192,985,522		1,175,871,655
Expenditure					
Direct Expenses	16	718,156,894		462,072,860	
Administrative Expenses	17	52,251,070		122,739,985	
Research and Development Expenses W/off		9,748,655		9,748,655	
IPO Expenses W/off		14,668,727		14,668,727	
Interest Cost		43,058,343		24,033,179	
Depreciation	5	371,883,053		336,103,598	
Total Expenses			1,209,766,742		969,367,004
Profit Before Tax & Extraordinary Items			(16,781,220)		206,504,651
Less: Extraordinary Expenses			-		-
Profit Before Taxation			(16,781,220)		206,504,651
Provision for Taxation:					
Current Tax		12,190,000		13,460,000	
Deferred Tax		(16,942,056)		(2,575,479)	
Fringe Benefits Tax		-		2,284,578	
Total Tax			(4,752,056)		13,169,099
Profit after Tax			(12,029,164)		193,335,552
Balance Brought Forward from Previous Years			968,579,176		775,243,624
Balance of Profit available for Appropriation			956,550,012		968,579,176
Appropriation					
Dividend on Equity Shares (including dividend tax)			-		-
Transfer to General Reserve			-		-
Balance Carried Over to Balance Sheet			956,550,012		968,579,176
			956,550,012		968,579,176
Basic and Diluted earnings per share of face value of Rs.10 each before Extraordinary Items (in Rs.)	18		(0.45)		10.78
Basic and Diluted earnings per share of face value of Rs.10 each after Extraordinary Items (in Rs.)	18		(0.45)		10.78
Notes on Accounts	19				

Schedules 1 to 19 forming part of the Accounts

As per our report of even date

for **P C ACHARYA & Co.**

Chartered Accountants

By order of the Board

P.C. Acharya
Proprietor
MRN:210719

A D Sudhindra
Director

Capt. D.S.Srinivasan
Managing Director

R. Ramnath
CFO &
Company Secretary

Place: Chennai

Date : 28th February, 2011

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Amount in Rs.)

PARTICULARS	31.12.2010	30.06.2009
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED:		
60,00,00,000 Equity Shares of Rs 10/- each	6,000,000,000	400,000,000
(4,00,00,000 Equity Shares of Rs 10/- each)		
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
179,42,630 (179,42,630) Equity shares of Rs 10/- each	179,426,300	179,426,300
(Of the above 16,00,000 shares are allotted as fully paid up pursuant to a contract of acquisition of asset from 3 Directors for consideration other than cash)		
(Of the above 2,25,600 shares are allotted as fully paid up by way of Bonus Shares out of accrued cash resources)		
Share Application Money	358,740,000	-
	538,166,300	179,426,300
SCHEDULE 2		
RESERVES AND SURPLUS		
General Reserve	75,000,000	75,000,000
Share Premium	1,579,933,905	1,579,933,905
Surplus from Profit and Loss Account	956,550,012	968,579,176
	2,611,483,917	2,623,513,081
SCHEDULE 3		
SECURED LOANS		
Term Loan- UCO Bank	-	49,899,304
(Secured against Hypothecation of Computers, Telephone Softwares, Furniture & Fixtures, Office Equipments, etc arising out of such loan proceeds on a first and exclusive charge basis)		
Cash Credit- UCO Bank	114,507,727	123,395,659
(Secured against Hypothecation of Stocks and Sundry Debtors)		
Term Loan- IFCI Venture Capital Funds Ltd.	14,684,762	27,500,000
(Secured against Hypothecation of Promoters and Promoters' Group Shares and measuring 251.23 acres of land of R R High Energetics Ltd.)		
	129,192,489	200,794,963
SCHEDULE 4		
UNSECURED LOANS		
Loans from Extermark Communication	-	-
Loans from Directors	-	-
	-	-

Schedule - 5 Fixed Assets

(Amount in Rs.)

Particulars	Gross Block			Depreciation Block			Net Block		
	Cost as on 30/06/2009	Additions	Deletions	Cost as on 31/12/2010	Depreciation upto 30/06/2009	Deletion for the year	Depreciation upto 31/12/2010	as on 31/12/2010	as on 30/06/2009
Plant & Machinery:-									
Computers & Accessories	224,885,185	-	-	224,885,185	128,800,102	45,065,600	173,865,702	51,019,483	96,085,083
Network Operating Centre Equipments & Devices	791,767,785	-	-	791,767,785	121,085,409	128,642,886	249,728,295	542,039,490	670,682,376
FleeTrac Data Storage Server Units	389,882,854	-	-	389,882,854	64,381,064	62,434,159	126,815,223	263,067,631	325,501,790
Fleetrack Communication Software	503,516,647	-	-	503,516,647	256,011,922	116,210,969	372,222,891	131,293,756	247,504,725
Furniture & Fixtures	22,042,776	-	-	22,042,776	6,744,079	4,264,441	11,008,520	11,034,256	15,298,697
Office Equipments	24,410,923	-	-	24,410,923	7,845,436	3,133,237	10,978,673	13,432,250	16,565,487
Medical Equipments	8,974,448	-	-	8,974,448	3,337,806	1,127,328	4,465,134	4,509,314	5,636,642
Software	51,560,234	-	-	51,560,234	35,334,438	7,618,503	42,952,941	8,607,293	16,225,796
Electrical Fittings	12,846,738	-	-	12,846,738	3,806,352	1,732,947	5,539,299	7,307,439	9,040,386
Air Conditioner	1,510,716	-	-	1,510,716	734,812	146,587	881,399	629,318	775,905
Vehicle	8,394,147	-	-	8,394,147	3,849,126	1,506,395	5,355,521	3,038,626	4,545,021
TOTAL	2,039,792,453	-	-	2,039,792,453	631,930,545	371,883,053	1,003,813,598	1,035,978,855	1,407,861,908
Previous Year	1,738,754,075	338,228,542	37,190,164	2,039,792,453	299,760,896	336,103,598	631,930,545	1,407,861,908	1,438,993,179

PARTICULARS	31.12.2010	30.06.2009
SCHEDULE 6		
i. 50,000 (Nil) equity shares of Rs.10 each in Merchant Agrimart India Pvt. Ltd. (Unlisted, Unquoted)	2,500,000	-
ii. 1,37,500 (Nil) equity shares of Rs.10 each in Mainstream Commosales Pvt. Ltd. (Unlisted, Unquoted)	27,500,000	-
iii. 1,35,000 (Nil) equity shares of Rs.10 each in Center Dealers Pvt. Ltd. (Unlisted, Unquoted)	27,000,000	-
iv. 1,25,000 (Nil) equity shares of Rs.10 each in Midway Tradelink Pvt. Ltd. (Unlisted, Unquoted)	25,000,000	-
v. 1,52,500 (Nil) equity shares of Rs.10 each in Midpoint Tradelink Pvt. Ltd. (Unlisted, Unquoted)	30,500,000	-
vi. 52,000 (Nil) equity shares of Rs.10 each in Jayalalita Commodities Pvt. Ltd. (Unlisted, Unquoted)	13,000,000	-
vii. 80,000 (Nil) equity shares of Rs.10 each in Gateway Textile Traders Pvt. Ltd. (Unlisted, Unquoted)	20,000,000	-
viii. 1,00,000 (Nil) equity shares of Rs.10 each in SSK Trading Pvt. Ltd. (Unlisted, Unquoted)	10,000,000	-
ix. 1,50,000 (Nil) equity shares of Rs.1 each in Kartik Creative Consultants Pvt. Ltd. (Unlisted, Unquoted)	30,000,000	-
x. 70,000 (Nil) equity shares of Rs.10 each in V And R Yarns Pvt. Ltd. (Unlisted, Unquoted)	17,500,000	-
xi. 80,000 (Nil) equity shares of Rs.10 each in Radford Real Estate Pvt. Ltd. (Unlisted, Unquoted)	20,000,000	-
xii. 20,000 (Nil) equity shares of Rs.10 each in Yadon Constructions Pvt. Ltd. (Unlisted, Unquoted)	5,000,000	-
xiii. 50,000 (Nil) equity shares of Rs.10 each in Tanish Homes & Construction Pvt. Ltd. (Unlisted, Unquoted)	5,000,000	-
xiv. 34,000 (Nil) equity shares of Rs.10 each in Ethan Construction Pvt. Ltd. (Unlisted, Unquoted)	8,500,000	-
xv. 30,000 (Nil) equity shares of Rs.10 each in Aristo Media & Entertainment Pvt. Ltd. (Unlisted, Unquoted)	7,500,000	-
xvi. 20,000 (Nil) equity shares of Rs.10 each in Akansha Media & Entertainment Pvt. Ltd. (Unlisted, Unquoted)	5,000,000	-
xvii. 18,000 (Nil) equity shares of Rs.10 each in Adila Traders Pvt. Ltd. (Unlisted, Unquoted)	4,500,000	-

(Amount in Rs.)

PARTICULARS	31.12.2010		30.06.2009	
xviii. 15,000 (Nil) equity shares of Rs.10 each in Naturalle Leisure & Resorts Pvt. Ltd. (Unlisted, Unquoted)		1,500,000		-
xix. 3,00,000 (Nil) equity shares of Rs.10 each, Rs. 5 paid-up, in Rajkamal Motors (I) Pvt. Ltd. (Unlisted, Unquoted)		75,000,000		-
xx. Investment in Dhanus Health care		20,485,918		21,771,130
		355,485,918		21,771,130
SCHEDULE 7				
STOCK IN TRADE				
Stock of cards				
V-Tel Cards	326,483,500		236,874,500	
FleeTrac Devices	332,687,347		243,684,657	
Medicare Stocks	3,214,638		3,214,638	
		662,385,485		483,773,795
SCHEDULE 8				
WORK-IN-PROGRESS				
GIS Development, Development of In-Vehicle navigation system, FleeTrac v2.0-Software Development, FleeTrac ERP v.1.0, Supply Chain Management, Mobility solution for Logistics, Development of Comprehensive CRM & Integration of V-Tel solution on hand held		162,734,687		162,734,687
		162,734,687		162,734,687
SCHEDULE 9				
SUNDRY DEBTORS				
Unsecured and considered good				
Debts outstanding for a period exceeding six months		498,501,760		104,476,864
Other debts		898,508,148		473,276,328
		1,397,009,908		577,753,192
SCHEDULE 10				
CASH AND BANK BALANCES				
Cash on Hand		4,643,645		14,063,847
Liquid Mutual Fund		34,182		34,182
With Scheduled Banks				
In Current Account		1,761,408		136,636
In USD Account		15,125		-
In Fixed Deposits Account		84,337		1,202,833
		6,538,697		15,437,498
SCHEDULE 11				
LOANS AND ADVANCES				
Unsecured and considered good				
Advances recoverable in cash or in kind or for value to be received				
Advances	418,112,137		488,425,465	
Escrow Deposits	900,000		900,000	
		419,012,137		489,325,465

(Amount in Rs.)

PARTICULARS	Year Ended 31.12.2010		Year Ended 30.06.2009	
SCHEDULE 12				
CURRENT LIABILITIES AND PROVISIONS				
Sundry Creditors				
- Due to small scale industrial undertakings	-		-	
- Due to Others	790,663,684		205,075,735	
		790,663,684		205,075,735
Provision for Taxation		103,852,887		91,662,887
Proposed Dividend		-		-
		894,516,571		296,738,622
SCHEDULE 13				
PRELIMINARY EXPENSES				
Research & Development and Pre-Operative Expenses		19,623,681		29,498,709
IPO Expenses		102,681,086		117,349,813
		122,304,767		146,848,522
SCHEDULE 14				
SALES AND SERVICES				
Telecard Service	232,893,257		398,736,621	
BPO Services	206,275,515		262,704,492	
Software Products & Services	-		89,100,921	
FleeTrac Services	353,487,570		422,148,051	
Trading Activities	400,320,650	1,192,976,992	-	1,172,690,085
		1,192,976,992		1,172,690,085
SCHEDULE 15				
OTHER INCOME				
Interest Income	7,852		2,950,947	
Dividend Income	678		230,623	
		8,530		3,181,570
SCHEDULE 16				
DIRECT EXPENSES				
Expenses w.r.t Development of Communication Protocols	22,187,029		33,723,466	
Pins & Communication Expenses	95,181,573		124,578,003	
Channel Distribution Margin & Expenses	14,146,409		26,363,306	
FleeTrac Expenses	144,904,270		127,531,707	
BPO Related Expenses	42,918,213		121,091,140	
Software Development & Maintenance Expenses	-		28,785,238	
Trading Activities	398,819,400		-	
		718,156,894		462,072,860

(Amount in Rs.)

PARTICULARS	Year Ended 31.12.2010		Year Ended 30.06.2009	
SCHEDULE 17				
ADMINISTRATIVE EXPENSES				
Employees Cost	10,352,185		24,763,181	
Consultancy Charges	625,421		9,575,912	
Rent,Rates and Taxes	25,546,610		15,716,270	
Electricity Charges	1,080,943		3,007,188	
Remuneration to Auditors	1,443,900		1,454,200	
Repairs and Maintenance	438,208		4,139,729	
Travelling & Conveyance	1,007,309		6,322,658	
Staff welfare expenses	222,407		2,594,555	
Postage and Telegrams	102,256		632,938	
Computer Stationery & Consumables	452,711		2,890,712	
Printing and Stationery	311,833		2,252,843	
Directors' Remuneration	7,762,925		14,850,000	
Miscellaneous Expenses	1,857,412		4,902,475	
Telephone charges	599,718		5,311,020	
Bank charges	187,727		1,926,139	
Advertisement & Logistics	133,133		22,273,794	
Preliminary expenses written off	126,373		126,373	
		52,251,070		122,739,985
SCHEDULE 18				
COMPUTATION OF EARNING PER SHARE				
Profit after Tax & before Extraordinary Items		(12,029,164)		193,335,552
Profit after Tax & Extraordinary Items		(12,029,164)		193,335,552
Shares at Beginning of Year		17,942,630		17,942,630
Date of Issue of Shares		-		-
Therefore the Wtd.Average Shares		-		-
Total Wtd.Average Number of Shares		17,942,630		17,942,630
Annualised EPS before Extraordinary items		(0.45)		10.78
Annualised EPS after Extraordinary items		(0.45)		10.78

CONSOLIDATED CASH FLOW STATEMENT

(Amount in Rs.)

PARTICULARS	Year Ended 31.12.2010	Year Ended 30.06.2009
Cash Flow from Operating Activities		
Profit before interest, tax and extra ordinary items	26,277,123	230,537,830
Adjustment for :-		
Depreciation charged to P&L Account	371,883,053	336,103,598
Miscellaneous Expenses Written off	24,543,755	24,543,755
Decrease/Increase in Current Assets:		
Sundry Debtors	(819,256,715)	(79,219,896)
Work in Progress	-	(11,339,001)
Inventories	(178,611,690)	(351,045,657)
Loans and Advances	70,313,328	(166,016,077)
Current Liabilities and Provisions	585,587,949	38,253,883
Taxation	-	-
Net Cash Generated by Operating Activities	80,736,804	21,818,435
Cash Flow from Financing Activities		
Shares & Share Application Money	358,740,000	-
Share Premium	-	-
Secured Loan	(71,602,474)	69,530,036
Unsecured Loan	-	(49,508,409)
Dividend & Tax	-	-
Financial Expenses	(43,058,343)	(24,033,179)
Extraordinary Items	-	-
Miscellaneous Expenses Written off	-	-
Net Cash used in financing Activities	244,079,183	(4,011,552)
Cash Flow from Investing Activities		
Purchase of Fixed Assets and Change in Capital Work in Progress	-	(296,272,946)
Investments	(333,714,788)	(7,926,400)
Miscellaneous Expenses	-	-
Net Cash used in Investing Activities	(333,714,788)	(304,199,346)
Net Increase in Cash and Cash equivalents during the year	(8,898,801)	(286,392,462)
<i>Cash and Cash Equivalents at the beginning of the year</i>	15,437,498	301,829,960
<i>Cash and Cash Equivalents at the end of the year</i>	6,538,697	15,437,498

Notes :

The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash Flow Statement" and Accounting Standard - 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. The figures of the previous year have been regrouped and rearranged wherever necessary.

By order of the Board

Place: Chennai
Date : 28th February, 2011

A D Sudhindra
Director

Capt. D.S.Srinivasan
Managing Director

R. Ramnath
*CFO &
Company Secretary*

AUDITOR'S CERTIFICATE

We have examined the attached consolidated Cash Flow Statement of Dhanus Technologies Limited in accordance with the requirements of Accounting Standard - 3 "Cash Flow Statement" and Accounting Standard - 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

for P C ACHARYA & Co.
Chartered Accountants

Place: Chennai
Date : 28th February, 2011

P.C. Acharya
Proprietor
MRN:210719

SCHEDULE-19

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Consolidated Significant Accounting Policies

1.1. Basis of preparation of financial statements

The consolidated financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting principles (“GAAP”), the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the company. All income and expenditure having a material bearing on the Financial Statements are recognized on accrual basis. The financial statements of the wholly owned foreign subsidiary company have been prepared in compliance with the United States generally accepted accounting standards.

The financial statements of the holding company and its subsidiaries used in the consolidation are drawn up to the reporting period as per the Principles of Consolidation mentioned below in Para 1.3.

1.2. Use of Estimates

The preparation of the consolidated financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

1.3 Principles of Consolidation

The consolidated financial statements of the parent company and its subsidiary have been consolidated using uniform accounting policies on a line by line basis by adding together in the book values of like items of Assets, Liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and the on realize profits in accordance with Accounting Standard 21 on consolidated financial statement issued by the Institute of Chartered Accountants of India.

In accordance with Accounting Standard 21 “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India the consolidated financial statements of Dhanus Technologies Limited include the financial statements of all subsidiaries which are more than 50% owned and controlled as follows:

Name of Subsidiary	Country of Incorporation	% holding
Dhanus Global Medicare Limited	India	100%
Dhanus Technologies Inc.	USA	100%

The reporting dates for the consolidated accounts are as under:

Dhanus Technologies Limited – Parent Company	31 st December 2010
Dhanus Global Medicare Limited	30 th June 2010
Dhanus Technologies Inc.	31 st December 2010

1.4 Fixed Assets

Fixed assets are stated at the cost of acquisition, less accumulated depreciation. Direct costs are capitalized till the assets are ready to be put to use. These costs include financing costs relating to specific borrowing(s) attributable to fixed assets as per AS-16 "Borrowing Costs" issued by the Institute of Chartered Accountants of India. Capital Work-in-progress is stated at cost.

In respect to Dhanus Technologies Inc., USA, the fixed assets acquisition cost includes mortgage and other fees associated with the acquisition and have been capitalized accordingly.

1.5 Foreign Currency Translations

Foreign currency transactions are recorded in the books by applying the exchange rate as on the date of transaction. Fluctuations in the exchange rate transactions are charged to Profit & Loss Account, wherever necessary. In respect of foreign currency transactions in fixed assets, the exchange gain or loss is adjusted in the carrying amount of fixed assets and accordingly depreciation is charged.

1.6 Revenue recognition

Revenue is recognized based on the terms of contracts and passing of title wherever necessary. With respect to Calling Cards and Trading Activities, Sales are recognized on despatch of goods to customers. FleeTrac, BPO and Medicare revenues are recognized on completion of services and billed.

The revenues of USA Subsidiary are recognized based on the terms of contracts and the service revenues are recognized at the time of completion of service.

1.7 Retirement Benefits

The Company has a scheme of provident fund for its employees, registered with the Regional Provident Fund Commissioner, Chennai. The Company also has a scheme of employees' state insurance for its employees, registered with the Employees State Insurance Corporation, Chennai. The Company's contributions to provident fund and employees' state insurance are charged to the Profit and Loss Account.

1.8 Expenditure

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities. Provisions are made for future unforeseeable factors, which may affect the ultimate profit on fixed price.

1.9 Depreciation

Depreciation on fixed assets is provided using the written down value method at the rates specified in schedule XIV to the Companies Act, 1956, as amended. Depreciation is charged on a Pro-rata basis for assets purchased / sold during the year. Individual assets costing less than Rs. 5000/- are depreciated in full in the year of purchase.

The fixed assets of the USA Subsidiary are depreciated on a straight line basis over the estimated useful life of the assets ranging from five to thirty years.

1.10 Research and Development

Research and Development expenditure on the proposed communications & telematic projects is accumulated for writing off in future years. Research and Development expenditure incurred during the year on software development, product development, product testing etc., is charged to revenue.

1.11 Stocks and Work in Progress

Stocks of Cards are valued at Cost and on FIFO basis and include all applicable overheads in bringing the inventories to their present location and condition. Work in progress in respect of GIS Development, Development of In-Vehicle navigation system, FleeTrac v2-0-Software Development, FleeTrac ERP v.1.0, Supply Chain Management, Mobility solution for logistics, Development of Comprehensive CRM & Integration of V-Tel solution on hand held, etc is valued at Cost.

1.12 Segment Accounting

The accounting policies adopted for Segment reporting are in line with the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

- a. The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.
- b. Segment revenue and segment results include transfers between business segments. Such transfers are accounted for at a competitive market price and such transfers are eliminated in the consolidation of the segments.
- c. Expenses that are directly identifiable to segments are considered for determining the segment result. Expenses, which relate to the Company as a whole and are not allocable to segments, are included under unallocated corporate expenses.
- d. Segments assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

1.13 Miscellaneous Expenditure

Preliminary expenses viz., Research and Development Expenditures are amortized over a period of 5 years, whereas Public Issue Expenses are amortized over a period of 10 years.

1.14 Taxes on Income

Provision for income tax is made based on the rates and methods provided under the Income Tax Act 1961, based on the tax liability as computed after taking credit for allowances and exemptions.

Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised as per AS-22 "Accounting for Taxes on income" issued by the Institute of Chartered Accountants of India.

1.15 Earning Per Share

Profit after Tax of a particular reporting period is used as the earnings figure for the purpose of calculating Earning per Share. Basic Earning per Share has been computed by dividing Profit after Tax by the weighted average number of Shares outstanding for the year. Using the weighted average number of Shares and dilutive potential equity shares outstanding the year the diluted earning per share is arrived at as per AS-20 "Earning per Share" issued by the Institute of Chartered Accountants of India.

1.16 Impairment of Assets

Impairment will be provided as and when required based on Management discussion.

2. Consolidation Notes on Accounts

- a. Though the books of account have incorporated the major entries in respect of Trading Activities, viz., the new segment incorporated in the last quarter of the financial period & year ended 31st December, 2010, the key reconciliations and control accounts of receivables and payables in respect of all segments including especially the whole receivables and payables of trading activities segment are yet to confirmed by the concerned parties, the effect of which is not quantifiable. The company has recognized revenues and expenses as it is confident of the reconciliations of the same.

- b. Stock and WIP valuation has been done by us, but not subject to separate audit by the statutory auditors.
- c. The difference in exchange rates relating to conversion of transactions relating to non-integral operations between holding and subsidiary company have not been routed through FCTR accounts as contemplated under AS 11 & 21. The effect of the same is not quantifiable.

2.1 Share Capital

Particulars	31 st December 2010		30 th June 2009	
	Number	Value (Rs.)	Number	Value (Rs.)
Closing Balance as of	179,42,630	17,94,26,300	179,42,630	17,94,26,300

2.2 Secured loans

Secured loans from banks and others are secured by hypothecation of UPS, Computers, Networking Equipment, Telephone Softwares, Furniture and Fixtures, Office Equipments; etc arising out of such loan proceeds on a first and exclusive charge basis. Cash Credit is secured against hypothecation of Stocks and Receivables.

2.3 Retirement Benefits

The Company has a scheme of provident fund for its employees, registered with the Regional Provident Fund Commissioner, Chennai. The Company also has a scheme of employees' state insurance for its employees, registered with the Employees State Insurance Corporation, Chennai. The company had no voluntary retirement scheme during the period and year under report. None of the employees have completed five years, hence gratuity has not been provided. Leave encashment is provided as and when paid for.

2.4 Managerial remuneration paid to the Directors

(Rs. in Lakhs)

Particulars	2009-10	2008-09
Total remuneration paid to the Directors.	77.63	148.50

2.5 Auditors' remuneration

(Rs. in Lakhs)

Particulars	2009-10	2008-09
a) Audit Fees	14.44	14.54
Total	14.44	14.54

2.6. Quantitative Details

The company is engaged in the sales and services of Global calling Cards and development and maintenance of software, Fleetrac, BPO Services, Medicare and Trading Activities. The sales and services of such calling cards, software, Fleetrac, BPO, Medicare and Trading Activities cannot be expressed in any generic unit. It is not possible to give the quantity details of production and other information as required under the paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956. The services of calling cards are Rs.23,28,93,257/- (Rs. 39,87,36,621/-), for software services Rs. Nil (Rs. 8,91,00,921/-), for Fleetrac Services Rs. 35,34,87,570/- (Rs. 42,21,48,051/-), for BPO services Rs. 20,62,75,515/- (Rs. 26,27,04,492/-), for Medicare Sales & Services Rs. Nil (Rs. Nil), for Trading sales Rs. 40,03,20,650/- (Rs. Nil) and for other income Rs. 8,530/- (Rs. 31,81,570/-).

2.7 Deferred Tax Movement

The net deferred tax liability/(assets) of Rs. 20,35,231/- as at 31st December, 2010 (previous year net deferred tax liability of Rs. 1,89,77,285/-) has arisen on account of the following: (Rs. in Lakhs)

Nature- (Asset/ Liability)	As at 30.06.2009	Charged/ (Credited) to P&L	As at 31.12.2010
Deferred Tax Liabilities:			
Difference between the written down value of assets as per Book of Accounts and the Income Tax Act, 1961	193.37	-	193.37
Total (A)	193.37	-	193.37
Deferred Tax Assets:			
Difference between the written down value of assets as per Book of Accounts and the Income Tax Act, 1961	3.60	169.42	173.02
Total (B)	3.60	169.42	173.02
Net Deferred Tax Liability/(Asset) (A-B)	189.77	(169.42)	20.35

2.8 Segment Information

The Company's operations are organized into five major divisions – Telecom, Software, Fleetrac, BPO services and new segment viz., Trading sales during the current fiscal year under report. Accordingly, these divisions comprise the primary basis of segmental information. The segment information for the period and year ended 31st December, 2010 is as follows:

SEGMENT REPORTING

(Rs. in Lakhs)

		Year ended 31.12.2010	Year ended 30.06.2009
1	Segment Revenue:		
	Telecom	2328.93	3987.37
	Software	-	891.01
	Fleetrac Services	3534.88	4221.48
	BPO	2062.75	2627.04
	Medicare Sales and Services	-	-
	Trading Activities	4003.21	-
	Sub-Total	11929.77	11726.90
	Other Income	0.09	17.76
	Total	11929.86	11744.66
	<i>Less: Inter/Intra Segment Sales</i>	<i>-</i>	<i>-</i>
	Net Sales	11929.86	11744.66
2	Segment Results (Profit before Tax and Interest)		
	Telecom	606.41	1561.00
	Software	-	199.40
	Fleetrac Services	(1495.94)	(347.69)
	BPO	1151.32	917.36
	Medicare Sales and Services	(14.03)	(17.25)
	Trading Activities	15.01	-
	Total	262.77	2312.82
<i>Less</i>	i) Interest & Finance Charges	430.58	240.33
	ii) Other un-allocable expenditure	-	7.44
	Profit before Tax	(167.81)	2065.05
3	Capital Employed (Segment Assets-Segment Liabilities)		
	Telecom	5865.37	4800.56
	Software	302.23	2206.16
	Fleetrac Services	17642.63	16424.08
	Medicare Sales and Services	253.32	265.51

	BPO	2419.43	1644.47
	Trading Activities	235.61	-
	Un-allocated	3554.86	1220.13
	Total	30273.45	26560.91

2.9 Disclosure in respect of Related Parties pursuant to Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

Names of related parties and description of relationship:

SI. No.	Name of the Key Management Personnel/Relatives	Relationship
I	Subsidiary Companies	
1 a.	Dhanus Global Medicare Ltd.	Wholly-Owned Subsidiary Company
1 b.	Dhanus Technologies Inc., USA	Wholly-Owned Subsidiary Company
2	Sree Sella Infrastructure & Projects Limited	Directors are Interested in the Company
3	R R High Energetics Limited	Directors are Interested in the Company
II	Key Management Personnel	
1	Mr A D Sudhindra	Director (Non-Executive Chairman)
2	Mr S Muthukrishnan	Director
3	Mr. V Narayanaswamy	Director
4	Capt. D S Srinivasan	Managing Director

Disclosure of transaction between the company and related parties for the period and year ended 31.12.2010
(Rs. in Lakhs)

SI. No.	Name of related Party	Nature of transaction	Amounts
1	Dhanus Global Medicare Ltd.	Investment	281.35
2	Dhanus Technologies Inc., USA	Investment	954.74
3	Dhanus Technologies Inc., USA	Current Receivables	63.56
4	Dhanus Technologies Inc., USA	Long Term Receivables	47.20
5	Sree Sella Infrastructure & Projects Ltd.	Directors are interested in the Company (ICD)	668.74
6	R R High Energetics Limited	Directors are Interested in the Company (Loan)	146.85
7	Mr. A.D. Sudhindra	Remuneration & Allowances	18.00
8	Mr. S. Muthukrishnan	Remuneration & Allowances	18.00
9	Mr. V. Narayanaswamy	Remuneration & Allowances	18.00
10	Capt. D.S. Srinivasan	Remuneration & Allowances	18.00

2.10 Dues to Small –Scale Industrial undertakings

Amounts due to Small Scale Industries under Current Liabilities is based on the information available with the company regarding the status of the suppliers as defined under the “Micro, Small and Medium Enterprises Development Act, 2006”. Amounts overdue as on 31st December, 2010 to Micro, Small and Medium Enterprises on account of principal and interest is Rs. Nil (Rs. Nil).

2.11 The Term Loan balances from IFCI Venture Capital Funds Ltd. is subject to confirmation by the IFCI Venture Capital Funds Ltd. as on 31st December, 2010.

2.12 The Sundry Debtors and Creditors balances of parties are subject to confirmation by the parties.

2.13 The inventories and work in progress are shown at the value as certified by the management.

2.14 Loans, Advances and Sundry Debtors stated in the balance sheet are in the opinion of the management are realizable in the ordinary course of business.

2.15 As of December 31, 2010 the Contingent Liabilities are as follows:

- a. Income Tax Liability amounting to Rs. 5,77,06,713
Assessment Year 2006-07
Appeal before CIT (Appeal), Chennai
- b. Income Tax Liability amounting to Rs. 20,09,19,372/-
Assessment Year 2007-08
Appeal before CIT (Appeal), Chennai
- c. Income Tax Liability amounting to Rs. 40,37,00,490/-
Assessment Year 2008-09
Appeal before CIT (Appeal), Chennai

2.16 Foreign Exchange earnings and outgo:

Earnings in Foreign Currency	Rs. Nil (Rs. 3,83,37,873/-)
Foreign Currency outflow	Rs. Nil (Rs. 3,94,88,257/-)

2.17 Amount remitted during the year in foreign currency on account of dividends - Nil (Nil)

2.18 For consolidation of accounts of Dhanus Technologies Limited, the foreign subsidiary transactions are translated/ converted into Indian Rupees at Rs. 44.95 per USD i.e., the exchange rate as on 31st December, 2010.

2.19 Balance sheet abstract and general business profile as per part IV of schedule VI to the Companies Act, 1956 is annexed hereto and form an integral part of the annual accounts.

2.20 Previous period/year figures have been regrouped / recast wherever necessary to conform to the classification of the current period/year figures.

Place: Chennai
Date : 28 February 2011

A.D. Sudhindra
Director

Capt. D S Srinivasan
Managing Director

R. Ramnath
CFO & Company
Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As per Schedule VI, Part IV of the Companies Act, 1956)

I.	Registration Details		
	Registration No.	:	L72300TN1993PLC024748
	State Code	:	18
	Balance Sheet Date	:	31.12.2010
II.	Capital raised during the year (Amount in Rs. Thousands)		
	Public Issue	:	Nil
	Rights Issue	:	Nil
	Bonus Issue	:	Nil
	Private Placement	:	Nil
III.	Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)		
	Total Liabilities	:	3280878
	Total Assets	:	3280878
	Sources of Funds		
	Paid up Capital	:	538166
	Reserves & Surplus	:	2611484
	Secured Loans	:	129192
	Unsecured Loans	:	Nil
	Deferred Tax Liability/(Asset)	:	2035
	Application of Funds		
	Net Fixed Assets	:	1035979
	Capital Work-in-Progress	:	13944
	Investments	:	355486
	Net Current Assets	:	1753164
	Misc. Expenses	:	122305
	Accumulated Losses	:	Nil
IV.	Performance of Company (Amount in Rs. Thousands)		
	Turnover	:	1192986
	Total Expenditure	:	1209767
	(+)Profit/(-)Loss Before Tax	:	16781 (-)
	(+)Profit/(-) Loss After Tax	:	12029 (-)
	(Please tick appropriate box +for profit,-for loss)		
	Earnings Per Share in Rs.	:	0.45
	Dividend Rate %	:	Nil
V.	Generic Names of Three Principal Products/Services of Company (as per monetary terms)		
	Item Code No.	:	
	(ITC Code) (ITC Code)	:	
	Product Description	:	Telecom, Telematics
	Item Code No.	:	
	(ITC Code) (ITC Code)	:	
	Product Description	:	IT & IT Enabled Services
	Item Code No.	:	
	(ITC Code) (ITC Code)	:	
	Product Description	:	Trading Activities

Place: Chennai
Date : 28 February 2011

A D Sudhindra
Director

Capt. D S Srinivasan
Managing Director

R Ramnath
CFO & Company Secretary

**ADDITIONAL INFORMATION
RELATED TO SUBSIDIARIES OF THE COMPANY
FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2010**

In addition to the information related to subsidiaries furnished in the Annual Report of the Company for the year 2009-10, the following particulars are given for the information of the investors as required.

(Amount in Rupees)

Sl.No.	Particulars	Dhanus Global Medicare Limited	Dhanus Technologies Inc.
a.	Share Capital	2,81,34,500	10,18,07,255
b.	Reserves & Surplus	(26,76,097)	79,88,334
c.	Total Assets (Fixed Assets + Capital Work- in- progress + Current Assets + Deferred Tax Assets + Miscellaneous Expenditure)	2,63,58,230	10,84,91,140
d.	Total Liabilities (Debts + Current Liabilities + Deferred Tax Liability)	8,99,827	1,46,72,219
e.	Details of Investments	Nil	Nil
f.	Turnover	Nil	Nil
g.	Profit /(Loss) before taxation	(14,02,632)	5,94,868
h.	Provision for taxation	(57,472)	Nil
i.	Profit after taxation	(13,45,160)	5,94,868
j.	Proposed Dividend (%)	Nil	Nil

Your Company will make available copy of the Annual Accounts of the subsidiary companies and the related information upon request by any member of your Company or its subsidiary company. The Annual Accounts of the subsidiary companies are kept for inspection by any investor at the registered office of your Company and the subsidiary company and any investor interested to inspect the same may please contact the Company Secretary at the registered office and/or administrative office of the Company.

For consolidation of the accounts of Dhanus Technologies Limited, the foreign subsidiary transactions are translated / converted into Indian Rupees at Rs. 44.95 per US Dollar, i.e., the exchange rate as on 31st December 2010.

A.D. Sudhindra
Director

Capt. D.S. Srinivasan
Managing Director

R. Ramnath
CFO & Company Secretary

Place: Chennai

Date : 28th February, 2011



DHANUS TECHNOLOGIES LIMITED

Registered Office: 6-B, Mena Kampala Arcade, 113-114, Sir Theyagaraya Road, T. Nagar, Chennai-600 017.

ATTENDANCE SLIP

(Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the Meeting hall)

I/We hereby record my/our presence at the Seventeenth Annual General Meeting of Dhanus Technologies Limited held on Thursday, the 31st Day of March, 2011 at 10.30 AM at Unix Hall, Fortune Select Palms, 142, Rajiv Gandhi Salai (Old Mahabalipuram Road), Thoraipakkam, Chennai – 600 096 and at any adjournment thereof.

Regd. Folio No.* : _____ No. of Shares held: _____

Client ID/DPID: _____

Full name of the Shareholder/Proxy: _____
(in block letters)

* Applicable for investor(s) holding shares in physical form

Signature of the Shareholder(s) or Proxy

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING

DHANUS TECHNOLOGIES LIMITED

Registered Office: 6-B, Mena Kampala Arcade, 113-114, Sir Theyagaraya Road, T. Nagar, Chennai-600 017.

PROXY FORM

I/We _____ of _____ in the district of _____ being a member/members of DHANUS TECHNOLOGIES LIMITED hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ as my/our proxy to vote for me/us and on my /our behalf at the Seventeenth General Meeting of the Company to be held on Thursday, the 31st Day of March, 2011 at Unix Hall, Fortune Select Palms, 142, Rajiv Gandhi Salai (Old Mahabalipuram Road), Thoraipakkam, Chennai – 600 096 at 10.30 AM and at any adjournment thereof.

Signed this _____ day of _____, 2011.

Affix
Re.1/-
Revenue
Stamp

Signature of Shareholder

Folio No.*:

Client ID/DP ID.: _____

* as applicable for investor holding shares in physical form

Note: This form duly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A Proxy need not be a Member.