

# ANNUAL REPORT

2012-2013

*Transnovation*  
(Transformation + Innovation)



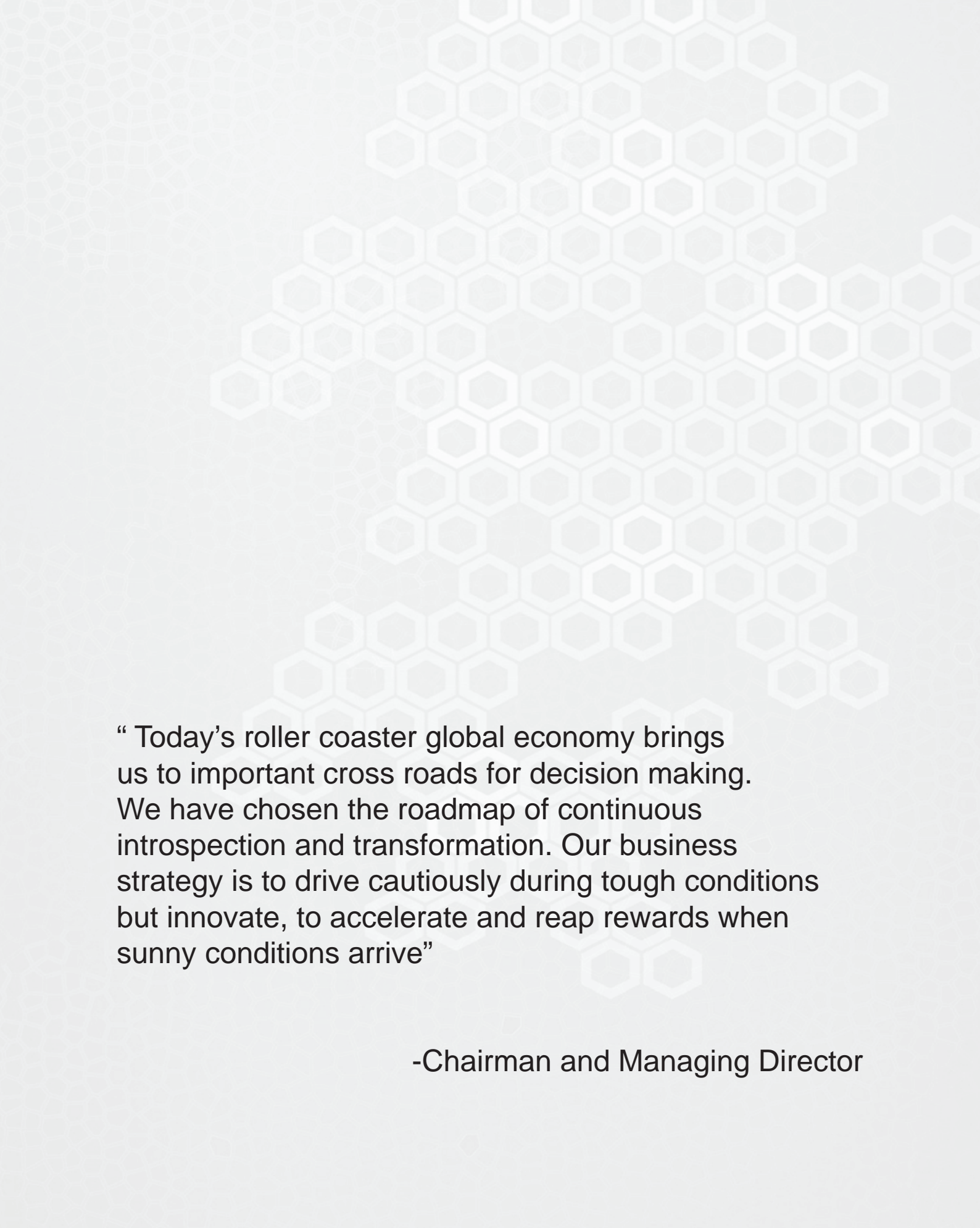
2014



**“WILL REACH DEAD END  
IF NOT CHANGED THE COURSE”**







“ Today’s roller coaster global economy brings us to important cross roads for decision making. We have chosen the roadmap of continuous introspection and transformation. Our business strategy is to drive cautiously during tough conditions but innovate, to accelerate and reap rewards when sunny conditions arrive”

-Chairman and Managing Director



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## Corporate Information

### BOARD OF DIRECTORS

**Mr. Nitin D. Shah**

Chairman and Managing Director

**Mr. Prakash D. Shah**

Executive Director- Commercial

**Mr. Paresh Shah**

Executive Director & CEO

**Prof. Venugopal Iyengar**

Independent Director

**Dr. Shrikant Parikh**

Independent Director

**Dr. Roopkishan Dave**

Independent Director

### COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Ravindra Joshi

### REGISTERED OFFICE

Premises No.13A, 13th Floor,  
Earnest House,  
Backbay Reclamation,  
NCPA Road, Block III,  
Nariman Point, Mumbai-400 021.

### CORPORATE OFFICE

Allied Digital Services Limited.  
81, Harchandrai House, 5th Floor,  
Maharashi Karve Road, Marine Lines,  
Mumbai 400 002.  
Boardline: +91-22-66816681  
Fax: +91-22-22064170  
For more information contact us at:  
[investors@allieddigital.net](mailto:investors@allieddigital.net)  
[www.allieddigital.net](http://www.allieddigital.net)

### AUDITORS

K.M. Kapadia & Associates

### BANKERS

State Bank of India  
Standard Chartered Bank  
Barclays Bank

### REGISTRAR & TRANSFER AGENT

Linkintime India Private limited.  
C-13, Pannalal Silk Mills Compound,  
L.B.S Marg, Bhandup,  
Mumbai 400 078. India.  
Tel: +91-22-25946970  
Fax: +91-22-25946969  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)



**Mr. Nitin Shah**

**Dear Shareholders,**

The technology sector has been broadly mixed so far this year due to uncertainty surrounding some of its top players, weak overseas demand and overall reduction in global information technology spending. This coupled with the macroeconomic situation across the globe with rising interest rates, volatility in the dollar rate and the crude oil fluctuations has vitiated the already gloom and doom atmosphere to a situation where industries across the world are finding it tough to grow.

Global growth dropped to almost 3 percent in 2012, which indicates that about a half a percentage point has been shaved off the long-term trend since the crisis emerged. This slowing trend will likely continue. Mature economies are still healing the scars of the 2008-2009 crisis. But unlike in 2010 and 2011,

emerging markets did not pick up the slack in 2012, and won't do so in 2013. Uncertainty across the regions – from the postelection 'fiscal debate' question in the U.S. to the Chinese leadership transition and reforms in the Euro Area – will continue to have global impacts in sluggish trade and tepid foreign direct investment.

Across the advanced economies, the global economic outlook predicts 1.2 percent growth in 2013, compared to 1.1 percent in 2012. The slight uptick is largely due to Europe, which is expected to return to very slow growth of 0.3 percent after the 0.2 percent contraction in 2012. U.S. growth is expected to fall from 2.2 percent in 2012 to 1.6 percent in 2013.

**Business Overview**

The general market conditions impacted the performance of your Company for the last fiscal and we ended the year with revenues of Rs. 422.5 crore and an EBITDA of

Rs. 43.5 crore. Services contributed 31% while solutions contributed 69%. As you must be aware and as stated in my communication to you last year, the Company has been taking a transformation initiative coupled with key innovations to make the business future ready. This unique mix of

"Transformation" and "Innovation" hence lends the name "Transnovation" to the annual report which you must have seen. Key among the initiatives under this program is skilling the entire organization in terms of technology, process and leadership to ensure that the organization is ahead of the curve when the opportunities present itself to it. We have laid great emphasis on sustaining profitability as we move ahead and one of the key drivers for this will be a change in customer focus where their buying patterns are moving

from a capex model to an opex model. In our early days, we focused on selling hardware to the clients while the present focus is on selling solution and services there by benefiting the customer as well as adding to our bottom line. From a business model perspective, we continue to focus on the Infrastructure Management Services vertical where we believe the fastest growth is predicted to happen. The IMS industry currently accounts for US\$ 524 billion, nearly a quarter of the US\$2.3 trillion overall IT spend and is moving towards a remote delivery model where services are increasingly delivered by vendors from low-cost locations.

Infrastructure architectures are being increasingly centralised and standardised with assets physically decoupled from the support teams that manage them. Remote management tools have evolved from point tools for device management, to integrated offerings that support end-to-end management of IT services. As a result, the

focus of IT managers has shifted from managing infrastructure to managing associated labour costs and productivity. Three factors have accelerated this trend:

- Decline in hardware prices, virtualisation and the adoption of open source, that make labour the largest addressable cost in total infrastructure spend.
- Simplification and integration of IT management and governance tools that help improve governance, reduce costs, and create unprecedented transparency.
- Consolidation and remote location of data centres coupled with the increased productivity of telecom networks that decouple physical infrastructure from users and administrators.

This is leading to a fundamental change in value creation for customers as their focus is swiftly moving from hardware utilisation, procurement and financing capabilities, to architecture flexibility, device and labour productivity.

Further, along the lines of streamlining operations and dedication to providing industry-leading innovation

to our clients, we unveiled Allied Digital's Integrated Tool-as-a-Service (ADiTaaS) this past year. ADiTaaS is built on our proprietary Integrated Service Delivery Framework (ISDF) with the key objectives of bringing standardized processes, comprehensive asset control, strong adaptive and integration friendly architecture in a single "IT Service-in-a-Box" that will considerably reduce an organization's IT management costs. ADiTaaS is compliant with IT Service Management (ITSM) and IT Infrastructure Library (ITIL) best practices. This solution has allowed many of our customers to increase visibility into critical components of their own environment, while allowing them to make better decisions for their business.

As public cloud computing gains greater adoption across enterprises, there's an increased level of spending occurring on infrastructure-related services including Infrastructure-as-a Service (IaaS). Enterprises are prioritizing how to get cloud platforms integrated with legacy systems to make use of the years of data they have accumulated. From legacy Enterprise

Resource Planning (ERP) to Customer Relationship

Management (CRM) systems, integrating legacy systems of record to cloud-based platforms will accelerate through 2016. Global spending on public cloud services is expected to grow 18.6% in 2012 to \$110.3B, achieving a CAGR of 17.7% from 2011 through 2016. Allied Digital is offering ADiTaaS on the cloud space and we already have seen a huge traction in the market. We are confident of offering this under public clouds like Amazon and other large private clouds.

The other key change that we are witnessing is that organizations of all sizes are migrating from analog to IP-based physical access control solutions, drawn by increased security, increased operational efficiency and better availability. The shift to IP reflects what's already happened in voice communications and, more recently, in video surveillance. Shifting physical access control from analog proprietary serial communications to IP provides benefits like Protecting access control data; Accelerating response to alarms; Helping to ensure business continuance; Streamlining operations; and Lowering door cable costs.

Your Company has claimed a leadership position in the field of IP Surveillance and Homeland Security systems. If not for an unfortunate turn of events that led the Company to losing a large order in the last fiscal, we would have been comfortably placed in the current year itself. However, such setbacks make our determination stronger to succeed in this tough market and we are confident that the current fiscal will see some positive developments in the Home and Security space.

Our subsidiary Digicomp has turned in yet another year of sustained growth and servicing customers across the spectrum of industries. We are proud of the fact that your Company identified this Company at a fledgling state and has nurtured it to a level where it can

be counted as a world beater in the areas of reverse logistics, after market services and IT Asset recovery. Success in growing Digicomp has increased our desire to incubate many more such up and coming companies to give them a platform where they can succeed.

The Learning and development initiative that was started last year continues to make important strides. The focus is to create an employee - friendly work environment, empowering employees at all levels and maintaining wellstructured reward and recognition mechanisms. Employees are the key assets of your organization and we strive to retain and attract talent that we have with us. During the year, your Company organized Learning and Development programs for its employees. Besides multiple technical programs we organized programs such as such as Conflict Management, Inter-departmental communication skills, leadership development, communication skills etc.

Your Company has also been bestowed with many awards and recognitions during the fiscal in recognition of its leadership and innovative practices in many segments that we are present in. To name a few, Allied Digital won the prestigious world-wide MSP of the year 2012 from LANDesk Software, USA. We also were named the 'Top Solutions Provider' and 'Solution Champ – Managed Security Services' by DQ Channels. Other awards include India Inc. 500 award for 2013, Maharashtra Information Technology Award 2012 and Spirit of Partnership award from DELL. All these awards further strengthen our commitment to provide the best possible services to our customers using the latest technology.

Corporate Social Responsibility (CSR) activities continue to be an important facet of ADSL's commitment to give back to the society. Allied Digital through the Padmapragna trust works towards the empowerment of women by providing them with necessary skills training and other facilities in a manner that they can be self-reliant. This apart, we also have focused on the education of needy children, provided healthcare facilities to the poor and also committed our time to spiritual and religious activities. This is a small way of showing our gratitude to the almighty who has showered us with his benevolence. We would like to place our heartfelt gratitude and regard to

all our customers, employees and most importantly

shareholders who have supported us in the best and worst of our times. We do hope that your confidence in us will propel us to work harder in the years to come and ultimately deliver maximum shareholder value to all our stakeholders.

**Mr. Nitin Shah**  
**Chairman and Managing Director**







CEO

**Mr. Paresh Shah**

Dear Shareholders,

The fiscal year 2012-13 was probably one of the toughest years for your company. Frankly, it was not just IT that was hurt but also the entire Indian economy, which grew at an average growth rate of less than 5% in the first quarter of 2013, which by far is the worst quarters in last 10 years.

As we look at the business in the last fiscal, the Indian IT demand did go up in solutions business as organizations invested for scaling up their business and hence the need for more infrastructure. As far as services are concerned, the market remained approximately the same as the previous year. The much hyped question on cloud computing adoption did show signs of traction and the future does look promising. Globally, the US markets showed some signs of improvement in IT demand, but Europe remained to worry and drag the US market.

In all, your company had tough time getting new services and solutions business as cost pressures meant that clients looked for cheap local services and decreased demand for new solutions was the order of the day. Also, as a strategy, the company has been concentrating on weeding out low margin hardware business, which has depressed the topline of the company. The volatility of the rupee against the dollar is adding further pressure to the hardware business. However, we are confident that the fortunes of the US business will improve as the economy in the US is improving. The last two years have been tough for the Company due to macro and certain company specific issues, but I am confident that

we are entering a phase where we would see uptick in the overall business going forward.

#### Current Industry Scenario

Indian local IT business for the year 2013-14 is not yet looking marginally positive. Corporates are cautious in their new IT spend or are taking baby steps. Government sector is going to be unique due to forthcoming elections. Projects awaiting decisions and CCTV surveillance projects including citizen facing projects such as e-governance would see the light.

Markets in the US are already on growth path. With the new immigration law being underway, the local US IT services business will see acceleration. The UK market is cautious, and the rest of Europe barring couple of countries, are still struggling to revive the economy.


The India business is showing a radical change from its stand on cloud services compared to last year. Now many organizations are ready to move to cloud based services. The apprehension for security in cloud is declining. Data analytics is also an area of attraction globally. Mobile enablement of applications continues to get focus globally. The IT surveillance business is going to be a big one in the current year globally. IT infrastructure transformation continues to be of prime importance.

#### Our last fiscal Year

The sluggish economy and cash liquidity pressure not only affected our customers but also us. Indian corporates for first time, in last 20 years, saw a significantly downward trend throughout the year, which gave pressure to IT business. Spending in the corporate sector decreased. Though the quantity of new work decreased, your company worked on quality projects. Some worth mentioning, are, end-to-end IT infrastructure for India's first theme park, designing a mobility management solution for a large insurance company and a smart video analytics solution for a top pharma company.

Our internal processes have improved, while we are constantly striving to improve as part of our transformation process. Our US operations are very stable with improved credit rating and our UK operations are getting stabilized. Your company recently completed its fifth anniversary in the US. Globally, the company in its transformation journey has revamped its offering with a new branding called "ADiCube". The six faces of cube represent six vertical offerings of your company. We offer operational services & transformational solutions via ADiTaaS (our ITSM platform), ADiUser (end user management), ADiInfra (enterprise infrastructure), DiApps (industry applications), ADiCloud (cloud





navigation services) and ADiInsight (Master Systems Integration-Solutions).

Our “Integrated Service Delivery Framework”, has matured into a successful product venture “ADiTaaS (Allied Digital integrated Tool-as-a-Service). I am proud to tell you, that we are among the few companies nationwide in the IT infrastructure today, which provides services and a robust ITSM platform to manage IT. We have progressed well in developing mobile enabled work force management. Allied has embarked in cloud business in a bigger way. It has become a cloud consulting partner of Amazon, the world’s largest public cloud infrastructure company.

The pipeline of opportunities in the new service business has been lesser than expected, an area that we are focusing on to increase our sales. Nevertheless, our integrated solution business is seeing good traction, as there is growing demand for surveillance and intelligent building management systems. We see this as a major revenue earner in coming recent years.

### **Allied Positioning**

Your company, due to its technology leadership, early transformation steps and specialized business focus such as smart city solutions, intelligent building management threaded with innovation, has been able to survive tough times, better than some other similar IT companies. Also, we are leaving no stone unturned to ensure that we grow better than last year. This year may still show some slowdown in initial months, but I am very positive, that Allied will end the year on a positive side. We the management at Allied, are constantly striving not just to shelter during the rainy days but also to make hay when the sun appears from the clouds. Your shareholder value is always in our sight.

**Mr. Paresh Shah**

**Chief Executive Officer**





**Mr. Jawahar Ali**

The importance of Information Communication Technology (ICT) in Physical Safety and Security (PSS) application has created a need for Master Systems Integrator (MSI) having experience in both ICT as well as Physical Safety and Security (PSS) systems. Allied Digital is now acknowledged as a leading Master Systems Integrator with a proven track record of deploying IT infrastructure as well as Video Surveillance, Access Control and Fire Alarm systems.

Till 2000 the PSS market comprised of disparate systems for CCTV, building management, HVAC control and other systems. The integration of these systems were offered on a proprietary platform by security companies that locked in the customer for the solution lifecycle. 2008 witnessed the emergence of open systems standards for Security Systems that would allow combining products from multiple OEMs in an integrated solution. Systems based on open standards found favour with the system integrators and the customers as they provided wider choice at better price points. This also resulted in customers signing the Service level Agreement with the SI for solution life cycle support rather than Product OEM.

As a Master Systems Integrator Allied Digital now carries a larger portfolio of solutions that includes Video

Surveillance, Access Control, Intelligent Traffic and Toll Management systems, Building Management and Energy Management systems.

Adoption of ICT in PSS has further strengthened Allied Digital's presence in the market as a total Systems Integration solution provider as compared to traditional Physical Security Systems OEMs who are now product focussed.

The emerging technology in PSS has made the selling process very complex as it involves challenging integration of various sub systems such as Video surveillance, Intelligent Traffic Systems, Data Centres and also setting up of a Command and Control Centre where the entire system can be monitored for prompt response to any critical situation. In this scenario Return on Investment (ROI) and Total Cost of Ownership (TCO) assumes significant factors for purchase decision.

As a Master Systems Integrator of ICT and PSS, Allied Digital provides greater depth of solution and support to its customers combined with a single point of responsibility and accountability. This has helped Allied Digital to sign several on-going sales agreements instead of one off sale agreement with Banks, Retail chains and other multi locational customers who are interested in dealing with a single MSI having Pan India presence instead of signing multiple contracts with regional / local systems Integrators. This provides cumulative growth opportunity for the Physical Safety and Security business as well as increased customer retention for Allied Digital.

**Mr. Jawahar Ali**  
**Chief Executive Officer**  
**Integrated Solutions Group**



**Mr. Sanjiv Patki**

Four years after we witnessed the global financial crisis, the world economy is still struggling to recover. Against expectation of recovery, 2012 saw global economic growth weakening further. It was a year of uncertainty with global economic slowdown and lower GDP growth in India. It was also impacted by slower technology spending and volatile currency. However the global economy is set to improve from 2013 onwards, with global GDP expected to increase by 3.3% in 2013 and further by 4.0% in 2014. NASSCOM has highlighted industry specific solutions among others to be the key driver of technology changes and open up new opportunities for service providers. For FY2014, total Indian IT revenues (domestic and exports, includes hardware) is expected to grow by about 13-15% to reach USD 106-111 billion; of this, exports are likely to be about USD 84-87 billion, a growth of about 12-14%.

Our Company had seen a mini crisis during the period 2012-2013 impacted both by company specific factors, and the general slowdown in the global economy. In my address to you last year, I had outlined that our Company is taking some key transformation initiatives to improve its overall operating and financial performance. Some of the initiatives included continued investment in improving delivery frame work, strong governance on reviewing business unit performance, alignment of the organization structure to focus on improving sales and operational efficiency, costs and other rationalization measures. The actions were targeted at improving the bottom line without compromising our long term vision.

Introduction of ADiTaaS (Allied Digital Integrated Tool-as-a-Service) – the best in class Service Management tool has helped us to improve our strong delivery model.

In addition our razor sharp focus on Customer, quantum improvement in our processes and introduction of new offerings has enabled us to earn appreciation of most of our customers. This year too we have been able to maintain our impeccable track record of customer retention. We have been successfully able to propagate our much admired Hybrid delivery model for Indian customers with several customers opting for this model.

Our emphasis on quality has now started showing results with excellent growth in our Remote Management business. We have not only increased business from existing customers but also added several new overseas customers who are being serviced remotely from our state-of-the-art Remote Management centers in Mumbai, Pune and California. We have received a lot of accolades for the maturity and strength of global service desk offering. Our capability to deliver large complex projects has once again been proven during the year. We have been able to design, deliver and implement end-to-end infrastructure for a largest theme park in the country. Our implementation of Bring Your Own Device (BYOD) solution for a large insurance company has been applauded by the industry. We have been able to enhance the travelling experience of millions of passengers by timely completion of a project for Government owned Transportation body.

The Learning and development initiative that was started last year has seen an increased focus during the current year. This year we have been continuously investing in learning and development programs, creating an employee-friendly work environment, empowering employees at all levels and maintaining well-structured reward and recognition mechanisms. Your company recognizes its employees as Key Assets and strives to retain and attract them. During the year, your Company organized more than 110 Learning and Development programs for its employees. Besides multiple technical programs we organized programs such as Conflict Management, Inter-departmental communication skills, leadership development, communication skills etc.

In the year 2013 – 2014 we will continue to focus on few strategic initiatives like:-

- Improvement of revenue.
- Introduction of path breaking offerings through use of new technologies.
- Further improvement in our Project Delivery capabilities
- Improving productivity and efficiency thereby optimizing costs.

**Mr. Sanjiv Patki**  
**Chief Operations Officer**





Director  
Digicomp

## Mr. Suresh Kaburgi Shankar

Digicomp is an end-to-end hardware and software services company. Digicomp manages end-to-end technical support, customer care, warranty services, helpdesk and manages services, repair and refurbishment, project roll-outs, etc. through its single window solutions to meet any client needs and ensure that clients can focus on their own core competency and increase customer satisfaction.

Our multi-faceted and highly specialized teams handle very single aspect that reputed companies in IT, Telecom & Customer Experience space seek to enhance their own productivity, service standards and customer satisfaction such as:

**Hardware Solutions & Services:** Across India, we offer Customer - Centric Service Solutions, including fulfillment, logistics and multi - commodity repair, with the option of managing the total outsourcing of all the client's warranty responsibilities. These technological services are provided to some of the key players in the IT and Telecommunications hardware industry, including Original Equipment Manufacturer (OEM) Original Design Manufacturer, (ODM) System Integrator and EMS companies.

**Reverse Logistics:** We provide best reverse logistics services that help OEM/ODM companies maximize their product sales and equipment usage, while minimizing inventories and freight costs by providing end to end supply chains services globally, including goods in the RMA.

**Warranty Support Services:** We represent and offer warranty support services on behalf of its major OEM/ODM clients with its world-class, repair, services, reverse logistics and warranty management.

**Software Solutions & Services:** We offer software services to many clients in India in building Customized Software solutions, ERP Attachments, MIS requirements, Manpower supply, Infrastructure management and much more.

**Asset Recovery:** With rapid advancement in technology, getting the best value out of existing and often dated technical systems and hardware is what Digicomp helps its clients with. Auditing assets, taking inventory, screening, testing either onsite or at Digicomp location with 100% data sanitization and offering best residual value for assets is what makes Digicomp, with a base of over 2000 clients, a valued partner in asset recovery.

The company has made substantial growth in services revenue through acquisitions of new customer accounts and product line. We have made a head start in supporting mobility products like Mobile phones, tablets and pad phones. We have also ventured into new products like Cameras and set top boxes there by, moving into consumer electronics / gadgets. We have also improved in terms of quality and customer services side by increasing our head count in Quality and Customer Satisfaction team. The entire Quality team is under the Integrated quality management system where in we have been certified under ISO9001 ISO 9001:2008, 'OSHAS' - ISO 18001:2004, ISO 14001:2004

The company has also bagged best exporters excellence award for 2012-13 Silver award and this is the 3rd award in a row conferred by Federation of Karnataka Chamber of Commerce for Karnataka. Digicomp also got the best exporters excellence award conferred by D&B and ECGC as exporters from India Silver award during 2012-13.

The company made a head start of its much awaited consumer service center "JustFix" and commenced launch of its first store in Bangalore. JustFix will expand its footprint across country especially to cater to consumer electronics, IT and smart phone product line. JustFix will also open up for franchise model to invite partners to quicken its expansion process.

JustFix apart, Digicomp is also expanding its repair capability in its central Depot in Bangalore by expanding its repair line by 50% and adding new products and service capability. As part of the expansion, it has also expanded its repair capability across regional locations like Mumbai and Delhi

Field support is also a major focus area for Digicomp for the coming year and the service network would be increased to more than 100 locations for FY13 across the country through a mix of its own branches and franchisees.

Mr. Suresh Kaburgi Shankar

Director-Digicomp Complete Solutions Ltd.



## Global Footprints of Allied Digital



**AdiCube**

**Represents our Modular, Flexible and Technology Neutral Services Offerings where innovation is our core Focus.**

	<b>ADiUser</b> (End User Computing)	<b>ADiInfra</b> (Enterprise Infrastructure Management)	<b>ADiCloud</b> (Cloud Navigator Role)
Operational Services	<ul style="list-style-type: none"> <li>❖ Global Service Desk</li> <li>❖ Managed Services (IMAC, Field Services &amp; AMC Support)</li> <li>❖ Remote User Devices Mgmt (Desktop, Laptop &amp; Mobility)</li> <li>❖ Managed Print Services</li> </ul>	<ul style="list-style-type: none"> <li>❖ DC-Ops, SOC &amp; NOC</li> <li>❖ Server, Storage &amp; Network Solutions</li> <li>❖ Infra Apps (MS Exchg, Domino, SharePoint &amp; AD)</li> <li>❖ Virtualization &amp; Consolidations</li> <li>❖ Manage Hosting</li> <li>❖ Voice Conferencing</li> </ul>	<ul style="list-style-type: none"> <li>❖ Cloud based DR Services</li> <li>❖ Public / Hybrid Cloud Transition</li> <li>❖ Desktop Management in Cloud</li> <li>❖ Private Cloud Solutions</li> </ul>
Transformational Services	<ul style="list-style-type: none"> <li>❖ VDI Solutions</li> <li>❖ BYOD Solutions</li> <li>❖ Device Intelligence &amp; Analytics</li> </ul>	<ul style="list-style-type: none"> <li>❖ Datacenter Build &amp; Migrate</li> <li>❖ Sourcing Advisory Services</li> <li>❖ Branch-in-a-Box / Store-in-a-Box</li> </ul>	<ul style="list-style-type: none"> <li>❖ Digital Forensics-as-a-Service</li> <li>❖ Cloud Based Service Desk</li> </ul>
	<b>ADiTaaS</b> Integrated Service Delivery Framework (ISDF)	<b>ADiApps</b> (Software Solutions and Total IT Outsourcing)	<b>ADiInSight</b> (Master Systems Integrator)
Operational Services	<ul style="list-style-type: none"> <li>❖ ITSM Cloud (ITIL Process)</li> <li>❖ ITSM on Premise</li> <li>❖ ITSA (Application Monitoring &amp; Patch Release Management)</li> </ul>	<ul style="list-style-type: none"> <li>❖ Warranty Management</li> <li>❖ Sales / Work Force Automation</li> <li>❖ CRM Implementation</li> <li>❖ Remote Database &amp; ERP Support</li> <li>❖ Custom Portals / Application Dev.</li> <li>❖ Digital Signage</li> <li>❖ Contact Center Solutions</li> </ul>	<ul style="list-style-type: none"> <li>❖ CCTV Surveillance and Command Control Solutions</li> <li>❖ Access Control, Security Systems &amp; Fire Management</li> <li>❖ RFID Solution</li> </ul>
Transformational Services	<ul style="list-style-type: none"> <li>❖ Tools Portfolio Optimization</li> <li>❖ ITSM Process Maturity Assessment</li> <li>❖ Tools &amp; Process Consulting Services</li> </ul>	<ul style="list-style-type: none"> <li>❖ Total IT Management</li> <li>❖ Business Process Automation</li> <li>❖ Automated Logistics ERP</li> </ul>	<ul style="list-style-type: none"> <li>❖ Intelligent Building Management Solutions</li> <li>❖ Smart City Solutions</li> <li>❖ Industry Video Analytics Solutions</li> </ul>

#### Cross Functional Services

- ❖ Service Delivery Management
- ❖ Managed Security Services
- ❖ Governance, Risk, Compliance (GRC) & Quality
- ❖ Disaster Recovery
- ❖ Innovation & Continuous Service Improvement
- ❖ Transition, PMO & Professional Services

#### ❖ Benefits ❖

Cost Optimization

Improved Operational Efficiency

IT On Demand

Align IT to Business Growth



**allied digital**  
IT managed. Responsibly.



# Events and News



## Maharashtra Industry Summit

Mr. Nitin Shah, CMD - Allied Digital Services Limited was one of the speakers at the Maharashtra Industry Summit organized by Maharashtra Industrial and Economic Development Association (MIEDA). Mr. Shah was selected a speaker by Honorable Chief Minister of Maharashtra - Mr. Prithviraj Chavan to talk on “Sustainable Industrial Growth - Opportunities & Challenges”. This event was held on Friday, 8th February 2013 at Hotel Sofitel, Bandra Kurla Complex, Mumbai.



## Amazon AWS Summit:

Allied Digital was one of the Silver sponsor at the Amazon AWS summit which was held on 25th June, 2013 at Hotel Grand Hyatt, Mumbai.

Allied Digital launched its ADiTaaS (Allied Digital Integrated Tool as a Service ) an ITSM platform on Amazon and showcased the ADiTaaS demo at the booth during the Summit



# AWARDS and RECOGNITION



End-To-End Data Centre Solution  
By CRN



Channel World Premier 100  
2012



INC.INDIA 500  
2012



Best VAR 2013  
VAR India



Top Solution Provider 2013  
DQ Channels



Solution Champ, Managed Security Services



World-wide MSP of the year 2012

BEST DATACENTRE  
2012



**allied|digital**<sup>®</sup>  
IT managed. Responsibly.

## NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of Allied Digital Services Limited will be held on Wednesday, September 25, 2013 at 03:30 P.M., at Tarabai Hall, Shiv Prasad Building, 97, Marine Drive, Mumbai - 400002, to transact the following businesses:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31<sup>st</sup>, 2013, Profit and Loss Account along with Notes to accounts for the year ended on that date and the Report of the Auditor's and the Directors' thereon;
2. To appoint a Director in place of Mr. Roopkishan Sohanlal Dave, who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint a Director in place of Mr. Paresh Bipinchandra Shah, who retires by rotation and being eligible, offers himself for re-appointment;
4. To re-appoint M/s. K. M. Kapadia & Associates bearing Membership Number 039707 as Statutory Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

### Special Business:

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

**“RESOLVED THAT** pursuant to the provision of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment(s) thereto or any statutory modification(s) or re-enactment thereof for the time being in force), SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as in force including any amendment(s) thereto (“SEBI Regulations”), the regulations/guidelines, if any, issued by the Government of India, the Reserve Bank of India and any other applicable laws, rules and regulations (including any amendment(s) thereto or re-enactment(s) thereof for the time being in force) and the relevant provisions of the Memorandum and Articles of Association of the Company, approval of the Stock Exchanges BSE and NSE and the Listing Agreement entered into by the Company with BSE and NSE and subject to such approvals, consents, permissions and sanctions as may be required from the Government of India, the Reserve Bank of India, SEBI, Stock Exchanges, BSE and NSE and any other relevant statutory, government authorities or departments, institutions or bodies (“Concerned Authorities”) in this regard and subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the Concerned Authorities while granting such approvals, sanctions and permissions as may be necessary (“Approvals”) and any such conditions and /or modifications as may be prescribed, stipulated or imposed by any such Approvals and / or which may be agreed to or considered necessary by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), the consent of the members be and is hereby accorded to ‘The Board’ to create, issue, offer and allot on preferential basis to the following promoters and non-promoters, 81,50,598 Warrants in one or more tranches on such terms and conditions and in such manner as the Board may think fit, each Warrant entitling the holder thereof to apply for and be allotted 1 (One) equity share of a nominal value of ₹ 5/- each, at a price of ₹ 15/- which includes a premium of ₹ 10/- per share as calculated in accordance with Regulation 76 (1) of SEBI (ICDR), 2009:



### Proposed Allottees of Preferential Convertible Warrants:

Sr. No	Name of the Proposed Allottee	No. of Convertible Warrants
1	Mr. Prakash Shah	1832134
2	Mr. Nitin Shah	3601598
3	M/s. Lords Power Private Limited.	2716866

**RESOLVED FURTHER THAT** the pricing of the Equity shares to be allotted on preferential basis shall not be lower than the price determined in accordance with SEBI (ICDR) Regulation 2009 which shall be the higher of the following:

1. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during six months preceding the relevant date;

OR

2. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during two weeks preceding the relevant date.

**RESOLVED FURTHER THAT** the relevant date, in terms of Chapter VII of the SEBI (ICDR) Regulations, for determination of minimum price for the issuance of the Convertible Warrants on a preferential allotment basis and conversion thereof into equity shares of ₹ 5/- is 30 days prior to the passing of resolution i.e. September 25<sup>th</sup>, 2013. Hence the relevant date is August 23<sup>rd</sup>, 2013.

**RESOLVED FURTHER THAT** the Convertible Warrants shall be issued by the Company on the following terms and conditions:

- a) An amount equivalent to 25% of the exercise price of the Equity Shares arising out of the Convertible Warrants shall be payable at the time of making the application for Convertible Warrants, which will be kept by the Company as a deposit to be adjusted and appropriated against the price of the Equity Shares payable by the Warrant Holder at the time of exercising the option;
- b) the above allottees shall be entitled to exercise its option to subscribe to the Equity Shares at any time, in one or more tranches, within 18 months from the date of allotment of the warrants, subject to full payment of the subscription price;
- c) in the event, the allottees does not exercise the right to subscribe to the Equity Shares within a period of 18 months from the date of allotment of Warrants, the amount paid by the allottees shall stand forfeited and the allottees shall not be entitled for refund of the same or any part thereof, or any Equity Share of the Company against the amount paid;
- d) all Equity Shares allotted upon exercise of rights attached to the Warrants referred hereinabove to the allottees shall rank pari passu in all respects including entitlement for dividend with the existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for issue or allotment of aforesaid Convertible Warrants and the resultant equity shares to the holders of the Convertible Warrants upon exercise of right to subscribe the shares and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in relation to the proposed issue, offer and allotment of any of the said Convertible Warrants, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith

and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or any other Director(s) or officer(s) of the Company to give effect to the resolution”

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

“**RESOLVED THAT** pursuant to the Special Resolution passed by the Members in the Seventeenth Annual General Meeting held on September 29<sup>th</sup>, 2011 and pursuant to the provisions of Sections 198, 309, 310 and 311 read with Schedule XIII to the said Act, and all other applicable provisions of Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of the Central Government and such other approvals as may be necessary and as recommended and approved by the Remuneration Committee and the Board, the members of the Company hereby consents for payment of remuneration to Mr. Nitin Shah, Managing Director who is appointed for a period of 5 years from April 01<sup>st</sup>, 2011 to March 31<sup>st</sup>, 2016 on the terms & conditions as are set out at clauses A to C below:

**A. Salary: ₹ 1,500,000/- (Rupees Fifteen Lacs Only) per annum.**

**B.Perquisites:**

In addition to Salary, a basket of allowances/perquisites upto ₹35 lacs per annum, which will include reimbursement of expenditure or allowances in respect of rent-free furnished accommodation owned, leased or rented by the Company or House Rent Allowances in lieu thereof, repairs and maintenance of accommodation including furniture, fixtures and furnishings and provision of gas, electricity and water, medical reimbursements, telephone facility at residence, mobile phone, leave travel concession, for himself and his family; education of self and family, Company's car with a driver and maintenance, and any other reimbursements, allowances or perquisites.

Perquisites shall be evaluated as per the applicable provisions of the Income Tax Rules.

**C. Commission/ Performance Pay:**

Such amount for each financial year as may be decided by the Board, subject to the maximum of 6 months' salary.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 198, 309, 310 and 311 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with and in accordance with the conditions specified in Schedule XIII to the said Act, if the approval of the Central Government is not received, the Managing Director Mr. Nitin Shah shall be entitled to receive the remuneration on the terms and conditions set out at clauses D to F below:

**D. Salary: ₹ 1,440,000 (Rupees Fourteen Lakh Forty Thousand only) per annum.**

**E. Perquisites:**

In addition to Salary, a basket of allowances/perquisites upto ₹ 3,360,000 per annum, which will include reimbursement of expenditure or allowances in respect of rent-free furnished accommodation owned, leased or rented by the Company or House Rent Allowances in lieu thereof, repairs and maintenance of accommodation including furniture, fixtures and furnishings and provision of gas, electricity and water,

medical reimbursements, telephone facility at residence, mobile phone, leave travel concession, for himself and his family; education of self and family. Company's car with a driver and maintenance and any other reimbursements, allowances or perquisites.

Perquisites shall be evaluated as per the applicable provisions of the Income Tax Rules.

**F. The total remuneration including salary, allowances and perquisites shall not exceed the limits specified in Section II, Part II of Schedule XIII to the Companies Act, 1956.**

**RESOLVED FURTHER THAT** the terms and conditions of the above remuneration may be altered and varied from time to time by the Board of Directors ('the Board' which term shall be deemed to include Remuneration Committee thereof) as it may in its discretion deem fit within the maximum amount payable to the Managing Director in accordance with the Companies Act, 1956 and as may be agreed to by the Managing Director.

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

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

**"RESOLVED THAT** pursuant to the Special Resolution passed by the Members in the Seventeenth Annual General Meeting held on September 29<sup>th</sup>, 2011 and pursuant to the provisions of Sections 198, 309, 310 and 311 read with Schedule XIII to the said Act, and all other applicable provisions of Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended and approved by the Remuneration Committee and the Board, the members of the Company hereby consents to the payment of remuneration to Mr. Prakash Shah, Executive Director-Commercial who is appointed for a period of 5 years from April 01<sup>st</sup>, 2011 to March 31<sup>st</sup>, 2016 on the terms & conditions as are set out at clauses A to C below:

**A. Salary:** ₹ 750,000/- (Rupees Seven Lakh Fifty Thousand Only) per annum.

**B. Perquisites:**

In addition to Salary, a basket of allowances/perquisites upto ₹ 22.5 lacs per annum, which will include reimbursement of expenditure or allowances in respect of rent-free furnished accommodation owned, leased or rented by the Company or House Rent Allowances in lieu thereof, repairs and maintenance of accommodation including furniture, fixtures and furnishings and provision of gas, electricity and water, medical reimbursement, telephone facility at residence, mobile phone, leave travel concession, for himself and his family; education of self and family, Company's car with a driver and maintenance, and any other reimbursements, allowances or perquisites.

Perquisites shall be evaluated as per the applicable provisions of the Income Tax Rules.

**C. Commission/ Performance Pay:**

Such amount for each financial year as may be decided by the Board, subject to the maximum of 6 months' salary.



**RESOLVED FURTHER THAT** the terms and conditions of the above remuneration may be altered and varied from time to time by the Board of Directors ('the Board' which term shall be deemed to include Remuneration Committee thereof) as it may in its discretion deem fit within the maximum amount payable to the Director in accordance with the Companies Act, 1956 and as may be agreed to by the Director.

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

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

Date: August 14<sup>th</sup>, 2013

Sd/-

Nitin Shah  
Chairman and Managing Director

Registered Office:

Premises No. 13A, 13<sup>th</sup> Floor,  
Earnest House,  
Backbay Reclamation,  
NCPA Road, Block III,  
Nariman Point,  
Mumbai - 400021

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. Under the provisions of the Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least ₹50,000. A proxy shall not vote except on a poll. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business to be transacted at the meeting is annexed hereto.
3. Members /Proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
5. 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.

6. The Register of Members and Share Transfer Books of the Company will remain closed from September 19<sup>th</sup>, 2013 to September 25<sup>th</sup>, 2013 (both days inclusive) for the purpose of Annual General Meeting.
7. Members holding shares in physical form and desirous of making/changing nomination in respect of their shareholding in the Company, may send their request in the prescribed Form 2B to the Registrar & Transfer Agents of the Company.
8. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
9. Members desirous of obtaining any information on the Accounts and Operations of the Company are requested to write to the Company at least one week before the meeting so that the same could be compiled in advance.
10. Members are requested to notify changes, if any, in their registered addresses to the Company's Registrar.
11. Members are requested to bring their copy of Annual Report to the Meeting.
12. All documents referred to in the Notice and Explanatory Statement are open for inspection at the registered office of the Company between 10.30 a.m. and 01.00 p.m. on all working days (except Saturday, Sunday & Public Holidays) upto the date of the meeting.
13. Members are requested to address all correspondences, including dividend matters, to the Registrar and Share Transfer Agents, Link Intime India Pvt Ltd., C-13 Pannalal Silk Mills Compound L B S Marg, Bhandup-West, Mumbai - 400 078. Tel. No.: +91-22-25946970. Fax No.: +91-22-25946969. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer agent of the Company.
14. The following are the details of dividend paid by the Company and its respective due date of transfer to such fund of the Central Government, which remain unpaid.

Sr. No.	Date of Declaration	Dividend for the year	<sup>1</sup> Due date of transfer to the Government
1.	September 23 <sup>rd</sup> , 2009	Final Dividend 2008-09	October 22 <sup>nd</sup> , 2016
2.	September 29 <sup>th</sup> , 2010	Final Dividend 2009-10	October 28 <sup>th</sup> , 2017
3.	September 29 <sup>th</sup> , 2011	Final Dividend 2010-11	October 28 <sup>th</sup> , 2018
4.	September 27 <sup>th</sup> , 2012	Final Dividend 2011-12	October 26 <sup>th</sup> , 2019

<sup>1</sup> This are estimated dates of transfer, the actual dates may differ.

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividend which has been transferred to the credit of the Investor Education & Protection Fund of the Central Government under the provisions of Section 205(B) of the Companies Act, 1956. In view of the above, those Shareholders who have not encashed their dividend warrants for earlier years are advised to send the entire unclaimed dividend warrants to the Registrar & Share Transfer Agents or to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

15. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Mr. Ravindra Joshi, Company Secretary and Compliance Officer, at the Company's registered

office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund as per Section 205 C of the Companies Act, 1956.

Particulars of the dividend transferred to the General Revenue Account of the Central Government i.e. Investor Education & Protection Fund during the Financial Year ended March 31<sup>st</sup>, 2013, pursuant to Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

Sr. No.	Date of Declaration of Dividend	Dividend for the Financial Year	Amount transferred to Investor Education & Protection Fund (₹)	Date of transfer to Investor Education & Protection Fund
	NIL	NIL	NIL	NIL

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

**Information under clause 49 (iv) (g) (i) and clause 49 (iv) (e) (v) of the Listing Agreement regarding re - appointment of Directors:**

- Dr. Roopkishan Dave** aged 57 years, holds PHD degree and degree of M.S.H.S. in emergency and disaster management. He has done B.E. in Electronics & Communication and also holds an M.B.A. degree. Dr. Dave has more than 35 years of experience in ICT Policy & Project Management including emergency response, disaster mitigation and management. His domain of expertise includes - Spectrum Management, Information & Communication Technology Policy, e-Governance system management, vulnerability and Risk Assessment, development of emergency response policies / procedures / protocol / mutual-aid system, SCADA / real time data acquisition / data analysis and forecasting; design, establishment, operation and management of Emergency Operation Center(SEOC, DEOC, TEOC) in a typical Government system; Crisis Communication system; alert & warning system; development and management of EOP / EAP / SOP and capacity building.

Dr. Dave is a senior member of IEEE for more than 28 years. He is also a member of professional societies such as International Association of Emergency Managers (USA) and Fellow IETE.

Shareholding of Dr. Roopkishan Dave (both own or held by / for other persons on a beneficial basis) as on date is NIL.
- Mr. Paresh Shah** aged 46 years was also appointed as a CEO of the Company with effect from February 07<sup>th</sup>, 2012. He has 24 years of experience in the field of IT with a Master's Degree in Computer Science from the US and Business Management diploma in Marketing and Finance, he has climbed the ladder of his career from a Programmer Analyst to a global certified Enterprise Solutions Architect, CTO and Program Director. Young and dynamic, he is the driver for a proven practice in Cloud Computing and is actively involved in advising customers, forming strategic partnerships and providing enterprise system integration solutions.

His exposure in the competitive business environment helps him bring strong expertise in Business Transformation, Enterprise Solutions Architecture, New Business Development, Software Delivery, Consulting and Innovation. Each of the attributes helps Allied Digital Services Limited to soar higher and achieve greater horizons.

Prior to Allied Digital Services Limited, Mr. Shah has acted as a Global Practice Head, Enterprise Technologies for Wipro. His extensive and diverse experience fields include Business Transformation, Enterprise Solutions and Architecture and Total Outsourcing solutions.



Shareholding of Mr. Paresh Shah (both own or held by / for other persons on a beneficial basis) as on date is Nil.

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

### Item No. 5

The Company is in need of funds for the Company's growth capital requirements, to meet Company's capital expenditure, enhance its long term resources and thereby strengthening the financial structure of the Company. The Board is of the opinion that the funds shall be raised by way of preferential allotment of Convertible Warrants to promoters of the Company and non-promoters with the option to the warrant holder to acquire for every warrant 1 fully paid up equity share of ₹5/- each at a premium of ₹10/- each on preferential basis. In terms of Section 81(1A) of the Companies Act, 1956 and the provision of Chapter VII of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 (including any amendments issued thereto), approval of the Members is required. Hence, the approval of the Members is sought by passing a Special Resolution as proposed in the Notice.

Further, in terms of Regulation 73 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the following disclosures are hereby given:

#### A. Objects of the Issue:

To meet the capital requirements, augment the long term resources of the Company for meeting the fund requirements for growth plan, to supplement the working capital resources and for general purposes.

#### B. Intention of Subscribers to the offer:

To meet the objects of the issue, the Promoters and non-promoter have intended to subscribe to the convertible Warrants.

#### C. Shareholding pattern before and after the offer:

The shareholding pattern of the Company, before and after the preferential issue assuming allotment of equity shares upon full conversion of all the Convertible Warrants, shall be as under:

Class of Shareholders	Percentage of shareholding before the proposed issue	Percentage of shareholding after allotment of Equity Shares on exercise of Convertible Warrants (assuming full exercise of the Convertible Warrants)
<b>1. Promoter and Promoter Group</b>	<b>43.71</b>	<b>47.15</b>
India Promoter and Promoter Group	43.71	47.15
Foreign Promoter and Promoter Group	0	0
<b>2. Public Category</b>	<b>56.29</b>	<b>52.85</b>
Foreign Institutional Investors (FIIs)	2.96	2.52
Bodies Corporate	9.93	13.44
Individual shareholders holding nominal share capital up to ₹ 1 lakh	27.03	22.97

Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	9.80	8.33
Any Other	6.57	5.59
<b>Total</b>	<b>100</b>	<b>100</b>

**D. Proposed time within which the allotment shall be completed:**

As required under the SEBI Regulations, the allotment of Convertible Warrants shall be completed within 15 days of the date of passing of the above resolution or within 15 days from the date of approval if pending with any relevant statutory, government authorities or departments, institutions or bodies ("**Concerned Authorities**"). The allotment of Equity Shares pursuant to the exercise of option by Warrant holder will be made within a reasonable time after exercise of such option.

**E. Identity of the proposed allottee and the percentage of post preferential issue capital that may be held by them:**

Sr. No	Name of the Proposed Allottee	Percentage of shareholding before the proposed issue	Percentage of shareholding after allotment of Equity shares on exercise of Convertible Warrants (assuming full exercise of the Convertible Warrants)
1	Mr. Prakash Shah	13.74	15.05
2	Mr. Nitin Shah	27.01	29.59
3	M/s. Lords Power Private Limited.	0	5

**F. Lock-in:**

The Equity Shares arising out of exercise of right attached to the Convertible Warrants issued on preferential basis to be allotted to Promoters pursuant to the proposed special resolution shall be subject to lock-in for a period of 3 years and to non-promoter shall be subject to lock-in for a period of 1 year from the date of trading approval, consistent with SEBI ICDR Regulations 2009.

Further, the entire pre-preferential allotment shareholding of the proposed allottee, if any shall also be under lock-in from the relevant date upto a period of six months from the date of trading approval

**G. Other terms of Issue of Convertible Warrants:**

- The proposed allottee of the Convertible Warrants shall on or before the date of allotment of Convertible Warrants, pay an amount equivalent to at least 25% of the total consideration per Warrant
- The holder(s) of each Warrant will be entitled to apply for and obtain allotment of one equity share against such Warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. At the time of exercise of entitlement, the Warrant holder shall pay the balance of the consideration towards the subscription to each equity share.
- If the entitlement against the Convertible Warrants to apply for equity shares is not exercised within the aforesaid period, the entitlement of the Warrant holders to apply for the equity shares

of the Company along with the rights attached thereto shall expire and any amount paid on such Convertible Warrants shall stand forfeited.

- Upon receipt of the requisite payment as above, the Board (or a Committee thereof) shall allot 1 equity share against each Warrant by appropriating ₹ 5/- per equity share towards equity share capital and the balance amount paid against each Warrant towards the securities premium amount.
- The Warrant by itself till converted into equity shares, does not give to the holder(s) thereof any rights of the shareholders of the Company.
- The equity shares issued as above shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing fully paid up equity shares of the Company.

#### **H. Consequential Changes in the Voting Rights:**

Voting rights will change in tandem with the shareholding pattern. However there shall not be any change in the management control of the Company.

#### **I. Auditors' Certificate :**

A Certificate from M/s. K. M. Kapadia & Associates, Chartered Accountants, being the Statutory Auditors of the Company certifying that the preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations, 2009 shall be placed before the meeting of the shareholders.

#### **J. Change in Management:**

The issue of the Convertible Warrants and their conversion into equal number of equity shares will not result in any change in the management or control of the Company.

In terms of provisions of the Companies Act, 1956, approval of the members is sought under Section 81(1A) of the Companies Act, 1956, for the offer, issue and allotment of the said securities, as detailed in the resolutions. The Board may be authorized to issue the Convertible Warrants/ Equity shares, in accordance with the terms of offer, as detailed in the resolution and to take necessary actions without any limitation for implementation of the resolution.

The Memorandum & Articles of Association of the Company, Auditors' Certificate and other documents referred to in the proposed resolution and in the Explanatory Statement are open for inspection at the Registered Office of the Company on any working day except Public Holidays, Saturdays and Sundays between 10.30 a.m. and 01.30 p.m. upto the date of the Annual General Meeting and will also be placed before the Annual General Meeting.

Your Directors recommend the resolution for your approval as Special Resolution.

None of the Directors of the Company, other than Mr. Prakash Shah and Mr. Nitin Shah are in any way, concerned or interested in the said resolution.

#### **Item No. 6 and 7:**

##### **Item No. 6 – Payment of Remuneration to Mr. Nitin Shah, Managing Director of the Company:**

The Members are hereby informed that the Shareholders' have already accorded approval to the appointment and payment of Remuneration to Mr. Nitin Shah, Managing Director for a period of 5 years



commencing from April 01<sup>st</sup>, 2011 to March 31<sup>st</sup>, 2016 in the Annual General Meeting held on September 29<sup>th</sup>, 2011. The Company has incurred losses in the Financial Year ended March 31<sup>st</sup>, 2013. In view of this, the payment of Remuneration is governed by Section 198 read with Schedule XIII to the Companies Act, 1956.

Accordingly, the Board recommends this special resolution for the payment of Remuneration to Mr. Nitin Shah for a period of 3 years commencing from April 01<sup>st</sup>, 2012 to March 31<sup>st</sup>, 2015 for your consent. This Special Resolution is subject to the approval of the Central Government.

Mr. Nitin Shah and Mr. Prakash Shah are interested in the resolution. None of the other Directors of the Company is in any way concerned or interested in this resolution.

This explanation together with the Notice is and should be treated as an abstract of the terms of appointment of Mr. Nitin Shah and a Memorandum as to the nature of the concern or interest of the Directors in the said Terms of Appointment, as required under Section 302 of the Companies Act, 1956.

**Item No. 7 – Payment of Remuneration to Mr. Prakash Shah, Whole Time Director of the Company:**

The Members are hereby informed that the Shareholders have already accorded approval to the appointment and payment of Remuneration to Mr. Prakash Shah, Whole Time Director of the Company for a period of 5 years commencing from April 01<sup>st</sup>, 2011 to March 31<sup>st</sup>, 2016 in the Annual General Meeting held on September 29<sup>th</sup>, 2011. The Company has incurred losses in the Financial Year ended March 31<sup>st</sup>, 2013. In view of this, the payment of Remuneration is governed by Section 198 read with Schedule XIII to the Companies Act, 1956.

Accordingly, the Board recommends this special resolution for the payment of Remuneration to Mr. Prakash Shah for a period of 3 years commencing from April 1<sup>st</sup>, 2012 to March 31<sup>st</sup>, 2015 for your consent.

Mr. Nitin Shah and Mr. Prakash Shah are interested in the resolution. None of the other Directors of the Company is in any way concerned or interested in this resolution.

This explanation together with the notice is and should be treated as an abstract of the terms of appointment of Mr. Prakash Shah and a Memorandum as to the nature of the concern or interest of the Directors in the said Terms of Appointment, as required under Section 302 of the Companies Act, 1956.

Information required for Item No. 6 and 7 of the Notice of AGM pursuant to Section II, 1(C)(iv), Part II of Schedule XIII to the Act and Section II, 1(B)(iv), Part II of Schedule XIII to the Act respectively is provided herein below:

**I. GENERAL INFORMATION:**

**(1) Nature of Industry:**

Allied Digital Services Limited is well renowned as a leading Global IT Transformation Architect, with an impeccable track record for designing, developing, deploying and delivering end-to-end IT Infrastructure services. It responsibly delivers cutting-edge IT services and solutions to a wide range of industries spanning 35 countries across 5 continents.

As a trusted partner with wide range of service capabilities and state-of-the-art global command centres, it helps its clients transform and succeed in challenging environments by making better IT decisions.

**(2) Date or expected date of commencement of commercial production:**

Not applicable as the Company is an existing Company.

**(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not applicable.

**(4) Financial performance based on given indicators – as per audited financial results of the Company for the financial year ended March 31<sup>st</sup>, 2013:**

Particulars	2012-13
	₹ in Lacs
Income from operations	23,594.70
Income from Investments and Deposits	198.41
Other Income	376.78
Profit/ Loss before interest, depreciation and taxation	2811.54
<b>Net Loss</b>	<b>(1017.81)</b>

**(5) Export performance and net foreign exchange collaborations for the financial year ended March 31<sup>st</sup>, 2013:**

During the year, the Company utilized foreign exchange amounting to ₹ 1,268.7 Lacs and earned foreign exchange amounting to ₹ 1,871.71 Lacs.

**(6) Foreign investment or collaborations, if any:**

The Company has invested in the Equity Shares of the following Subsidiaries Companies situated outside India:

1. Allied Digital Services, LLC;
2. Allied Digital INC;
3. Allied Digital Singapore Pte. Ltd;
4. Allied Digital Asia Pacific Pty Ltd.

**II. INFORMATION ABOUT THE APPOINTEES:**

**1. NITIN SHAH**

**(1) Background details:**

Mr. Nitin Shah, Managing Director of this global IT Company with Indian origin, has been a commercial innovator, cultural inspiration, and entrepreneurial icon. He has completed a degree in Electrical Engineering from VJTI, India followed by a Post Graduate Diploma in Computer Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. Nitin Shah hailed to become one of the frontrunners of India's IT revolution. Mr. Shah is a member of Manufacturer's Association of Information Technology and Traders Association of Information Technology. He is also a member in the Business Expert's Panel in Indian Express publication. Mr. Shah has an experience of thirty two (32) years in the IT industry. He was nominated in the Who's Who of the World list and won the International Professional of the Year in 2005. He had been nominated for the 2006 Entrepreneur of the Year Award by Ernst& Young. Mr. Shah is recognized as the Big Daddy of Channels by DQ Channel. Mr. Shah was honoured with UDYOG RATNA Award by IES and as a Best Business Leader for the year 2011 by ITPV. Mr. Shah has been recognized by Enterprise Asia for the Asia Pacific Entrepreneurship Award as the Most Outstanding Entrepreneur, 2011 for building a high-flying IT company without taking his feet off the ground. Mr. Shah has also been featured as Mr. Modesty in THE SPIRIT OF ENTREPRENEURSHIP a Coffee Table Book by Bennett, Coleman and Company Limited (BCCL).

**(2) Past remuneration:**

Mr. Nitin Shah has been appointed as Managing Director of the Company w.e.f. April 1<sup>st</sup>, 2011. For the financial year ended on March 31<sup>st</sup>, 2012, the Company has paid ₹ 50 lacs as remuneration to Mr. Nitin Shah.

**(3) Recognition or awards:**

- Nominated in the Who's Who of the World list and won the International Professional of the Year in 2005.
- Nominated for the 2006 Entrepreneur of the Year Award by Ernst & Young.
- Recognized as the Big Daddy of Channels by DQ Channel.
- Honoured with "Udyog Ratna" Award by IES.
- Honoured as a Best Business Leader for the year 2011 by ITPV.
- Recognized by Enterprise Asia for the Asia Pacific Entrepreneurship Award as the Most Outstanding Entrepreneur, 2011 for building a high-flying IT company without taking his feet off the ground.

**(4) Job profile and their suitability:**

Same as stipulated in Para II (1) above

**(5) Remuneration proposed:**

Same as stipulated above

**(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of Mr. Nitin Shah, Managing Director, and the responsibilities shouldered on him and industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterparts in the companies.

**(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:**

Besides the remuneration to be paid to him, Mr. Nitin Shah is one of the major promoters of the Company.

**2. PRAKASH SHAH:**

**(1) Background details:**

Mr. Prakash Shah, Executive Director- Commercial holds a Bachelor's Degree in Commerce from University of Mumbai and Diploma in Computer Management from University of Mumbai. He has an experience of twenty one (21) years in the field of Finance. He has been associated with the Company since its inception and is responsible for managing all the non-technical functions of the Company.

**(2) Past remuneration:**

Mr. Prakash Shah has been appointed as a Whole-time Director of the Company w.e.f. April 1<sup>st</sup>, 2011. For the financial year ended on March 31<sup>st</sup>, 2012, the Company has paid ₹ 29 lacs as remuneration to Mr. Prakash Shah.

**(3) Recognition or awards :**

Nil

**(4) Job profile and their suitability:**

Same as stipulated in Para II (1) above



**(5) Remuneration proposed:**

Same as stipulated above

**(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of Mr. Prakash Shah, Executive Director - Commercial and the responsibilities shouldered on him and industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterparts in the companies.

**(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:**

Besides the remuneration to be paid to him, Mr. Prakash Shah is one of the major promoters of the Company.

**(III) OTHER INFORMATION:-**

**(1) Reasons for inadequate profits:**

The Company has suffered a loss of ₹ 1018 lakhs for the financial year ended March 31<sup>st</sup>, 2013. The loss was primarily on account of interest expenses and one time exceptional expense. The Company has gone through one of the most difficult phase in its history during the course of the last financial year. The general turmoil in the market as well as delay in customer decision making in several government projects had an adverse impact on the Company's fortunes.

**(2) Steps taken for improvement and expected increase in productivity and profits in measurable terms:**

Indian Industry is expected to grow over the coming years. The focus is on cost rationalization, enhancing the productivity per employee, sound business strategies to bring in business/ revenue growth resulting in increase in profitability.

**(3) Expected increase in productivity:**

The Shareholders' are informed that barring unforeseen circumstances, the Company is expecting net profit for the financial year 2013-14 as in comparison to the loss in financial year 2012-13 and the possibility of inadequacy of profits is not likely to recur again in financial year 2013-14.

## DIRECTORS' REPORT

To,

The Members of

### ALLIED DIGITAL SERVICES LIMITED

Your Directors present herewith the Annual Report together with the Audited Statement of Accounts and Auditors' Report thereon for the Financial Year ended March 31<sup>st</sup>, 2013:


#### RESULTS OF OPERATIONS:

(₹ In Lacs)

PARTICULARS	2012-13	2011-12
Total Operational Income	23,625.54	40,602.05
Other Income	544.34	1,569.57
<b>Total Income</b>	<b>24,169.88</b>	<b>42,171.62</b>
Less: Operating Expenditure	20,781.91	37,420.70
<b>Profit before Interest, Depreciation, Amortization Tax &amp; Exceptional Item</b>	<b>3,387.97</b>	<b>4,750.92</b>
Less: Depreciation	2,132.41	1,636.69
Less: Interest	1,355.92	1,639.90
<b>Profit before Tax and Exceptional Item</b>	<b>(100.36)</b>	<b>1,474.33</b>
Exceptional Item	576.44	-
<b>Profit before Tax</b>	<b>(676.80)</b>	<b>1,474.33</b>
Less: Provision for Taxation	-	-
Less: Deferred Tax Liability	341.01	884.56
<b>Net Profit for the year</b>	<b>(1,017.81)</b>	<b>589.77</b>
Add: Balance brought forward from the Previous Year	28,444.16	27,986.78
<b>Amount Available for Appropriation</b>	<b>27,426.36</b>	<b>28,576.55</b>
Less: Transfer to General Reserve		
Proposed Dividend Including Dividend Tax	-	134.20
Short provision of Tax of earlier years (Net)	-	-
Add: Excess provision of Tax of earlier years	-	1.75
<b>Balance carried to Balance Sheet</b>	<b>27,426.36</b>	<b>28,444.16</b>

#### BUSINESS OPERATIONS:

Your Company is an IT Infrastructure Management and Technical Support Services Outsourcing Company, with an impeccable track record for designing, developing, deploying and delivering end-to-end IT Infrastructure services with an objective to provide end to end IT Solutions, outcomes of which have always resulted into a positive change in the organization. Your Company is an experienced entity having sufficient knowledge of the local market which assists them in organizing manpower for diverse tasks and contractual works. It has over more than two decades of experience in enterprise IT Infrastructure,



Management and Implementation and consulting on complex IT Solutions for different Business Verticals.

Your Company's inherent capabilities built on the philosophy of '3S' (Smart People, Smart Processes, Smart Technology); provides the strong foundation for a best-in-class Integrated Service Delivery Framework which consistently augments our overall value creation proposition to our clients; both effectively and efficiently.

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

The global economic environment remains subdued, although key economies such as the US are showing stability and some improvement, with a yet unresolved crisis in the Euro zone and signs of slower growth in many emerging economies. In such business conditions the Company's gross income for the financial year ended March 31<sup>st</sup>, 2013 decreased by 43% to ₹ 241.70 Crore, from ₹ 421.72 Crore in the previous year. The operating profit (PBDIT) of the Company decreased to ₹ 33.88 Crore during the year, from ₹ 47.51 Crore in the previous year. Interest & Depreciation was at ₹34.88 Crore as against ₹32.77 Crore in the previous year. The provision for taxation during the year was ₹3.41 Crore which includes deferred tax liability for the year. The net loss for the year was ₹(10.18) Crore. Like several other major technology companies, Allied Digital has also been hurt by the recent economic turmoil, margin pressure, increase in competition, spending curbed on IT cost by the customer. The Company's Net worth as on March 31<sup>st</sup>, 2013, stood at ₹677.21 Crore, as against ₹687.39 Crore last year.

#### **OUTLOOK:**

During financial year 2014, the company aims to deepen its engagements with existing clients, draw repeat business, and emerge as the "First Choice" and the preferred partner for its marquee global customers.

The Company sees its eco-system of critical partnerships and alliances with reputed global companies as an important asset and will continue to explore opportunities to further expand it.

The Company's differentiated business model with strong capabilities in its chosen verticals, programme management track-record, investments in intellectual property, and a reinforced leadership team are great advantages in the prevailing macro-environment that remains volatile.

#### **APPROPRIATIONS:**

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

In recognition of the fact that the economy is recovering and in view of the Company's performance the Directors do not recommend any Dividend for the financial year 2012-2013.

##### **b. LIQUIDITY:**

Your Company maintains sufficient cash to meet its strategic objectives. As on March 31<sup>st</sup> 2013, your Company has liquid assets including investment in mutual funds of ₹15.74 Crore as against ₹34.56 Crore at the previous year end. These funds are lying in current bank account, fixed deposits with banks and in mutual funds.





## **DIRECTORS:**

### **RE-APPOINTMENT/ APPOINTMENT**

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

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

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

### **DIVIDEND:**

Your Directors have not recommended any Dividend for the financial year 2012-2013.

### **COST AUDIT:**

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

### **COMMITTEES OF THE BOARD:**

The details of the Committees of the Board including their composition are provided in the Corporate Governance Section of this Annual Report.


### **SUBSIDIARIES**

Your Company has Seven subsidiaries:-

1. Allied Digital Services, LLC;
2. Allied Digital INC;
3. Allied Digital Singapore Pte. Ltd;
4. Allied Digital Asia Pacific PTY LTD;
5. \*Digicomp Complete Solutions Limited;
6. En Pointe Technologies India Private Limited ;
7. Allied-eCop Surveillance Private Limited.

\* Your Company has divested it's entire 52.6% holding in it's subsidiary, Digicomp Complete Solutions Limited as per Share Purchase and Shareholders agreement Dated August 14<sup>th</sup>, 2013.

Pursuant to Section 212 of the Companies Act, 1956 ("the Act"), the Company is required to attach to its Annual Report, the Balance Sheet, Profit and Loss Account, Directors' Report and the Report of the Auditors' (collectively refereed to as "the accounts and reports"), of its subsidiaries for the year ended March 31<sup>st</sup>, 2013.



As required under the Listing Agreement with the stock exchange(s) a consolidated financial statement of the Company and all its subsidiaries has been prepared and attached hereto.

The Ministry of Corporate Affairs has granted a general exemption to the companies from attaching financials of the subsidiaries, subject to the laid down conditions. The Board of Directors has also given their consent for not attaching the accounts and reports of its subsidiary to the Annual Report under the provisions of Section 212 of the Companies Act, 1956. Therefore, the Company shall not be attaching the audited accounts of the subsidiaries to the annual accounts of the Company for the current year. The annual accounts of the subsidiary companies and related detailed information will be made available to any member of the Company or subsidiary company upon request and are also available for inspection by any member of the Company, during the business hours, at the registered office of the Company and that of the subsidiary company concerned.

The statement containing the list of subsidiaries along with brief financial details of the subsidiaries is given on page numbers 121 of the Annual Report.

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

The Company has raised funds through the issue of shares to the Qualified Institutional Buyers pursuant to Qualified Institutional Placement and Issue of Share Warrants to Bennett Coleman and Company Limited. Out of the above issues proceeds as on March 31<sup>st</sup> 2013, the company is having balance of ₹ 5.17 cores pending for deployment.

#### **HUMAN RESOURCES:**

Your Company recognizes the importance of people in its growth and has been progressing with the unflinching commitment of the dedicated team of employees. The Company's recruitment practices ensure that suitable candidates with merit are recruited and provided with right opportunities to grow within the Organisation. The Company has developed an HR strategy comprising need base training. Employees are encouraged to attend seminars, lectures and training. Key performance indicators by department heads were subject to regular management review meetings.

Developing a learning culture has always been and will continue to be our uppermost priority. Our efforts in coming years will be to enable our employees to grow continually and build a competitive edge by translating the learnings into positive actions. Several trainings were conducted during the year under review. We believe that together we can and will make the Company achieve its corporate mission.

#### **QUALITY & CERTIFICATION:**

We continue our excellence in journey with a critical focus on quality and processes and significant investment in quality processes. Pursuant to our ISO 9001 certification, since last 15 years, we continued further certifications for our other activities. Your Company's Remote Management Services (RMS) center at Navi Mumbai has got ISO 27001: 2005 Certification in a year 2007 and has gone through One successful renewal and three successful surveillance audit. By this certification, we have protected IT infrastructure by means of right infrastructure and process deployment so that the customers are in safe hands. We have further completed certifications of this RMS by ISO 20000-1:2005 which is certification of excellence in IT Service Management and has gone through One successful renewal and one successful surveillance audit and recently we have up-scaled this certification to ISO 20000-1:2011. The IT services that we thus provide from this RMS are certified to be one of the best in the world meeting requirements of that standard. We have further initiated movements towards green IT and offer green data center consultancy to our prospects. In this initiative we intend to voluntarily reduce energy consumption of hardware and offer consultancy to our prospects to reduce consumption of that data center thus improving carbon footprint and one more step towards precious energy conservation. We have registered for getting our software activities certified under CMMI certification level 3 which is expected to be completed in a year's time.

## SUSTAINABILITY INITIATIVES:

As part of sustainability journey, Allied's various businesses have adopted sustainability approach encompassing initiatives covering natural & energy resource conservation, water efficiency, waste reduction and product innovation. This is strengthened through commitment of top management, robust processes and policy formulation.

The company actively works towards development of underprivileged communities especially around our area of operations. Mother & child health, primary education and skill building are the key thrust areas for community welfare.

## INVESTMENTS

The investments of the Company as on March 31<sup>st</sup>, 2013 were to the tune of ₹151.93 Crore as compared to the last year's investment of ₹152.46 Crore.

The Book value of the quoted investments for the year under review was ₹ 5.17 Crore (previous year ₹ 13.17 Crore) and its realizable value as at March 31<sup>st</sup>, 2013 for this investment was same as book value.

## FIXED DEPOSITS

In terms of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit Rules), 1975, the Company has accepted fixed deposits during the year. As on date no Principal or Interest amount is outstanding.

## CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

The information on Conservation of Energy required under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company. Although operations of the Company are not energy intensive, steps are being taken to conserve energy in all possible areas.

## 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, the names and other particulars of employees are to be set out in the Annexure to the Directors' Report and the same are nil as no employees of the Company come under the purview of the aforesaid provisions. However, having regard to the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975, the Annual Report is being sent to all Members of the Company excluding the aforesaid information. Any Member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of your Company.

## FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ In Lacs)

PARICULARS	2013	2012
Earnings	1871.71	598.53
Outflow (including Capital imports)	1268.70	691.23
Net Foreign Exchange Earnings (NFE)	603.01	(92.70)
NFE / Earnings (%)	32	(15)



## DIRECTORS' RESPONSIBILITY STATEMENT:

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

- In the preparation of the Annual Accounts for the year ended March 31<sup>st</sup>, 2013, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31<sup>st</sup>, 2013;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the Annual Accounts for the year ended March 31<sup>st</sup>, 2013, on a going concern basis.

## STATUTORY AUDITORS:

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

## ESOP 2010:

At present the Company has an Option plan for its employees called, "ESOP 2010".

"ESOP 2010", was approved by the members at their meeting held on September 29<sup>th</sup>, 2010. The Company had granted total 502,500 options under "ESOP 2010" to the eligible employees in tranches out of total 3,000,000 grants allocated under the ESOP scheme. During the financial year ended March 31<sup>st</sup>, 2013, 60,000 options were granted to employee of the Company or it's Subsidiary. Each option entitles the holder thereof to apply for and be allotted Equity Shares of the Company upon payment of the exercise price during the exercise period.

The details of present ESOP are given in the table:-

PARICULARS	ESOP 2010 GRANT
Total Options granted by the plan (no.)	502,500
Pricing formula on date of grant	Fair Market Value
Options granted during the year (no.)	60,000
Weighted average price per Option granted (₹)	28.00
Variation in terms of Options	NA
Options exercised during the year (no.)	Nil
Money raised on exercise of Options (₹ Lakhs)	Nil
Options forfeited and lapsed during the year (no.)	112,500
Total number of Options in force at the end of the year. (no.)	342,000
Grant to senior management	Nil
Employees receiving 5% or more of the total number of Options granted during the year*	1
Employees granted Options equal to or exceeding 1% of the issued capital	Nil
Diluted EPS in accordance with [AS-20]	N.A.

\*60000 shares granted to an employee of Subsidiary Company during financial year under review.

## CORPORATE GOVERNANCE:

Your Company has taken appropriate steps and measures to comply with all the applicable mandatory provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges and Section 292A of the Companies Act 1956. The Company's governance practices are described separately in the Corporate Governance section from pages 22 to 38 of this Annual Report. We have obtained certification from a Practicing Chartered Accountant on our compliance with Clause 49 of the Listing Agreement with Indian Stock Exchanges, described in the separate section forming a part of this Annual Report.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

## AWARDS AND RECOGNITION:

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

- First Runner-up in the category Best Exporter – Service (Small) at the 'ECGC - D&B Indian Exporters' Excellence Awards 2012'.
- Maharashtra Information Technology Award 2012
- Allied Digital grabs EMERSON Network Power Presents "Critical Difference Partner Award 2012" CRN
- Channel World Premier 100 Award - Channel World
- Inc. India 500 Award
- Spirit of Partnership by Dell at the Dell-GDF India Annual Partner Summit
- BEST VAR 2013 AWARD'- VAR India
- 'Top Solutions Provider' and 'Solution Champ – Managed Security Services' by DQ Channels
- Allied Digital wins MSP of the Year 2012 Award– LANDesk Software USA.

## ACKNOWLEDGMENT:

We thank our customers, vendors, investors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels.

We thank the Government of India, the Ministry of Communication and Information Technology, the State Government, various government agencies and the Government of United States of America where we have operations, for their immense support, and look forward to their continued support in the future.

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

sd/-	sd/-
Nitin D. Shah	Prakash D. Shah
Chairman & Managing Director	Executive Director- Commercial

Mumbai  
August 14<sup>th</sup>, 2013

**REPORT ON THE CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2012-2013**  
**(As required under Clause 49 of the Listing Agreement with the Stock Exchanges in India)**

**1. COMPANY'S PHILOSOPHY:**

Allied Digital Services Limited is committed to the highest standards of corporate governance. As a global organization the Corporate Governance practices followed by the Company and its subsidiaries are compatible with international standards and best practices. Through the Governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fair play and independence in its decision making.

The Securities and Exchange Board of India (SEBI) regulates corporate governance for listed companies through Clause 49 of its Listing Agreement. The Company is in full compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement with the Indian Stock Exchanges ("the Listing Agreement").

We believe that timely disclosures, transparent accounting policies and a strong and Independent Board go a long way in maintaining good corporate governance, preserving shareholders trust and maximizing long-term corporate value.

**2. BOARD OF DIRECTORS:**

As on March 31<sup>st</sup>, 2013, the Board of Allied Digital Services Limited had 6 Directors, comprising (i) 3 Executive Directors, including the Chairman and (ii) 3 Independent Directors as defined under the Listing Agreement with Indian Stock Exchanges. Detailed profiles of the Directors have been discussed in this annual report. The Directors have expertise in the fields of Finance, Computer Engineering, Computer Management, Business Transformation, Enterprise Solutions Architecture, Business Administration and law. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. Each Director informs the Company on an annual basis about the Board and Committee positions he occupies in other companies including Chairmanships and notifies changes during the term of their directorship in the Company.

**a) Size and Composition of Board:**

As stated earlier the Composition of Board of Directors is a combination of Executive and Non Executive Directors. As on March 31<sup>st</sup>, 2013, the Board consists of 6 Directors, out of which 3 are Non-Executive, Independent Directors. The Composition of the Board and Category of Directors are as follows:

Category	Name of the Directors
Promoter Directors	Nitin Shah (Chairman & Managing Director)
	Prakash Shah (Executive Director - Commercial)
Executive Director	Mr. Paresh Shah (CEO & Executive Director)
Independent and Non- Executive Director	Dr. Shrikant Parikh Prof. Venugopal Iyengar Dr. Roopkishan Dave

All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Clause 49 of the Listing Agreement. None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees (Committees being, Audit Committee and shareholders' Grievance Committee) across all the companies in which he is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other

companies and do not hold the office of Director in more than fifteen public companies.

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

The Board reviews the declaration made by the Executive Directors regarding compliance with all applicable laws on regular basis as also steps taken to remediate instances of non compliance.

The required information as enumerated in Annexure IA to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings.

**b) The following table gives the number of other Directorships and Chairmanships/ Membership of Committees of each Director in various Companies as on March 31<sup>st</sup>, 2013.**

Name of Directors	Category	No. of Directorship(s) in other Companies <sup>1</sup>		No. of Membership / Chairmanship of other Board Committees <sup>2</sup>	
		Public	Private	Member	Chairman
Mr. Nitin Shah	Chairman & Managing Director	1	4	2	2
Mr. Paresh Shah	CEO and Executive-Director	-	-	-	-
Mr. Prakash Shah	Executive Director – Commercial	1	4	3	-
Dr. Shrikant Parikh	Non Executive – Independent Director	-	1	4	-
Mr. Shailesh Vaidya <sup>3</sup>	Non Executive – Independent Director	12	-	-	-
Prof. Venugopal Iyengar	Non Executive – Independent Director	-	1	4	1
Dr. Roopkishan Dave	Non Executive – Independent Director	-	-	1	-
Mr. Manoj Shah <sup>4</sup>	Executive Director	-	-	-	-

1 Excludes directorship in Allied Digital Services Limited

2 For the purpose of considering the limit of the committee memberships and chairmanships of a Director, the Audit Committee and Shareholders' Grievance Committee have been considered.

3 Mr. Shailesh S. Vaidya has resigned from the Board w.e.f. 26th July 2012.

4 Mr. Manoj Shah has resigned from the Board w.e.f. 28th August 2012.

**c) Board Meetings:**

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



resolution, which is ratified in the subsequent Board meeting.

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

During the Financial Year ended March 31<sup>st</sup>, 2013, Five (5) Board meetings were held on May 14<sup>th</sup>, 2012, August 14<sup>th</sup>, 2012, August 28<sup>th</sup>, 2012, November 9<sup>th</sup>, 2012 and February 13<sup>th</sup>, 2013. The maximum interval between any two subsequent meetings was well within the maximum allowed gap of four months.

The details of Directors attendance at Board Meeting held during the year commencing April 1<sup>st</sup>, 2012 to March 31<sup>st</sup>, 2013 and the last AGM held on September 27<sup>th</sup> 2012.

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Nitin Shah	5	Present
Mr. Prakash Shah	5	Present
Dr. Shrikant Parikh	5	Absent
Prof. Venugopal Iyengar	5	Present
Mr. Paresh Shah	4	Present
Dr. Roopkishan Dave	5	Absent
Mr. Shailesh S. Vaidya <sup>1</sup>	1	N.A.
Mr. Manoj R. Shah <sup>2</sup>	-	N.A.

<sup>1</sup> Mr. Shailesh Vaidya resigned from the Board w.e.f. 26<sup>th</sup> July 2012.

<sup>2</sup> Mr. Manoj Shah resigned from the Board w.e.f. 28<sup>th</sup> August 2012

#### **d) Board Business:**

The Board has complete access to any information within the Company. In addition to the regular business items, the following items/ information are regularly placed before the Board to the extent applicable.

- Unaudited Quarterly / Half yearly financial results and audited annual accounts of the Company with relevant details for consideration and approval;
- Strategies for shaping of portfolio and direction of the Company and priorities, in corporate resource allocation;
- Corporate annual plan and operating framework;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Board Remuneration policy and individual remuneration packages of Directors;
- Compliance with all relevant legislations and regulations;
- Risk evaluation and control;
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement;
- Significant development in the human resources and industrial relations fronts;

- Any materially significant effluent or pollution problems;
- Status of Business Risk Exposures, its Management and related action plans;
- Minutes of meetings of other Committee Meetings;
- Abstracts of circular resolutions passed;
- General notices of interest;
- Sale and/or Purchase of investments, fixed assets;
- Review compliance of all laws applicable to the Company including the requirements of the Listing Agreement with the Stock Exchanges and steps taken by the Company to rectify instances of non compliances, if any;
- Related party transactions;
- Reviewing the Company's financial and risk management policies;
- Reviewing the business plan and strategy of the Company;
- Reviewing the operations and financial results of the Subsidiary Companies;
- Reviewing the Minutes of meetings of Subsidiary Companies.

**e) Risk Management:**

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

**COMMITTEES OF THE BOARD:**

The Board Committees focus on specific areas and make informed decisions within the authority delegated. Each such Committee is guided by its Charter, which defines the composition, scope and powers. The Committees also make specific recommendations to the Board on various matters when required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval. The Company has 5 (five) Board-level Committees, namely:

- Audit Committee;
- Remuneration Committee;
- Shareholders' Grievance Committee;
- Compensation Committee and;
- Management Committee.

◆ **AUDIT COMMITTEE:**

The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has entrusted the Audit Committee with the responsibility to supervise these processes and thus ensure accurate and timely disclosures that maintain the

transparency, integrity and quality of financial control and reporting.

**a) Constitution and Composition of Committee:**

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

Name of Members	Designation	Category of Director	No. of meetings attended
Dr. Shrikant Parikh	Chairman	Non-Executive Independent	5
Prof. Venugopal Iyengar	Member	Non-Executive Independent	5
Mr. Prakash Shah	Member	Executive	5

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

**b) Meetings:**

During the financial year 2012- 13, five (5) Audit Committee Meetings were held on May 14<sup>th</sup>, 2012, August 14<sup>th</sup>, 2012, August 28<sup>th</sup>, 2012, November 9<sup>th</sup>, 2012 and February 13<sup>th</sup>, 2013.

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

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

- Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosures of related party transactions;
- Qualifications in draft audit report;
- Reviewing with the Management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the performance of Statutory & Internal Auditors, adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

- Discussion with internal auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults, if any, in the payments to the debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- To review the function of the Whistle Blower Mechanism;
- Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors and/or other Committees of Directors of the Company;
- Reviewing the financial statements and in particulars the investments made by the unlisted subsidiaries of Company.

A summary statement of transactions with related parties was placed periodically before the Audit Committee during the year. Suitable disclosures have been made in the financial statements. The Minutes of the Meetings of the Committee are circulated through email to all Directors and are confirmed at the subsequent Meeting.

#### ◆ **REMUNERATION COMMITTEE:**

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

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

#### **Remuneration Policy:**

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

#### **a) Composition of the Committee:**

The Remuneration Committee comprises of Dr. Shrikant Parikh, Non- Executive and Independent Director as Chairman, Prof. Venugopal Iyengar, Non-Executive and Independent Director and Dr. Roopkishan Dave, Non-Executive and Independent Director as Members of the Committee.

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

- To approve the Remuneration Plan of the Company;
- To review and grant increments to Executive/Managing Director;
- Such other matters as the Board may from time to time request the Remuneration Committee to



examine and recommend /approve.

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

During the financial year 2012 – 13, No meeting of the Remuneration Committee was held.

**d) Disclosure of Remuneration paid**

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

**Details of remuneration paid to Directors during the accounting year ended March 31st, 2013 are as under:**

Name of Directors	Salary (Amt. in ₹ )	Sitting fees (Amt. in ₹ )	Total (Amt. in ₹ )	Stock Option granted
Mr. Nitin Shah	5000000	-	5000000	-
Mr. Prakash Shah	3000000	-	3000000	-
Mr. Manoj Shah <sup>1</sup>	803335	-	803335	37500
Mr. Paresh Shah	1466890	-	1466890	-
Mr. Shailesh Vaidya <sup>2</sup>	-	15000	15000	-
Dr. Shrikant Parikh	-	95000	95000	-
Dr. Roopkishan Dave	-	40000	40000	-
Prof. Venugopal Iyengar	-	95000	95000	-

<sup>1</sup> Mr. Manoj Shah has resigned from the Board w.e.f. August 28<sup>th</sup>, 2012.

<sup>2</sup> Mr. Shailesh Vaidya has resigned from the Board w.e.f. July 26<sup>th</sup>, 2012.

Mr. Nitin Shah, Managing Director and Chairman and Mr. Prakash Shah, Whole-time Director were appointed w.e.f. April 01<sup>st</sup>, 2011 and the details of the remuneration during the accounting year ended March 31<sup>st</sup>, 2013 are given as under:

Name of Directors	Fixed Salary	Perquisite	Performance linked Incentive	Sitting Fees	Total	Service Contract / Notice Period	Stock Option granted, if any
Mr. Nitin Shah	1500000	3500000	N.A.	NIL	5000000	The appointment is for five years. The appointment is terminable by giving three months' notice of either party	Nil
Mr. Prakash Shah	750000	2250000	N.A.	NIL	3000000	The appointment is for five years. The appointment is terminable by giving three months' notice of either party	Nil

◆ **INVESTORS / SHAREHOLDERS GRIEVANCE COMMITTEE:**

**a) Constitution and Composition of Committee:**

The Board of Directors constituted a Shareholders Grievance Committee in the financial Year 2007. The

Shareholders Grievance Committee for the Accounting Year comprises of following two non-executive and independent directors and one executive director.

Name of Members	Designation	Category of Director	No. of meetings attended
Prof. Venugopal Iyengar	Chairman	Non-Executive Independent	4
Mr. Prakash Shah	Member	Executive	4
Dr. Shrikant Parikh	Member	Non-Executive Independent	4

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

During the Accounting Year 2012 – 2013, Four (4) Shareholders' Grievance Committee Meetings were held on May 14<sup>th</sup>, 2012, August 14<sup>th</sup>, 2012, November 9<sup>th</sup>, 2012 and February 13<sup>th</sup>, 2013.

**c) Compliance Officer:**

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

**d) Investor Grievance Redressal:**

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

Nature of Complaints	Opening	Received	Resolved	Outstanding as at March 31 <sup>st</sup> , 2013
Non Receipt Of Annual Report	0	2	2	0
Non receipt of dividend	0	6	6	0
<b>Total</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>0</b>

During the Accounting Year ended March 31<sup>st</sup>, 2013, 8 complaints were received from shareholders, all of which have been attended/ resolved as on date. All valid Share Transfers received during the accounting year ended March 31<sup>st</sup>, 2013 have been acted upon. There were no Share transfers pending for more than 30 days for the half-year ended September 30<sup>th</sup>, 2012, and for more than 15 days for the half-year ended March 31<sup>st</sup>, 2013.

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

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

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

- All other matters related to Shares.

#### ◆ **COMPENSATION COMMITTEE:**

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

##### **a) Constitution and Composition of Committee:**

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

##### **b) Meeting of the Compensation Committee:**

During the Accounting Year 2012 – 2013, One (1) Compensation Committee Meeting was held on August 28<sup>th</sup>, 2012

<b>Name of Members</b>	<b>No. of Compensation Committee Meetings attended</b>
Mr. Nitin Shah	1
Dr. Shrikant Parikh	1
Prof. Venugopal Iyengar	1

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

- To decide the terms and conditions of the Employee Stock Option Scheme (ESOP);
- the quantum of any option to be granted under an employee stock option scheme per employee and in aggregate;
- the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
- the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
- the right of the Employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights, issues, bonus issues, merger, sale of divisions and other;
- The grant, vest and exercise of option in case of employees who are on long leave.

#### ◆ **MANAGEMENT COMMITTEE**

##### **a) Constitution and Composition of Committee:**

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

##### **b) Meeting of the Management Committee :**

During the -Financial Year 2012 – 2013, Three (3) Management Committee Meetings were held

on April 16<sup>th</sup>, 2012, November 05<sup>th</sup>, 2012, January 15<sup>th</sup>, 2013.

Name of Members	No. of Management Committee Meetings attended
Mr. Nitin Shah	3
Mr. Prakash Shah	3
Mr. Manoj Shah*	0
Mr. Paresh Shah	2

\* Manoj Shah Resigned on August 28<sup>th</sup>, 2012

**c) The Functions of the Management Committee includes:**

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



## ◆ GENERAL BODY MEETINGS:

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

Financial Year	Day and Date	Location of AGM	Time
2011-2012	Thursday, September 27 <sup>th</sup> , 2012,	Tarabai Hall, Shiv Prasad Building, 97, Marine Drive, Mumbai – 400002	03:30 P.M.
2010 -2011	Thursday, September 29 <sup>th</sup> , 2011	Tarabai Hall, Shiv Prasad Building, 97, Marine Drive, Mumbai – 400002	03:30 P.M.
2009-2010	Wednesday September 29 <sup>th</sup> , 2010	Walchand Hirachand Hall, LNM Indian Merchants' Chamber Building, 4 <sup>th</sup> Floor, Churchgate, Mumbai – 400020	03:30 P.M.

### Details of Special Resolutions passed in previous three Annual General Meetings:

**At the Annual General Meeting of the Shareholders held on September 27<sup>th</sup>, 2012 the following special resolutions were passed.**

- Appointment of Mr. Paresh Bipinchandra Shah, as Executive Director.

**At the Annual General Meeting of the Shareholders held on September 29<sup>th</sup>, 2011 the following special resolutions were passed.**

- Re-appointment of Mr. Nitin Shah, as Managing Director.
- Re-appointment of Mr. Manoj Shah, as Executive Director.
- Re-appointment of Mr. Prakash Shah, as Executive Director.

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

- Ratification of Remuneration of Mr. Manoj Shah, Director of the Company.
- Adoption of the scheme titled “ESOP 2010”
- Extension of the benefits of the “ESOP 2010” to the eligible Employees / Directors of the subsidiary companies
- Appointment of Mr. Nehal Shah Under section 314(1B) of Companies Act, 1956.

### Details of Special Resolution passed During financial year under review through postal ballot:

No Resolution was passed through Postal Ballot During financial year under review by the Company.

## 3 Disclosures:

### 1. Related Party Transactions:

- Related Parties and transactions as required under Accounting Standard (AS-18) are furnished under paragraph number 10 D of the Notes to the Accounts attached with the financial statements for the year ended March 31<sup>st</sup>, 2013.
- No transaction of material nature has been entered into by the Company with its promoters, the directors or the management, their subsidiary or relatives etc. that may have a potential conflict

with the interest of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board regularly.

**2. Compliance by the Company:**

The Company has complied with the requirements of the Stock Exchanges (BSE & NSE), the Securities and Exchange Board of India (SEBI) and Statutory Authorities on all matters related to capital markets and no penalties / strictures were imposed on the Company during the last three years except a few from Company Law Board CLB.

**3. Whistle Blower Policy:**

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. No person has been denied access to the Audit Committee.

**4. Mandatory & Non Mandatory requirement of this clause:**

Adoption of non mandatory requirements under Clause 49 of the Listing Agreement is reviewed by the Board from time to time.

**5. Means of Communication:**

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

**6. Code of Conduct:**

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

**7. Trading in the Company's shares by directors and designated employees:**

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

**4 GENERAL SHAREHOLDER INFORMATION:**

**I. Annual General Meeting:**

- Date : September 25<sup>th</sup>, 2013
- Time : 03:30 PM
- Venue : Tarabai Hall, Shiv Prasad Building, 97, Marine Drives, Mumbai - 400002

## II. Financial Year:

The financial year of the Company is from April 1<sup>st</sup>, 2012 to March 31<sup>st</sup>, 2013.

## III. Date of Book Closure:

September 19<sup>th</sup>, 2013 to September 25<sup>th</sup>, 2013 (both days inclusive)

## IV. Listing on Stock Exchange:

The Company is listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. Listing fee for the year 2012 – 2013 has been paid in full to both the Stock Exchanges.

## V. Stock Code :

National Stock Exchange India Limited	:	ADSL
Bombay Stock Exchange Limited	:	532875
ISIN in NSDL and CDSL for Equity Shares	:	INE102I01027
Corporate Identification No	:	L72200MH1995PLC085488

## VI. Registrar and Share Transfer Agent:

Link Intime India Private Limited,  
C-13, Pannalal Silk Mills Compound,  
L.B.S Marg, Bhandup (West), Mumbai - 400078  
Tel. No. : +91-22-25946970  
Fax No. : +91-22-25946969  
Email : [investors@allieddigital.net](mailto:investors@allieddigital.net)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## VII. Share Transfer System & Other Related Matters:

### • Share Transfer System

The Shares lodged for transfer are processed by the Registrar and Transfer Agent and are approved by Shareholders Grievance Committee. Shares sent for transfer in physical form are registered and returned within a maximum period of 30 days for the half-year ended September 30<sup>th</sup>, 2012 and 15 days for the half-year ended March 31<sup>st</sup>, 2013 from the date of receipt, subject to documents being valid and complete in all respects. Similarly all requests for demat are received and processed by the Registrar and Transfer Agent and confirmations are given to the depositories within the prescribed time limit.

### • Nomination Facility for Shareholding

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

### • Correspondence regarding Change in Address

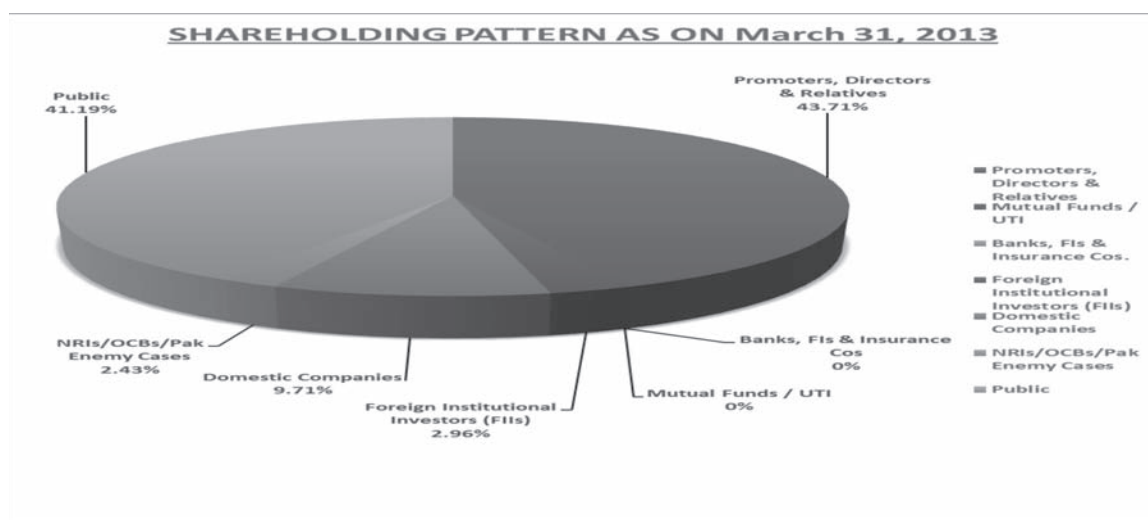
Members are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, Link Intime India Private Limited, Tel. No.: +91-22-2594 6970, Fax No.: +91-22-2594 6969 Email: [investors@allieddigital.net](mailto:investors@allieddigital.net)

# **VIII. Distribution of Share Holding as on March 31<sup>st</sup> , 2013:**

No. Of Equity Shares Held	No. Of Share Holders	% Of Total Share Holders	No. Of Shares Held	% Of Total Number Of Shares
1 – 500	25648	83.2160	3352036	7.2576
501 - 1000	2375	7.7058	1934380	4.1882
1001 - 2000	1312	4.2568	2018733	4.3708
2001 - 3000	486	1.5768	1253321	2.7136
3001 - 4000	254	0.8241	911552	1.9736
4001 - 5000	187	0.6067	881926	1.9095
5001 - 10000	299	0.9701	2213484	4.7925
10001 and above	260	0.8436	33621295	72.7943
<b>TOTAL</b>	<b>30821</b>	<b>100.00</b>	<b>46186727</b>	<b>100.00</b>

## **Shareholding Pattern as on March 31<sup>st</sup> , 2013**

Category	No. of Shares Held	Percentage to total Number of Shares (%)
a. Promoters, Directors & Relatives	20188318	43.71
b. Mutual Funds / UTI	0	0.00
c. Banks, FIs & Insurance Cos.	0	0.00
d. Foreign Institutional Investors (FIIs)	1368642	2.96
e. Domestic Companies	4481395	9.71
f. NRIs/OCBs/Pak Enemy Cases	1122230	2.43
g. Public	19026142	41.19
<b>TOTAL</b>	<b>46186727</b>	<b>100.00</b>





## IX. Dematerialization of Shares:

The Shares of the Company can be held and traded in electronic form. As on March 31<sup>st</sup>, 2013, 96.76 % (44,691,873 Shares) of total shares of the Company were held in demat form.

Break up of shares in physical and demat form as of March 31<sup>st</sup>, 2013:

Particulars	No. of Share	Percentage (%) of Total Shares
<b>Physical Segment</b>	<b>1494854</b>	<b>3.24</b>
<b>Demat Segment</b>		
NSDL	38883407	84.19
CDSL	5808466	12.57
<b>Total</b>	<b>46186727</b>	<b>100.00</b>

X. Outstanding GDRs/ ADRs : NIL

XI. Warrants or any Convertible Instrument, Conversion date and Likely impact on equity : NIL

XII. Plant Location : Not Applicable.

XIII. Address for Correspondence : **ALLIED DIGITAL SERVICES LIMITED**  
81, Harchandrai House, Maharshi Karve Road,  
Marine Lines, Mumbai - 400002, India  
Tel.: (022) 6681 6681  
Fax: (022) 2206 4960  
Email: [investors@allieddigital.net](mailto:investors@allieddigital.net)  
Website: [www.allieddigital.net](http://www.allieddigital.net)

## XIV. E-mail Id for Investor's Grievances:

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

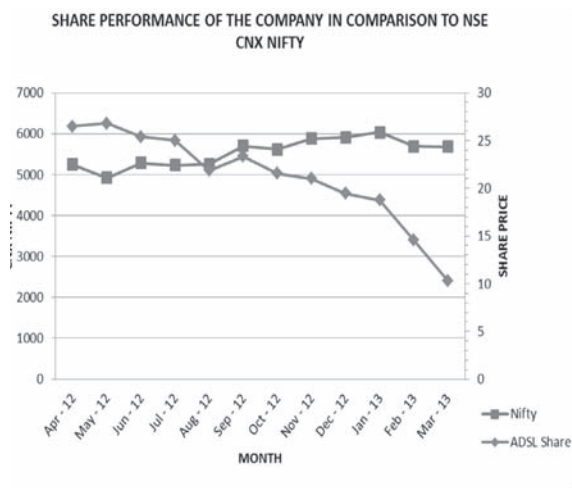
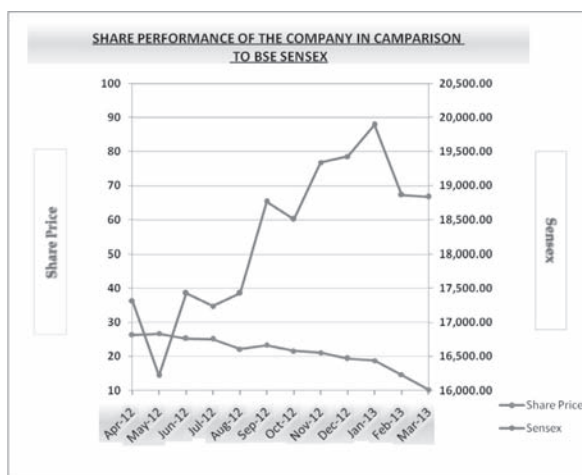
## XV. Market information:

Market Price Data: High low during each month in last financial year

ALLIED DIGITAL SERVICES LIMITED								BSE Sensex		
	Open	High	Low	Close	No. of	No. of	Total T/O	High	Low	Close
Date	(₹)	(₹)	(₹)	(₹)	Shares	Trades	(₹)	(₹)	(₹)	(₹)
<b>2012 Apr</b>	23.85	32.25	23.20	26.35	13,98,722	11,917	4,08,52,963	17,664.10	17,010.16	17,318.81
<b>May</b>	26.70	30.30	20.80	26.70	15,33,871	10,072	4,06,19,595	17,432.33	15,809.71	16,218.53
<b>Jun</b>	27.20	29.20	23.25	25.25	5,66,116	6,538	1,49,04,316	17,448.48	15,748.98	17,429.98
<b>Jul</b>	25.05	30.15	24.30	25.05	16,13,839	12,499	4,44,03,872	17,631.19	16,598.48	17,236.18

ALLIED DIGITAL SERVICES LIMITED								BSE Sensex		
	Open	High	Low	Close	No. of	No. of	Total T/O	High	Low	Close
Date	(₹)	(₹)	(₹)	(₹)	Shares	Trades	(₹)	(₹)	(₹)	(₹)
Oct	23.60	26.80	20.40	21.60	9,04,345	5,942	2,20,81,731	19,137.29	18,393.42	18,505.38
Nov	21.85	23.00	19.50	21.05	3,87,120	3,213	83,23,478	19,372.70	18,255.69	19,339.90
Dec	21.10	22.65	19.00	19.35	4,33,421	2,920	90,29,857	19,612.18	19,149.03	19,426.71
2013 Jan	19.20	23.25	18.50	18.70	5,82,781	4,062	1,22,12,398	20,203.66	19,508.93	19,894.98
Feb	18.75	19.00	13.35	14.60	3,63,272	2,729	58,01,635	19,966.69	18,793.97	18,861.54
Mar	14.15	15.50	9.70	10.20	3,17,981	2,782	38,89,658	19,754.66	18,568.43	18,835.77

Month	Apr - 12	May - 12	Jun - 12	Jul - 12	Aug - 12	Sep - 12	Oct - 12	Nov - 12	Dec - 12	Jan - 13	Feb - 13	Mar - 13
Share Price	26.35	26.70	25.25	25.05	22.15	23.30	21.60	21.05	19.35	18.70	14.60	10.20
Sensex	17,318.81	16,218.53	17,429.98	17,236.18	17,429.56	18,762.74	18,505.38	19,339.90	19,426.71	19,894.98	18,861.54	18,835.77



ALLIED DIGITAL SERVICES LIMITED							NSE NIFTY		
Date	Open (₹)	High (₹)	Low (₹)	Close (₹)	Total Traded Quantity	Turnover in lakhs	High (₹)	Low (₹)	Close (₹)
<b>2012</b>									
<b>Apr</b>	24.00	32.25	23.00	26.50	2563528	749.79	5378.75	5154.30	5248.15
<b>May</b>	26.20	30.35	20.85	26.80	2813962	738.28	5279.60	4788.95	4924.25
<b>Jun</b>	27.40	29.20	23.60	25.40	1333148	348.10	5286.25	4770.35	5278.90
<b>Jul</b>	25.40	30.20	24.30	25.00	2525312	693.61	5348.55	5032.40	5229.00
<b>Aug</b>	25.00	27.40	21.20	21.85	1329973	326.95	5448.60	5164.65	5258.50
<b>Sep</b>	22.40	26.00	21.00	23.35	1295593	303.76	5735.15	5215.70	5703.30
<b>Oct</b>	23.40	27.00	21.15	21.55	1781174	437.23	5815.35	4888.20	5619.70
<b>Nov</b>	21.35	22.90	19.50	21.00	883116	189.44	5885.25	5548.35	5879.85
<b>Dec</b>	21.05	22.65	19.10	19.45	942014	196.89	5965.15	5823.15	5905.10
<b>2013</b>									
<b>Jan</b>	19.50	23.20	18.60	18.75	1333238	277.04	6111.80	5935.20	6034.75
<b>Feb</b>	18.65	19.10	13.25	14.55	870328	139.89	6052.95	5671.90	5693.05
<b>Mar</b>	15.15	15.15	9.60	10.30	917574	110.65	5971.20	5604.85	5682.55

Month	Apr -12	May-12	Jun -12	Jul -12	Aug -12	Sep -12	Oct -12	Nov -12	Dec -12	Jan-13	Feb-13	Mar-13
<b>Share Price</b>	26.50	26.80	25.40	25.00	21.85	23.35	21.55	21.00	19.45	18.75	14.55.00	10.30
<b>Nifty</b>	5248.15	4924.25	5278.90	5229.00	5258.50	5703.30	5619.70	5879.85	5905.10	6034.75	5693.05	5682.55

## XVI. Secretarial Audit Report:

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

## MANAGEMENT CERTIFICATION

We, Nitin Shah Chairman & Managing Director and Prakash Shah, Executive Director – Commercial of **ALLIED DIGITAL SERVICES LIMITED**, to the best of our knowledge and belief, certify that:

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

For Allied Digital Services Limited,  
sd/-  
Prakash Shah,  
Executive Director – Commercial

For Allied Digital Services Limited,  
sd/-  
Nitin Shah,  
Chairman & Managing Director

Place: Mumbai.

Date: August 14<sup>th</sup>, 2013



## AUDITORS' REPORT ON CORPORATE GOVERNANCE

### TO THE MEMBERS OF ALLIED DIGITAL SERVICES LIMITED

We have examined the compliance of conditions of Corporate Governance by Allied Digital Services Limited for the Year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

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

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

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

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

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

sd/-  
**KAMLESH KAPADIA**  
M. No. :039707

**Place:**Mumbai  
**Date:** 30th May 2013

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### DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31<sup>st</sup>, 2013.

For **ALLIED DIGITAL SERVICES LIMITED**

Sd/-  
**Nitin D. Shah**

Chairman & Managing Director

**Place:** Mumbai  
**Date:** August 14<sup>th</sup>, 2013



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Economic Environment & Industry Outlook

In the face of widespread macroeconomic instability and a volatile financial scenario during 2012, worldwide IT spending exceeded USD 3.5 trillion, recording a steady annual growth of 3%.

Global growth is projected to remain subdued at slightly above 3 percent in 2013, the same as in 2012. This is less than forecast in the April 2013 World Economic Outlook (WEO), driven to a large extent by appreciably weaker domestic demand and slower growth in several key emerging market economies, as well as by a more protracted recession in the euro area. Growth will rise to just under 1 percent in 2014, weaker than previously projected, in part due to the persistent effects of the constraints and the expected delays in policy implementation in key areas, but also due to base effects from the delayed recovery in 2013.

Despite challenges in the global market, Indian IT-BPM industry sustained its growth trajectory and is expected to clock export revenues of USD 75.8 billion with a Y-o-Y growth rate of 10.2 per cent. Domestic market also witnessed Y-o-Y growth rate of 14.1 per cent taking the domestic revenues to INR 1,047 billion. The Indian IT-BPM sector continues to be one of the largest employers in the country. Nasscom has forecast a 12-14 percent growth in the Indian IT industry during 2013-14 against 10.2 percent in dollar terms the previous year. There are signs of 2013-14 proving better than 2012-13. In the year just ended, IT exports were estimated at USD76 billion while domestic sales were USD32 billion. Of the USD32 billion, 12 percent were hardware and the remaining were software and services. The total IT revenues during the year was USD108 billion.

The overall infrastructure outsourcing market is estimated to be in the range of USD30-40 billion. The advent of cloud-based technologies has offered a potentially USD30-40 billion market for Indian IT players. Over the years, this segment has been driven by various factors beginning with improvements in the country's infrastructure backbone, availability of low-cost, high speed bandwidth, cost reduction, move to asset light models, development of remote management tools etc. The latest impetus for IS outsourcing has come from Cloud Computing/Virtualization technologies that are enabling everything-as-a-service.

### 2013 Outlook


The global economy is set to improve 2013 onwards – simultaneously, BRIC economies are emerging as sources of innovation. Technology changes are also opening new opportunities – these factors are expected to drive growth in global technology spend by 6% in 2013; global sourcing to grow faster at about 9-11% to USD 135-140 billion.

Indian IT-BPM revenue (domestic+exports; excludes hardware) in FY2014 expected to grow by ~13-15% to USD 106-110 billion; of this, exports are likely to be about USD 84-87 billion, a growth of about 12-14 per cent according to Nasscom

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

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

**Our geographic market :** With 144 locations spread across India and 52 locations in US and further expanded our presence in UK, we are well poised to service all kinds of client segments. Not many organizations can scale to this level easily, which is essential for infrastructure services business.



Besides, we have diversified into newer territories and are aggressively building our capabilities in South East Asia, Australia and European markets.

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

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

## FACTORS THAT MAY AFFECT RESULTS OF THE OPERATION

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

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

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

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

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

## DISCUSSION ON RESULTS OF OPERATIONS

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

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

(₹ In Lacs)

Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
<b>Income</b>		
Operational Income	23,625.54	40,602.06
Services	7,087.66	12,180.62
Solution	16,537.88	28,421.44
Others	-	-
Other Income	544.34	1,569.57
<b>Total Income</b>	<b>24,169.88</b>	<b>42,171.63</b>
<b>Expenditure</b>		
Cost of sales	17,405.76	31,749.32
<b>% of Operational Income</b>	<b>74%</b>	<b>78%</b>
Cost of Employees	2,485.09	4,177.85
<b>% of Operational Income</b>	<b>11%</b>	<b>10%</b>
Administrative, selling and other expenses	891.06	1,493.48
<b>% of Operational Income</b>	<b>4%</b>	<b>4%</b>
<b>Total Expenditure</b>	<b>20,781.91</b>	<b>37,420.65</b>
<b>Profit before Interest, Depreciation, Amortization, Tax &amp; Exceptional Items</b>	<b>3,387.97</b>	<b>4,750.98</b>
<b>% of Total Income</b>	<b>14%</b>	<b>11%</b>
Exceptional Items	576.44	0.00
<b>Profit before Interest, Depreciation, Amortization, Tax</b>	<b>2,811.53</b>	<b>4,750.98</b>
Interest and Finance Charges	1,355.92	1,639.90
Depreciation and Amortization	2,132.41	1,636.71
<b>Profit / (Loss) before Tax</b>	<b>(676.80)</b>	<b>1,474.37</b>
Provision for Taxation (Net)	341.01	884.56
<b>Profit / (Loss) after Tax</b>	<b>(1,017.81)</b>	<b>589.81</b>

**TOTAL INCOME:**

The Total Operating Income of the Company has decreased from ₹ 40,602.06 lacs in FY 2011-12 to ₹ 23,625.54 lacs in FY 2012-13 showing a y-o-y decline of 42%. The Company during the year underwent a restructuring of its business focusing on core profitable business and letting go of non-profitable business. This along with the competitive environment impacted the performance of the company. The key segments of our business namely 'Infrastructure Management based Solutions' and 'Enterprise Computing based Solutions' contributed 30% and 70% to revenues respectively in FY2012-13



## **COST OF SALES:**

The Company's cost of sales is predominantly related to its 'Enterprise Computing based Solutions' business & mainly consist of procurement of hardware, software and other related cost for execution of solutions orders. A portion of the same also contributes to the Company's 'Management based Solutions' business whereby Company consumes spares, software tools & utilities etc for its comprehensive services contracts. The cost of sales for the year ended March 2013 was 74% of the Operational income as compared to 78% during last fiscal. The reason for growth in cost of sales is mainly because of increased pricing pressure whereby selling prices needs to be frequently compromised due to highly competitive business scenario.

## **EMPLOYEE COSTS:**

The employee cost declined on a YoY basis by 1%. However as a percentage of sales it went up from 10% in FY2011-12 to 11% in FY2012-13 due to efforts of the company to control costs.

In terms of absolute numbers it appears that employee cost during the year has reduced as compared to the last fiscal year. However, the employee cost as a percentage of operational income has increased as compared to FY 2011 – 12 due to increase in employee cost for inflation. However during the year Company has adopted all possible measures to keep its employee cost under control and reduced it wherever possible. This reduction is not visible in terms of percentage as the same was wiped out by the increase in employee cost in other areas where it was not controllable.

## **INTEREST AND FINANCE CHARGES:**

Interest and finance charges for the current year was ₹ 1,355.92 lacs as compared to ₹ 1,639.90 lacs during last fiscal. Decrease in working capital requirement and decrease in cost of borrowings have attributed to decrease in interest cost during the year.

## **DEPRECIATION:**

Depreciation & Amortization for the Current Year was ₹ 2,132.41 lacs as compared to ₹ 1,636.71 lacs for the financial year 2011 – 12. The increase is mainly attributable to increased 'capital expenditure' for additional capacity creation during the period under review.

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

EBIDTA of the Company has decreased from ₹ 4,750.98 lacs in 2011 – 12 to ₹ 3,387.97 lacs in 2012 – 13. The EBIDTA as a percentage of total Income has increased to 14% in FY 2012-13 from 11% in FY 2011-12. The increase in EBIDTA level is mainly due to decrease in 'Administrative, Sales & Other Expenses' (SG&A).

## **MAT Credit Entitlement:**

Last year the Company had carried MAT credit entitlement of ₹ 280.00 Lacs. In the current year the Company will not avail the credit of this entitlement.

## **LOAN:**

Secured loan as at 31<sup>st</sup> March 2013 was ₹ 9,284.64 Lacs (previous year : ₹ 9,283.79 Lacs). This increase was on account of increase in exchange rate.

## **DEFERRED TAX LIABILITY:**

The Company has provided a Deferred Tax Liability of ₹ 2021.83 lacs (Previous Year: ₹ 1,680.82 lacs). The provision was mainly on account of excess depreciation under the IT Act as compared to depreciation under the Companies Act.

## FIXED ASSETS:

During the year the Company has capitalized ₹ 3,036.73 lacs in its Gross Block of assets (₹ 7,512.86 lacs for fiscal year 2012). Capital Work in Progress pending capitalization as on 31.3.2013 was ₹ 4,429.79 lacs. The major heads under which fixed assets were acquired during the year are for 'Intangible Assets.

## DEBTORS TURNOVER RATIO

(₹ in Lacs)

Particulars	March 31 <sup>st</sup> , 2013	March 31 <sup>st</sup> , 2012
Outstanding Debtors at the end of the Period	22,081.74	21,685.69
<i>Debtors less than 180 Days as a % of total debtors</i>	76%	78%
<i>Debtors more than 180 Days as a % of total debtors</i>	24%	22%
No. of Days outstanding Debtors (Days) on an Average	341	195

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

## CASH FLOW:

(₹ in Lacs)

Particulars	March 31 <sup>st</sup> , 2013	March 31 <sup>st</sup> , 2012
Cash generated from Operating Activities	2,900.70	4,671.77
<i>Net Cash flow from / (used in) investing activities</i>	(2,149.60)	(4,362.43)
<i>Net Cash flow from / (used in) financing activities</i>	(1,833.19)	(1,918.47)
Cash and cash equivalents at the beginning of the year	2,139.07	3,748.21
Cash and cash equivalents at the end of the year	1,056.97	2,139.07

The Company has generated cash from operating activities of ₹ 2,900.70 lacs (Previous Year: ₹ 4,671.77 lacs). During the year Company has paid taxes to the extent of ₹ 576.44 lacs (Previous Year: ₹ 41 lacs). However Company did not carried a MAT credit entitlement in the current financial year. During the year, the Company has added assets worth ₹ 3,036.73 lacs into its gross block. This was mainly financed by liquidating investments in various mutual funds.

As at 31<sup>st</sup> March 2013 the cash and cash equivalent was ₹ 1,056.97 lacs (previous year : ₹ 2,139.07 lacs).



## HUMAN RESOURCES:

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

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

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

### Cautionary Statement

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



## INDEPENDENT AUDITOR'S REPORT

To the Members of

M/S Allied Digital Services Limited  
Report on the financial Statements

We have audited the accompanying financial statements of M/S Allied Digital Services Limited ("the Company"), which comprise the Balance Sheet as at March 31<sup>st</sup>, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITORS RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements to be read with the Notes to Accounts thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31<sup>st</sup>, 2013;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



## Report on the legal & regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on March 31<sup>st</sup>, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31<sup>st</sup>, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

sd/-  
**KAMLESH KAPADIA**  
M. No. :039707

**Place:** Mumbai  
**Date:** 30th May 2013

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

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

- I (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.  
(b) We are informed that most of the Fixed Assets have been verified once during the year by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed by the management as compared with the records maintained by the Company.  
(c) The Company has not disposed off any fixed assets during the year so as to affect its going concern status.
- II (a) The Stock of Goods have been physically verified by the management during the year at reasonable intervals.  
(b) The procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining reasonable records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material.
- III In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956;  
(a) The Company has granted unsecured loans to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The balance amount due to be received from these parties as on March 31<sup>st</sup>, 2013 is ₹1,090.01 Lacs (previous year: ₹ 2,105.35 Lacs). The maximum amount due from such loans during the year was ₹ 3,161.94 Lacs (previous year: ₹ 2,131.16 Lacs).  
(b) The Company has taken interest free unsecured loans during the year under review from any party and the balance outstanding as on March 31<sup>st</sup>, 2013 is ₹193.34 Lacs (previous year: ₹106.47 Lacs). The maximum amount involved during the year was ₹216.29 Lacs (previous year: ₹117.06 Lacs.)  
(c) The registers required to be maintained u/s 301 of the Companies Act 1956 have been maintained in the prescribed format by the Company.  
(d) In our opinion and according to the information and explanation given to us, the rate of interest in case of loan taken, wherever applicable and other terms and conditions are not prima- facie prejudicial to the interest of the Company.  
(e) In respect of the loans taken by the Company, the principal as well as interest is regularly paid by the Company.  
(f) There is no over due amount in respect of the loans taken by the Company.
- IV In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of the business, for the purchase of the inventory and fixed assets and for the sale of goods.

- V (a) The registers required to be maintained u/s 301 of the Companies Act 1956 have been maintained in the prescribed format by the Company.
- (b) In our opinion and according to the information given to us all the transactions entered into by the Company with related parties in pursuance to Section 301 of the Companies Act have been done with fair amount of reasonability vis-à-vis the prevailing market prices at the relevant time.
- VI In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanation given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court of any other Tribunal.
- VII The Company has Internal Audit system which is commensurate with its size and nature of its business.
- VIII No Cost Records have been prescribed by the Central Govt. under Clause (d) of Sub Section (1) of Section 209 of the Companies Act, 1956.
- IX (a) According to the records of the Company, the Company has generally been regular in depositing with appropriate authorities the undisputed statutory dues such as Provident Fund, Employees State Insurance, VAT, CST, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. However some delays have been noticed in filing of the Returns and payment of some of the above liabilities.
- (b) Details of dues of Income Tax, Sales Tax which have not been deposited as on March 31<sup>st</sup> 2013 on account of disputes are given below:

Nature of Statute (Nature of dues)	Forum where Dispute is pending	Period to which the amount relates	Amount Involved (₹ In Lacs)
Income Tax	CIT Appeal	2005-06	4.01
		2006-07	50.59
		2007-08	58.27
		2008-09	14.54
		2009-10	200.43
		2010-11	423.21
		2011-12	252.55
Maharashtra Value Added Tax Department (MVAT)	Dy. Comm of Sales Tax Appeal	2005-06	541.04
		2008-09	899.57

- X The Company has accumulated losses as at the end of the year of ₹1,017.00 lacs which was incurred in the Financial year 2012-13. The Company has not incurred any cash losses in the current and immediately preceding financial year.
- XI As per the explanation and information given to us, the Company has not defaulted in repayment of any dues to any Financial Institution or Banks. There is no issue of any Debentures by the Company in the year under review or any of the preceding years.
- XII The Company has not granted loans and advances on the basis of security by way of pledge of Shares, debentures or other securities.

- XIII In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of said order are not applicable to the Company.
- XIV In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provision of clause (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XV According to the information and explanation given to us, the Company has given guarantees for the loans taken by the subsidiaries companies from Banks and Financial Institutions. The details of the Guarantee are as follows:

Sr. No.	Name of the Company	Nature of Guarantee	Balance Outstanding as at 31 <sup>st</sup> March 2013
1	Digicomp Complete Solutions Ltd.	Corporate Guarantee against Working Capital Loan	INR 257.47 Lacs
2	Allied Digital Inc (USA)	Corporate Guarantee against Term Loan	USD 26.67 Lacs

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

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

*sd/-*  
**KAMLESH KAPADIA**  
*M. No. :039707*

**Place:**Mumbai  
**Date:** 30th May 2013



## BALANCE SHEET AS AT MARCH 31<sup>st</sup>, 2013

(₹ In Lacs)

Particulars	Note No.	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	2,309.34	2,309.34
Reserves and Surplus	2	65,411.43	66,429.22
<b>Non-Current Liabilities</b>			
Other Long term liabilities	3	127.78	21.00
Deferred tax liabilities (Net)	4	2,021.83	1,680.82
Long term provisions	5	161.87	91.08
<b>Current Liabilities</b>			
Short term borrowings	6	9,502.98	9,980.26
Trade Payables	7	1,847.17	1,755.97
Other Current Liabilities	8	1,063.29	542.97
Short term provisions	9	138.00	155.01
<b>Total</b>		<b>82,583.69</b>	<b>82,965.66</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible assets	10	21,247.27	22,079.37
Intangible assets	10	3,768.73	2,033.03
Capital work-in-progress	10	4,492.79	3,893.31
Non current investments	11	15,192.76	14,496.23
Long term loans and advances	12	5,068.62	4,966.69
<b>Current Assets</b>			
Current Investments	13	-	750.00
Inventories	14	3,800.90	3,710.65
Trade receivables	15	22,081.74	21,685.69
Cash and cash equivalents	16	1,056.97	2,139.07
Short-term loans and advances	17	5,192.73	6,455.26
Other current assets	18	681.17	756.36
<b>Total</b>		<b>82,583.69</b>	<b>82,965.66</b>
Contingent Liabilities	25	3,616.45	2,314.65
Significant Accounting Policies	26		

As per our report of even date

**For Allied Digital Services Ltd.**

**For K. M. Kapadia & Associates**

Chartered Accountants

F. No. 104777W

sd/-

**Kamlesh Kapadia**

M. No. 039707

sd/-

**Nitin Shah**

Chairman &  
Managing Director

sd/-

**Prakash Shah**

Director Commercial

sd/-

**Ravindra Joshi**

Company Secretary

Place: Mumbai  
Date: 30th May 2013

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31<sup>st</sup>, 2013

(₹ In Lacs)

Particulars	Note No.	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
<b>INCOME</b>			
Revenue from operations	19	23,625.54	40,602.06
Other Income	20	544.34	1,569.57
<b>Total Revenue</b>		<b>24,169.88</b>	<b>42,171.63</b>
<b>EXPENSES</b>			
Purchases for Traded Goods & Service Spares	21.a	17,496.01	33,239.50
Changes in inventories of stock-in-trade	21.b	(90.25)	(1,490.18)
Employee benefits expense	22	2,485.09	4,177.85
Finance costs	23	1,355.92	1,639.90
Depreciation and amortisation expense	10	2,132.41	1,636.71
Other expenses	24	891.06	1,493.48
<b>Total Expenses</b>		<b>24,270.24</b>	<b>40,697.26</b>
<b>Profit before tax &amp; Exceptional items</b>		<b>(100.36)</b>	<b>1,474.37</b>
Exceptional Items		576.44	-
<b>Profit before tax</b>		<b>(676.80)</b>	<b>1,474.37</b>
<b>Tax expenses:</b>			
Tax expense for current year		-	280.00
MAT credit		-	(280.00)
Net current tax expense		-	-
Deferred Tax		341.01	884.56
<b>Total Tax Expenses</b>		<b>341.01</b>	<b>884.56</b>
<b>Profit/(Loss) for the year</b>		<b>(1,018.81)</b>	<b>589.81</b>
Earning per equity share:			
Equity Shares of par value ₹5 each			
Basic		(2.20)	1.27
Diluted		(2.20)	1.27
Significant Accounting Policies	26		

As per our report of even date

**For Allied Digital Services Ltd.**

**For K. M. Kapadia & Associates**

Chartered Accountants

F. No. 104777W

sd/-

**Kamlesh Kapadia**

M. No. 039707

sd/-

**Nitin Shah**

Chairman &  
Managing Director

sd/-

**Prakash Shah**

Director Commercial

sd/-

**Ravindra Joshi**

Company Secretary

Place: Mumbai

Date: 30th May 2013

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31<sup>st</sup>, 2013

(₹ In Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
<b>I</b>	<b>CASH INFLOWS</b>		
(1)	<b>From Operating activities</b>		
(a)	Profit/Loss as per Profit & Loss Account before Tax	(676.79)	1,474.37
	Adjustments:		
	Depreciation and amortization	2,132.41	1,636.71
	Gratuity Exp	-	8.22
	Income from Investing Activities	(271.83)	-
	Income Tax Paid	-	41.00
	Finance Cost	1,355.92	1,639.90
	Other Provisions	-	16.00
		3,216.50	3,341.83
(b)	<b>Working capital changes:</b>		
	Decrease in inventories	-	-
	Decrease in trade receivables	-	3,482.89
	Decrease in short-term loans and advances	-	-
	Decrease in other current assets	75.19	-
	Increase in trade payables	91.21	162.73
	Increase in Long term liabilities	106.78	21.00
	Increase in other current liabilities	520.32	89.21
	Increase in long term provisions	70.79	8.22
	Increase in short term provisions	-	864.29
	<b>Total of (1)</b>	<b>3,404.00</b>	<b>8,580.25</b>
(2)	<b>From Investing activities</b>		
	Proceeds from sale of fixed assets	-	-
	Proceeds from sale of investments	750.00	2,697.58
	Realisation of long-term loans and advances from subsidiaries/ associates/ business ventures	1,262.53	58.89
	Decrease in other long-term loans and advances	-	-
	Decrease in other non-current assets	-	-
	Dividend received	41.00	92.30
	Interest received	67.43	201.52
	Other income	163.40	-
	<b>Total of (2)</b>	<b>2,284.36</b>	<b>3,050.29</b>
(3)	<b>From Financing activities</b>		
	Proceeds from issue of share capital	-	-
	Share application money pending allotment	-	-
	Proceeds from long-term borrowings	-	-
	Proceeds from short-term borrowings	-	316.14
	<b>Total of (3)</b>	<b>316.14</b>	<b>316.14</b>
	<b>Total cash inflows(1+2+3)</b>	<b>5,688.36</b>	<b>11,946.68</b>
<b>II</b>	<b>CASH OUTFLOWS</b>		
(1)	<b>From Operating activities</b>		
	Profit/Loss from operating activities		
	Adjustments:		
	Depreciation and amortization	-	-
	Share Compensation expenses	-	-
	(Loss)/Gain on sale of fixed assets	-	-
	Assets written off	-	-
	(Provision)/Reversal for doubtful debts and advances	-	-
	Other income	-	293.82
	Working capital changes:		
	Increase in inventories	90.25	1,490.18
	Increase in trade receivables	396.05	-

(₹ In Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013		For the year ended March 31 <sup>st</sup> , 2012	
	Increase in long-term loans and advances	-	-	-	-
	Increase in short-term loans and advances	-	-	1,532.27	-
	Increase in other current assets	-	-	355.58	-
	Decrease in trade payables	-	-	-	-
	Decrease in Long term liabilities	-	-	-	-
	Decrease in other current liabilities	-	-	-	-
	Decrease in short term provisions	17.00	503.30	195.62	3,867.47
	Direct taxes paid/(Refund) (Net of refunds)	-	-	-	41.00
	<b>Total of (1)</b>		<b>503.30</b>		<b>3,908.47</b>
(2)	<b>From Investing activities</b>				
	Purchase of tangible assets/capital work-in-progress	-	-	4,670.82	-
	Purchase of intangible assets/assets under development	3,635.49	-	1,991.91	-
	Purchase of investments	696.53	-	750.00	-
	Investment in subsidiaries/associates/ business ventures	-	-	-	-
	Payment of long-term loans and advances to subsidiaries/associates/business ventures	101.94	-	-	-
	Increase in other long-term loans and advances	-	-	-	-
	Increase in other non-current assets	-	-	-	-
	<b>Total of (2)</b>		<b>4,433.96</b>		<b>7,412.73</b>
(3)	<b>From Financing activities</b>				
	Repayment of long-term borrowings	-	-	-	-
	Repayment of short-term borrowings	477.27	-	-	-
	Dividends paid (including distribution tax)	-	-	271.60	-
	Interest and other finance costs	1,355.92	-	1,639.90	-
	Outflow on account of Share Buyback	-	1,833.19	323.12	2,234.62
	<b>Total of (3)</b>		<b>1,833.19</b>		<b>2,234.62</b>
	<b>Total cash outflows (1+2+3)</b>		<b>6,770.46</b>		<b>13,555.82</b>
III	<b>Net (decrease)/increase in cash and cash equivalents</b>				
	From Operating activities	2,900.70	-	4,671.77	-
	From Investing activities	(2,149.60)	-	(4,362.43)	-
	From Financing activities	(1,833.19)	-	(1,918.47)	-
	<b>Total (A)</b>		<b>(1,082.10)</b>		<b>(1,609.13)</b>
	Add: Cash and cash equivalents at the beginning of the period (B)		2,139.07		3,748.21
	Cash and cash equivalents at the end of the period (A+B)		1,056.97		2,139.07

As per our report of even date

For Allied Digital Services Ltd.

For K. M. Kapadia &amp; Associates

Chartered Accountants

F. No. 104777W

sd/-

Kamlesh Kapadia

M. No. 039707

sd/-

Nitin Shah

Chairman &  
Managing Director

sd/-

Prakash Shah

Director Commercial

sd/-

Ravindra Joshi

Company Secretary

Place: Mumbai  
Date: 30th May 2013



## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 1: Share Capital

#### (a) Authorised, Issued, Subscribed & Paid - up and par value per share

(₹ In Lacs)

Share Capital	As at March 31 <sup>st</sup> 2013		As at March 31 <sup>st</sup> 2012	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity shares of ₹ 5 each with voting rights	60,000,000	3,000.00	60,000,000	3,000.00
<b>Issued</b>				
Equity shares of ₹ Rs. 5 each with voting rights	46,186,727	2,309.34	46,186,727	2,309.34
<b>Subscribed &amp; Paid up</b>				
Equity shares of ₹ 5 each with voting rights	46,186,727	2,309.34	46,186,727	2,309.34

#### (b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

(₹ In Lacs)

Particulars	Opening Balance	ESOP	Conversion	Buy back	Closing Balance
<b>Equity shares with voting rights Year ended March 31<sup>st</sup>, 2013</b>					
- Number of shares	46,186,727	-	-	-	46,186,727
- Amount in ₹	2,309.34	-	-	-	2,309.34
<b>Year ended March 31<sup>st</sup>, 2012</b>					
- Number of shares	46,583,802	-	200,000	597,075	46,186,727
- Amount in ₹	2,329.19	-	10.00	29.85	2,309.34

#### (c) Rights, Preferences and restrictions related to equity shares

The company has only one class of equity shares having par value of ₹5 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

#### (d) Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at March 31 <sup>st</sup> , 2013		As at March 31 <sup>st</sup> , 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares with voting rights				
Nitin Dhanji Shah	12,476,954	27.01	12,476,954	27.01
Prakash Dhanji Shah	6,346,214	13.74	6,346,214	13.74

## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

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

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

"Under this scheme, the Company had granted 63,300 Options @ ₹ 10/- each to the eligible employees. Out of the above mentioned grant of 63,300 options, 50,436 Options were exercised by the eligible employees in the Financial Year 2008-09 and balance Options were lapsed.

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

"Under this scheme, the Company had granted 4,30,300 Options (pre-split of Company's Equity Shares) @ ₹ 95/- each to the eligible employees which were to be exercised within four years from the date of the grant. Out of the above, during the financial year 2010-2011, 1,03,850 Options (post - split of Company's Equity Shares from the face vale of ₹ 10/- to ₹ 5/-each) were exercised by the eligible employees.

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

Particulars	2012-2013	2011-2012
Opening Outstanding option	-	44,000
Granted during the year	-	-
Exercised during the year (Post - split)	-	-
Forfeited/lapsed during the year (Post - split)	-	44,000
Closing Outstanding option	-	-
Stock Option Scheme (2010)		

### (iii) Stock Option Scheme (2010)

The Company by a Special Resolution passed at Annual General Meeting held on September 29<sup>th</sup> 2010 approved the Employee Stock Option Scheme under section 79A of the companies act 1956 to be read along with SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 whereby 30,00,000 options convertible into Equity Shares of ₹ 5/- each to be granted to eligible employees of the Company. This stock option scheme is titled as "ESOP 2010". Out of the same 4,27,500 options have been granted during the year.

Particulars	2012-2013	2011-2012
Opening Outstanding option	2,572,500	-
Employee Stock Option Scheme announced during the Year	-	3,000,000
Granted during the year	60,000	427,500
Exercised during the year (Post - split)	-	-
Forfeited/lapsed during the year (Post - split)	-	-
Closing Outstanding option	2,512,500	2,572,500

### (f) Issue of Shares other than Cash

#### Details of Shares allotted as fully paid up by way of bonus shares before March 31<sup>st</sup>, 2013

The Company allotted 13,22,300 equity shares of ₹ 10 each as fully paid-up bonus shares by capitalisation of reserves in 1999-2000

The Company allotted 71,05,605 equity shares of ₹ 10 each as fully paid-up bonus shares by capitalisation of reserves in 2006-2007

## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### (g) Buy- Back of Equity Shares

The Board of Directors of the Company in their meeting held on February 18<sup>th</sup>, 2011 had resolved to buyback ("Buyback") its fully paid-up equity shares of the face value of ₹ 5/- each (Equity Shares) from the existing Equity Share owners of the Company, other than Promoters of the Company. This Buy back was to be made from the stock exchange in accordance with the provisions of Sections 77A, 77AA, 77B and other applicable provisions of the Companies Act, 1956 ("the Act") and Securities and Exchange Board of India (Buy Back of Securities) Regulation, 1998 ("the Regulation") and the relevant provisions of Memorandum of Association and Articles of Association of the Company. The maximum price at which this buy back was to be executed was not to exceed ₹140/- per Equity Share ("Maximum Buyback Price") payable in cash, and the maximum amount allocated for the Total Buy Back was ₹ 2,800 Lacs ("Offer size"). The Date of Opening of the buyback was April 25<sup>th</sup>, 2011 and last Date for the Buyback was February 17, 2012. No buy back of shares was made by the Company during the year under consideration.

During the financial year 2011-2012, the Company has bought back 5,97,075 Equity Shares for a Total Consideration of ₹ 324.87 Lacs. The Bought back shares have been duly extinguished by the Company.

### Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956

Unpaid Calls	
By Directors	-
By Officers	-

### Note Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Year (Aggregate No. of Shares)				
	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Equity Shares :</b>					
Fully paid up pursuant to contract(s) without payment being received in cash	200,000	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	597,075	-	-	-	-
<b>Preference Shares :</b>					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-

### Note 2: Reserves and Surplus

(₹ In Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(a)	<b>Capital Reserves</b>		
	Subscription amount received on Equity Warrants		
	Opening Balance	-	554.00
(-)	Transferred on account of conversion of Equity Warrants into Equity Shares	-	554.00
	Closing Balance	-	-

## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013 (₹ In Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
<b>(b)</b>	<b>Capital Redemption Reserve</b>		
	Opening Balance	29.85	-
	(+) Current Year Transfer	-	-
	on buyback of 5,97,075 equity shares of ₹ 5 each	-	29.85
	Closing Balance	<b>29.85</b>	<b>29.85</b>
<b>(c)</b>	<b>Securities Premium Account</b>		
	Opening Balance	36,617.46	36,398.33
	(+) Securities premium credited on allotment of equity shares	-	544.00
	(-) Utilised during the year for:		
	Buy back of shares of 5,97,075 equity shares of ₹ 5 each	-	324.87
	Closing Balance	<b>36,617.46</b>	<b>36,617.46</b>
<b>(d)</b>	<b>General Reserves</b>		
	Opening Balance	1,337.77	1,337.77
	Closing Balance	<b>1,337.77</b>	<b>1,337.77</b>
<b>(e)</b>	<b>Surplus</b>		
	Opening balance	28,444.16	27,986.78
	(+) Net Profit/(Net Loss) For the current year	(1,017.80)	589.83
	(+) Excess Provision made for Proposed Dividend	-	1.46
	(+) Excess Provision made for Dividend Distribution Tax	-	0.29
	(-) Dividends proposed to be distributed to equity shareholders (₹ 0.25 per share)	-	115.47
	(-) Corporate Dividend Tax	-	18.73
	(-) Short Provision of Tax of earlier years (Net)	-	-
	Closing Balance	<b>27,426.36</b>	<b>28,444.16</b>
	<b>Total Reserves and Surplus</b>	<b>65,411.44</b>	<b>66,429.24</b>

### Note 3: Other Long Term Liabilities

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
<b>a</b>	<b>Others</b>		
	Security deposit for rented property	28.50	21.00
	Fixed Deposit	99.28	-
	<b>Total Other Long Term Liabilities</b>	<b>127.78</b>	<b>21.00</b>



## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 4: Deferred tax liabilities

The net deferred tax asset as at March 31<sup>st</sup>, 2013, comprises of the following components: (₹ In Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	<b>Deferred Tax Asset</b>		
	On account of Deferred Revenue Expenses (IPO Exp)	183.33	301.99
	Provision for doubtful debts	-	5.19
	<b>Total Deferred Tax Asset</b>	<b>183.33</b>	<b>307.18</b>
	<b>Deferred Tax Liability</b>		
	On timing difference of depreciation between W.D.V. of Assets as per Companies Act and Income Tax Act	2,182.19	1,985.33
	Provision for employee benefits	-	-
	Gratuity	22.97	2.67
	<b>Total Deferred Tax Liability</b>	<b>2,205.16</b>	<b>1,988.00</b>
	<b>Net Deferred Tax Asset / (Liability)</b>	<b>(2,021.83)</b>	<b>(1,680.82)</b>

The management has decided not to recognize the net deferred tax asset on carried forward losses on the grounds of prudence.

### Note 5 : Other Long Term Provisions

(₹ In Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(a)	Provision for employee benefits:		
	Provision for gratuity	161.87	91.08
	<b>Total Other Long Term Provisions</b>	<b>161.87</b>	<b>91.08</b>

### Note 6: Short Term Borrowings

(₹ In Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	<b>Secured</b>		
a	Loans repayable on demand (Refer Note (a))	9,284.64	9,283.79
b	Inter Corporate Deposits	-	425.00
		9,284.64	9,708.79
	<b>Unsecured</b>		
a	Loans and advances from related parties	193.34	106.47
b	Inter Corporate Deposits	25.00	165.00
		218.34	271.47
	<b>Total Short Term Borrowings</b>	<b>9,502.98</b>	<b>9,980.26</b>

## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### (a) Details of Secured short-term borrowings alongwith Security and Terms of repayment:

(₹ In Lacs)

Particulars	Nature of security	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
Loans repayable on demand from banks:			
Barclays Bank Foreign Currency Loan	Refer Note (i)	2,140.83	2,013.58
Working Capital Facility From ICICI Bank	Fixed Deposit of ₹ 5,143,420.00	19.91	26.99
Working Capital Facility From State Bank of India	Refer Note (i)	5,985.27	5,708.35
Working Capital Facility From Standard Chartered Bank	Refer Note (i)	1,138.63	1,534.87
<b>Loans repayable on demand from banks</b>		<b>9,284.64</b>	<b>9,283.79</b>

### (i) Details of Security Offered to Banks for Working Capital Facilities

Following securities have been offered to various banks with the first charge with State Bank of India and pari pasu charged with Standard Chartered Bank and Barclays Bank

- (a) Mortgage of Gala no 4, Bldg No 3, Sector III, MIDC Mahape, Navi Mumbai
- (b) Mortgage of Gala no 3, Bldg No 3, Sector III, MIDC Mahape, Navi Mumbai
- (c) Mortgage of Gala no 301,302,305,306,307,308, Bldg No 3, Sector III, MIDC Mahape, Navi Mumbai
- (d) Mortgage of Gala no 7, Bldg No 3, Plot No MBP 2, Mahape, Navi Mumbai
- (e) Hypothecation Charge on Movable assets except Vehicles
- (f) Hypothecation Charge on Current Assets
- (g) Fixed Deposit with State Bank of India of ₹ 2,24,07,487/- (including accrued Interest)
- (h) Personal Guarantee of directors Mr. Prakash D Shah and Mr. Nitin D Shah

## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 7: Trade Payables

(₹ In Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
a	<b>Trade payables</b>		
	Sundry Creditors		
	- Acceptances	551.25	551.25
	- Other than Acceptances	1,295.92	1,204.72
	<b>Total Trade Payables</b>	<b>1,847.17</b>	<b>1,755.97</b>

### Note 8: Other Current Liabilities

(₹ In Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(a)	Income received in advance	39.39	29.86
(b)	Duties & Taxes	998.72	513.11
(c)	Fixed Deposit	25.18	-
	<b>Total Other Current Liabilities</b>	<b>1,063.29</b>	<b>542.97</b>

The Company has not received any instruction from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosures if any, relating to amounts unpaid as at the year end together with interest payable as required under the said Act have not been given.

### Note 9: Short Term Provisions

(₹ In Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
a	<b>Provision for employee benefits</b>		
(i)	Contribution to PF	98.75	6.99
(ii)	Contribution to ESIC	6.53	4.66
(iii)	Professional Tax	13.53	9.16
(iv)	LTA Payable	19.20	-
(v)	Others	-	-
b	<b>Others</b>		
(i)	Proposed final dividend on equity shares	-	115.47
(ii)	Tax on Dividend	-	18.73
	<b>Total Short Term Provisions</b>	<b>138.01</b>	<b>155.01</b>

## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 10: Fixed Assets

(₹ In Lacs)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 1 <sup>st</sup> , 2012	Additions	Deductions	As at March 31 <sup>st</sup> , 2013	As at April 1 <sup>st</sup> , 2012	For the year	Deductions	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
<b>Tangible Assets</b>									
Leasehold Premises	8,462.85	2.58	-	8,465.43	205.64	137.97	-	8,121.81	8,257.21
Leasehold Land	2,640.87	-	-	2,640.87	30.70	43.05	-	2,567.12	2,610.17
Freehold Premises	1,135.63	-	-	1,135.63	26.95	18.51	-	1,090.16	1,108.68
Civil and Plumbing Work	1,102.39	215.45	-	1,317.84	35.11	18.75	-	1,263.98	1,067.28
Furniture and Fixtures	2,645.96	342.98	-	2,988.95	377.61	169.62	-	2,441.72	2,268.35
Office Equipments	697.37	202.71	-	900.08	85.71	33.06	-	781.31	611.67
Motor Vehicles	133.45	-	2.26	131.19	63.06	12.47	1.56	57.21	70.39
Computers and IT Equipments	9,244.97	324.16	-	9,569.13	3,159.34	1,485.84	-	4,923.95	6,085.63
Computers (Given on lease)	155.98	-	-	155.98	155.98	-	-	-	-
<b>Total Tangible Assets</b>	<b>26,219.48</b>	<b>1,087.87</b>	<b>2.26</b>	<b>27,305.09</b>	<b>4,140.11</b>	<b>1,919.27</b>	<b>1.56</b>	<b>21,247.27</b>	<b>22,079.37</b>
<b>Intangible Assets</b>									
Computer Software Licenses	74.90	1.45	-	76.35	39.90	12.20	-	24.25	35.00
Intellectual Property Rights	2,004.05	1,947.40	-	3,951.45	6.02	200.94	-	3,744.49	1,998.03
<b>Total Intangible Assets</b>	<b>2,078.95</b>	<b>1,948.85</b>	<b>-</b>	<b>4,027.80</b>	<b>45.93</b>	<b>213.14</b>	<b>-</b>	<b>3,768.73</b>	<b>2,033.03</b>
<b>Capital Work in Progress</b>									
Capital Work in Progress	3,893.31	599.48	-	4,492.79	-	-	-	4,492.79	3,893.31
<b>Total Capital Work in Progress</b>	<b>3,893.31</b>	<b>599.48</b>	<b>-</b>	<b>4,492.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,492.79</b>	<b>3,893.31</b>
<b>TOTAL</b>	<b>32,191.75</b>	<b>3,636.20</b>	<b>2.26</b>	<b>35,825.68</b>	<b>4,186.04</b>	<b>2,132.41</b>	<b>1.56</b>	<b>29,508.79</b>	<b>28,005.71</b>
Previous year	25,415.83	7,512.86	736.95	32,191.75	2,549.32	1,636.71	-	28,005.71	18,236.25

## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

**Note 1: Disclosure pursuant to Note no.I (iv) and J (iii) of Part I of Schedule VI to the Companies Act, 1956**

The following disclosure should be made for each class of asset as required

Particulars	Year				
	2012-13 (₹)	2011-12 (₹)	2010-11 (₹)	2009-10 (₹)	2008-09 (₹)
<b>Asset details:</b>					
Balance as at 1 April	-	-	-	-	-
Impairment/ Revaluation	-	-	-	-	-
Balance as at 31 March	-	-	-	-	-

**Note 2: Addition to Lease Improvements have been made as represented and Certified by the Management.**

Intellectual Property Right (IPR) are in process of being developed further but as represented by the Management the amount capitalised by them during the year under consideration represents the product which can be sold to its customers. The management has informed that the active utility life of this IPR is 10 years.

The company has recorded the Fixed Assets at Cost and the same shall include the additional cost paid to enable the company to acquire these assets. The value of each Fixed Assets as appearing in the Balance Sheet could not be verified by us and hence is taken as Certified by the Management.

During the year under review, it was represented that the Company is in process of developing 6 Intellectual Property Rights (IPR) the details of which are as under:

**ADITAS :-** This is a large software product, now being extensively deployed to all our customers world wide. This is an ITSM (IT service Management) platform that orchestrates IT service management for all kinds of devices and applications within the enterprise. This platform competes with world leaders such as BMC Remedy, ServiceNow and IBM . Tivoli. It is available as on-premise as well as cloud model. This platform has mobile applications, dashboards and multiple integration points and scales to automation of business processes. This is a cornerstone of Allied now, and is the center of our offerings. It went through three phases of development in two years, and further roadmap is planned for one more year at minimum.

**WOTS :-** This is a work order tracking system. The solution provides end to end logistics management and discrete assembly of products in warehouses. This solution was developed for US customers, and now has great potential to sell for customers who are into warehousing and order fulfillment. It integrates seamlessly with SAP.

**YOUNIFY :-** Younify is developed as an intranet portal, one of the most unique kind of portal development capabilities that we have. It showcases our powerful content management and web site development capabilities. This intranet integrates all our internal HR processes and is used by all employees in India. We have extended the portal to community portals, which is one of the unique in the world, and adds great value to facility management products.

**SFA :-** This is a comprehensive sales force automation tool. Which starts from lead management to deal closure. It has mobile application too to track workforce and their day to day activities. The key feature is also that it integrates with voucher management, and timesheet to track sales force performance and their travel costs. Commission management is under development.

**MOBILE WORKFORCE MANAGEMENT :-** A unique workforce management application useful for field force across the globe. This application runs on android and can run also on apple devices. The application also has central command center with GPS tracking for tracking, interaction with field force and intelligent work scheduling.

**AWS :-** Automobile warranty system is one of kind application, which tracks all interaction between the end customer, dealer and the manufacturer. Two customers in the US are already using this application. Very few vendors have such a focused application on parts warranty management. This application can be easily leveraged for other parts management industry apart from automobile warranty.

The Management has represented that these IPR's have been developed in house for which the Company has deployed various personnel on salary basis. As these salaries have been paid to the employees exclusively working for the development of these IPR's all these salary expenses and their related other overheads have been attributed to the development cost of these IPR's. Hence the amount of ₹ 2,004.05 Lacs has been ascertained by the management attributable to these IPR's. However the allocation of these expenses have not been verified by us due to the absence of the relevant records and documents with the company.

It has been represented by the Company that once these IPR's have been developed and put to use they are likely to yield considerable revenue. As these IPR's are in the state of development and have not contributed to the earnings of the company the same have been capitalized under the head of IPR. The useful life of these IPR's as represented before us is that of 10 years.



## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 11: Non Current Investments

		(₹ In Lacs)	
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
<b>Non- Quoted, long term, Trade: (at cost)</b>			
<b>(a)</b>	<b>Investment in Subsidiaries</b>		
(i)	<b>Allied Digital Services LLC (USA)</b> 306017 (Previous year: 306017) Equity shares of USD 10 each, fully paid up	7,530.79	7,530.79
(ii)	<b>Digicomp Complete Solutions Limited</b> 23580 (Previous year: 23580) equity shares of ₹ 100/- each fully paid up	652.12	652.12
(iii)	<b>Allied Digital Inc (USA)</b> 10000 (Previous year: 10000 ) equity shares of USD 0.0001/- each fully paid up (Refer Note)	6,361.20	5,613.92
(iv)	<b>En Pointe Technologies India Private Limited</b> 1000 (Previous year: 1000) equity shares of ₹ 100/- each fully paid up	-	-
(v)	<b>Allied Digital Singapore Pte Limited</b> 100 (Previous year: 100) shares of SGD 1 each, fully paid up (Refer Note)	3.21	3.21
(vi)	<b>Allied Digital Asia Pacific Pty Limited (Australia)</b> 100 (Previous year: 100) shares of AUD 1 each, fully paid up (Refer Note)	127.84	127.84
(vii)	<b>E-Cop Surveillance India Pvt. Ltd</b> 86010 (Previous year: 86010 ) equity shares of ₹ 10/- each fully paid up	1.01	1.01
<b>Total Investment in Subsidiaries</b>		<b>14,676.17</b>	<b>13,928.89</b>
<b>(b)</b>	<b>Investment in Mutual Funds</b>		
(i)	HDFC Cash Management Fund Treasury Advantage Plan - Weekly Dividend 91,545.7294 (Previous year: 89,979.0080) units of ₹1 0.0469 each	9.20	9.03
(ii)	Kotak Floater Long Term - Daily Dividend NIL (Previous year: 98,746.1420) units of ₹ Nil each	-	9.95
(iii)	Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan 0.181 (Previous year: 0.181) units of ₹ 1002.9282 each	-	-
(iv)	ICICI Prudential Flexible Income Plan Premium - Daily Dividend 11.3410 (Previous year: 10.5980) units of ₹ 105.5127 each	0.01	0.01
(v)	ICICI Prudential Income Opportunities Fund Institutional Growth 48,500.014 (Previous year: 48,500.014) units of ₹ 11.2806 each	5.47	5.47
(vi)	Birla Sun life Dynamic Bond Fund - Retail - Quarterly Dividend NIL (Previous year: 2,01,331.4700) units of ₹ Nil each	-	22.63
(vii)	BSL Floating Rate Fund - Long Term - INSTL - Weekly Dividend -Reinvestment 20.1880 (Previous year: 18.821) units of ₹ 100.1625 each	0.02	0.02
(viii)	DSP Black Rock Income Opportunities Fund - Institutional Plan - Daily Dividend 3.6440 (Previous year: 3.4850 ) units of ₹ 997.1460 each	0.04	0.03

## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(ix)	DSP Black Rock Income Opportunities Fund - Regular Plan - Daily Dividend 9.4510 (Previous year: NIL ) units of ₹ 10.0497 each	-	-
(x)	Canara Robeco Treasury Advantage Super Institutional - Daily Dividend 0.1180 (Previous year: 0.1180) units of ₹ 1244.6610 each	-	-
(xi)	Canara Robeco Income Growth Fund 4,578.4592 (Previous year: 4,578.4592) units of ₹ 19.9025 each	0.91	0.91
(xii)	Canara Robeco Short Term Institutional Growth Fund 124.2276 (Previous year: 124.2276) units of ₹ 10.8064 each	0.01	0.01
(xiii)	Templeton India Short Term Income Retail Plan Nil (Previous year: 1,693.8252) units of ₹ Nil each	-	18.41
(xiv)	Templeton India Income opportunities fund - Dividend reinvestment 8491.1100 (Previous year: 7,871.5840) units of ₹ 10.4874 each	0.89	0.83
(xv)	IL & FS Milestone Fund II B 50,000 (Previous year: 50,000) units of ₹ 1,000 each	500.00	500.00
(xvi)	SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend 2.5020 (Previous year: NIL) units of ₹ 1000.2718 each	0.03	0.02
(xvii)	SBI-SHF-Ultra Short Term Debt Fund - Regular Plan - Daily Dividend 0.0440 (Previous year: Nil) units of ₹ 963.4091 each	-	-
<b>Total Investment in Mutual Funds</b>		<b>516.58</b>	<b>567.32</b>
<b>Total Non Current Investments</b>		<b>15,192.75</b>	<b>14,496.21</b>
Aggregate amount of quoted investments		516.58	567.33
Aggregate market value of quoted investments		518.17	569.75

Note 1 Amounts extended to wholly owned subsidiaries Company has been shown under the head investment as the same is long term in nature, though there is no issue of shares to the Company on account of these advances.

Note 2 Investments in mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis.

Note 3 The Company has advanced Loans to Allied Digital Inc. (USA), its wholly owned Subsidiary, on regular basis. The same being in the nature of Contribution towards Working Capital of the Subsidiary should have been classified under the head of Loans & Advances but has been classified as Investments. No Shares have been issued against this contribution.

Note 4 Company is holding 52.63% shares in M/s Digicomp Complete Solutions Limited. The Management of the M/s Digicomp Complete Solutions Limited is in negotiations with prospective investors to sell them the majority stake of share holding of M/s Digicomp Complete Solutions Limited and the same shall also include the total holding of the Company in Digicomp Complete Solutions Limited. As on the date of the completion of this Audit the negotiations with the interested investors were in progress.

## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 12: Long Term Loans and Advances

		(₹ In Lacs)	
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(a)	<b>Security Deposits</b>		
	Unsecured, considered good	415.87	466.72
(b)	<b>Loans and advances to related parties</b>		
	Unsecured, considered good	341.41	550.63
(c)	<b>Advance given to a Suppliers</b>		
	Unsecured, considered good	3,467.86	3,467.27
(d)	<b>Others</b>		
	Advance income tax of prior years receivable	841.73	480.57
	Other Loans and Advances	1.75	1.50
	<b>Total Others</b>	<b>843.48</b>	<b>482.07</b>
	<b>Total Long Term Loans and Advances</b>	<b>5,068.62</b>	<b>4,966.69</b>

Note 1 Disclosure pursuant to Note no. L (iv) of Part I of Schedule VI to the Companies Act, 1956

		(₹ In Lacs)	
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	Directors *	-	-
	Other officers of the Company *	-	-
	Firm in which director is a partner *	-	-
	Private Company in which director is a member	-	-
	Other Company *	-	-

\* Either severally or jointly

Note 2 In respect of confirmation for Loans and Advances as at March 31<sup>st</sup>, 2013, the Company has not produced the same from the parties at the time of signing of the Balance sheet. Due to the absence of these confirmations the need to make provisions for the doubtful debts has not been ascertained and provided for by the company. The ageing of the debtors as reported in the balance sheet could also not be verified by the Auditors and has been considered as certified by the management of the company. However, the management is of the opinion that all the Loans and Advances as appearing in the Balance Sheet are good and recoverable.

### Note 13: Current Investments

		(₹ In Lacs)	
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	<b>Non- Quoted, Short term, Non - Trade: (at cost)</b>		
	<b>Investment in Mutual Funds</b>		
(a)	ICICI Prudential Fixed Maturity Plan-Series 56-1 Year Plan F Growth NIL (Previous year: 25,00,000) units of ₹ Nil each	-	250.00
(b)	IDFC Fixed Maturity Plan - Eighteen Month Series 7 - Growth NIL (Previous year: 5,000,000.00) units of ₹ Nil each	-	500.00
	<b>Total - Current investments</b>	<b>-</b>	<b>750.00</b>
	Aggregate amount of quoted investments	-	750.00
	Aggregate market value of quoted investments	-	830.04
	Investments in mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis.		

## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 14: Inventories

(₹ In Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	Stock in Trade (for Trading)	3,505.32	3,291.00
	Stock in Trade (for Service)	295.58	419.65
	<b>Total Inventories</b>	<b>3,800.90</b>	<b>3,710.65</b>

Note 1 Inventories are valued at lower of cost and net realizable value

Note 2 The value of the Inventory as on March 31<sup>st</sup>, 2013 includes certain slow moving items which has not been provided for during the valuation of the same.

Note 3 The valuation of the Inventory is as certified by the management.

### Note 15: Trade Receivables

(₹ In Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	Trade receivables outstanding for a period less than six months from the date they are due for payment		
	Unsecured, considered good	17,366.56	16,415.45
	Less: Provision for doubtful debts	-	-
		17,366.56	16,415.45
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, considered good	5,484.18	5,270.23
	Unsecured, considered doubtful	-	769.00
	Less: Provision for doubtful debts	(769.00)	(769.00)
		4,715.18	5,270.23
	<b>Total Trade Receivable</b>	<b>22,081.74</b>	<b>21,685.68</b>

Trade Receivable stated above include debts due by:

(₹ In Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	Directors	0.45	0.18
	Private Company in which director is a member	585.31	585.31
	<b>Total</b>	<b>585.76</b>	<b>585.49</b>

Note 1 In respect of confirmation for Sundry Debtors as at March 31<sup>st</sup>, 2013 the Company has not produced the same from the parties at the time of signing of the Balance sheet. Due to the absence of these confirmations the need to make provisions for the doubtful debts has not been ascertained and provided for by the company. The ageing of the debtors as reported in the balance sheet could also not be verified by the Auditors and has been considered as certified by the management of the company. However, the management is of the opinion that all the Sundry Debtors, as appearing in the Balance Sheet are good and recoverable.

## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 16: Cash and Cash Equivalents:

		(₹ In Lacs)	
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(a)	Balances with Banks		
(i)	In fixed deposit accounts (pledge with bank against LC margin/guarantees given by bank)	44.45	410.74
(ii)	In fixed deposit accounts (pledge with banks as security for borrowings)	911.94	913.69
(iii)	In Current Account	98.38	811.32
(b)	Cash on hand	2.20	3.32
<b>Total Cash and Cash Equivalents</b>		<b>1,056.97</b>	<b>2,139.07</b>

### Note 17: Short-term loans and advances:

		(₹ In Lacs)	
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
a	<b>Loans and advances to related parties</b>		
	Subsidiaries & Associates	628.48	1,450.44
b	<b>Loans and advances (others)</b>		
	Unsecured, considered good		
(i)	Security Deposit	134.78	97.23
(ii)	Loans and advances to employees	348.75	388.76
(iii)	Inter Corporate Deposits	3,016.98	3,323.28
(iv)	Advance recoverable in cash or kind for value to be received	-	-
(v)	Intererest Accrued	55.05	94.01
(vi)	MAT Credit Entitlement	713.77	713.77
(vii)	Current year TDS Receivable	294.92	387.77
		4,564.25	5,004.82
<b>Total Short-term loans and advances</b>		<b>5,192.73</b>	<b>6,455.26</b>

		(₹ In Lacs)	
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	Directors	2.43	5.37
<b>Total</b>		<b>2.43</b>	<b>5.37</b>

**Note 1** In respect of confirmation for Loans and Advances as at March 31<sup>st</sup>, 2013 the Company has not produced the same from the parties at the time of signing of the Balance sheet. Due to the absence of these confirmations the need to make provisions for the doubtful debts has not been ascertained and provided for by the company. The ageing of the debtors as reported in the balance sheet could also not be verified by the Auditors and has been considered as certified by the management of the company. However, the management is of the opinion that all the Loans and Advances as appearing in the Balance Sheet are good and recoverable.

### Note 18: Other Current Assets

		(₹ In Lacs)	
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(i)	Unbilled revenue	172.53	186.17
(ii)	Prepaid expenses	508.64	570.19
<b>Total Other Current Assets</b>		<b>681.17</b>	<b>756.36</b>

**Note 1** In the opinion of the board, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Accounts.



## Notes forming part of the Profit and Loss account for the year ended March 31st, 2013

### Note 19 : Operating Income

(₹ In Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
	Services, Solutions and Sales	23,523.99	40,570.95
	Lease Rent	70.71	19.41
	Other operating revenues	30.84	11.69
	<b>Total Operating Income</b>	<b>23,625.54</b>	<b>40,602.05</b>

### Note 20 : Other Income

(₹ In Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
	Interest Income (Refer Note 20.a)	67.43	201.52
	Dividend Income from Mutual Funds	41.00	92.30
	Net gain on sale of Mutual Funds	89.98	121.92
	Net gain on foreign currency transactions	272.52	1,106.92
	Other non-operating income (Refer Note 20.b)	73.42	46.91
	<b>Total Other Income</b>	<b>544.35</b>	<b>1,569.57</b>

#### Note 20.a

##### Interest Income comprises:

Interest on deposits from banks	64.18	162.43
Interest on loans and advances	3.25	21.45
Interest income from current investments in subsidiaries	-	17.65
<b>Total - Interest income</b>	<b>67.43</b>	<b>201.53</b>

#### Note 20.b

##### Other non-operating income comprises:

Income from Office Rent	57.95	9.48
Miscellaneous income	15.48	37.43
<b>Total - Other non-operating income</b>	<b>73.43</b>	<b>46.91</b>

## Notes forming part of the Profit and Loss account for the year ended March 31st, 2013

### Note 21 a Purchase of Traded Goods

(₹ In Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
	Purchase of Traded Goods and Services	17,472.68	33,202.72
	Other Direct Cost	23.39	36.84
	<b>Total Purchase of Traded Goods</b>	<b>17,496.07</b>	<b>33,239.56</b>

### Note 21.b Changes in inventories of Stock-in-Trade

(₹ In Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
	Closing Stock	3,800.90	3,710.65
	Less : Opening Stock	3,710.65	2,220.47
	<b>Net (increase) / decrease</b>	<b>(90.25)</b>	<b>(1,490.18)</b>

- (i) Inventories are valued at lower of cost and net realizable value
- (ii) The value of the Inventory as on March 31<sup>st</sup>, 2013 includes certain slow moving items which has not been provided for during the valuation of the same. The valuation of the Inventory is as certified by the management.

### Note 22 : Employee Benefits Expenses

(₹ In Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
(a)	Salaries and wages (Including Directors' Remuneration) (Refer note (22a))	2,131.00	3,838.14
(b)	Contributions to Provident Fund	157.12	152.98
(c)	Contributions to ESIC	71.62	92.22
(d)	Contributions to Labour Welfare Fund	0.48	0.49
(e)	Contributions to Gratuity	70.79	8.22
(f)	Staff welfare expenses	54.08	85.80
	<b>Total Employee Benefit Expenses</b>	<b>2,485.09</b>	<b>4,177.85</b>

- 1 The Company recognised ₹157.41 Lacs (Previous year: ₹.152.98 Lacs) as their contribution towards provident fund and further deducted ₹140.61 Lacs from the salaries of the Employees as Employees

## Notes forming part of the Profit and Loss account for the year ended March 31st, 2013

Contribution towards this fund during the year. However, due to paucity of funds, out of the above amounts payable, the company has been able to deposit only ₹ 73.54 Lacs as their contribution and ₹ 65.66 Lacs as Employees Contribution with the appropriate authorities till the date of this report. Hence an amount of ₹ 83.88 Lacs towards Company's Contribution and ₹ 74.94 Lacs towards Employee's contribution towards Provident Fund is payable as on the date of this report.

The contributions payable to this plan by the Company are at rates specified in the rules of the scheme and the same are charged to the Profit and Loss Account of the Company.

- 2 The Company has deducted ₹ 31.40 Lacs for Profession Tax during the year under consideration. However due to paucity of funds the company has been able to deposit only ₹ 30.70 Lacs amount with the appropriate authorities till the date of this report.
- 3 The contributions payable to this plan by the Company are at rates specified in the rules of the scheme and the same are charged to the Profit and Loss Account of the Company.
- 4 Earned Leave Encashment expenses have not been provided for during the year under consideration. The Actuarial valuation for the same has also not been made and hence the financials reported here above are without the provision for the Earned Leave Encashment expenses.

### (22a) Details of Managerial Remuneration:

Salaries	123.53	128.81
<b>Total</b>	<b>123.53</b>	<b>128.81</b>

### Note 23 : Finance costs

(₹ In Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
(a)	Interest expense on:		
	(i) Borrowings	1,167.67	1,284.38
	(ii) Trade payables	2.91	5.14
(b)	Other borrowing costs	54.95	89.06
(c)	Net (gain) / loss on foreign currency transactions and translation	130.40	261.32
	<b>Total Finance costs</b>	<b>1,355.93</b>	<b>1,639.90</b>

**Notes forming part of the Profit and Loss account  
for the year ended March 31st, 2013**

**Note 24 Other expenses**

(₹ In Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
	Rent including lease rentals	92.23	141.02
	Repairs and maintenance	48.39	65.58
	Insurance	6.82	12.40
	Rates and taxes	-	9.63
	Communication	102.03	211.02
	Travelling and conveyance	119.51	229.50
	Electricity Expenses	104.74	119.12
	Freight and forwarding	114.38	118.75
	Advertisement Expenses	62.45	122.45
	Legal and professional	161.42	375.97
	Payments to auditors (Refer Note (24a) below)	6.92	10.10
	Bad trade and other receivables, loans and advances written off	-	(228.55)
	Net loss on foreign currency transactions and translation (other than considered as finance cost)	-	-
	Provision for doubtful trade and other receivables, loans and advances	-	16.00
	Miscellaneous expenses	72.17	290.48
	<b>Total Other expenses</b>	<b>891.06</b>	<b>1,493.47</b>

**24a Details of Auditors' Remuneration:**

**Payments to the auditors**

(a)	For statutory audit	5.00	4.50
(b)	For taxation matters	1.00	1.00
(c)	For other services	0.92	4.60
	<b>Total</b>	<b>6.92</b>	<b>10.10</b>

## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 25 Disclosure pursuant to Note no. 6(T) of Part I of Schedule VI to the Companies Act, 1956

(₹ In Lacs)

Contingent liabilities and commitments (to the extent not provided for)	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
<b>(i) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debt	2,463.84	584.93
(b) Guarantees	1,152.61	1,178.47
(c) Letter of Credit	-	551.25
(d) Other money for which the company is contingently liable	-	-
	3,616.45	2,314.65
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
(b) Uncalled liability on shares and other investments partly paid	-	-
(c) Other commitments (specify nature)	-	-
	<b>3,616.45</b>	<b>2,314.65</b>

Note 1 As per the Certificate issued by the banks, value of bank guarantees outstanding as on March 31<sup>st</sup>, 2013 amounts to ₹ 1152.61 Lacs (Previous Year ₹ 1,178.46 Lacs) and the value of Letter of Credit Outstanding as on March 31<sup>st</sup>, 2013 amounts to ₹ Nil Lacs (Previous Year ₹ 551.25 Lacs).

Note 2 Claim against the Company not acknowledged as debts ₹ 19.63 Lacs (Previous Year ₹ 8.93 Lacs).

Note 3 During the year ended March 31<sup>st</sup>, 2013 the Company was subject to Audit from the Service Tax Department. The said audit has been concluded and the intimation from the Service Tax Department is awaited as on the date signing of this Balance Sheet.

Note 4 The Company has given guarantees for the loans taken by the subsidiary companies from Banks and Financial Institutions. The details of the Guarantee are as follows:

Sr. No.	Name of the Company	Nature of Guarantee	Balance Outstanding as at March 31 <sup>st</sup> , 2013
1	Digicomp Complete Solutions Ltd.	Corporate Guarantee against Working Capital Loan	INR 257.47 Lacs
2	Allied Digital Inc (USA)	Corporate Guarantee against Term Loan	USD 26.67 Lacs

Note 5 There is a delay in payment of statutory dues and filing of Return of Service Tax, Provident Fund, ESIC, Profession Tax, TDS and VAT due to which an additional liability of these taxes on account of Interest on delay in payment of these taxes as well as penalty on delay in filing the returns shall accrue for the year under consideration as well as the earlier years. The company has not provided for these liabilities in their Balance Sheet as on March 31<sup>st</sup>, 2013.

Note 6 The Income tax Authorities carried out a search operation at certain locations of the Company on February 4<sup>th</sup>, 2011. The Company extended its full co-operation to the tax authorities and various statements were recorded during the course of search. The search operation got concluded on the same business day. The Company was thereafter asked to file the Revised Return of Income from A.Y. 2005-06 to 2011-12 which was duly complied with. Thereafter the Income Tax Department completed the Assessments of the Company till 2011-12 and the details of the same are as under:



## Notes forming part of the Balance Sheet as at March 31<sup>st</sup>, 2013

(₹ In Lacs)

Asst. Year	Income Tax Demanded as per Order of the A.O. (including Interest)	Credit not given by the department	Actual Tax Payable as per the Company (including Interest upto March 31 <sup>st</sup> , 2013)
2005-06	76.69	40.00	4.01
2006-07	210.56	14.2	50.59
2007-08	46.69	21.96	58.27
2008-09	2,571.19	1,771.51	14.54
2009-10	1,861.42	1,204.43	200.43
2010-11	439.09	-	423.21
2011-12	263.59	-	252.55

The additional Income Tax Liability of ₹ 1003.60 Lacs is on account of some additions made by the Income Tax Department for which an appeal has been preferred by the Company. The Company expects major reliefs from this demand once these appeals are decided.

Note7 The company has received the Assessment Orders from Maharashtra Value Added Tax Department (MVAT), Investigation Branch A, Mumbai for the year 2005-06 and 2008-09 wherein a demand of ₹ 541.04 Lacs & ₹ 899.57 Lacs respectively has been raised on the company. This demand is on account of total disallowance of Input Credit availed by the Company. As the said Order is bad in law and on facts the company is in process of preferring an appeal with the Dy. Comm of Sales Tax Appeal V. This liability has not been recognized in the Books of Accounts of the Company.

## NOTE 26 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### 1) Corporate information

Allied Digital Services Limited (referred to as “ADSL” or the “Company”) is renowned as a leading Global IT Transformation Architect, having its operations pan India, USA, Australia, Europe and Middle east Asia with an impeccable track record for designing, developing, deploying and delivering end-to-end IT infrastructure services. It provides wide range of information technology and consultancy services including Infrastructure Services, End user IT Support, IT asset life cycle, enterprise applications and integrated solutions.

The Company's registered office is in Mumbai and has presence in pan India, and it has Subsidiary companies in USA, Singapore and Australia.

### A) Significant Accounting Policies

#### a) Basis of preparation

The financial statements have been prepared in accordance with the Generally Accounting Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on accrual basis. These financial statements have been prepared to comply with the in all material aspects with the accounting standards under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### b) Use of estimates

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

#### c) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition. Subsequent expenditure related to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such assets beyond its previously assessed standard of performance.

#### d) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its development cost/purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

#### e) Depreciation and amortization

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

Type of Asset	Method	Rate
Leasehold Land	Straight line	1.63 %
Freehold & Leasehold Buildings	Straight line	1.63 %
Furniture and Fixtures	Straight line	6.33 %
Computers and IT Equipment's	Straight line	16.21 %
Motor Vehicles	Straight line	9.50 %
Office Equipment's	Straight line	4.75 %
Civil and Plumbing Work	Straight line	1.63 %

Depreciation is charged only from the date the asset concerned is put to use by the Company. Fixed Assets individually costing ₹ 5,000/- or less have been fully depreciated in the year of purchase.

Intangible assets are amortize over the estimate useful life.

**f) Leases**

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

**g) Impairment**

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

**h) Investments**

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

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

**i) Employee benefits**

**(i) Post-retirement benefit plans**

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

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

**(ii) Employees defined contribution plans**

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

## j) **Revenue recognition**

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

Revenues from maintenance contracts are recognised on pro-rata basis over the period of the contract.

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

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

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

Interest income is accounted on accrual basis. Dividends income is accounted when the right to receive it is established.

## k) **Taxation**

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

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

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

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

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

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

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

## l) **Foreign Currency Transactions**

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

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

## m) **Employee Stock Option Scheme**

In accordance with the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India ("SEBI"), the Company is following the Intrinsic Value Method of ESOP cost whereby the excess of Fair Market Value of the shares of the Company one day

prior to the date of issue of the shares over the price at which they are issued is recognised as employee compensation cost. This cost is amortized on straight-line basis over the period of vesting of the Option.

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

**n) Inventories**

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

**B) Notes on Accounts**

**1) Employee Benefits**

**Gratuity Plan**

(i) An amount of ₹ Nil Lacs (Previous Year ₹ Nil Lacs) has been contributed towards the Employees Gratuity Fund against the current year liability of ₹ 70.78 Lacs (Previous Year ₹ 91.08 Lacs) and earlier year liabilities as per the Actuarial Valuation for Gratuity as on March 31<sup>st</sup>, 2013. The Company has its Employees Gratuity Fund managed by Birla Sun Life Insurance Company.

Particulars	Valuation Date March 31 <sup>st</sup> , 2013	Valuation Date March 31 <sup>st</sup> , 2012
<b>I Assumptions</b>		
Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
Discount Rate	8.50%	8.50%
Rate of increase in compensation	5%	5%
Rate of return (expected) on plan assets		
Withdrawal rates	45 and above : 6%	45 and above : 6%
	29 to 44 : 3%	29 to 44 : 3%
	Upto 29 : 1%	Upto 29 : 1%
<b>II Changes in present value of obligations</b>		
PVO at beginning of period	12,675,299	12,387,549
Interest cost	N.A.	1,001,351
Current Service Cost	N.A.	3,471,718
Benefits Paid	N.A.	(646,159)
Actuarial (gain)/loss on obligation	N.A.	(3,539,160)
PVO at end of period	N.A.	12,675,299
<b>III Changes in fair value of plan assets</b>		
Fair Value of Plan Assets at beginning of period	3,567,467	4,101,266
Adjustment to Opening Fair Value of Plan Assets	N.A.	3,654
Expected Return on Plan Assets	N.A.	340,400
Contributions	N.A.	0
Benefit Paid	N.A.	(646,159)
Actuarial gain/(loss) on plan assets	N.A.	(231,694)
Fair Value of Plan Assets at end of period	N.A.	3,567,467
<b>IV Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at beginning of period	N.A.	4,101,266
Adjustment to Opening Fair Value of Plan Assets	N.A.	3,654
Actual Return on Plan Assets	N.A.	108,706
Contributions	N.A.	0
Benefit Paid	N.A.	(646,159)
Fair Value of Plan Assets at end of period	N.A.	3,567,467
Funded Status	N.A.	(9,107,832)
Excess of actual over estimated return on Plan Assets	N.A.	(231,694)



Particulars	Valuation Date March 31 <sup>st</sup> , 2013	Valuation Date March 31 <sup>st</sup> , 2012
<b>V Actuarial Gain/(Loss) Recognized</b>		
Actuarial Gain/(Loss) for the period (Obligation)	N.A.	3,539,160
Actuarial Gain/(Loss) for the period (Plan Assets)	N.A.	(231,694)
Total Gain/(Loss) for the period	N.A.	3,307,466
Actuarial Gain/(Loss) recognized for the period	N.A.	3,307,466
Unrecognized Actuarial Gain/(Loss) at end of period	N.A.	0
<b>VI Amounts to be recognized in the Balance Sheet and statement of Profit &amp; Loss Account</b>		
PVO at end of period	N.A.	12,675,299
Fair Value of Plan Assets at end of period	N.A.	3,567,467
Funded Status	N.A.	(9,107,832)
Unrecognized Actuarial Gain/(Loss)	N.A.	0
Net Asset/(Liability) recognized in the balance sheet	N.A.	(9,107,832)
<b>VII Expense recognized in the statement of P &amp; L A/C</b>		
Current Service Cost	N.A.	3,471,718
Interest cost	N.A.	1,001,351
Expected Return on Plan Assets	N.A.	(340,400)
Net Actuarial (Gain)/Loss recognized for the period	N.A.	(3,307,466)
Expense recognized in the statement of P & L A/C	N.A.	825,203
<b>VIII Movements in the Liability recognized in Balance Sheet</b>		
Opening Net Liability	9,107,832	8,286,283
Adjustment to Opening Fair Value of Plan Assets	N.A.	(3,654)
Expenses as above	N.A.	825,203
Contribution paid	N.A.	0
Closing Net Liability	N.A.	9,107,832

\*N.A. = Not Available

The detailed Actuarial Valuation required to provide the above information is not readily available with the company.

## 2) Current Assets, Loans and Advances

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

- (i) Amounts extended to wholly owned subsidiaries Company has been shown under the head investment as the same is long term in nature.

## 3) MAT Credit Entitlement

Considering the consistent profit over the years and also considering the future profit projections, the management believes that there are adequate and satisfying reasons with regards to the earning of future taxable income and payment of tax under normal tax within the specified period. Hence MAT credit entitlement of ₹ 720.02 Lacs pertaining upto F.Y. 2011-12 (Previous year ₹ 720.02 Lacs) has been recognized during the year under consideration.

## 4) Current Liabilities and Provisions

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

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

- (i) The company has not deposited ₹ 5.05 Lacs towards TDS deducted u/s 194 J till the date of signing of the Audit Report.
- (ii) The company has received Notices from the MVAT Department for the disallowance of Input Credit on purchases made from certain registered dealers in Maharashtra. The company has contested the said claim of the MVAT Department but out of the proposed disallowance the Company has paid ₹ 576.43 Lacs for the period from 2005-06 to 2009-10 to the MVAT Department.

5) Additional Information pursuant to the provisions of part II of the Schedule VI of the Companies Act 1956

(₹ In Lacs)

Sr No	Particular	For the Year ended March 31 <sup>st</sup> ,2013	For the Year ended March 31 <sup>st</sup> ,2012
i	<b>Income in Foreign Currency</b>		
	Sales of Services, Software & Solution	1871.71	598.53
ii	<b>Expenditure in Foreign Currency</b>		
	(subject to deduction of tax where applicable)		
a	Professional & Consultation Fees	20.53	40.76
b	Travelling	11.69	16.02
c	Other Expenses	2.54	6.50
iii	<b>Value of Imports calculated on C.I.F. basis</b>		
a	Traded Goods	1233.94	627.95

6) Quantitative Information

Considering the nature of business of the company, it is not practically possible to give quantitative information in the absence of common expressible unit. Hence the value of the Inventory for the Balance Sheet purpose has been take as certified by the Management.

7) Dues to Micro, Small and Medium Enterprises

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

8) Earning Per Share

Sr No	Particular	For the Year ended March 31 <sup>st</sup> ,2013	For the Year ended March 31 <sup>st</sup> ,2012
<b>A</b>	Weighted average number of equity shares of ₹ 5/- each		
I	Number of shares at the beginning of the year (Nos.) of ₹ 5/- each (Previous Year of ₹ 5/- each)	4,61,86,727	4,65,83,802
II	Number of Shares at the end of the year (Nos.) of ₹ 5/- each	4,61,86,727	4,61,86,727
III	ESOP outstanding to employees NIL (previous year 44,050 Eq. Shares) of ₹ 5/- each @ ₹ 47.50 per share	Nil	Nil
IV	Weighted average number of Equity Shares of ₹ 5/- each (Previous Year ₹ 5/- each) outstanding during the year (Nos) for Basic EPS	4,61,86,727	4,63,11,687
V	Weighted average number of Equity Shares of ₹ 5/- each (Previous Year ₹ 5/- each) outstanding during the year (Nos) for Dilutive EPS	4,61,86,727	4,63,11,687
<b>B</b>	Net Profit after tax available for equity shareholders (In ₹ Lacs)	(1,017.80)	589.81
<b>C</b>	Basic income per share (in ₹) [B/A (v)]	(2.20)	1.27
<b>D</b>	Diluted income per share (in ₹) [B/A (vi)]	(2.20)	1.27

## 9) Taxes on Income

- (i) Provision for taxation for the year has been made in accordance with the provisions of the Income Tax Act, 1961.
- (iii) In terms of Accounting Standard on "Accounting for Taxes on Income" (AS 22) the Company has recognised Deferred Tax Liability amounting to ₹ 341.01 Lacs (Previous Year ₹ 884.56 Lacs) for the period ended March 31<sup>st</sup>, 2013 in the Profit and Loss Account.

## 10) Related Party Disclosures

### A) Related Parties and their Relationship

#### (i) Subsidiaries

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

#### (ii) Associates

1. Assetlite Equipment India Private Limited
2. Abhirati Properties Private Limited
3. The Gateways
4. Allied Digital Services (UK) Limited

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

Mr. Nitin Shah	Chairman & Managing Director
Mr. Prakash Shah	Executive Director - Commercial
Mr. Manoj Shah	Executive Director & CIO (Resigned on 28th Aug 2012)
Mr. Bimal Raj	Executive Director & CEO (Resigned on 7th Feb. 2012)
Mr. Paresh Shah	Executive Director & CEO
Mrs. Tejal P. Shah	Wife of Mr. Prakash Shah
Mr. Nehal N. Shah	Son of Mr. Nitin Shah
Miss. Dhara N. Shah	Daughter of Mr. Nitin Shah
Mrs. Rita P Shah	Wife of Mr. Paresh Shah

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

(₹ in Lacs)

For the year ended March 31 <sup>st</sup> , 2013	Subsidiaries	Associates	Key Management Personnel
Revenue	865.82	6,996.76	-
	1,189.90	18.66	0.27
Purchase of goods, services and facilities	81.11	7,050.19	-
	100.27	211.02	-
Loans and advances	11.07	-	2.8
	1,401.39	10.29	-
Loan Liabilities	679.62	298.27	61.41

**C) Balance with Related Parties**

(₹ in Lacs)

As at March 31 <sup>st</sup> , 2013	Subsidiaries	Associates	Key Management Personnel
Sundry Debtors	1,389.18	102.81	0.45
	552.54	78.24	0.18
Sundry Creditors	2171.06	5.28	-
	1,269.41	-	-
Loans and advances	628.48	661.11	22.92
	1,474.90	627.58	5.37
Short term borrowings	64.79	202.97	125.20
	62.80	-	63.67

The Company has not been able to produce the confirmation for Inter Company Balances with the Subsidiary/ Associated Parties and reconciliations thereon as on March 31<sup>st</sup>, 2013 and the earlier years at the time of signing of the balance sheet. Hence the balances of the subsidiaries and associated companies have been taken as per their respective books of accounts.

**D) Disclosure required by Clause 32 of the listing agreement regarding the related parties:**

Amount of Loans/Advances in the nature of loans outstanding from Subsidiaries and Associates:

(₹ in Lacs)

Particulars	Outstanding as at the end of the year	Maximum amount Outstanding during the year	Investments in shares of the Company
<b>Subsidiaries</b>			
Digicomp Complete Solutions Ltd.			
2012-13	91.76	145.84	652.12
2011-12	119.26	119.26	652.12
Allied Digital Services LLC			
2012-13	530.20	1,355.65	7,058.17
2011-12	1,355.65	1,355.65	7,058.17
Allied Digital INC			
2012-13	-	-	6,361.20
2011-12	-	-	5,613.92
En Pointe Technologies India Private Ltd.			
2012-13	-	102.36	7,058.17
2011-12	-	25.03	7,058.17
Allied Digital Singapore Pte Ltd.			
2012-13	6.52	4.79	3.21
2011-12	3.03	3.03	3.21

(₹ in Lacs)

Particulars	Outstanding as at the end of the year	Maximum amount Outstanding during the year	Investments in shares of the Company
Allied Digital Asia Pacific Pty Ltd.			
2012-13	-	-	127.84
2011-12	-	-	127.84
E-Cop Surveillance India Pvt. Ltd			
2012-13	-	-	1.01
2011-12	-	-	1.01
<b>Associates</b>			
Assetlite Equipment India Private Ltd.			
2012-13	-	109.27	-
2011-12	-	0.78	-
Abhirati Properties Private Limited			
2012-13	341.41	550.63	-
2011-12	550.63	550.63	-
The Gateways			
2012-13	120.12	893.40	-
2011-12	76.75	76.75	-

## (iv) Remuneration to Key Management Personnel

(₹ In Lacs)

Particulars	Year Ended March 31 <sup>st</sup> , 2013	Year Ended March 31 <sup>st</sup> , 2012
<b>(a) Managing Director and other Whole-time Directors</b>		
Mr. Nitin Shah	50.00	48.75
Mr. Prakash Shah	30.00	29.38
Mr. Manoj Shah*	8.33	20.00
Mr. Bimal Raj*	-	19.36
Mr. Paresh Shah	35.20	11.32
<b>Total Remuneration</b>	<b>123.53</b>	<b>128.81</b>

\* Mr. Manoj Shah has resign with effect from 28/08/2012

\* Mr. Bimal Raj has resign with effect from 07/02/2012



(v) **Computation of Net Profit in accordance with Section 198 and with Section 349 of the Companies Act, 1956**

(₹ In Lacs)

Sr. No.	Particulars	Year Ended March 31 <sup>st</sup> 2013	Year Ended March 31 <sup>st</sup> 2012
<b>A</b>	<b>Net Profit as per Profit and Loss Account</b>	<b>(1017.8)</b>	<b>589.81</b>
	Add : Provision for Income tax (Net of MAT Credit)	-	-
	Provision for Deferred Tax	341	884.56
	<b>Profit under Section 349 of the Companies Act, 1956</b>	<b>(676.8)</b>	<b>1,474.37</b>
	Add : Managerial Remuneration	123.53	128.81
	Depreciation as per accounts	2132.41	1,636.71
	Provision for bad and doubtful debts	-	16.00
	Less : Depreciation as per Section 350 of the Companies Act, 1956	2132.41	1,636.71
	<b>Profit under Section 198 of the Companies Act, 1956</b>	<b>(553.27)</b>	<b>1,619.18</b>
<b>B</b>	<b>Details of Managerial Remuneration under Section 198 of the Companies Act, 1956</b>		
	Salaries, Remuneration and Allowances	123.53	128.81
	<b>Total</b>	<b>123.53</b>	<b>128.81</b>

11) **Auditors' Remuneration**

(₹ In Lacs)

Particulars	Year Ended March 31 <sup>st</sup> , 2013	Year Ended March 31 <sup>st</sup> , 2012
<b>For services as Auditors, including quarterly audits</b>	5.00*	4.50*
For Tax Audit	1.00*	1.00*
Others	4.60*	4.60*
<b>Total</b>	<b>10.60</b>	<b>10.10</b>

\* excluding service tax

12) **Lease Income**

In accordance with the Accounting Standard 19, "Leases" issued by the Institute of Chartered Accountants of India, the Company has given Assets on Operational Lease on or after April 1<sup>st</sup>, 2001. These assets have been Capitalized and consequently depreciation has also been provided on these assets. The minimum lease rent receivable as at March 31<sup>st</sup>, 2013 are as follows:

(₹ In Lacs)

Particulars	Year Ended March 31 <sup>st</sup> , 2013	Year Ended March 31 <sup>st</sup> , 2012
<b>Lease Rent Receivable</b>		
Not Later than One Year	35.11	19.41
Later than One Year but Not Later than Five Years	70.22	49.24

### 13) Segment Reporting

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

(₹ InLacs)

Sr. No.	Particulars	Year Ended March 31 <sup>st</sup> , 2013	Year Ended March 31 <sup>st</sup> , 2012
<b>1</b>	<b>Segment Revenue</b>		
	Enterprise Computing based Solutions	16,517	28,421
	Infrastructure Management based Solutions	7078	12,181
	Unallocated	575	-
	<b>Net Segment Revenue</b>	<b>24,170</b>	<b>40,602</b>
<b>2</b>	<b>Profit before Interest, unallocable expenses &amp; Tax</b>		
	Enterprise Computing based Solutions	1,239	2,133
	Infrastructure Management based Solutions	4,949	6,720
		6,188	8,853
	Less : i) Interest	1,356	1,640
	ii) Un-allocable Expenses (net of un-allocable income)	5,508	5,738
	<b>Total Profit Before Tax</b>	<b>(676)</b>	<b>1,474</b>
<b>3</b>	<b>Capital Employed</b>		
	Un allocable	57,914	58,907
	<b>Total Capital Employed</b>	<b>57,914</b>	<b>58,907</b>

14) These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous year's figures have been recast / restated wherever necessary.

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

16) Previous year's figures are in italics.

As per our report of even date

For Allied Digital Services Ltd.

**For K. M. Kapadia & Associates**

Chartered Accountants

F. No. 104777W

sd/-

**Kamlesh Kapadia**

M. No. 039707

sd/-

**Nitin Shah**

Chairman &  
Managing Director

sd/-

**Prakash Shah**

Director Commercial

sd/-

**Ravindra Joshi**

Company Secretary

Place: Mumbai

Date: 30th May 2013

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

### TO THE BOARD OF DIRECTORS OF ALLIED DIGITAL SERVICES LIMITED

- 1) We have audited the attached Consolidated Balance Sheet of **ALLIED DIGITAL SERVICES LIMITED** and its subsidiaries (collectively referred as "the ADSL Group") as at March 31<sup>st</sup>, 2013 and the Consolidated Profit & Loss A/c and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3)
  - (a) The financial statements of certain subsidiaries whose financial statements reflect total Net Worth of ₹ 2,672.49 Lacs as at March 31<sup>st</sup>, 2013, total revenues of ₹13,185.51 Lacs and net operating cash In flows amounting to ₹ 743.06 Lacs for the year ended on that date have been audited by other auditors. The report of such other Auditor have been furnished to us and our opinion in so far as it related to the amounts included in respect of these subsidiary is based solely on the report of those auditors.
  - (b) The figures used for this consolidation of some financial statements of certain insignificant subsidiaries having Net Worth of ₹ 1,056.97 Lacs as at March 31<sup>st</sup>, 2013, total revenue of ₹ 9.33 Lacs are based on the management's estimates and are not audited by the Auditors.

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

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

- (i) In the case of the Consolidated Balance Sheet, of the state of affairs of the ADSL Group as at March 31<sup>st</sup>, 2013;
- (ii) In the case of Consolidated Profit and Loss A/c , of the profit on that date; and
- (iii) In the case of Consolidated Cash Flow Statements, of the cash flows for the year ended that date.

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

sd/-  
**KAMLESH KAPADIA**  
M. No. :039707

**Place:**Mumbai  
**Date:** 30th May 2013

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31<sup>st</sup>, 2013

(₹ in Lacs)

Particulars	Note No.	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	2,309.34	2,309.34
Reserves and Surplus	2	65,910.02	66,403.46
Minority Interest		1,372.50	974.26
<b>Non-Current Liabilities</b>			
Long-term borrowings	3	927.74	1,621.64
Other Long term liabilities	3	127.78	23.74
Deferred tax liabilities (Net)	4	2,010.84	1,729.09
Long term provisions	5	486.00	140.25
<b>Current Liabilities</b>			
Short term borrowings	6	10,034.91	10,046.49
Trade Payables	7	1,582.39	1,337.16
Other Current Liabilities	8	1,222.63	628.50
Short term provisions	9	605.66	909.86
<b>Total</b>		<b>86,589.81</b>	<b>86,123.79</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible assets	10	22,266.46	22,872.78
Intangible assets	10	4,591.14	2,888.76
Capital work-in-progress		4,735.86	3,996.53
Goodwill		11,208.01	11,208.01
Non current investments	11	516.58	567.32
Long term loans and advances	12	5,168.55	5,351.64
<b>Current Assets</b>			
Current Investments	13	0.00	750.00
Inventories	14	4,476.08	4,061.88
Trade receivables	15	25,864.20	25,388.53
Cash and cash equivalents	16	1,883.27	3,072.55
Short-term loans and advances	17	5,191.47	5,209.43
Other current assets	18	688.19	756.36
<b>Total</b>		<b>86,589.81</b>	<b>86,123.79</b>
Contingent Liability	25	3,718.26	2,391.44
Significant Accounting Policies	26		

As per our report of even date

**For Allied Digital Services Ltd.**

**For K. M. Kapadia & Associates**

Chartered Accountants

F. No. 104777W

sd/-

**Kamlesh Kapadia**

M. No. 039707

sd/-

**Nitin Shah**

Chairman &  
Managing Director

sd/-

**Prakash Shah**

Director Commercial

sd/-

**Ravindra Joshi**

Company Secretary

Place: Mumbai  
Date: 30th May 2013

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31<sup>st</sup>, 2013

(₹ in Lacs)

Particulars	Note No.	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
<b>INCOME</b>			
Revenue from operations	19	41,673.46	58,480.84
Other Income	20	573.00	1,615.20
<b>Total Revenue</b>		<b>42,246.47</b>	<b>60,096.04</b>
<b>EXPENSES</b>			
Purchases for Traded Goods & Service Spares	21.a	28,200.13	43,865.48
Changes in inventories of stock-in-trade	21.b	(400.24)	(1,479.73)
Employee benefits expense	22	5,262.93	7,036.42
Finance costs	23	1,531.83	1,845.75
Depreciation and amortisation expense	10	2,496.92	2,026.84
Other expenses	24	4,037.44	4,739.04
<b>Total Expenses</b>		<b>41,128.98</b>	<b>58,033.80</b>
<b>Profit before execeptional items &amp; tax</b>		<b>1,117.49</b>	<b>2,062.24</b>
Exceptional Items		796.72	9.74
<b>Profit before tax</b>		<b>320.77</b>	<b>2,052.50</b>
<b>Tax expenses:</b>			
Tax expense for current year		224.15	457.62
MAT credit		-	(279.02)
Net current tax expense		224.15	178.60
Deferred Tax		281.74	888.31
<b>Total Tax Expenses</b>		<b>505.89</b>	<b>1,066.91</b>
<b>Profit/(Loss) after tax</b>		<b>(185.12)</b>	<b>985.59</b>
Minority Interest		(322.20)	(48.82)
<b>Profit/(Loss) for the year</b>		<b>(507.32)</b>	<b>936.77</b>
Earning per equity share:			
Equity Shares of par value ₹ 5 each			
Basic		(1.10)	2.02
Diluted		(1.10)	2.02
Significant Accounting Policies	26		

As per our report of even date

For Allied Digital Services Ltd.

**For K. M. Kapadia & Associates**

Chartered Accountants

F. No. 104777W

sd/-

**Kamlesh Kapadia**

M. No. 039707

sd/-

**Nitin Shah**

Chairman &  
Managing Director

sd/-

**Prakash Shah**

Director Commercial

sd/-

**Ravindra Joshi**

Company Secretary

Place: Mumbai

Date: 30th May 2013



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31<sup>st</sup>, 2013

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
<b>I</b>	<b>CASH INFLOWS</b>		
(1)	<b>From Operating activities</b>		
(a)	Profit/Loss as per Profit & Loss Account before Tax	(507.38)	2,052.51
	Adjustments:		
	Depreciation and amortization	2,496.92	2,026.86
	Gratuity Exp	-	-
	Assets written off	-	-
	Deferred Tax	281.74	-
	Income from Investing Activities	(300.49)	41.00
	Finance Cost	1,531.83	1,845.75
	Other Provisions	-	-
		4,010.00	3,913.61
(b)	<b>Working capital changes:</b>		
	Decrease in inventories	-	-
	Decrease in trade receivables	-	4,334.45
	Decrease in short-term loans and advances	17.98	-
	Decrease in other current assets	68.17	-
	Increase in trade payables	245.24	-
	Increase in Long term liabilities	104.04	23.74
	Increase in other current liabilities	594.13	68.44
	Increase in long term provisions	345.74	31.39
	Increase in short term provisions	-	-
		1,375.30	4,458.02
	<b>Total of (1)</b>	<b>4,877.92</b>	<b>10,424.15</b>
(2)	<b>From Investing activities</b>		
	Proceeds from sale of fixed assets	-	-
	Proceeds from sale of investments	800.75	3,703.43
	Realisation of long-term loans and advances from subsidiaries/ associates/ business ventures	-	-
	Decrease in other long-term loans and advances	183.09	983.84
	Decrease in other non-current assets	-	52.10
	Dividend received	41.00	92.30
	Increase in FCTR	13.88	42.91
	Interest received	72.37	206.14
	Other income	187.12	314.37
		314.37	1,316.76
	<b>Total of (2)</b>	<b>1,298.21</b>	<b>5,413.64</b>
(3)	<b>From Financing activities</b>		
	Proceeds from issue of share capital	-	-
	Share application money pending allotment	-	-
	Proceeds from long-term borrowings	-	-
	Proceeds from short-term borrowings	-	-
	Minority Interest	-	-
		398.27	-
	<b>Total of (3)</b>	<b>398.27</b>	-
	<b>Total cash inflows(1+2+3)</b>	<b>6,574.39</b>	<b>15,837.79</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31<sup>st</sup>, 2013

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
<b>II</b>	<b>CASH OUTFLOWS</b>		
<b>(1)</b>	<b>From Operating activities</b>		
(a)	Profit/Loss from operating activities		
	Adjustments:		
	Depreciation and amortization	-	-
	Share Compensation expenses (Loss)/	-	-
	Gain on sale of fixed assets		
	Assets written off	-	-
	(Provision)/Reversal for doubtful debts and advances	-	-
	Other income	-	1,615.20
			1,615.20
(b)	Working capital changes:		
	Increase in inventories	414.20	1,479.72
	Increase in trade receivables	475.66	114.30
	Increase in long-term loans and advances	-	-
	Increase in short-term loans and advances	-	196.50
	Increase in other current assets	-	355.58
	Decrease in trade payables	-	1,299.38
	Decrease in Long term liabilities	-	-
	Decrease in other current liabilities	-	-
	Decrease in short term provisions	304.20	134.95
	Direct taxes paid/(Refund) (Net of refunds)	1,194.06	219.60
	<b>Total of (1)</b>	<b>1,194.06</b>	<b>5,415.22</b>
<b>(2)</b>	<b>From Investing activities</b>		
	Purchase of tangible assets/capital work-in-progress	1,567.58	7,194.00
	Purchase of intangible assets/assets under development	2,764.73	-
	Purchase of investments	-	750.00
	Investment in subsidiaries/associates/ business ventures	-	-
	Payment of long-term loans and advances to subsidiaries/associates/business ventures	-	-
	Increase in other long-term loans and advances	-	-
	Increase in other non-current assets	-	-
		4,332.31	7,944.00
	<b>Total of (2)</b>	<b>4,332.31</b>	<b>7,944.00</b>
<b>(3)</b>	<b>From Financing activities</b>		
	Repayment of long-term borrowings	693.90	662.79
	Repayment of short-term borrowings	11.57	681.77
	Dividends paid (including distribution tax)	-	269.85
	Interest and other finance costs	1,531.83	1,845.75
	Minority Interest	-	71.02
	Outflow on account of Share Buyback	-	324.87
		2,237.30	3,856.06
	<b>Total of (3)</b>	<b>2,237.30</b>	<b>3,856.06</b>
	<b>Total cash outflows (1+2+3)</b>	<b>7,763.67</b>	<b>17,215.29</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31<sup>st</sup>, 2013

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
III	<b>Net (decrease)/increase in cash and cash equivalents</b>		
	From Operating activities	3,683.86	5,008.92
	From Investing activities	(3,034.10)	(2,530.36)
	From Financing activities	(1,839.03)	(3,856.06)
	<b>Total (A)</b>	<b>(1,189.27)</b>	<b>(1,377.49)</b>
	Add: Cash and cash equivalents at the beginning of the period (B)	3,072.54	4,450.04
	Cash and cash equivalents at the end of the period (A+B)	1,883.27	3,072.54

As per our report of even date

**For Allied Digital Services Ltd.**

**For K. M. Kapadia & Associates**

Chartered Accountants

F. No. 104777W

sd/-

**Kamlesh Kapadia**

M. No. 039707

sd/-

**Nitin Shah**

Chairman &  
Managing Director

sd/-

**Prakash Shah**

Director Commercial

sd/-

**Ravindra Joshi**

Company Secretary

Place: Mumbai

Date: 30th May 2013

## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 1: Share Capital

#### (a) Authorised, Issued, Subscribed & Paid - up and par value per share

(₹ In Lacs)

Share Capital	As at March 31 <sup>st</sup> 2013		As at March 31 <sup>st</sup> 2012	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity shares of ₹ 5 each with voting rights	60,000,000	3,000.00	60,000,000	3,000.00
<b>Issued</b>				
Equity shares of ₹ Rs. 5 each with voting rights	46,186,727	2,309.34	46,186,727	2,309.34
<b>Subscribed &amp; Paid up</b>				
Equity shares of ₹ 5 each with voting rights	46,186,727	2,309.34	46,186,727	2,309.34

#### (b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

(₹ In Lacs)

Particulars	Opening Balance	ESOP	Conversion	Buy back	Closing Balance
<b>Equity shares with voting rights Year ended March 31<sup>st</sup>, 2013</b>					
- Number of shares	46,186,727	-	-	-	46,186,727
- Amount in ₹	2,309.34	-	-	-	2,309.34
<b>Year ended March 31<sup>st</sup>, 2012</b>					
- Number of shares	46,583,802	-	200,000	597,075	46,186,727
- Amount in ₹	2,329.19	-	10.00	29.85	2,309.34

#### (c) Rights, Preferences and restrictions related to equity shares

The company has only one class of equity shares having par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

#### (d) Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at March 31 <sup>st</sup> , 2013		As at March 31 <sup>st</sup> , 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares with voting rights				
Nitin Dhanji Shah	12,476,954	27.01	12,476,954	27.01
Prakash Dhanji Shah	6,346,214	13.74	6,346,214	13.74

## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

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

**(i) Stock Option Scheme (2007) Loyalty Grant**

"Under this scheme, the Company had granted 63,300 Options @ ₹ 10/- each to the eligible employees. Out of the above mentioned grant of 63,300 options, 50,436 Options were exercised by the eligible employees in the Financial Year 2008-09 and balance Options were lapsed.

**(ii) Stock Option Scheme (2007) Growth Grant**

"Under this scheme, the Company had granted 4,30,300 Options (pre-split of Company's Equity Shares) @ ₹ 95/- each to the eligible employees which were to be exercised within four years from the date of the grant. Out of the above, during the financial year 2010-2011, 1,03,850 Options (post - split of Company's Equity Shares from the face value of ₹ 10/- to ₹ 5/-each) were exercised by the eligible employees.

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

Particulars	2012-2013	2011-2012
Opening Outstanding option	-	44,000
Granted during the year		-
Exercised during the year (Post - split)	-	-
Forfeited/lapsed during the year (Post - split)	-	44,000
Closing Outstanding option	-	-
Stock Option Scheme (2010)		

**(iii) Stock Option Scheme (2010)**

The Company by a Special Resolution passed at Annual General Meeting held on September 29<sup>th</sup> 2010 approved the Employee Stock Option Scheme under section 79A of the companies act 1956 to be read along with SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 whereby 30,00,000 options convertible into Equity Shares of ₹ 5/- each to be granted to eligible employees of the Company. This stock option scheme is titled as "ESOP 2010". Out of the same 4,27,500 options have been granted during the year.

Particulars	2012-2013	2011-2012
Opening Outstanding option	2,572,500	-
Employee Stock Option Scheme announced during the Year	-	3,000,000
Granted during the year	60,000	427,500
Exercised during the year (Post - split)	-	-
Forfeited/lapsed during the year (Post - split)	-	-
Closing Outstanding option	2,512,500	2,572,500

**(f) Issue of Shares other than Cash**

**Details of Shares allotted as fully paid up by way of bonus shares before March 31<sup>st</sup>, 2013**

The Company allotted 13,22,300 equity shares of ₹ 10 each as fully paid-up bonus shares by capitalisation of reserves in 1999-2000

The Company allotted 71,05,605 equity shares of ₹ 10 each as fully paid-up bonus shares by capitalisation of reserves in 2006-2007



## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### (g) Buy- Back of Equity Shares

The Board of Directors of the Company in their meeting held on February 18<sup>th</sup>, 2011 had resolved to buyback ("Buyback") its fully paid-up equity shares of the face value of ₹ 5/- each (Equity Shares) from the existing Equity Share owners of the Company, other than Promoters of the Company. This Buy back was to be made from the stock exchange in accordance with the provisions of Sections 77A, 77AA, 77B and other applicable provisions of the Companies Act, 1956 ("the Act") and Securities and Exchange Board of India (Buy Back of Securities) Regulation, 1998 ("the Regulation") and the relevant provisions of Memorandum of Association and Articles of Association of the Company. The maximum price at which this buy back was to be executed was not to exceed ₹ 140/- per Equity Share ("Maximum Buyback Price") payable in cash, and the maximum amount allocated for the Total Buy Back was ₹ 2,800 Lacs ("Offer size"). The Date of Opening of the buyback was April 25<sup>th</sup>, 2011 and last Date for the Buyback was February 17, 2012. No buy back of shares was made by the Company during the year under consideration.

During the financial year 2011-2012, the Company has bought back 5,97,075 Equity Shares for a Total Consideration of ₹ 324.87 Lacs. The Bought back shares have been duly extinguished by the Company.

### Disclosure pursuant to Note no. 6(A) (i) of Part I of Schedule VI to the Companies Act, 1956

Unpaid Calls	
By Directors	-
By Officers	-

### Note Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Year (Aggregate No. of Shares)				
	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Equity Shares :</b>					
Fully paid up pursuant to contract(s) without payment being received in cash	200,000	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	597,075	-	-	-	-
<b>Preference Shares :</b>					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-

## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 2: Reserves and Surplus

(₹ in Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
<b>(a)</b>	<b>Capital Reserves</b>		
	Subscription amount received on Equity Warrants		
	Opening Balance	-	554.00
<b>(-)</b>	Transferred on account of conversion of Equity Warrants into Equity Shares	-	554.00
	Closing Balance	-	-
<b>(b)</b>	<b>Capital Redemption Reserve</b>		
	Opening Balance	29.85	-
<b>(+)</b>	Current Year Transfer	-	-
	on buyback of 5,97,075 equity shares of ₹ 5 each	-	29.85
	Closing Balance	<b>29.85</b>	<b>29.85</b>
<b>(c)</b>	<b>Securities Premium Account</b>		
	Opening Balance	36,617.46	36,398.33
<b>(+)</b>	Securities premium credited on allotment of equity shares	-	544.00
<b>(-)</b>	Utilised during the year for:		
	Buy back of shares of 5,97,075 equity shares of ₹ 5 each	-	324.87
	Closing Balance	<b>36,617.46</b>	<b>36,617.46</b>
<b>(d)</b>	<b>General Reserves</b>		
	Opening Balance	1,337.77	1,337.77
	Closing Balance	<b>1,337.77</b>	<b>1,337.77</b>
<b>(e)</b>	<b>Surplus</b>		
	Opening balance	28,242.25	27,437.93
<b>(+)</b>	Net Profit/(Net Loss) For the current year	(507.32)	936.77
<b>(+)</b>	Excess Provision made for Proposed Dividend	-	1.46
<b>(+)</b>	Excess Provision made for Dividend Distribution Tax	-	0.29
<b>(-)</b>	Dividends proposed to be distributed to equity shareholders (₹ 0.25 per share)	-	115.47
<b>(-)</b>	Corporate Dividend Tax	-	18.73
<b>(-)</b>	Short Provision of Tax of earlier years (Net)	-	-
	Closing Balance	<b>27,734.93</b>	<b>28,242.25</b>
<b>(f)</b>	<b>Foreign Currency Translation Reserve</b>		
		190.01	176.13
	Closing Balance	190.01	176.13
	<b>Total Reserves and Surplus</b>	<b>65,910.02</b>	<b>66,403.46</b>

## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 3: Long Term Borrowings

(₹ in Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	<b><u>Secured</u></b>		
a	Loans repayable on demand (Refer Note (i))	112.42	257.47
		<b><u>112.42</u></b>	<b><u>257.47</u></b>
	<b><u>Unsecured</u></b>		
b	Loans repayable on demand	725.19	1,364.17
	Loan from Related Parties	-	-
	Loans from directors	76.50	-
	Deposits- Franchises	13.63	-
		<b><u>815.32</u></b>	<b><u>1,364.17</u></b>
	<b>Total Long Term Borrowings</b>	<b><u>927.74</u></b>	<b><u>1,621.64</u></b>

#### Notes:

(i) Details of Secured short-term borrowings alongwith Security and Terms of repayment:

(₹ in Lacs)

Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
Loans repayable on demand		
From banks:		
BOI Term Loan	-	244.41
Kotak Bank Term Loan	-	13.06
<b>Total</b>	<b>-</b>	<b>257.47</b>

### Note 3: Other Long Term Liabilities

(₹ in Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
a	<b>Others</b>		
	Security deposit for rented property	28.50	23.74
	Fixed Deposit	99.28	-
	<b>Total Other Long Term Liabilities</b>	<b><u>127.78</u></b>	<b><u>23.74</u></b>

## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 4: Deferred tax Liabilities

The net deferred tax asset as at March 31<sup>st</sup>, 2013 comprises of the following components:

(₹ in Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	<b>Deferred Tax Asset</b>		
	On account of Deferred Revenue Expenses (IPO Exp)	183.33	301.99
	Gratuity	-	0.58
	Provision for doubtful debts	-	5.19
	<b>Total Deferred Tax Asset</b>	<b>183.33</b>	<b>307.76</b>
	<b>Deferred Tax Liability</b>		
	On timing difference of depreciation between W.D.V. of Assets as per Companies Act and Income Tax Act	2,171.20	2,040.79
	Provision for employee benefits	-	-
	Gratuity	22.97	(3.94)
	<b>Total Deferred Tax Liability</b>	<b>2,194.17</b>	<b>2,036.85</b>
	<b>Net Deferred Tax Asset / (Liability)</b>	<b>(2,010.84)</b>	<b>(1,729.09)</b>

Note: The management has decided not to recognize the net deferred tax asset on carried forward losses on the grounds of prudence.

### Note 5 : Other Long Term Provisions

The net deferred tax asset as at March 31<sup>st</sup>, 2013, comprises of the following components:

(₹ in Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(a)	Provision for employee benefits:		
	Provision for gratuity	196.95	118.28
(b)	Provision - Leave encashment	18.99	20.35
(c)	Provision for Income Tax	270.06	1.62
	<b>Total Other Long Term Provisions</b>	<b>486.00</b>	<b>140.25</b>

### Note 6: Short Term Borrowings

(₹ in Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	<b><u>Secured</u></b>		
(a)	Loans repayable on demand (Refer Note (a))	9,740.86	9,283.79
(b)	Inter Corporate Deposits	-	425.00
(c)	Other	9,740.86	9,708.79
	<b><u>Unsecured</u></b>		
(a)	Loans repayable on demand	-	0.95
(b)	Loans and advances from related parties	265.64	43.67
(c)	Inter Corporate Deposits	25.00	293.08
	Deposits- Franchises	3.41	-
		294.05	337.70
	<b>Total Short Term Borrowings</b>	<b>10,034.91</b>	<b>10,046.49</b>

## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note (a) Details of Secured short-term borrowings alongwith Security and Terms of repayment:

(₹ in Lacs)

Particulars	Nature of security	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
Loans repayable on demand			
From banks:			
Barclays Bank Foreign Currency Loan	Refer Note (i)	2,140.83	2,013.58
Working Capital Facility From ICICI Bank	Fixed Deposit of ₹ 5,143,420.00	19.91	26.99
Working Capital Facility From State Bank of India	Refer Note (i)	5,985.27	5,708.35
Working Capital Facility From Standard Chartered Bank	Refer Note (i)	1,138.63	1,534.87
<b>Loans repayable on demand from banks</b>		<b>9,284.64</b>	<b>9,283.79</b>

### Note (i) Details of Security Offered to Banks for Working Capital Facilities

Following securities have been offered to various banks with the first charge with State Bank of India and pari pasu charged with Standard Chartered Bank and Barclays Bank

- (a) Mortgage of Gala no 4, Bldg No 3, Sector III, MIDC Mahape, Navi Mumbai
- (b) Mortgage of Gala no 3, Bldg No 3, Sector III, MIDC Mahape, Navi Mumbai
- (c) Mortgage of Gala no 301,302,305,306,307,308, Bldg No 3, Sector III, MIDC Mahape, Navi Mumbai
- (d) Mortgage of Gala no 7, Bldg No 3, Plot No MBP 2, Mahape, Navi Mumbai
- (e) Hypothecation Charge on Movable assets except Vehicles
- (f) Hypothecation Charge on Current Assets
- (g) Fixed Deposit with State Bank of India of ₹ 22,407,487 (including accrued Interest)
- (h) Personal Guarantee of directors Mr. Prakash D Shah and Mr. Nitin D Shah

### Note 7: Trade Payables

(₹ in Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(a)	<b>Trade payables</b>		
	Sundry Creditors		
	- Acceptances	540.85	551.25
	- Other than Acceptances	(179.34)	748.64
(b)	Other Liabilities	1,220.89	37.27
	<b>Total Trade Payables</b>	<b>1,582.39</b>	<b>1,337.16</b>



## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 8: Other Current Liabilities

(₹ in Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(a)	Income received in advance	87.86	52.56
(b)	Duties & Taxes	1,037.29	563.67
(c)	Fixed Deposit	25.18	-
(d)	Advances Received from Debtors	17.51	8.20
(e)	Others	54.78	4.07
	<b>Total Other Current Liabilities</b>	<b><u>1,222.63</u></b>	<b><u>628.50</u></b>

The Company has not received any instruction from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosures if any, relating to amounts unpaid as at the year end together with interest payable as required under the said Act have not been given.

### Note 9: Short Term Provisions

(₹ in Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
<b>(a)</b>	<b>Provision for employee benefits</b>		
(i)	Provision for Salaries	307.64	352.49
(ii)	Contribution to PF	110.03	15.83
(iii)	Contribution to Gratuity	2.76	3.25
(ii)	Contribution to ESIC	10.75	7.99
(iii)	Professional Tax	13.53	9.16
(iv)	LTA Payable	19.20	-
(v)	Leave encashment	141.75	210.94
<b>(b)</b>	<b>Others</b>		
(i)	Proposed final dividend on equity shares	-	115.47
(ii)	Tax on Dividend	-	18.73
(iii)	Provision for taxes (net of advance tax)	-	176.00
	<b>Total Short Term Provisions</b>	<b><u>605.66</u></b>	<b><u>909.86</u></b>

# Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

## Note 10 : Fixed Assets

(₹ in Laos)

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1st, 2012	Additions	Deductions	Transaction Exchange Difference	As at March 31st, 2013	As at April 1st, 2012	For the year	Deductions	Transaction Exchange Difference	As at March 31st, 2013	As at March 31st, 2012	
<b>Tangible Assets</b>												
Leasehold Premises	8,680.75	59.07	-	(9.82)	8,749.64	346.88	183.97	-	7.12	8,211.67	8,333.86	
Leasehold Land	2,640.87	-	-	-	2,640.87	30.70	43.05	-	-	2,567.12	2,610.17	
Freehold Premises	1,135.63	-	-	-	1,135.63	26.95	18.51	-	-	1,090.16	1,108.68	
Civil and Plumbing Work	1,102.39	215.45	-	-	1,317.84	35.11	18.75	-	-	1,263.98	1,067.28	
Furniture and Fixtures	2,838.34	394.96	-	(4.15)	3,237.45	465.44	182.51	-	4.00	2,585.49	2,372.89	
Office Equipments	938.06	294.23	-	(8.85)	1,241.14	214.89	70.41	18.30	6.23	967.91	723.16	
Motor Vehicles	162.99	-	2.26	(0.01)	160.74	74.76	14.88	1.56	0.01	72.65	88.23	
Computers and IT Equipments	10,253.36	587.86	18.42	(46.37)	10,869.17	3,812.29	1,655.58	-	32.88	5,368.43	6,441.07	
Computers (Given on lease)	155.98	-	-	-	155.98	155.98	-	-	-	-	-	
Plant & Machinery	146.81	17.71	-	-	164.52	19.39	6.08	-	-	139.05	127.42	
<b>Total Tangible Assets</b>	<b>28,055.17</b>	<b>1,569.29</b>	<b>20.69</b>	<b>(69.21)</b>	<b>29,672.98</b>	<b>5,182.41</b>	<b>2,193.74</b>	<b>19.85</b>	<b>50.23</b>	<b>22,266.46</b>	<b>22,872.76</b>	
<b>Intangible Assets</b>												
Other Intangible Assets	945.57	-	-	(59.75)	1,005.32	94.56	99.86	-	6.65	804.26	851.01	
Computer Software Licenses	81.93	24.91	-	-	106.84	42.21	22.24	-	-	42.40	39.73	
Intellectual Property Rights	2,004.05	1,947.40	-	-	3,951.45	6.02	200.94	-	-	3,744.49	1,998.03	
<b>Total Intangible Assets</b>	<b>3,031.55</b>	<b>1,972.31</b>	<b>-</b>	<b>(59.75)</b>	<b>5,063.61</b>	<b>142.79</b>	<b>323.04</b>	<b>-</b>	<b>6.65</b>	<b>4,591.14</b>	<b>2,888.77</b>	
Intangible assets under Development	-	221.86	-	-	221.86	-	-	-	-	221.86	-	
Capital Work In Progress	3,996.53	599.48	82.02	-	4,513.99	-	-	-	-	4,513.99	3,996.53	
<b>Total CWIP</b>	<b>3,996.53</b>	<b>821.34</b>	<b>82.02</b>	<b>-</b>	<b>4,735.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,735.86</b>	<b>3,996.53</b>	
<b>Total</b>	<b>35,083.26</b>	<b>4,362.94</b>	<b>102.71</b>	<b>(128.96)</b>	<b>39,472.45</b>	<b>5,325.19</b>	<b>2,516.77</b>	<b>19.85</b>	<b>56.88</b>	<b>31,593.46</b>	<b>29,758.07</b>	
<b>Previous year</b>	<b>22,947.90</b>	<b>7,910.93</b>	<b>0.56</b>	<b>228.46</b>	<b>31,086.73</b>	<b>3,211.52</b>	<b>2,026.86</b>	<b>-</b>	<b>86.81</b>	<b>25,761.53</b>	<b>19,736.38</b>	

## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### **Note 1: Disclosure pursuant to Note no.I (iv) and J (iii) of Part I of Schedule VI to the Companies Act, 1956**

The following disclosure should be made for each class of asset as required

Particulars	Year				
	2012-13 (₹)	2011-12 (₹)	2010-11 (₹)	2009-10 (₹)	2008-09 (₹)
Asset details:					
Balance as at 1 April	-	-	-	-	-
Impairment/ Revaluation	-	-	-	-	-
Balance as at 31 March	-	-	-	-	-

**Note 2:** Addition to Lease Improvements have been made as represented and Certified by the Management.

Intellectual Property Right (IPR) are in process of being developed further but as represented by the Management the amount capitalised by them during the year under consideration represents the product which can be sold to its customers. The management has informed that the active utility life of this IPR is 10 years.

The company has recorded the Fixed Assets at Cost and the same shall include the additional cost paid to enable the company to acquire these assets. The value of each Fixed Assets as appearing in the Balance Sheet could not be verified by us and hence is taken as Certified by the Management.

During the year under review, it was represented that the Company is in process of developing 6 Intellectual Property Rights (IPR) the details of which are as under:

- 1 **ADITAS :-** This is a large software product, now being extensively deployed to all our customers world wide. This is an ITSM (IT service Management) platform that orchestrates IT service management for all kinds of devices and applications within the enterprise. This platform competes with world leaders such as BMC Remedy, ServiceNow and IBM . Tivoli. It is available as on-premise as well as cloud model. This platform has mobile applications, dashboards and multiple integration points and scales to automation of business processes. This is a cornerstone of Allied now, and is the center of our offerings. It went through three phases of development in two years, and further roadmap is planned for one more year at minimum.
- 2 **WOTS :-** This is a work order tracking system. The solution provides end to end logistics management and discrete assembly of products in warehouses. This solution was developed for US customers, and now has great potential to sell for customers who are into warehousing and order fulfillment. It integrates seamlessly with SAP.
- 3 **YOUNIFY :-** Younify is developed as an intranet portal, one of the most unique kind of portal development capabilities that we have. It showcases our powerful content management and web site development capabilities. This intranet integrates all our internal HR processes and is used by all employees in India. We have extended the portal to community portals, which is one of the unique in the world, and adds great value to facility management products.
- 4 **SFA :-** This is a comprehensive sales force automation tool. Which starts from lead management to deal closure. It has mobile application too to track workforce and their day to day activities. The key feature is also that it integrates with voucher management, and timesheet to track sales force performance and their travel costs. Commission management is under development.
- 5 **MOBILE WORKFORCE MANAGEMENT :-** A unique workforce management application useful for field force across the globe. This application runs on android and can run also on apple devices. The application also has central command center with GPS tracking for tracking, interaction with field force and intelligent work scheduling.
- 6 **AWS :-** Automobile warranty system is one of kind application, which tracks all interaction between the end customer, dealer and the manufacturer. Two customers in the US are already using this application. Very few vendors have such a focused application on parts warranty management. This application can be easily leveraged for other parts management industry apart from automobile warranty.

The Management has represented that these IPR's have been developed in house for which the Company has deployed various personnel on salary basis. As these salaries have been paid to the employees exclusively working for the development of these IPR's all these salary expenses and their related other overheads have been attributed to the development cost of these IPR's. Hence the amount of ₹ 2,004.05 Lakhs has been ascertained by the management attributable to these IPR's. However the allocation of these expenses have not been verified by us due to the absence of the relevant records and documents with the company.

## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

It has been represented by the Company that once these IPR's have been developed and put to use they are likely to yield considerable revenue. As these IPR's are in the state of development and have not contributed to the earnings of the company the same have been capitalized under the head of IPR. The useful life of these IPR's as represented before us is that of 10 years.

### Note 11: Non Current Investment

		(₹ in Lacs)	
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(i)	HDFC Cash Management Fund Treasury Advantage Plan - Weekly Dividend 91,545.7294 (Previous year: 89,979.0080) units of ₹10.0469 each	9.20	9.03
(ii)	Kotak Floater Long Term - Daily Dividend Nil (Previous year: 98,746.1420) units of ₹ Nil each	-	9.95
(iii)	Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan 0.181 (Previous year: 0.181) units of ₹ 1002.9282 each	-	-
(iv)	ICICI Prudential Flexible Income Plan Premium - Daily Dividend 11.3410 (Previous year: 10.5980) units of ₹ 105.5127 each	0.01	0.01
(v)	ICICI Prudential Income Opportunities Fund Institutional Growth 48,500.014 (Previous year: 48,500.014) units of ₹ 11.2806 each	5.47	5.47
(vi)	Birla Sun life Dynamic Bond Fund - Retail - Quarterly Dividend NIL (Previous year: 2,01,331.4700) units of ₹ NIL each	-	22.63
(vii)	BSL Floating Rate Fund - Long Term - INSTL - Weekly Dividend -Reinvestment 20.1880 (Previous year: 18.821) units of ₹ 100.1625 each	0.02	0.02
(viii)	DSP Black Rock Income Opportunities Fund - Institutional Plan - Daily Dividend 3.6440 (Previous year: 3.4850 ) units of ₹ 997.1460 each	0.04	0.03
(ix)	DSP Black Rock Income Opportunities Fund - Regular Plan - Daily Dividend 9.4510 (Previous year: NIL ) units of ₹ 10.0497 each	-	-
(x)	Canara Robeco Treasury Advantage Super Institutional - Daily Dividend 0.1180 (Previous year: 0.1180) units of ₹ 1244.6610 each	-	-
(xi)	Canara Robeco Income Growth Fund 4,578.4592 (Previous year: 4,578.4592) units of ₹ 19.9025 each	0.91	0.91
(xii)	Canara Robeco Short Term Institutional Growth Fund 124.2276 (Previous year: 124.2276) units of ₹ 10.8064 each	0.01	0.01
(xiii)	Templeton India Short Term Income Retail Plan NIL (Previous year: 1,693.8252) units of ₹ Nil each	-	18.41
(xiv)	Templeton India Income opportunities fund - Dividend reinvestment 8491.1100 (Previous year: 7,871.5840) units of ₹ 10.4874 each	0.89	0.83
(xv)	IL & FS Milestone Fund II B 50,000 (Previous year: 50,000) units of ₹ 1,000 each	500.00	500.00
(xvi)	SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend 2.5020 (Previous year: NIL) units of ₹ 1000.2718 each	0.03	-
(xvii)	SBI-SHF-Ultra Short Term Debt Fund - Regular Plan - Daily Dividend 0.0440 (Previous year: NIL) units of ₹ 963.4091 each	-	0.02
<b>Total Non Current Investments</b>		<b>516.58</b>	<b>567.32</b>
Aggregate amount of quoted investments		516.58	567.33
Aggregate market value of quoted investments		518.17	569.75

**Note 1** Amounts extended to wholly owned subsidiaries Company has been shown under the head investment as the same is long term in nature.

**Note 2** Investments in mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis.

## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 12: Long Term Loans and Advances

(₹ in Lacs)			
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(a)	<b>Security Deposits</b>		
	Unsecured, considered good	415.97	703.61
(b)	<b>Loans and advances to related parties</b>		
	Unsecured, considered good	341.41	550.63
(c)	<b>Advance given to a Suppliers</b>		
	Unsecured, considered good	3,467.86	3,467.27
(d)	<b>Others</b>		
	Advance income tax of prior years receivable	848.00	628.63
	Other Loans and Advances	95.31	1.50
	<b>Total Others</b>	<b>943.31</b>	<b>630.13</b>
	<b>Total Long Term Loans and Advances</b>	<b>5,168.55</b>	<b>5,351.64</b>

**Note 1** In respect of confirmation for Loans and Advances as at March 31<sup>st</sup>, 2013 the Company has not produced the same from the parties at the time of signing of the Balance sheet. Due to the absence of these confirmations the need to make provisions for the doubtful debts has not been ascertained and provided for by the company. The ageing of the Loans and Advances as reported in the balance sheet could also not be verified by the Auditors and has been considered as certified by the Management of the Company.

However, the management is of the opinion that all the Loans and Advances as appearing in the Balance Sheet are good and recoverable.

### Note 13: Current Investments

(₹ in Lacs)			
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	<b>Non- Quoted, Short term, Non - Trade: (at cost)</b>		
	<b>Investment in Mutual Funds</b>		
(a)	ICICI Prudential Fixed Maturity Plan-Series 56-1 Year Plan F Growth Nil (Previous year: 25,00,000) units of ₹ Nil each	-	250.00
(b)	IDFC Fixed Maturity Plan - Eighteen Month Series 7 - Growth Nil (Previous year: 5,000,000.00) units of ₹ Nil each	-	500.00
	<b>Total - Current investments</b>	<b>-</b>	<b>750.00</b>
	Aggregate amount of quoted investments	-	750.00
	Aggregate market value of quoted investments	-	830.04
	Investments in mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis.		

### Note 14: Inventories

(₹ in Lacs)			
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	Stock in Trade (for Trading)	4,180.50	3,642.23
	Stock in Trade (for Service)	295.58	419.65
	<b>Total Inventories</b>	<b>4,476.08</b>	<b>4,061.88</b>

(i) Inventories are valued at lower of cost and net realizable value

(ii) The value of the Inventory as on March 31<sup>st</sup>, 2013 includes certain slow moving items which has not been provided for during the valuation of the same.

The valuation of the Inventory is as certified by the management.



## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 15: Trade Receivables

(₹ in Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	Trade receivables outstanding for a period less than six months from the date they are due for payment		
	Unsecured, considered good	24,417.64	19,250.82
	Less: Provision for doubtful debts	-	-
		<u>24,417.64</u>	<u>19,250.82</u>
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, considered good	2,205.54	6,101.21
	Unsecured, considered doubtful	51.36	977.73
	Less: Provision for doubtful debts	(810.34)	(941.23)
		<u>1,446.56</u>	<u>6,137.71</u>
	<b>Total Trade Receivable</b>	<b><u>25,864.20</u></b>	<b><u>25,388.53</u></b>

Trade Receivable stated above include debts due by:

(₹ in Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	Directors	0.45	0.18
	<b>Total</b>	<b><u>0.45</u></b>	<b><u>0.18</u></b>

In respect of confirmation for Sundry Debtors as at March 31<sup>st</sup>, 2013 the Company has not produced the same from the parties at the time of signing of the Balance sheet. Due to the absence of these confirmations the need to make provisions for the doubtful debts has not been ascertained and provided for by the company. The ageing of the debtors as reported in the balance sheet could also not be verified by the Auditors and has been considered as certified by the Management of the Company.

However, the management is of the opinion that all the Sundry Debtors as appearing in the Balance Sheet are good and recoverable.

### Note 16: Cash and Cash Equivalents:

(₹ in Lacs)

Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(a)	Balances with Banks		
(i)	In fixed deposit accounts (pledge with bank against LC margin/guarantees given by bank)	104.87	410.74
(ii)	In fixed deposit accounts (pledge with banks as security for borrowings)	912.44	914.19
(iii)	In Current Account	854.62	1,736.80
(b)	Cash on hand	11.35	10.82
	<b>Total Cash and Cash Equivalents</b>	<b><u>1,883.28</u></b>	<b><u>3,072.55</u></b>

## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 17: Short-term loans and advances:

(₹ in Lacs)			
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(i)	Subsidiaries & Associates	101.79	-
(ii)	Security Deposit	312.04	104.29
(iii)	Loans and advances to employees	360.95	400.37
(iv)	Inter Corporate Deposits	3,016.98	3,323.28
(v)	Advance recoverable in cash or kind for value to be received	60.83	26.71
(vi)	Intererest Accrued	55.10	66.51
(vii)	MAT Credit Entitlement	720.02	720.02
(viii)	Current year TDS Receivable	496.11	387.77
(ix)	Other Current Assets	24.74	52.34
(x)	Prepaid Expenses	42.91	128.14
<b>Total Short-term loans and advances</b>		<b>5,191.47</b>	<b>5,209.43</b>

#### Short-term Loans and advances due by directors or other officers of the company:

(₹ in Lacs)			
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
	Directors	2.43	5.37
<b>Total</b>		<b>2.43</b>	<b>5.37</b>

In respect of confirmation for Loans and Advances as at March 31<sup>st</sup>, 2013 the Company has not produced the same from the parties at the time of signing of the Balance sheet. Due to the absence of these confirmations the need to make provisions for the doubtful debts has not been ascertained and provided for by the company. The ageing of the Loans and Advances as reported in the balance sheet could also not be verified by the Auditors and has been considered as certified by the Management of the Company.

However, the management is of the opinion that all the Loans and Advances as appearing in the Balance Sheet are good and recoverable.

### Note 18: Other Current Assets

(₹ in Lacs)			
Sr. No.	Particulars	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
(i)	Unbilled revenue	172.53	186.17
(ii)	Prepaid expenses	515.66	570.19
<b>Total Other Current Assets</b>		<b>688.19</b>	<b>756.36</b>

- (i) In the opinion of the board, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Accounts.

**Consolidated Notes forming part of the Profit and Loss Account  
for the year ended March 31<sup>st</sup>, 2013**

**Note 19 : Operating Income**

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
	Services, Solutions and Sales	41,571.91	58,449.72
	Lease Rent	70.71	19.41
	Other operating revenues	30.84	11.71
	<b>Total Operating Income</b>	<b>41,673.46</b>	<b>58,480.84</b>

**Note 20 : Other Income**

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
	Interest Income (Refer Note 20.a)	72.37	206.14
	Dividend Income from Mutual Funds	41.00	92.30
	Net gain on sale of Mutual Funds	89.98	133.61
	Net gain on foreign currency transactions	272.52	1,106.92
	Other non-operating income (Refer Note 20.b)	97.14	76.23
	<b>Total Other Income</b>	<b>573.01</b>	<b>1,615.20</b>

**Note 20 a**

Interest Income comprises:

Interest on deposits from banks	60.15	167.04
Interest on loans and advances	3.25	21.45
Interest income from current investments in subsidiaries	8.97	17.65
<b>Total - Interest income</b>	<b>72.37</b>	<b>206.14</b>

**Note 20 b**

Other non-operating income comprises:

Income from Office Rent	57.95	9.48
Discount Received	-	0.41
Miscellaneous income	39.19	66.34
<b>Total - Other non-operating income</b>	<b>97.14</b>	<b>76.23</b>

**Note 21 a Purchase of Traded Goods**

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
	Purchase of Traded Goods and Services	27,833.56	43,664.98
	Other Direct Cost	366.57	200.50
	<b>Total Purchase of Traded Goods</b>	<b>28,200.13</b>	<b>43,865.48</b>

**Consolidated Notes forming part of the Profit and Loss Account  
for the year ended March 31<sup>st</sup>, 2013**

**Note 21 b Changes in Inventories of Stock-in-Trade**

(₹ in Lacs)

Sr. No. Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
Closing Stock	4,429.75	4,061.89
Less : Opening Stock	4,029.51	2,582.16
<b>Net (increase) / decrease</b>	<b>(400.24)</b>	<b>(1,479.73)</b>

- (i) Inventories are valued at lower of cost and net realizable value  
(ii) The value of the Inventory as on March 31<sup>st</sup>, 2012 includes certain slow moving items which has not been provided for during the valuation of the same. The valuation of the Inventory is as certified by the management.

**Note 22 : Employee Benefits Expenses**

(₹ in Lacs)

Sr. No. Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
(a) Salaries and wages (Including Directors' Remuneration) (Refer note (22a))	4,502.27	6,322.16
(b) Contributions to Provident Fund	220.08	324.27
(c) Contributions to ESIC	71.62	-
(d) Contributions to Labour Welfare Fund	0.60	-
(e) Contributions to Gratuity	78.18	26.21
(f) Staff welfare expenses	390.17	363.78
<b>Total Employee Benefit Expenses</b>	<b>5,262.92</b>	<b>7,036.42</b>

**(22a) Details of Managerial Remuneration:**

(₹ in Lacs)

Sr. No. Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
Salaries	123.53	161.72
<b>Total</b>	<b>123.53</b>	<b>161.72</b>

**Note 23 : Finance costs**

(₹ in Lacs)

Sr. No. Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
(a) Interest expense on:		
(i) Borrowings	1,319.06	1,451.88
(ii) Trade payables	2.91	5.14
(b) Other borrowing costs	79.46	127.41
(c) Net (gain) / loss on foreign currency transactions and translation	130.40	261.32
<b>Total Finance costs</b>	<b>1,531.83</b>	<b>1,845.75</b>

**Consolidated Notes forming part of the Profit and Loss Account  
for the year ended March 31<sup>st</sup>, 2013**

**Note 24 Other expenses**

		(₹ in Lacs)	
Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
	Rent including lease rentals	490.06	560.39
	Repairs and maintenance	417.85	557.80
	Insurance	107.83	127.25
	Rates and taxes	32.53	83.85
	Communication	307.85	472.61
	Travelling and conveyance	312.48	595.78
	Electricity Expenses	177.72	190.13
	Commission & Brokerage	845.34	668.26
	Freight and forwarding	176.38	213.56
	Advertisement Expenses	117.99	122.45
	Legal and professional	792.74	751.30
	Payments to auditors (Refer Note (24a) below)	16.57	41.50
	Bad trade and other receivables, loans and advances written off	(116.89)	(243.19)
	Net loss on foreign currency transactions and translation (other than considered as finance cost)	1.85	(5.16)
	Provision for doubtful trade and other receivables, loans and advances	-	16.00
	Miscellaneous expenses	357.14	586.51
	<b>Total Other expenses</b>	<b>4,037.44</b>	<b>4,739.04</b>

**24a Details of Auditors' Remuneration:**

		(₹ in Lacs)	
Sr. No.	Particulars	For the year ended March 31 <sup>st</sup> , 2013	For the year ended March 31 <sup>st</sup> , 2012
	Payments to the auditors		
(a)	For statutory audit	6.22	26.88
(b)	For taxation matters	1.00	1.00
(c)	For other services	9.35	13.62
	<b>Total</b>	<b>16.57</b>	<b>41.50</b>



## Consolidated Notes Forming Part of the Balance Sheet as at March 31<sup>st</sup>, 2013

### Note 25 Disclosure pursuant to Note no. 6(T) of Part I of Schedule VI to the Companies Act, 1956

Contingent liabilities and commitments (to the extent not provided for)	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012
<b>(i) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debt	2,517.73	626.81
(b) Guarantees	1,200.53	1,213.38
(c) Letter of Credit	-	551.25
(d) Other money for which the company is contingently liable		
	<b>3,718.26</b>	<b>2,391.44</b>
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
(b) Uncalled liability on shares and other investments partly paid	-	-
(c) Other commitments (specify nature)	-	-
<b>Total</b>	<b>3,718.26</b>	<b>2,391.44</b>

- i As per the Certificate issued by the banks, value of bank guarantees outstanding as on March 31<sup>st</sup>, 2013 amounts to ₹1,200.53 Lacs (Previous Year ₹ 1,213.38 Lacs) and the value of Letter of Credit Outstanding as on March 31<sup>st</sup>, 2013 amounts to ₹ Nil Lacs (Previous Year ₹ 551.25 Lacs).
- ii Claim against the Company not acknowledged as debts ₹ 2,517.73 Lacs (Previous Year ₹ 8.93 Lacs). This figure includes the amount of disputed liability of Income Tax on the parent company for ₹ 1,003.60 Lacs. This amount further includes a disputed amount of demand raised by the Sales Tax Department for ₹ 1,440.61 Lacs on Allied Digital Services Limited on account of disallowance of Input VAT Credit. The company has preferred an appeal against both these orders and is expecting major reliefs from the same.

During the Financial year 2010-11 the Subsidiary Company, Digicomp Complete Solutions Limited was issued a Show Cause Notice by the Service Tax Department to the company wherein the Company is required to explain availment of CENVAT Credit on the material supplied free of cost to them by their client to enable them to provide services for repairs and maintenance. The Service Tax department has instructed the Company to reverse/pay up ₹ 42.93 Lacs under Rule 14 of the Cenvat Credit Rules 2004. The company has filed its reply contesting the claim of the Department and is hopeful of getting relief on this issue on further hearings.

The Digicomp Complete Solutions Limited has been claiming 100% CENVAT Input Credit which is in contravention of CENVAT Rules 6. Actual CENVAT Credit available to the Company is based on the Proportion of Taxable Services provided by the Company under the Service Tax Act to the Total Sales of the Company. So if the Service Tax case as mentioned in (1) above goes in the favour of the Company the additional Service Tax Liability on account of this wrong availment of CENVAT Credit shall be ₹ 12.43 Lacs.

The Digicomp Complete Solutions Limited has given Bank Guarantee of ₹ 47.92 Lacs in its day to day workings mainly to custom house.

- iii The Company has given guarantees for the loans taken by the subsidiary companies from Banks and Financial Institutions. The details of the Guarantee are as follows:

Sr. No.	Name of the Company	Nature of Guarantee	Balance Outstanding as at March 31 <sup>st</sup> , 2013
1	Digicomp Complete Solutions Ltd.	Corporate Guarantee against Working Capital Loan	INR 257.47 Lacs
2	Allied Digital Inc (USA)	Corporate Guarantee against Term Loan	USD 26.67 Lacs

- iv There is a regular delay in making payment of taxes and filing of Return of Service Tax and VAT for the financial year 2012-2013 and as well as for the earlier years. Due to this delay, the additional liability towards interest and penalty shall accrue at the time of making the payment and filing the returns. However, the Company has not provided these liabilities as on March 31<sup>st</sup>, 2013.
- v The Income tax Authorities carried out a search operation at certain locations of the Company on February 4<sup>th</sup>, 2011. The Company extended its full co-operation to the tax authorities and various statements were recorded during the course of search. The search operation got concluded on the same business day. The Company was thereafter asked to file the Revised Return of Income from A.Y. 2005-06 to 2011-12 which was duly complied with. Thereafter the Income Tax Department completed the Assessments of the Company till 2011-12 and the details of the same are as under:

Asst. Year	Income Tax Demanded as per Order of the A.O. (including Interest)	Credit not given by the department	Actual Tax Payable as per the Company (including Interest upto March 31 <sup>st</sup> , 2013)
2005-06	76.69	40.00	4.01
2006-07	210.56	14.20	50.59
2007-08	46.69	21.96	58.27
2008-09	2,571.19	1,771.51	14.54
2009-10	1,861.42	1,204.43	200.43
2010-11	439.09	-	423.21
2011-12	263.59	-	252.55

The additional Income Tax Liability of ₹1, 003.60 Lacs is on account of some additions made by the Income Tax Department for which an appeal has been preferred by the Company. The Company expects major reliefs from this demand once these appeals are decided.

- vi The company has received the Assessment Orders from Maharashtra Value Added Tax Department (MVAT), Investigation Branch A, Mumbai for the year 2005-06 and 2008-09 wherein a demand of ₹ 541.04 Lacs & ₹ 899.57 Lacs respectively has been raised on the company. This demand is on account of total disallowance of Input Credit availed by the Company. As the said Order is bad in law and on facts the company is in process of preferring an appeal with the Dy. Comm of Sales Tax Appeal V. This liability has not been recognized in the Books of Accounts of the Company.

## **Note 26 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS**

### **1) Corporate information**

Allied Digital Services Limited (referred to as “ADSL” or the “Company”) is renowned as a leading Global IT Transformation Architect, having its operations pan India, USA, Australia, Europe and Middle east Asia with an impeccable track record for designing, developing, deploying and delivering end-to-end IT infrastructure services. It provides wide range of information technology and consultancy services including Infrastructure Services, End user IT Support, IT asset life cycle, enterprise applications and integrated solutions.

The Company's registered office is in Mumbai and has presence in pan India, and it has Subsidiary companies in USA, Singapore and Australia.

### **A) Significant Accounting Policies**

#### **1) Basis of Preparation**

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

#### **2) Principles of Consolidation**

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

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

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

#### **3) Use of estimates**

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

#### **4) Tangible Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition. Subsequent expenditure related to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such assets beyond its previously assessed standard of performance.

## Note 26 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

### 5) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its development cost / purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

### 6) Depreciation and amortization

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

Freehold & Leasehold Land & Buildings	Straight Line	1.63%
Furniture And Fixtures	Straight Line	6.33%
Computer Equipment (Own Use And Leased)	Straight Line	16.21%
Motor Cars	Straight Line	9.50%
Office Equipment	Straight line	4.75%
Civil and Plumbing Work	Straight line	1.63%

Depreciation is charged only from the date the concerned asset is put to use by the Company. Fixed Assets individually costing ₹ 5,000/- or less are fully depreciated in the year of acquisition itself. Intangible assets are amortized over the estimate useful life.

The depreciation has been charged using straight line Method over the estimated life of assets of three to seven years in case of Allied Digital Services LLC.

### 7) Leases

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

### 8) Impairment

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

### 9) Investments

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

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

## **Note 26 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS**

### **10) Employee Benefits**

#### **(i) Post Retirement Benefit Plans**

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

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

#### **(ii) Employees Defined Contribution Plans**

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

### **11) Revenue Recognition**

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

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

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

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

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

Interest income is recognized on time proportion basis.

### **12) Taxation**

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

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

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

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

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



## Note 26 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

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

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

### 13) Foreign Currency Transactions

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

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

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

### 14) Employee Stock Option Scheme

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

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

### 15) Inventories

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

## B) Notes on Accounts

### 1) Employee Benefits

The Company has recognized the cost of Employee Benefits like Gratuity, Leave Encashment, Provident Fund etc, at the rates specified in the rules of the scheme. However due to the paucity of funds they have been unable to contribute the whole amounts towards the above schemes.

### 2) Current Assets, Loans and Advances

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

- (i) Amounts extended to wholly owned subsidiaries Company has been shown under the head investment as the same is long term in nature.

## Note 26 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

### 3) MAT Credit Entitlement

Considering the consistent profit over the years and also considering the future profit projections, the management believes that there are adequate and satisfying reasons with regards to the earning of future taxable income and payment of tax under normal tax within the specified period. Hence MAT credit entitlement of ₹ 720.02 Lacs (Previous year ₹ 720.02 lacs) has been recognized as at the end of the year.

### 4) Current Liabilities and Provisions

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

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

The company has received Notices from the MVAT Department for the disallowance of Input Credit on purchases made from certain registered dealers in Maharashtra. The company has contested the said claim of the MVAT Department but the quantum of the proposed disallowance of Input Credit has not been worked out by the company and hence cannot be quantified for provision.

The Company has made delayed the payments into the Government Treasury on account of deductions made for Tax Deduction at Source, Profession Tax etc.

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

(₹In Lacs)

Sr. No.	Particular	Year ended March 31 <sup>st</sup> , 2013	Year ended March 31 <sup>st</sup> , 2012
i	<b>Income in Foreign Currency</b>		
	Sales of Services, Software & Solution	3,199.33	641.74
ii	<b>Expenditure in Foreign Currency</b>		
	(subject to deduction of tax where applicable)		
a	Professional & Consultation Fees	20.53	40.76
b	Travelling	14.62	16.02
c	Other Expenses	2.54	6.50
iii	<b>Value of Imports calculated on C.I.F. basis</b>		
a	Capital Goods	26.50	-
b	Traded Goods	1,533.81	627.95

### 6) Quantitative Information

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

### 7) Dues to Micro, Small and Medium Enterprises

No response was received by the Company from its creditors to enable them to identify the same and hence the above information has been determined on the basis of the explanation provided

## Note 26 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

to by the Company to the auditors. As per the information provided by the Company, there are no Micro, Small and Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at the balance Sheet date. This has been relied upon by the auditors.

### 8) Earning Per Share

Sr. No.	Particular	Year ended March 31 <sup>st</sup> , 2013	Year ended March 31 <sup>st</sup> , 2012
A	Weighted average number of equity shares of ₹ 5/- each		
I	Number of shares at the beginning of the year (Nos.) of ₹ 5/- each (Previous Year of ₹ 5/- each)	4,61,86,727	4,65,83,802
II	Number of at the end of the year (Nos. of ₹ 5/- each Previous Year of ₹ 5/- each)	4,61,86,727	4,61,86,727
III	ESOP outstanding to employees of 44,050 (previous year 1,75,900 of ₹ 5/- each)) Eq. Shares of ₹ 5/- @ ₹ 47.50 per share	Nil	Nil
IV	Weighted average number of Equity Shares of ₹ 5/- each(Previous Year of ₹ 5/- each) outstanding during the year (Nos) for Basic EPS	4,61,86,727	4,63,11,687
V	Weighted average number of Equity Shares outstanding during the year (Nos of ₹ 5/- each) (Previous Year of ₹ 5/- each) for Dilutive EPS	4,61,86,727	4,63,11,687
B	Net Profit after tax available for equity shareholders (In ₹ Lacs)	(507.33)	936.78
C	Basic income per share (in ₹) [B/A (v)]	(1.10 )	2.02
D	Dilutive income per share (in ₹) [B/A (vi)]	(1.10 )	2.02

### 9) Taxes on Income

- (i) Provision for taxation for the year has been made in accordance with the provisions of the Income Tax Act, 1961.
- (iii) In terms of Accounting Standard on “Accounting for Taxes on Income” (AS 22) the Company has recognised Deferred Tax Liability amounting to ₹ 385.28 Lacs (Previous Year ₹ 888.13 Lacs) for the period ended March 31<sup>st</sup>, 2013 in the Profit and Loss Account.

### 10) Related Party Disclosures

#### A) Related Parties and their Relationship

##### Associates

1. Assetlite Equipment India Private Limited
2. Abhirati Properties Private Limited
3. The Gateways
4. Allied Digital Services (UK) Limited

## Note 26 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

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

Mr. Nitin Shah	Chairman & Managing Director
Mr. Prakash Shah	Director & Commercial
Mr. Manoj Shah	Executive Director & CIO (Resigned with effect from 28th Aug 2012)
Mr. Bimal Raj	Executive Director & CEO (Resigned with effect from 7th Feb 2012)
Mr. Paresh Shah	Executive Director & CEO
Mrs. Tejal P. Shah	Wife of Mr. Prakash Shah
Mr. Nehal N. Shah	Son of Mr. Nitin Shah
Miss. Dhara N. Shah	Daughter of Mr. Nitin Shah
Mrs. Rita P Shah	Wife of Mr. Paresh Shah
Mr. Suresh K. S.	Managing Director
Mr. Pradeep P.	Wholtime Director
Mr. Kaleere Gowda	Co- Promoter
Mr. Ravikiran N.	Co- Promoter
Mr. Ranganath P.	Co- Promoter
Mr. Bob Din	Director

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

(₹ in Lacs)

Year ended March 31st, 2013	Associates	Key Management Personnel
Revenue	6,996.76	-
	18.66	0.27
Purchase of goods, services and facilities	7,050.19	-
	211.02	-
Loan and advances	-	2.80
	10.29	-
Loan Liabilities	298.27	61.41

### C) Balance with Related Parties

(₹ in Lacs)

Year ended March 31st, 2013	Associates	Key Management Personnel
Sundry Debtors	102.81	0.45
	78.24	0.18
Sundry Creditors	5.28	-
	76.95	0.45
Loan and advances	661.11	22.92
	550.63	5.37
Short Term borrowings	202.97	125.2
	-	63.67

## Note 26 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

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

The Company has not been able to produce the confirmation for Inter Company Balances with the Subsidiary/Associated Parties and reconciliations thereon as on March 31<sup>st</sup>, 2013 and the earlier years at the time of signing of the balance sheet. Hence the balances of the subsidiaries and associated companies have been taken as per their respective books of accounts.

### (iii) Remuneration to Key Management Personnel

(₹ In Lacs)

(a) Managing Director and other Whole-time Directors	Year Ended March 31 <sup>st</sup> , 2013	Year Ended March 31 <sup>st</sup> , 2012
Mr. Nitin Shah	50.00	48.75
Mr. Prakash Shah	30.00	29.38
Mr. Manoj Shah	8.33	20.00
Mr. Bimal Raj	-	19.36
Mr. Paresh Shah	35.20	11.32
Mr. Suresh K. S.	12.96	16.45
Mr. Pradeep P.	12.96	16.45
<b>Total Remuneration</b>	<b>149.45</b>	<b>161.71</b>

### 11) Auditors' Remuneration

(₹ In Lacs)

Particulars	Year Ended March 31 <sup>st</sup> , 2013	Year Ended March 31 <sup>st</sup> , 2012
For services as Auditors, including quarterly audits	6.22*	26.88*
For Tax Audit	1.00*	1.00*
Others	9.35*	13.62*
<b>Total</b>	<b>16.57</b>	<b>41.50</b>

\* excluding service tax

### 12) Lease Income

In accordance with the Accounting Standard 19, "Leases" issued by the Institute of Chartered Accountants of India, the Company has given Assets on Operational Lease on or after 1st April 2001. These assets have been capitalised and consequently depreciation has also been provided on these assets. The minimum lease rent receivable as at March 31<sup>st</sup>, 2013 are as follows:

(₹ In Lacs)

Particulars	Year Ended March 31 <sup>st</sup> , 2013	Year Ended March 31 <sup>st</sup> , 2012
Lease Rent Receivable		
Not Later than One Year	35.11	19.41
Later than One Year but Not Later than Five Years	70.22	49.24



## Note 26 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

### 13) Segment Reporting

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

(₹ In Lacs)

Sr. No.	Particulars	Year Ended March 31 <sup>st</sup> , 2013	Year Ended March 31 <sup>st</sup> , 2012
<b>1</b>	<b>Segment Revenue</b>		
	Enterprise Computing based Solutions	29,150	28,421
	Infrastructure Management based Solutions	12,493	30,060
	Unallocated	603	-
	<b>Net Segment Revenue</b>	<b>42,246</b>	<b>58,481</b>
<b>2</b>	<b>Profit before Interest, unallocable expenses &amp; Tax</b>		
	Enterprise Computing based Solutions	2,188	2,133
	Infrastructure Management based Solutions	11,565	13,953
		13,753	16,086
	Less : i) Interest	1,532	1,846
	ii) Un-allocable Expenses (net of un-allocable income)	11,798	12,187
	<b>Total Profit Before Tax</b>	<b>423</b>	<b>2,052</b>
<b>3</b>	<b>Capital Employed</b>		
	Unallocable	63,297	64,063
	<b>Total Capital Employed</b>	<b>63,297</b>	<b>64,063</b>

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

15) Previous year's figures are in italics.

Signature to Notes "1 to 26"

As per our report of even date

For Allied Digital Services Ltd.

**For K. M. Kapadia & Associates**

Chartered Accountants

F. No. 104777W

sd/-

**Kamlesh Kapadia**

M. No. 039707

sd/-

**Nitin Shah**

Chairman &  
Managing Director

sd/-

**Prakash Shah**

Director Commercial

sd/-

**Ravindra Joshi**

Company Secretary

Place: Mumbai

Date: 30th May 2013

**SUMMARIZED STATEMENT OF FINANCIALS OF SUBSIDIARY COMPANIES PURSUANT  
TO APPROVAL UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956**

Sr. No.	Particulars	Allied Digital Services LLC	Allied Digital Inc.	Digicomp Complete Solutions Ltd.	En Pointe Technologies India Pvt. Ltd.	Ecop Surveillance India Pvt. Ltd.	Allied Digital Asia Pacific Pty Ltd.	Allied Digital Singapore Pte Ltd.
	Reporting Currency	USD	USD	INR	INR	INR	AUD	SGD
		2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
1	Capital	3,263.36	0.00	41.30	1.00	10.75	0.06	0.00
2	Reserves	(590.86)	(763.17)	1,744.07	72.03	(10.29)	(359.83)	(7.52)
3	Loans	774.90	725.19	459.63	-	-	-	-
4	Total Assets	5,967.82	7,073.13	3,636.80	72.62	9.35	94.34	3.32
5	Total Liabilities	2,520.43	7,111.11	1,391.80	(0.42)	8.89	454.11	10.84
6	Investment Other Than Investment In Subsidiary	-	-	-	-	-	-	-
7	Turnover	13,185.51	-	5,770.53	0.05	-	9.29	-
8	Profit Before Tax	349.50	(63.95)	832.37	(0.30)	(1.10)	(11.77)	(3.67)
9	Provision For Tax	-	-	314.34	-	-	-	-
10	Profit After Tax	395.41	(63.95)	518.03	(0.30)	(1.10)	(11.77)	(3.67)
11	Proposed Dividend	-	-	-	-	-	-	-
	Country	USA	USA	India	India	India	Australia	Singapore

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



# ALLIED DIGITAL SERVICES LIMITED

**Registered Office:** Premises No.13A, 13th Floor, Earnest House, Backbay Reclamation, NCPA Road,  
Block III, Nariman Point, Mumbai - 400 021

## ATTENDANCE SLIP

### 19th Annual General Meeting, Wednesday, September 25, 2013

I hereby record my presence at the 19th Annual General Meeting of the Company (including adjournment thereof) at TARABAI HALL, SHIV PRASAD BUILDING, 97, MARINE DRIVE, MUMBAI – 400002 on Wednesday, September 25, 2013 at 3.30 p.m.

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

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

No. of Shares held \_\_\_\_\_

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

Signature \_\_\_\_\_

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

— — — — — Tear Here — — — — —

# ALLIED DIGITAL SERVICES LIMITED

**Registered Office:** Premises No.13A, 13th Floor, Earnest House, Backbay Reclamation, NCPA Road,  
Block III, Nariman Point, Mumbai - 400 021

## PROXY FORM

### 19th Annual General Meeting, Wednesday, September 25, 2013

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

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

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

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

Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_

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

\_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company (including adjournment thereof) to be held at TARABAI HALL, SHIV PRASAD BUILDING, 97, MARINE DRIVE, MUMBAI - 400002 on Wednesday, September 25, 2013 at 3.30 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

#### NOTE:

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

Affix  
₹ 0.15  
Revenue  
Stamp









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

## REGISTERED OFFICE

Premises No.13A,13th Floor,  
Earnest House,  
Backbay Reclamation,  
NCPA Road, Block III,  
Nariman Point, Mumbai-400021

## CORPORATE OFFICE

Allied Digital Services Limited.  
81, Harchandrai House 5th Floor,  
Maharashi.Karve Road,  
Marine Lines, Mumbai-400002

Boardline:+91 22 6681 6681  
Fax:+91 22 22 06 4170,  
For more information contact us at:  
[investors@allieddigital.net](mailto:investors@allieddigital.net)





## Covering Letter of the Annual Audit Report to be filed with the Stock Exchange

1.	NAME OF THE COMPANY	Allied Digital Services Limited
2.	ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED	31 <sup>st</sup> March, 2013
3.	TYPE OF AUDIT OBSERVATION	<p><b><u>Matter of Emphasis:</u></b></p> <p>(Refer point No. 5 of the Notes To Accounts on Page 74 of the Annual Report which states that some delays have been noticed in filing of the returns and payment of some of the statutory liabilities, due to which an additional liability of the taxes on account of Interest on delay in payment of these taxes as well as penalty on delay in filing the returns shall accrue for the year under consideration as well as the earlier years. The Company has not provided for these liabilities in their Balance Sheet as on March 31<sup>st</sup>, 2013)</p>
4.	FREQUENCY OF OBSERVATION	The aforementioned matter of emphasis has been mentioned in the Annual Report for the year ended March 31 <sup>st</sup> 2012 and March 31 <sup>st</sup> 2013.
5.	TO BE SIGNED BY:	<p>NDS X. <i>[Signature]</i></p> <p><i>[Signature]</i> Kamlesh Bhai</p> <p><i>[Signature]</i> Shrikant Parulkar</p> <p>X. N. P. <i>[Signature]</i></p>
	<ul style="list-style-type: none"> <li>• CEO/MANAGING DIRECTOR</li> <li>• EXECUTIVE DIRECTOR - COMMERCIAL</li> <li>• AUDITOR OF THE COMPANY</li> <li>• AUDIT COMMITTEE CHAIRMAN</li> </ul>	