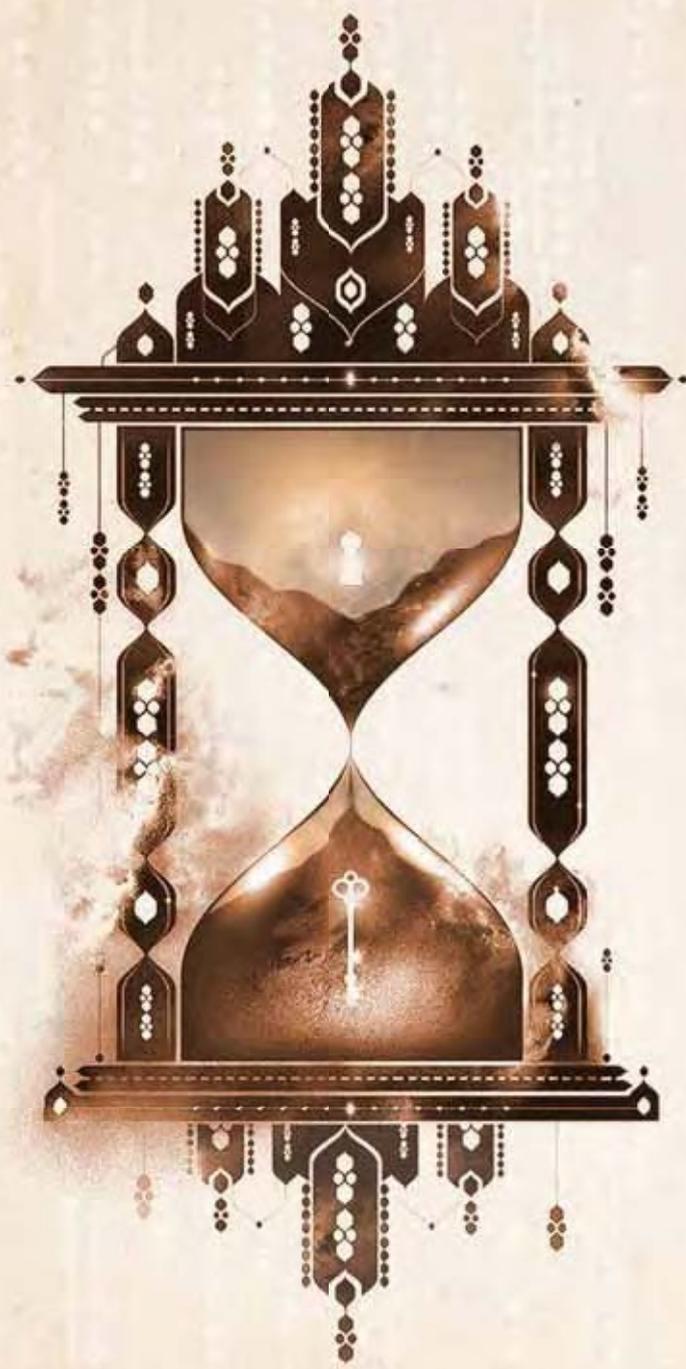


Annual Report 2011 - 12



Moving
From
Capex
To
Opex

Computing Is Now An Utility

Electricity



Water



Gas



IP



“ IT industry is moving from the PC era to Cloud Computing era. The shift from Capex to Opex as an utility model allows the user to spend on ‘pay-per-use’ basis. This will avoid heavy investment on purchase of complex and expensive IT Infrastructure. This will lead to huge growth potential and opportunities for IT industries. Allied Digital will remain the front runner in this new Cloud Computing Era ”

- CMD



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Corporate Information

BOARD OF DIRECTORS

Mr. Nitin D. Shah
Chairman & 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. Roop Kishan Dave
Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Ravindra Joshi

REGISTERED OFFICE

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

CORPORATE OFFICE

Allied Digital House,
A-4, Sector 1,
Millennium Business Park,
M.I.D.C., Mahape,
New Mumbai 400 710.
Boardline: +91-22-66816681
Fax: +91-22-27784968
For more information contact us at:
adsl.contact@allieddigital.net

AUDITORS

K. M. Kapadia & Associates

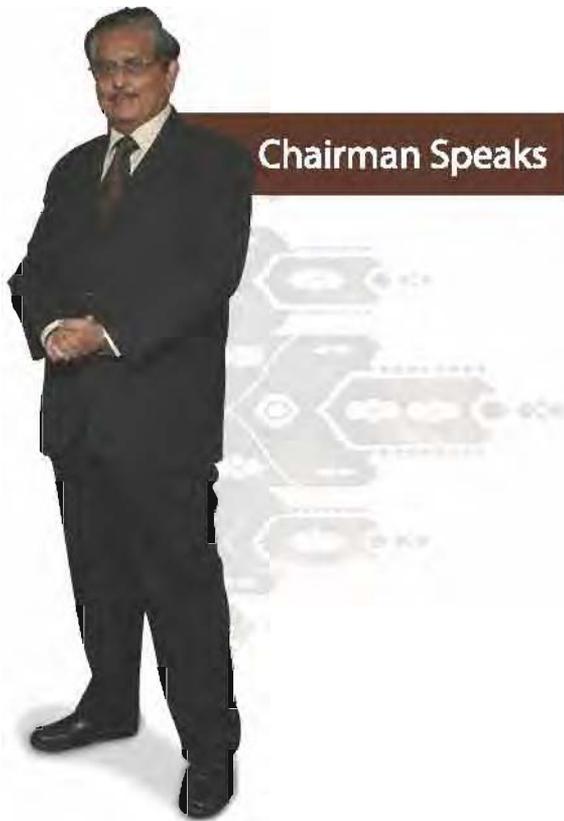
BANKERS

State Bank of India
Standard Chartered Bank
ICICI Bank Limited

REGISTRAR & TRANSFER AGENT

LinkIntime India Private Limited
C-13 Pananlal Silk Mills Compound
L.B.S Marg, Bhandup,
Mumbai 400 078. India
Tel: +91-22-2596 3838
Fax: +91-22-25946969
Email: investors@allieddigital.net
Website: www.linkintime.co.in





Chairman Speaks

Dear Shareholders,

The world economy in 2011 went through a very sluggish pace and this was characterized with significant downside risks and fragility. The financial turmoil due to the aggravation of the financial crisis in Europe spread far and wide, affecting both the developed and the developing nations. Growth in the BRIC countries has considerably slowed down and even other countries have exhibited muted growth due to domestic policy tightening. This slowdown has contributed significantly to a drop in global growth and world trade.

Closer home, the state of the economy has also not been one that has projected any kind of confidence. The liquidity crunch, the rising inflation rates and the spiraling exchange rate of rupee against the dollar has upset many an applecart during the last financial year. Additionally, as fiscal conditions worsened over the year, export numbers were revised in light of data discrepancies leading to a widening of trade deficit. In light of a perceivably weak macro-economic environment, a well-planned economic revival policy from the Government's part is required to restore the Indian Economy on the stable path towards a prosperous growth.

As the general crisis scenario looms on the horizon, customers have generally remained cautious and refrained from making any major investments in IT industry. Critical investments have primarily focused in the area of cost optimization, minimizing revenue leakages and strengthening internal capabilities. Clients have increasingly started demanding 'transformational' value propositions which go far beyond the plain value cost arbitrage opportunity.

A change in the overall structure in global sourcing is expected, as organizations embark on a journey with enhanced focus on the customer. With customers demanding more immediate value from IT and forward-looking strategies that support growth and innovation, service providers are adopting agile methods focusing on operational excellence through ongoing innovation, diversification, renewed partnerships/alliances and new business models.

Business Overview

The market conditions had an impact on the business of your Company and we concluded the year on a consolidated basis with revenue of about Rs. 585 crore. Margins at the EBITDA level were Rs. 59.35 crore and the Company had a net profit of Rs. 9.37 crore. Services contributed 51 % while solutions contributed 49 %. EPS for the fiscal stood at Rs. 2.02 for FY 2012 for the face value of Rs.5/ share. We are pleased to announce a final dividend of 5% per share.

Apart from the general downturn in the market conditions and reduced budgetary constraints of many customers, the Company had also taken a transformation initiative across various functions to make it lean, nimble and future-ready with the right kind of processes, systems and people. This process took a little longer than we expected and hence the same had an impact on the growth numbers. However, we are confident that the steps taken by the Company to make us future-ready will be only a short term pain and will translate to longer term gains.

As part of the transformational initiative, we have put in place a newer executive leadership team headed by our new CEO Mr. Paresh Shah who has extensive and diverse experience in Business Transformation, Enterprise Solutions, Architecture and Total Outsourcing solutions. His career experience in IT spans over 24 years in diverse technologies and industries such as Telecom, Banking, Retail and Enterprise. I am confident that under the leadership of Mr. Paresh Shah, the Company will scale greater

heights in the future.

This apart, we have undertaken some key strategic Initiatives during the year to strengthen our existing relationships as well as competencies and build some new ones, which we believe, will place us in a position of strength as we move forward.

Key among these initiatives is the Integrated Service Delivery Framework or ISDF. ISDF essentially involves managing servers, desktops, databases, applications using the best in breed tools. The above IT assets are fit into a common management database (CMDB) and they are easily managed through a trouble ticketing tool, the self-service portal, work management portal, the e-mail manager and other automation tools that help you manage the remediation process without any complexity. The advantage of our ISDF is that it is multi-talented and when connected with common trouble ticketing platform, with the help of knowledge base many of the tickets resolution takes place automatically thus reducing people dependency. So, the moment our monitoring tool looks at the problem, it scans at the IT asset database looking for a possible remediation solutions and immediately starts applying these remediation solutions to the problem thus resolving it even before the customer is aware about the problem. We believe that this gives us a major competitive advantage from a differentiating perspective and will drive the business ahead.

IT Security is another big area that we are targeting. Gartner predicted spends of about \$16 billion by 2012 in the security space and this is slated to grow at a rate of 9 % every year. We see a large opportunity in compliance areas like PCI, SOXs, Basel-II etc. Retail and BFSI are expected to be the growth drivers for these areas.

Allied Digital's experience in IT Infrastructure Solution and IT Infrastructure Management services strongly positions itself to deploy command and control center to integrate to manage several autonomous subsystems such as Video Surveillance, Access Control, BMS and Fire Detection System comprehensively. Emerging Physical Security Solutions are based on IP standards that demands IT Infrastructure comprising of servers, storage, workstations, network and Management software. Allied Digital is uniquely positioned to provide all these components as a single source of responsibility and accountability.

Our growing presence in the security space is further proven when Gartner chose e-Cop as one of the leading Managed Security Service Providers (MSSP)

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

Our other subsidiary Digicomp Complete Solutions has had an outstanding year in terms of growth and opportunities. The company has huge plans for increasing the Digicomp foot-print across the country by way of spreading the service offerings to the end users in a bigger way. The company plans to launch a retail brand for catering to services, maintenance & asset recovery operations by developing a marketing strategy for increased awareness to customers. The company also foresees improved business opportunities from existing customers on the RMA, Depot Repair & Asset Recovery front. There are also tremendous opportunities on setting up of Brand service centers for various leading IT & Smartphone brands. We have also strengthened our relationships with specific OEMs while our traction with Intel continues to grow.

This year we have entered our presence in the UK market with ISDF and we have achieved tremendous response on it and with a foot hold of 45000 devices.

We have created a Training Academy mainly focusing on skill development, up-scaling the employees, improvement in back-office, front office, system and processes.

Recognizing our capabilities, we have been bestowed with many awards this financial year, including the 'SP Summit and Solution Champ –Managed Security Services' by DQ Channels, 'Best Solution Provider' (Security) by ITPV and the 'Spirit of Partnership' award by Dell that honors partners not only for achieving the metrics but for the commitment towards the customers, the value for the partnership and for continuously improving ourselves as a collaborator and 'Best System Integrator' of the county by CRN

We would like to place on record our appreciation and heartfelt gratitude to our existing shareholders, clients and employees who have stood by us in difficult times and we are confident that your patience will be rewarded as we move ahead towards delivering greater value for each one of you in the future.

Nitin Shah

CMD





CEO Speaks

Dear Shareholders,

The last fiscal year was an average year for IT industry. 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 dragged in comparison to the US market.

To sum it, it was a learning year for the company as it embarked on an internal transformation and introspection process. The effort was to identify areas of improvement and take corrective steps, as part of its transformation journey. This was also a path breaking year for your company, as it made some significant progress in nurturing key innovations in IT

services management in offering 'Smart', 'Streamlined' and 'Strategic' enterprise IT outsourcing as well as value-added systems integration. Today, your company has more agility and adaptability than ever before and can drive large new business opportunities with stronger management focus.

The transformation journey was concentrated around multiple aspects; people, process and technology. The technology aspect was handled first. A major transformation came in streamlining our India and US operations. Many operational gaps were discovered and resolved with a few still under correction. Currently, I am proud to say, that we have nationwide roll-out of technology in US and India to support field service and centralized help desk. This enables us to improve our services to customers.

The process and people changes are underway. We have relooked into our strategic partnerships, and are making critical changes. We had to let go certain people due to their lethargic approach to business or poor performance. The sales force is now integrated via sales force automation tool which helps control all sales activities, which were manually handled before. And more importantly, the Company made a bold move to replace some key management personnel to drive home the message that organization interests were valued higher than individuals.

Looking at external customers, Interestingly, we executed some fantastic system integration projects such as data center migration, virtualization and got a good strong hold in retail industry. The RMS business has shown signs of improvement and the expectations are that India market will need RMS services more this year. Also, in the US, we did some innovative private cloud implementations for two more customers. Despite all the efforts taken, our customer base did not improve much till the end of 2011, but we soon started adding new customers by the last quarter.

Some of the key accomplishments this year include our own ITSM product, 'Integrated Service Delivery Framework', which has been much talked about and has been successfully deployed to clients in the US, and most importantly, for our client in the UK. We opened an office in UK in the middle of the year and

have a good clientel now for major remote service deployment work. Our new product platform was the cornerstone to this deal and promises to be a major contributor to our core business in future. In India, we were at the forefront of a multi-crore government project for the railways which was successfully completed much ahead of time.

The IT growth areas seen in today's Indian markets are remote management services, total outsourcing, compliance, physical security solutions, virtualization and more adoption to public cloud and virtual private cloud services. In the US, cloud adoption is getting into mainstream. Offshore outsourcing in applications will be slowing down further. However, we see opportunities in second generation outsourcing. The Australian market is going to have a steady IT demand this fiscal year.

From the technology side, mobility management, cloud computing, mobile applications equipped with real-time transactions and analytics are gaining prominence. Mobile devices including touch pads have entered enterprise arena. In India, small and regional IT companies are feeling a lot of pressure to get merged or undergo major business shift. Also, many IT companies are on verge of closing due to decreasing demand for conventional IT and few of them are getting acquired. In the US, the business intelligence space, mobility management and infrastructure transformation are in full traction.

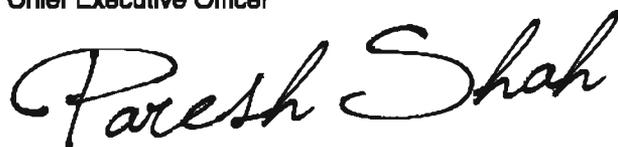
Allied Digital, due to corrective steps taken last year, looks more agile and is in a better position in changing business and technology conditions globally. Due to its early adoption to transformation, it has established a leadership positioning in market to address specific customer IT demands in the cost reduction as well as upcoming IT growth areas. It has established its leadership now in providing total IT outsourcing solutions and established prominence in physical security and command control. It continues to strive on its clear market focus that was planned at the end of fiscal year 2010-11. Your company has been showcasing private cloud capabilities and is also working on strategies for specific business solutions in cloud space. As a 'Cloud Navigator', it has now developed strategic partnerships with OEMs to provide broad-ended subscription based business offerings for

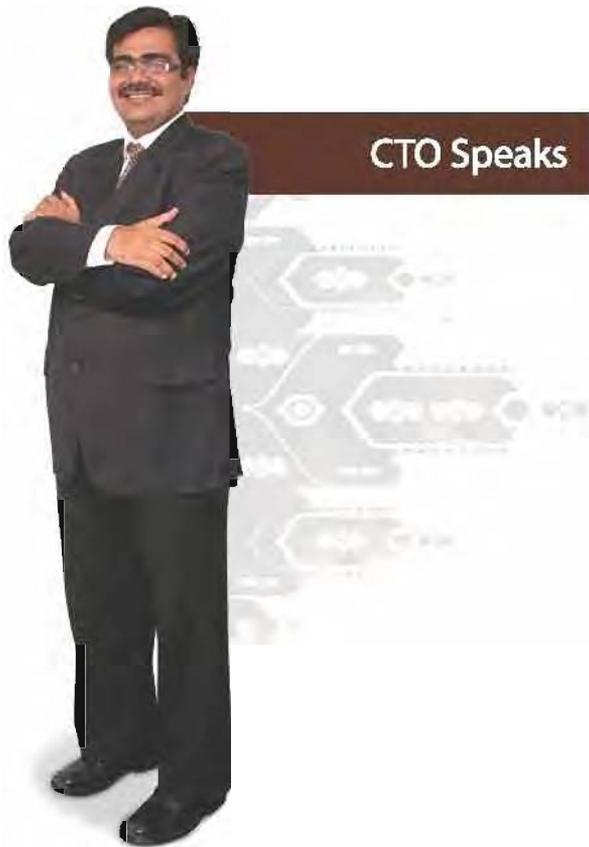
SME. Today, your company has the capacity to manage all devices, right from end users, to core enterprise IT, data centers, databases and certainly also applications.

Your company has got into a roadmap with clear market focus, moving to best-in-class organization as part of the next generation of transformation. The management team is well integrated. Its successful investment into the service delivery framework platform is showing signs of success and taking center stage. Your company brings added value of software services especially via business process automation into all system integration solutions. Though the markets may tighten this year, we have become more agile, with diverse focus, improved service and solution delivery, cost control, value-added software and powerful offerings.

I am certain, that the introspection done in the last year, the innovations done in the last year, the market scope that we embarked on will leave a positive result of transformation; thus making your organization matured and better poised to handle economic turbulence as well as to bring positive growth in the company's business. Our every attempt is to ensure the right step taken in the direction that is always customer centric and geared to increase the shareholder value.

Paresh Shah
Chief Executive Officer





The year 2011-12 was a year of transformation for the Company and the US operations were no different. The focus was on transforming the business from silo service towers kind of operations to a more integrated services approach. This meant that some of the standalone business had to be curtailed and effort was on mining businesses which were value accretive not only from a revenue stand point but also from a profitability perspective.

From our service offering perspective, I would like to highlight some of the key areas where we have not only performed well but have also gone ahead and consolidated our positioning in the market.

Our Life Cycle and End User business saw good traction with several new client wins in the manufacturing, financial services and the retail sector. Allied has highly trained technical specialists who have the expertise to maintain all leading brand systems to the standards recommended by manufacturers. We maintain the entire IT infrastructure for the duration of its lifecycle for an

organization. Given that we understand the capabilities —and limitations — of all the very latest office technology, we're expertly placed to source hardware and software on an organizations behalf. This ensures that the client systems will match the demands of their business. Typically, as a global buyer, we have strong relationships with third party suppliers, hence our clients can leave their complete IT outsourcing to us and focus on the business at hand.

The other area where we have seen good traction is in Infrastructure as a service (IaaS). This is a cloud service where the enterprise uses a pay-as-you-go infrastructure from a service provider, offers a highly attractive, cost-effective solution that benefits both parties. IaaS is one of the three main categories of cloud computing services. It provides compute on demand services using a shared platform. Software as a service enables an enterprise application to be run on a multitenant platform and delivered using Internet protocol to any device. Platform as a service provides a platform to create and run applications in a reproduction environment.

By 2013, service revenues from IaaS are forecast to be approximately \$15.6 billion out of total cloud revenues of \$35.4 billion, according to Cisco research. IaaS has the potential to accelerate growth and deliver massive new revenue streams, while moving service providers up the value chain. It can provide better return on investments through high-margin multitenancy services, improved ability to create new competitive offerings, and open market opportunities with enterprise customers.

With continuing economic uncertainty and high levels of business risk, the focus for the enterprise is flexibility and renewed business agility. CEOs need to help ensure that their IT operations are ready for the ongoing challenges and shifts that are sure to emerge. IT resources must achieve financial and strategic objectives with cost-efficient resources, scalability and capacity, agility and productivity, flexibility to meet changing customer demands, and greener operations.

Data from Forrester reflects these concerns. According to their research, IaaS is an area of cloud computing that currently receives the most market attention, with 25 percent of enterprises planning to adopt IaaS via an external provider. They report that larger enterprises report greater awareness, interest,

and adoption of IaaS than SMEs. Primary factors for the enterprise are instant provisioning of services and pay per use model, and enterprises want to integrate onsite infrastructure with anything deployed to external service provider (source: Forrester Research: Cloud and Virtualization Survey Data).

Gartner's research indicates the scale of that interest. They report that worldwide cloud services were worth \$56.3 billion in 2009, up 21.3 percent from 2008, and forecast to rise to \$150.1 billion by 2013. IaaS took 6 percent of that total in 2009 and is expected to grow strongly to 2013 (source: Gartner: Forecasting the Cloud: Understanding Opportunities in Cloud Computing, 2009).

The other area where we have made substantial progress is in Remote management of networked embedded devices. This technology lowers IT support costs by reducing the number of onsite visits traditionally required to diagnose and fix problems. Allied has tied up with Intel to offer the vPro technology where it's possible to query, restore, upgrade and protect devices remotely, even when they are not functioning, powered off or experiencing software failures. Providing a significant remote management breakthrough, the Intel® vPro chipset can access and control the system, even when the system is powered off or the software is corrupted. This circuit establishes a link that allows the system to communicate with a management console without relying on the system's standard networking functionality. Since devices can be diagnosed remotely, software issues can be repaired over the wire and failed hardware components identified in advance, so that technicians arrive with the appropriate parts in hand.

We can also proactively protect networks by automatically downloading the latest virus signatures and putting infected devices into quarantine. Remote on/off switching allows companies to shut down devices after hours, thereby reducing utility costs. Software and hardware inventories can also be conducted remotely.

Highly optimized IT organizations have always taken a thoughtful approach to systems management. This approach by Allied Digital has helped organizations to get a direct insight into their infrastructure in real time to facilitate intelligent decision making and help control and manage their systems. This in turn

simplifies administration, reduces support costs and enhances security.

The landscape of systems management is changing, though. Network boundaries are blurred. More remote users require access to corporate resources. And many of those corporate resources have migrated to the cloud.

The proliferation of mobile devices has reached a fever pitch, and the "consumerization" of IT has led to devices traditionally meant for personal use being given access to business-critical data. Economic pressures have created more heterogeneous environments than ever as IT managers look for the best possible deals on hardware, software and services.

We believe that Allied Digital is strongly positioned to address areas that are changing the market place today and it is not a surprise that we have been featured in CRN Top 500 solution provider list as well as merits mention in Gartner's report on Platform as a Service market.

Sunil Bhatt
Chief Technology Officer





CEO-ISG Speaks

Allied Digital provides comprehensive solution as a Master Systems Integrator for Physical Safety and Security applications. These solutions were earlier dominated by product companies offering proprietary technology which would not inter operate with third party solutions. The change in market demand for open systems based on IP platform helped Allied Digital to not only design and deploy integrated solutions for Video Surveillance, Access Control and Fire Detection based on open standard and TCP/IP protocol, but also setup the IT infrastructure comprising of servers, storage and network.

With its experience in deploying IT infrastructure solution and leveraging the features of IP based CCTV and access control system, Allied Digital optimizes and deploys physical security systems which provide better price/performance advantage to the customer compared to similar solutions provided by competing security product companies. We address market opportunities in Video Surveillance, Homeland Security, Intelligent Traffic

System, Access Control, Fire Detection, Intelligent Building Management System, Command and Control Centre, Smart Card and RFID Infrastructure solution.

We have design and support team trained by our technology partners who are leaders in the global market

We have aligned with selected Technology partners who are acclaimed leaders in their field. This enables us to have extensive engagement with our partners while addressing market opportunity and gain preferential treatment.

We have successfully completed all the projects we have undertaken. Toll plaza project for GMR in four states of India, where we had to integrate solutions from seven different OEMs is an example of our skill in providing complex systems integration solution. Our skills have been recognized by OEMs who are recommending us to their customers.

It is well known that higher the complexity of the systems integration, greater the dependence of the customer on the integrator. Core competency in ISG enables Allied Digital to provide complex security solution that provides long term ownership of the customer to Allied Digital as a Master Systems Integrator ensuring more business from the same customer from maintenance, technology refresh and upgrades.

Jawahar Ali
CEO-ISG



COO Speaks

The previous year we had undertaken intensive transformation exercise with the sole intention of bringing us closer to our customers. Our strategy was designed to benefit our business by sharper focus on sales, emphasis on quality and excellence in delivery. This multi-layer strategy evolved in 2011 with full participation from the Board of Directors and Management team members.

We undertook this transformation journey with a three-year roadmap. The past year laid the foundation for the key elements of growth in terms of focusing on the key service offerings. Our direct delivery model and state-of-the-art Integrated Service Delivery Frame Work (ISDF) are two of the key aspects of this process. A year where we had to face the challenge of overall business decline, our strategy roadmap focused on:

- Leveraging our strength in Infrastructure Space.
- Expanding our foot print in Applications Space.
- Incubating areas of businesses such as Integrated Solutions & Engineering Services. Defining solutions that cut across all three service lines thereby helping our Customers to deliver better business outcomes

Profitability will continue to be our central theme and key focus in 2012-2013. This focus will also position us well to handle the economic uncertainty. The objective is to move up the value chain to help our customers deliver business outcomes, thereby delivering consistent performance and rewarding operating results.

Another area that is of paramount interest is Quality. We recognize Quality as an important differentiator in our industry. Therefore, we have built well defined and stringent quality standards with customer focus, commitment and involvement from the management. During the year, your Company has been able to revalidate its earlier certifications for ISO 9001:2008 ISO 20000:2011, ISO 27001:2005 and ISO 1400:2008.

This year we also continue our focus on HR policies and processes that are aligned to effectively drive our expanding business and new opportunities. This has been achieved by 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.

We believe that society and environment is extremely important for existence of mankind. Your company approaches its social responsibility by re-affirming its role as major contributor. The company aligns its business operations with social fabric. We are committed to extend a helping hand to underprivileged. During the year we undertook number of initiatives. Noteworthy among them was joining hands with 'Habitat for Humanity' and reaching out to tribal's community of Karjat.

I am confident that the steps that the Company has taken in the last 2 years has placed us in a position of strength to focus on delivering consistent and profitable growth in the years to come.

Sanjiv Patki

Chief Operations Officer



Group Company

Director-Digicomp Speaks

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

Our multi-faceted and highly specialized teams handle every single aspect that reputed companies in IT, Telecom & CE 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 OEM/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.

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 on-site 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 also been able to consistently improve revenues on all on-going contracts and also convert a few key customer accounts during 2011-12 which has contributed to the revenue growth. Customer satisfaction, Training and Quality have been the key focus for the company and we are happy to inform that all existing customers have shown immense faith and commitment to continue business with your company.

The company has huge plans for increasing the Digicomp foot-print across the country by way of spreading the service offerings to the end users in a bigger way. The company also foresees improved business opportunities from existing customers on the RMA, Depot Repair & Asset Recovery front. There are also tremendous opportunities on setting up of Brand service centers for various leading IT and Smartphone brands.

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 combination of own branches and franchisees.

Suresh Kalburgi Shankar

Director - Digicomp Complete Solutions Ltd.

Suresh Kalburgi Shankar

Global Footprints of Allied Digital



Our Company started operations in London, UK. It acquired prestigious client combined partner in UK. Allied deployed ISDF as a cloud model successfully at the start of the financial year 2012 and also is doing Remote Managed Services for the same.



Awards and Recognitions



**Best Managed
Services Provider
by CRN Excellence Award 2011**



**Dell - Spirit of
Partnership Award**



**ITPV Best Business
Leader 2011 Solution
Provider Category**



**ITPV Partner Leadership
Award 2011
Best Solution Provider**



**Solution Champ
Managed Security Services
SP Summit 2011**



**Asia Pacific
Entrepreneurship
Awards 2011**



**Top Solution Provider Silver
SP Summit 2011**



**Channel World
Premire 100 Award 2011**





Value 4 Cloud 2012- February, 2012

With increased success stories in the cloud environment, it becomes imperative to re-visit the business case of migrating enterprise services and applications on a private cloud model to improve efficiency, flexibility and cost effectivity. Allied Digital, along with one of its technology alliance partner- vmware, conducted an insightful seminar on business case in migrating to private cloud services.

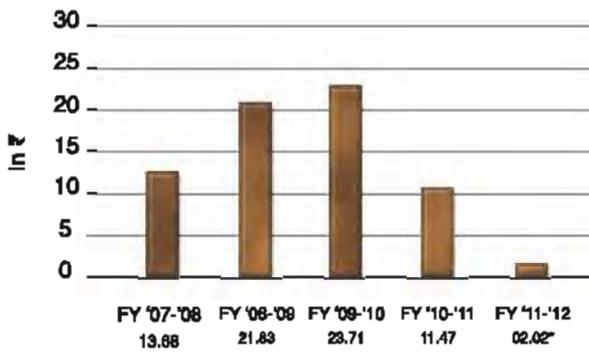
Ensec 2011

Ensec 2011 is the series of Enterprise IT Security and Risk Governance sessions. Managing business critical security functions to ensure uninterrupted flow of day to day operations has now become a critical discussion during board room meetings. Almost over 30 delegates from across the world attended this knowledge rich session.

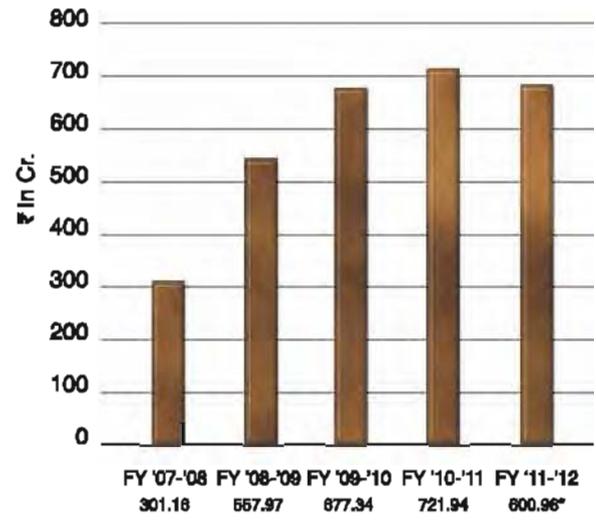




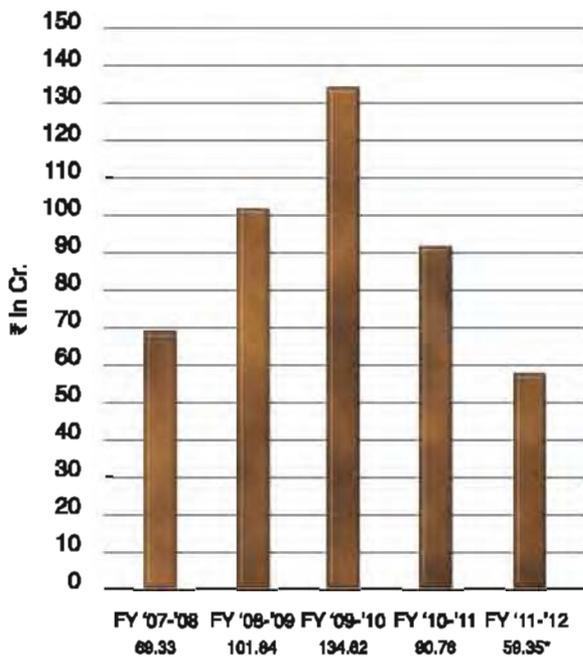
Earnings Per Share



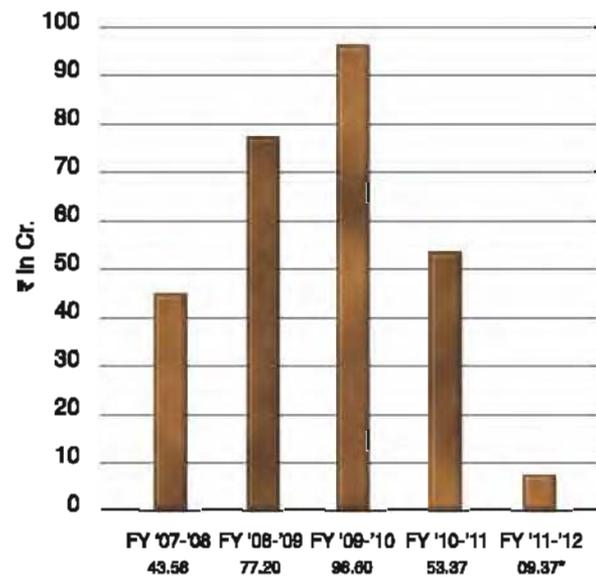
Total Income



Operating Profit



Profit After Tax



* Figures for the FY 11-12 are consolidated



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of Allied Digital Services Limited will be held on September, 27th 2012 at 3.30 pm, 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 31st, 2012, Profit and Loss Account for the year ended on that date and the Report of the Auditor's and the Directors' thereon;
2. To declare Dividend @ 5 % of the face value on Equity Shares of the Company;
3. To appoint a Director in place of Dr. Shrikant Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Prof. Venugopal Iyengar, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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:

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

“RESOLVED THAT Mr. Paresh Bipinchandra Shah who was appointed as an Additional Director by the Board of Directors on November 10th, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and who has given to the Company a notice under Section 257 of the Companies Act, 1956 along with necessary deposit signifying his intention to propose himself as a candidate for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 269, 309 and 310 of the Companies Act, 1956 (“the Act”) read with Schedule XIII to the Act and other applicable provisions of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and as approved and recommended by the remuneration committee and the Board, the Company hereby approves appointment of Mr. Paresh Shah, as Executive Director for a period of 5 (five) years with effect from November 10th, 2011 and on such remuneration and other terms & conditions as approved by the Board.

RESOLVED FURTHER THAT notwithstanding anything hereinabove, where in any financial year during the currency of his tenure as a Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisite as above subject to the ceiling specified under Section II of Part II of the Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the terms and conditions of the above appointment 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

Place: Mumbai
Date: August 28th, 2012

Sd/-
Nitin Shah
Chairman and Managing Director

Registered Office:

Premises No. 13A, 13TH Floor,
Earnest House,
Back Bay 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 a show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least ₹ 50,000. A proxy shall not vote except on a poll. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting 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 21, 2012 to September 27, 2012 (both days inclusive) for the purpose of Annual General Meeting and Declaration of Dividend.
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 Agent 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 address 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 1.00 p.m. on all working days (except Saturday & Sunday) upto the date of the meeting.
13. Subject to the provisions of Section 206 A of the Companies Act, 1956 dividend as recommended by the Board of Directors, if declared at the meeting, will be payable to those Shareholders whose names stand on the Company's Register of Members on September 21st 2012 and to whom dividend warrants will be posted. In respect of Shares held in electronic form, the dividend will be paid on the basis of beneficial ownership position as at the end of the day on September 21st 2012, as per data to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for this purpose.

14. Members are requested to address all correspondences, including dividend matters, to the Registrar and Share Transfer Agent, Link Intime India Pvt Ltd., C-13 Pannalal Silk Mills Compound, L B S Marg, Bhandup-West, MUMBAI - 400 078. Tel. No.: +91 22, 25963838 Fax No.: +91 22 25946969
- 15.(a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrar and Share Transfer Agent, M/s. Link Intime India Pvt Ltd, under the signature of the Sole/First joint holder, the following information to be incorporated on dividend warrants:
- Name of the Sole/First joint holder and the Folio Number.
 - Particulars of Bank Account, viz.: Name of the Bank, Name of the Branch, Complete address of the Bank with Pin Code Number, Account type, whether savings Account (SA) or Current Account (CA), Bank Account Number.
- (b) Members who hold shares in dematerialized form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.
- (c) To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrar and Share Transfer Agent, M/s. Link Intime India Pvt Ltd.
16. 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.
17. 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	¹ Due date of transfer to the Government
1.	23 rd September, 2009	Final Dividend 2008-2009	22 nd October, 2016
2.	29 th September, 2010	Final Dividend 2010-2011	28 th October, 2017
3.	29 th September, 2011	Final Dividend 2011-2012	28 th October, 2018

¹ These are estimated dates of transfer, the actual date 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 are advised to send all the unclaimed dividend warrants to the Registrar & Share Transfer Agent or to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

18. 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 en-cash 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 31st, 2012 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	NIL

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

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

1. Mr. Paresh Shah aged 45 years was appointed on the Board of the Company on November 10th, 2011. He is also appointed as a CEO of the Company with effect from February 7th, 2012. He has 23 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 to soar higher and achieve greater horizons.

Prior to Allied Digital, Mr. Paresh 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.

2. Dr. Shrikant Parikh, 56 years, joined the Board on May 23rd, 2006 as an Independent Director of our Company. He holds a Bachelors Degree in Electrical Engineering from University of Mumbai; Doctorate degree in Computer Science from Southern Methodist University, USA, Masters in Computer Science and Engineering from University of Texas, USA; certified Project Management Professional from Dallas, USA. He has twenty eight (28) years of experience in the IT Industry. He is a member of the Corporate Distributed System Performance Council (IBM) and is also a member of Corporate Automation Software Committee (SGS Thompson). He is a co-founder and ex-Chief Technical Officer of Globe Ranger Corp. (USA). He is also a co-founder of M/s. InfoAlive Solutions and Services. He has served a long span of his career for IBM, USA. He has also served as a consultant and advisor to technology companies in USA and India providing his guidance on all issues relating to corporate management. He has also been training senior professionals in software projects / outsourcing services management of software / technology organizations and guides young entrepreneurs on matters of Strategy. He has a deep interest in NGO activities focusing on rural India. He has organized and Co-organized National and International level Conferences and job fairs.

Dr. Shrikant N Parikh is Chairman of Western India Chapter of Technology and Management Council (IEEE).

Dr. Shrikant N Parikh is also a Professor at S P Jain School of Global Management. His industrial research has resulted in holding of thirty three (33) international patents in his name.

Research & Publications:

- 33 International Patents (12 from US, 12 from Japan and 9 from EU);
- Published over 50 invention disclosures;
- Published several research papers and case studies;
- Research: Grain Supply Chains, Enterprise Systems Implementation in SMEs, Business/Society Implications of Wireless Technologies;
- Research: Technologies like Operating Systems, Power Management, Product Concepts, Telemedicine and more.

Awards & Recognition:

- Awarded 10 Invention Achievement Awards from IBM;
- Multiple Management Appreciation Awards from IBM;
- Listed in several editions of Who's Who.

Shareholding of Dr. Shrikant Parikh (both own or held by / for other persons on a beneficial basis) as on date is NIL.

3. Prof. Venugopal Iyengar aged 56 years has been an Independent Director of the Company since April 28, 2009. He holds a Masters degree in Science, Certified in Governance of Enterprise IT, Certified Information Security Manager, Certified Information System Auditor (CISA), Certified Information System Security Professional and Associate Certified Fraud Examiner. He has thirty three (33) years of experience in the field of IT. He received Most Valuable Professionals (MVP) award in the year 2006 from Microsoft Corporation, USA for his contribution to the global security community. He also received "Pillar of Hindustani Society" award in the year 2008 from the Trans-Asian Chamber of Commerce and Industries and Indo-Mongolian Chamber of Commerce for his global contribution in the area of IT governance, IS Audit and Information Security. Prior to joining our Company, he had worked with Tata Consultancy Services Limited as the head of E-Security Consulting Practice, as a Corporate head of Quality Audit with Tata Infotech Limited and as a Regional Manager with Tata Unisys Limited.

Shareholding of Prof. Venugopal Iyengar (both own or held by / for other persons on a beneficial basis) as on date is NIL.

EXPLANATORY STATEMENT

Item No. 6

APPOINTMENT AND PAYMENT OF REMUNERATION TO MR. PARESH SHAH, ADDITIONAL EXECUTIVE DIRECTOR OF THE COMPANY

Mr. Paresah Shah was appointed by the Board of Directors as Additional Executive Director of the Company with effect from November 10th, 2011 . In accordance with the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company he holds office up to the date of this Annual General Meeting.

The Company has received a notice under Section 257 of the Companies Act, 1956 with requisite deposit proposing the name of Mr. Paresah Shah as a candidate for the office of Director of the Company.

Further, the Board of Directors of the Company at its Meeting held on November 10th, 2011 has pursuant to the recommendation of the Remuneration Committee and subject to the approval of Members, approved the remuneration to Mr. Paresah Shah as set out in the resolution mentioned above.

Mr. Paresah Shah is interested in the resolution as it relates to his appointment and remuneration. No other Directors of the Company are in any way concerned or interested in passing of this resolution.

The Members are requested to consider and if thought fit pass the ordinary resolution with or without modification(s) for appointment of Mr. Paresah Shah, as Whole Time Director for a period of 5 (five) years with effect from November 10th, 2011 and on such remuneration and other terms & conditions as approved by the Board.

By order of the Board

Sd/-

Nitin Shah

Chairman and Managing Director

Place: Mumbai

Date: August 28th, 2012

Registered Office:

Premises No. 13A, 13th Floor,
Earnest House,
Back Bay Reclamation,
NCPA Road, Block III,
Nariman Point,
Mumbai - 400021

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 31st, 2012:

RESULTS OF OPERATIONS

	(₹ in Lacs)	
PARTICULARS	2011-12	2010-11
Total Operational Income	40602.05	52190.79
Other Income	1569.57	695.32
Total Income	42171.62	52886.11
Less: Operating Expenditure	37420.70	43917.84
Profit before Interest, Depreciation, Amortization Tax & Exceptional Item	4750.92	8968.27
Less: Depreciation	1636.69	1176.14
Less: Interest	1639.90	783.05
Profit before Tax and Exceptional Item	1474.33	7009.08
Less: Provision for Taxation including FBT	0.0	888.19
Less: Deferred Tax Liability	884.56	511.31
Net Profit for the year	589.77	5609.58
Add: Balance brought forward from the Previous Year	27986.78	23308.47
Amount Available for Appropriation	28576.55	28918.05
Less: Proposed Dividend Including Dividend Tax	134.20	271.60
Less: Short provision of Tax of earlier years (Net)	0.00	659.67
Add: Excess provision of Tax of earlier years	1.75	0.00
Balance carried to Balance Sheet	28444.10	27986.78

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 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 31st, 2012 decreased by 20 per cent to ₹ 421.72 Crore, from ₹ 528.86 Crore in the previous year. The operating profit (PBDIT) of the Company decreased to ₹ 47.51 Crore during the year, from ₹ 89.68 Crore in the previous year. Interest & Depreciation was at ₹ 32.77 Crore as against ₹ 19.59 Crore in the previous year. The provision for taxation during the year was ₹ 8.85 Crore

which includes deferred tax liability for the year. The net profit for the year decreased by 89 per cent to ₹ 5.90 Crore from ₹ 56.10 Crore in the previous year. 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 31st, 2012, stood at ₹ 687.39 Crore, as against ₹ 686.06 Crore last year.

OUTLOOK

During financial year 2013, 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.

During financial year 2012, the Company entered into high potential, business transformation deals with new customers that will also enable it to further expand and strengthen its footprint in Europe and the USA. Going forward, the Company will attempt to build upon these achievements.

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 profitable performance the Directors recommend a Dividend of ₹ 0.25 per Equity Share of ₹ 5/- each i.e. 5 % of the face value of each Equity Share (last Year ₹ 0.50 on the paid up value of equity share of ₹ 5/- each) of the Company for the financial year 2011-2012.

b. LIQUIDITY:

Your Company maintains sufficient cash to meet its strategic objectives. As on March 31st, 2012, your Company has liquid assets including investment in mutual funds of ₹ 34.56 Crore as against ₹ 80.19 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 recommended a Dividend of ₹ 0.25 per Equity Share of ₹ 5/- each i.e. 5 % of the face value of each Equity Share of the Company for the financial year 2011-2012.

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. (USA) ;
2. Allied Digital INC (USA);
3. Allied Digital Singapore Pte. Ltd;
4. Allied Digital Asia Pacific PTY LTD (Australia);
5. Digicomp Complete Solutions Limited;
6. En Pointe Technologies India Private Limited ;
7. E-cop Surveillance India Private Limited.

Pursuant to Section 212 of the Companies Act, 1956 (“the Act”), the Company is required to attach to its Annual Report, the Balance Sheet, Profit and Loss Account, Directors’ Report and the Report of the Auditors (collectively referred to as “the accounts and reports”), of its subsidiaries for the year ended March 31st, 2012.

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 89 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 31st 2012, the Company is having balance of ₹ 13.17 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 the coming years will be to enable our employees to continually grow and build a competitive edge by translating the learnings into positive actions. Several trainings were conducted during the year under 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 13 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 three successful surveillance audits, a recertification audit thereafter. By this certification, we have protected our IT infrastructure by means of right infrastructure and process deployment so 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 two successful surveillance audit and recently we have upscaled 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 31st, 2012 were to the tune of ₹ 152.46 Crore as compared to the last year's investment of ₹ 171.94 Crore.

The Book value of the quoted investments for the year under review was ₹ 13.17 Crore (previous year ₹ 42.71 Crore) and its realizable value as at March 31st, 2012 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 not accepted any fixed deposits during the year and as such, no amount of Principal or Interest was outstanding as of the Balance Sheet date.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The information on Conservation of Energy required under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company. 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 is nil as none of the 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 Lakhs)	
PARICULARS	2012	2011
Earnings	598.53	3717.79
Outflow (including Capital imports)	691.23	359.64
Net Foreign Exchange Earnings (NFE)	(92.70)	3358.15
NFE / Earnings (%)	(15)	90

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:

- a) In the preparation of the Annual Accounts for the year ended March 31st, 2012, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any.
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31st, 2012 and of the profit of the Company for that year.

- c) 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.
- d) The Directors have prepared the Annual Accounts for the year ended March 31st, 2012, on a going concern basis.

STATUTORY AUDITOR

M/s. K. M. Kapadia & Associates, Chartered Accountants, Mumbai, Statutory Auditor 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.

INTERNAL AUDITORS:

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

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 11 to 26 of this Annual Report. We have obtained certification from a Practising 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:

1. Channel World Premier 100
2. 'BEST MANAGED SERVICES PROVIDER' by CRN Excellence Award – 2011
3. ITPV Best Business Leader – 2011 (Solution Provider Category)
4. ITPV Partner leadership award -BEST SOLUTION PROVIDER – 2011 (SECURITY)
5. Asia Pacific Entrepreneurship Awards 2011
6. Top Solution Provider (Silver)
7. Solution Champ – Managed Security Services

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.

CAUTIONARY STATEMENT:

Statements forming part of the Management Discussion and Analysis covered in this report may be forward- looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. The Company takes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

For and on behalf of the Board of Directors

sd/-

Nitin D. Shah

Chairman and Managing Director

sd/-

Prakash D. Shah

Director – Commercial

Mumbai
August 28th, 2012

REPORT ON THE CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2011-2012

(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 31st, 2012, the Board of Allied Digital Services Limited had 8 Directors, comprising (i) 4 Executive Directors, including the Chairman and (ii) 4 Independent Directors as defined under the Listing Agreement with Indian Stock Exchanges. Mr. Paresh Shah who was appointed as an Additional Executive Director on the Board of the Company on November 10th, 2011 also takes over as CEO of the Company w.e.f. from February 07th, 2012. 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 31st, 2012, the Board consists of 8 Directors, out of which 4 are Independent Non Executive Directors. The Composition of the Board and Category of Directors are as follows:

Category	Name of the Directors
Promoter Director	Mr. Nitin D. Shah (Chairman & Managing Director) Mr. Prakash D. Shah (Whole Time Director)
Executive Director	Mr. Manoj R. Shah (Whole Time Director) Mr. Paresh Shah (Whole Time Director)
Independent and Non-Executive Director	Mr. Shailesh S. Vaidya Dr. Shrikant N. Parikh Prof. Venugopal R. Iyengar Dr. Roopkishan S. 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 Whole Time Directors regarding compliance with all applicable laws on a quarterly 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 31st, 2012.

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

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 31st, 2012, Five (5) Board meetings were held on April 28th, 2011, August 12th, 2011, August 22nd, 2011, November 10th, 2011 and February 10th, 2012. 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 1st, 2011 to March 31st, 2012 and the last AGM held on September 29th, 2011.

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Nitin Shah	5	Present
Mr. Prakash Shah	5	Present
Mr. Manoj Shah	0	Absent
Mr. Bimal Raj	2	Present
Dr. Shrikant Parikh	5	Present
Mr. Shailesh Vaidya	5	absent
Prof. Venugopal Iyengar	4	Present
Mr. Paresh Shah ³	1	Not Applicable
Dr. Roopkishan Dave	5	present

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. Paresh Shah was appointed on the board of the Company as an Additional Executive Director w.e.f. November 10th, 2011

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 Company;
- Reviewing the Minutes of meetings of Subsidiary Company.

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.

f) 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 three non-executive and independent directors and one executive director who have financial/legal/accounting acumen to specifically look into the internal controls and audit procedures.

Name of Members	Designation	Category of Director	No. of meetings attended
Mr. Shailesh Vaidya	Chairman	Non-Executive Independent	5
Dr. Shrikant Parikh	Member	Non-Executive Independent	5
Prof. Venugopal Iyengar	Member	Non-Executive Independent	4
Mr. Prakash Shah	Member	Executive	5

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

b) Meetings:

During the financial year 2011- 12, five (5) Audit Committee Meetings were held on April 28th, 2011, August 12th, 2011, August 22nd, 2011, November 10th, 2011 and February 10th, 2012.

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

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

- Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosures of related party transactions;
- Qualifications in draft audit report;
- Reviewing with the Management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the performance of Statutory & Internal Auditors, adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the 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 Mr. Shailesh Vaidya, Non-Executive and Independent Director as Chairman, Dr. Shrikant Parikh, Non- Executive and Independent Director and Prof. Venugopal Iyengar, Non-Executive and Independent Director as Members of the Committee.

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

- 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 2011 – 12, one meeting of the Remuneration Committee was held on November 10th 2011.

d) Disclosure of Remuneration paid:

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

Details of remuneration paid to Directors during the accounting year ended March 31, 2012 are as under:

Name of Directors	Salary (Amt in INR)	Sitting fees (Amt in INR)	Total (Amt in INR)	Stock Option granted
Mr. Nitin Shah	4875000	-	4875000	N.A.
Mr. Prakash Shah	2937504	-	2937504	N.A.
Mr. Manoj Shah	2000004	-	2000004	37500
Mr. Bimal Raj	1936122	-	1936122	Nil
Mr. Paresh Shah	1132116	-	1132116	Nil
Mr. Shailesh Vaidya	-	80000	80000	Nil
Dr. Shrikant Parikh	-	100000	100000	Nil
Dr. Roopkishan Dave	-	50000	50000	Nil
Prof. Venugopal Iyengar	-	85000	85000	Nil

e) Attendance of Members at Remuneration Committee Meetings

Name of the Members	Attendance
Mr. Shailesh Vaidya	1
Dr. Shrikant Parikh	1
Prof. Venugopal Iyengar	1

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
Mr. Prakash Shah	Member	Executive	4
Dr. Shrikant Parikh	Member	Non-Executive Independent	4
Prof. Venugopal Iyengar	Chairman	Non-Executive Independent	4

b) Meeting of the Shareholders' grievance Committee Meetings:

During the Accounting Year 2011 – 2012, four (4) Shareholders' Grievance Committee Meetings were held on April 28th, 2011, August 12th, 2011, November 10th, 2011 and February 10th, 2012.

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 31st, 2012
Correspondence (Non Receipt of Dividend)	Nil	7	7	Nil
Correspondence (Non Receipt of Annual Report)	Nil	1	1	Nil
B.S.E	Nil	3	3	Nil
Consumer Forum	Nil	1	1	Nil

During the Accounting Year ended March 31st, 2012, 12 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 31st, 2012 have been acted upon. There were no Share transfers pending as on March 31st, 2012, for more than 30 days.

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

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

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

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 Meetings

During the Accounting Year 2011 – 2012, Two (2) Compensation Committee Meetings were held on April 28th, 2012 and February 13th, 2012.

Name of Members	No. of Compensation Committee Meetings attended
Mr. Nitin Shah	2
Dr. Shrikant Parikh	2
Prof. Venugopal Iyengar	2

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 28th, 2009 comprising of Mr. Nitin Shah, Chairman and Managing Director as Chairman, Mr. Prakash D. Shah and Mr. Manoj Shah, Whole Time Directors as Members of the Committee.

b) Meeting of the Management Committee

During the Accounting Year 2011 – 2012, four Management Committee Meetings were held. On April 11th, 2011, October 06th, 2011, January 12th, 2012 and March 03rd, 2012.

Name of Members	No. of Management Committee Meetings attended
Mr. Nitin Shah	4
Mr. Prakash Shah	4
Mr. Manoj Shah	0

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, Trade marks and Copyright Laws.
- To authorize company's executives to defend civil suits filed by third parties against the company.
- Other general day-to-day affairs of the Company.

d) General body meetings:

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

Financial Year	Day and Date	Location of AGM	Time
2010 -2011	Thursday, September 29th, 2011	Tarabai Hall, Shiv Prasad Building, 97, Marine Drive, Mumbai – 400002	03.30 P.M.
2009 -2010	Wednesday, September 29th, 2010	Walchand Hirachand Hall, LNM Indian Merchants' Chamber Building, 4TH Floor, Churchgate, Mumbai – 400020	03.30 P.M.
2008 -2009	Wednesday, September 23rd, 2009	Walchand Hirachand Hall, Indian Merchants' Chamber Building, 4TH Floor, Churchgate, Mumbai - 400001	11:30 A.M.

Details of Special Resolution passed in the previous three Annual General Meetings:

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

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

At the Annual General Meeting of the Shareholders held on September 29th, 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.

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

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

Details of special solution passed last year through postal ballot:

No Resolution was passed through Postal Ballot last year by the Company.

Person who conducted the postal ballot exercise and Procedure for Postal Ballot:

Not Applicable

e) DISCLOSURES:

1. Related Party Transactions

- Related Parties and transactions as required under Accounting Standard (AS-18) are furnished under paragraph number 11 D of the Notes to the Accounts attached with the financial statements for the year ended March 31st, 2012.
- No transaction of material nature has been entered into by the Company with its promoters, the directors or the management, their subsidiary or relatives etc. that may have a potential conflict with the interest of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board regularly.

2. Compliance by the Company

The Company has complied with the requirements of the Stock Exchange (BSE & 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 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 behaviour. 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.

f) MEANS OF COMMUNICATION:

- The Quarterly and Half Yearly results of the Company are published in one English and one Regional newspaper namely The Economic Times and Maharashtra Times respectively. The results are also displayed on the Company's website: 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.

g) 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

h) 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.

i) GENERAL SHAREHOLDER INFORMATION:

I. Annual General Meeting:

- Date : September 27th 2012
- Time : 3.30 p.m.
- Venue : TARABAI HALL, SHIV PRASAD BUILDING, 97, MARINE DRIVE, MUMBAI – 400002

II. Financial Year:

The financial year of the Company is from April 1st, 2011 to March 31st, 2012.

III. Date of Book Closure:

September 21st, 2012 to September 27th, 2012 (both days inclusive)

IV. Dividend Payment Date:

The dividend will be paid on or after September 27th, 2012 (date of AGM)

V. Listing on Stock Exchange:

The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. Listing fee for the year 2011 – 2012 has been paid in full to both the Stock Exchanges.

VI. 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

VII. 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, 25943838 Fax No.: +91 22 25946969
Email : investors@allieddigital.net, Website: www.linkintime.co.in

VIII. Share Transfer System & Other Related Matters.

• Share Transfer System

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

• **Nomination Facility for Shareholding:**

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

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

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

• **Correspondence regarding Change in Address:**

Members are requested to address all correspondences, including dividend matters, to the Registrar and Share Transfer Agent, Link Intime India Private Limited, Tel. No.: +91 22 25943838, 2594 6970, Fax No.: +91 22 2594 6969 Email: investors@allieddigital.net

IX. Distribution of Share Holding as on March 31st, 2012:

NO. OF EQUITY SHARES HELD	NO. OF SHARE HOLDERS	% OF TOTAL SHARE HOLDERS	NO. OF SHARES HELD	% OF TOTAL NUMBER OF SHARES
1 – 500	29591	84.6715	3858654	8.3545
501 - 1000	2535	7.2536	2054618	4.4485
1001 - 2000	1359	3.8886	2092574	4.5307
2001 - 3000	503	1.4393	1295721	2.8054
3001 - 4000	231	0.6610	831118	1.7995
4001 - 5000	168	0.4807	791744	1.7142
5001 - 10000	310	0.8870	2283761	4.9446
10001 AND ABOVE	251	0.7182	32978537	71.4026
TOTAL	34948	100.00	46186727	100.00

Shareholding Pattern as on 31.03.2012

CATEGORY	NO. OF SHARES HELD	PERCENTAGE TO TOTAL NUMBER OF SHARES (%)
a. Promoters, Directors & Relatives	20188318	43.71
b. Mutual Funds / UTI	0	0
c. Banks, FIs & Insurance Cos.	0	0
d. Foreign Institutional Investors (FIIs)	1457954	3.16
e. Domestic Companies	4893097	10.59
f. NRIs/OCBs/Pak Enemy Cases	1100512	2.38
g. Public	18546846	40.16
TOTAL	46186727	100



X. Dematerialization of Shares:

The Shares of the Company can be held and traded in electronic form. As on March 31st, 2012, 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 31st, 2012:

Particulars	No. of Share	Percentage (%) of Total Shares
Physical Segment	1494854	3.24
Demat Segment		
NSDL	38897787	84.22
CDSL	5794086	12.54
Total	46186727	100.00

- XI. Outstanding GDRs/ ADRs** : NIL
- 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
 Allied Digital House, A4, Sector 1, Millennium Business Park, MIDC, Mahape, Navi Mumbai – 400710, India
 Tel. : (022) 6681 6681 Fax: (022) 2778 4968
 Email: investors@allieddigital.net
 Website: 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

XV. Market information:

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

ALLIED DIGITAL SERVICES LIMITED								BSE Sensex		
Date	Open (₹)	High (₹)	Low (₹)	Close (₹)	No. of Shares	No. of Trades	Net T/O (₹)	High (₹)	Low (₹)	Close (₹)
2011										
Apr	87	98.3	84.05	90.95	2146251	21414	196382485	19811.14	18976.19	19135.96
May	86.45	86.45	49.2	50.75	4202285	30350	247133091	19253.87	17786.13	18503.28
Jun	51.3	52.6	39.35	40.9	2159447	24302	101754463	18873.39	17314.38	18845.87
Jul	41.5	53.3	40.8	44.15	1357712	13384	64420024	19131.7	18131.86	18197.2
Aug	45	45.85	23.5	23.8	1485061	13598	47569420	18440.07	15765.53	16676.75
Sept	24.25	36	24.05	26.85	3766150	19539	110046257	17211.8	15801.01	16453.76
Oct	26.25	30.5	25	29.25	642168	4710	17899326	17908.13	15745.43	17705.01
Nov	28.75	35.45	23	24.55	1286851	10508	37443323	17702.26	15478.69	16123.46
Dec	24.6	25.75	18.1	19.95	585774	3940	12714205	17003.71	15135.86	15454.92
2012										
Jan	19.8	30.85	19.3	27.6	1521482	10076	39212824	17258.97	15358.02	17193.55
Feb	27.15	32.5	25	27.6	1541856	9767	44809269	18523.78	17061.55	17752.68
Mar	27.6	27.9	22.15	23.35	598220	4109	14775501	18040.69	16920.61	17404.2

Month	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Share Price	39.8	37	42.6	55.45	43.05	36	35.2	23.65	24	27.65	27.85	25.85
Sensex	19135.96	18503.28	18845.87	18197.2	16676.75	16453.76	17705.01	16123.46	15454.92	17193.55	17752.68	17404.2



ALLIED DIGITAL SERVICES LIMITED							NSE NIFTY		
Date	Open (₹)	High (₹)	Low (₹)	Close (₹)	Total Traded Quantity	Turnover in lakhs	High	Low	Close
							₹	₹	₹
2011									
Apr	87.5	88	84.25	84.55	226279	193.73	5860.2	5810.4	5826.05
May	86.25	86.25	86.25	86.25	14213	12.26	5775.25	5687.7	5701.3
Jun	51	51.7	50.25	51.1	81794	41.68	5597.35	5559.45	5592
Jul	41.45	42.2	40.7	41.1	77764	32.21	5705.8	5609.75	5627.2
Aug	43.8	44.95	42.9	43.1	66142	28.9	5551.9	5486.45	5516.8
Sep	23.8	24.9	23.7	24.9	102793	25.45	5113.7	4993.35	5040
Oct	27	27.25	25.75	26.9	76562	20.4	4879.15	4823.9	4849.5
Nov	29.1	30.95	28.6	30.95	188608	57.89	5310.85	5238.3	5257.95
Dec	24.05	25.75	24.05	25.3	44360	11.22	5011.9	4916.7	4936.85
2012									
Jan	19.5	20.1	19.5	20	43551	8.68	4645.95	4588.05	4636.75
Feb	27	28.4	27	27.7	112071	31.16	5244.6	5159	5235.7
Mar	27.2	27.9	27	27.2	49856	13.61	5372.45	5297.5	5339.75



XVI. Secretarial Audit Report:

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

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 31st, 2012 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

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

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

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

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

For K. M. Kapadia & associates,
Chartered Accountants

Sd/-
Kamlesh Kapadia
Membership No.: 039707

Place: Mumbai
Date: August 27, 2012.

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

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

1. We have reviewed the 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/-

Paresh Shah
Executive Director & CEO

Place: Mumbai.

Date: March 31st 2012

For Allied Digital Services Limited

sd/-

Prakash Shah
Executive Director & CFO

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 31st, 2012.

For ALLIED DIGITAL SERVICES LIMITED

Sd/-

Paresh Shah
Executive Director & CEO

Place: Mumbai

Date: August 28th 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Environment & Industry Outlook

In the face of widespread macroeconomic instability and a volatile financial scenario during 2011, worldwide IT spending exceeded USD 1.7 trillion, recording a steady annual growth of 5.4%. Software products, IT and BPO services continued to lead, accounting for over USD 1 trillion – 63% of the total spend. In 2011, Global IT services spend grew to USD 605 billion, an annual growth of 3.2%, a marginal decline from 3.4% recorded in 2010. The year saw global sourcing grow twice as fast as global technology spend at 12% suggesting a steady widening of the boundaries of outsourcing.

IMF in its World Economic Outlook update of April 2012 projects global growth to drop from about 4 percent in 2011 to about 3½ percent in 2012 because of weak activity witnessed during the second half of 2011 and the first half of 2012. The euro area is still projected to go into a mild recession in 2012 as a result of the sovereign debt crisis and a general loss of confidence, the effects of bank deleveraging on the real economy, and the impact of fiscal consolidation in response to market pressures. The outlook further states that because of the problems in Europe, activity will continue to disappoint for the advanced economies as a group, expanding by only about 1½ percent in 2012 and by 2 percent in 2013.

When we look at India, our GDP rose 6.5% in FY12. This is the lowest growth rate since 2002-03 when it fell to 4% in the wake of a global slowdown. It is also a sharp slowdown from the previous fiscal's 8.4%. GDP growth forecast was revised downwards for FY13 to 6.6% from 7.2%, largely due to a weaker investment outlook in part driven by domestic policy uncertainties and more back-ended and lesser monetary policy easing, and in part by prevailing global uncertainties.

NASSCOM predicts slow growth for India IT-BPO Industry in FY 2012-2013 with growth rate of around 11 - 14% with revenues of around US\$115 billion in FY 2012-13 compared to revenues of around US\$ 101 billion for FY 2011-12. The year 2012 will be a landmark year as it is for the first time India IT-BPO revenues will cross US\$100 billion mark. In FY13, the IT and BPO export revenues is expected to grow at 11-14% (US\$78 billion), while the domestic revenues are slated to grow by 13-16 % (US\$37 billion) and reach a total of US\$115 billion. Growth will primarily be driven by new business models and disruptive technologies like such as cloud, mobility, analytics, social media, and vertical specific solutions. NASSCOM expects a 4.5% growth in the Global Technology spending in 2012 and further predicts that industry can meet the vision 2020 target of touching \$225 billion by 2020.

Infrastructure Management Outsourcing has consistently been the fastest growing segment within IT services – an average of nearly 19 per cent over the last five years. As a result, its share in the overall IT segment has increased from about 15 per cent in FY 2008 to about 17 per cent in FY 2012 according to NASSCOM.

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.

Key trends include:

- Shorter, asset light deals that allow offshore providers to compete on a more equal footing with global outsourcing players
- The value proposition for infrastructure-oriented services has matured from remote management to encompassing support for consulting services delivered on-site
- Offshore suppliers are rapidly building on their RIM capabilities to encompass broader support for ITO transactions
- Services are embracing the use of cloud services 'as-a-service' offerings, including systems management, back-up and many others in addition to core IaaS solutions
- Larger players emphasise consulting –led model focused on infrastructure transformation, such as server consolidation and virtualization

Our Company; Our readiness for the change:

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

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

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

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

FACTORS THAT MAY AFFECT RESULTS OF THE OPERATION

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

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

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

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

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

DISCUSSION ON RESULTS OF OPERATIONS

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

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

Particulars	(₹ In Lacs)	
	For the year ended March 31st 2012	For the year ended March 31st 2011
Income		
Operational Income	40,602.05	52,190.79
Services	12,180.62	20,160.45
Solution	28,421.44	32,030.34
Others	-	-
Other Income	1,569.57	695.32
Total Income	42,171.62	52,886.11
Expenditure		
Cost of sales	31,749.38	34,407.31
% age of Operational Income	78%	66%
Cost of Employees	4,177.85	4,315.86
% age of Operational Income	10%	8%
Administrative, selling and other expenses	1,493.47	5,194.67
% age of Operational Income	4%	10%
Total Expenditure	37,420.70	43,917.84
Profit before Interest, Depreciation, Amortization, Tax & Exceptional Items	4,750.92	8,968.27
% age of Total Income	12%	17%
Interest and Finance Charges	1,639.90	783.05
Depreciation and Amortization	1,636.69	1,176.14
Profit before Tax	1,474.33	7,009.08
Provision for Taxation (Net)	884.56	1,399.50
Profit after Tax	589.77	5,609.58

TOTAL INCOME:

The Total Operating Income of the Company has decreased from ₹ 52,190.79 lacs in FY 2010-11 to ₹ 40,602.05 lacs in FY 2011-12 showing a y-o-y decline of 22%. 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 FY2011-12 compared to 39% last year to 61% in FY2010 -11.

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 2012 was 78% of the Operational income as compared to 66% 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 3%. However as a percentage of sales it went up from 8% in FY2010-11 to 10% in FY2011-12 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 2010 – 11 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 ₹1,639.90 lacs as compared to ₹ 783.05 lacs during last fiscal. Increased working capital requirement and increase in cost of borrowings have attributed to increase in interest cost during the year.

DEPRECIATION:

Depreciation & Amortization for the Current Year was ₹ 1,636.69 lacs as compared to ₹ 1,176.14 lacs for the financial year 2010 – 11. 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 ₹ 8,968.27 lacs in 2010 – 11 to ₹ 4,750.92 lacs in 2011 – 12. The EBIDTA as a percentage of total Income has decreased to 12 % in FY 2011-12 from 17% in FY 2010-11. The decrease in EBIDTA level is mainly due to increase in Finance cost and 'Administrative, Sales & Other Expenses' (SG&A).

MAT Credit Entitlement:

During the year the Company has carried MAT credit entitlement of ₹ 280.00 Lacs. The Company will avail the credit of this entitlement against future taxable profits.

EQUITY SHARE CAPITAL:**WARRANTS TO BENNETT, COLEMEN COMPANY LIMITED (BCCL)**

During the year under review, the Company has converted 2,00,000 (Two Lacs) (Previous Year - Nil) Share Warrants into 2,00,000 Equity Shares of ₹. 5/- each to Bennett, Coleman and Company Limited ("BCCL") at a premium of ₹ 272/- per share on April 01st, 2011.

LOAN:

Secured loan as at March 31st , 2012 was ₹ 9,708.79 lacs (previous year : ₹ 9,601.34 lacs). This decrease was on account of ICDs taken during the year.

DEFERRED TAX LIABILITY:

The Company has provided a Deferred Tax Liability of ₹ 1680.82 lacs (*Previous Year: ₹ 796.26 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 ₹ 7,512.85 lacs in its Gross Block of assets (₹ 13,253.27 lacs for fiscal year 2011). Capital Work in Progress pending capitalization as on 31.3.2012 was ₹ 3,893.31 lacs. The major heads under which fixed assets were acquired during the year are 'Freehold & Leasehold Land and Office Premises'.

INVESTMENTS

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

DEBTORS TURNOVER RATIO

(₹ in Lacs)

Particulars	March 31, 2012	March 31, 2011
Outstanding Debtors at the end of the Period	21,685.68	25,168.57
Debtors less than 180 Days as a % of total debtors	76%	86%
Debtors more than 180 Days as a % of total debtors	24%	14%
No. of Days outstanding Debtors (Days) on an Average	195	176

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, 2012	March 31, 2011
Cash generated from Operating Activities	4,671.77	1,377.76
Net Cash flow from / (used in) investing activities	(4,362.43)	(2,810.86)
Net Cash flow from / (used in) financing activities	(1,918.47)	2,142.75
Cash and cash equivalents at the beginning of the year	3,748.21	3,038.56
Cash and cash equivalents at the end of the year	2,139.07	3,748.21

The Company has generated cash from operating activities of ₹ 4,671.77 lacs (Previous Year: ₹ 1,377.76 lacs). During the year Company has paid taxes to the extent of ₹ 41 lacs (Previous Year: ₹ .2,171.62 lacs). However Company also carries a MAT credit entitlement of ₹ 280.00 lacs during current financial year. During the year, the Company has added assets worth ₹ 7,512.85 lacs into its gross block. This was mainly financed by liquidating investments in various mutual funds.

As at March 31st, 2012 the cash and cash equivalent was ₹ 2,139.07 lacs (previous year : ₹ 3,748.21 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.

AUDITORS' REPORT

TO THE MEMBERS OF ALLIED DIGITAL SERVICES LIMITED

We have audited the attached Balance Sheet of ALLIED DIGITAL SERVICES LIMITED ("the Company"), as at March 31st, 2012, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors, as on March 31st, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us the said accounts, read with the Notes of Accounts thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31st, 2012;
 - b. in the case of Profit and Loss Account, of the Profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place: Mumbai
Date: August 28th , 2012

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

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 31st, 2012 is ₹ 2,105.35 Lacs. The maximum amount due from such loans during the year was ₹ 2,131.16 Lacs.
(b) The Company has taken interest free unsecured loans during the year under review and the balance outstanding as on March 31st, 2012 is ₹ 106.47 lacs. The maximum amount involved during the year was ₹ 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 The Company has not accepted any deposits from public during the year.
- VII The Company has Internal Audit system which is commensurate with its size and nature of its business.
- VIII No Cost Records have been prescribed by the Central Govt. under Clause (d) of Sub Section (1) of Section 209 of the Companies Act, 1956.

- IX (a) According to the records of the Company, the Company has generally been regular in depositing with appropriate authorities the undisputed statutory dues such as Provident Fund, Employees State Insurance, VAT, CST, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. However some delays have been noticed in filing of the Returns and payment of some of the above liabilities.
- (b) According to the information and explanation given to us, details of Income Tax which has not been deposited on account of dispute is ₹ NIL.
- X The Company does not have accumulated losses as at the end of the year and the Company has not incurred any cash losses in the current and immediately preceding financial year.
- XI As per the explanation and information given to us, the Company has not defaulted in repayment of any dues to any Financial Institution or Banks. There is no issue of any Debentures by the Company in the year under review or any of the preceding years.
- XII The Company has not granted loans and advances on the basis of security by way of pledge of Shares, debentures or other securities.
- XIII In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of said order are not applicable to the Company.
- XIV In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provision of clause (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XV According to the information and explanation given to us, the Company has given guarantees for the loans taken by the subsidiaries companies from Banks and Financial Institutions. The details of the Guarantee are as follows:
- | Sr. No. | Name of the Company | Nature of Guarantee | Balance Outstanding as at 31 st March 2012 |
|---------|----------------------------------|--|---|
| 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 | US\$ 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

Place: Mumbai
Date: August 28th, 2012

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

BALANCE SHEET AS AT MARCH 31ST, 2012

Particulars	Note No.	As at March 31st, 2012	As at March 31st, 2011
(₹ in Lacs)			
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	1	2,309.34	2,329.19
Reserves and Surplus	2	66,429.18	66,276.89
Non-Current Liabilities			
Other Long term liabilities	3	21.00	-
Deferred tax liabilities (Net)	4	1,680.82	796.27
Long term provisions	5	91.08	82.86
Current Liabilities			
Short term borrowings	6	9,980.26	9,664.10
Trade Payables	7	1,755.97	1,593.23
Other Current Liabilities	8	542.97	453.76
Short term provisions	9	155.01	350.62
Total		82,965.63	81,546.92
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible assets	10	22,079.37	18,189.10
Intangible assets	10	2,033.03	47.14
Capital work-in-progress		3,893.31	4,630.26
Non current investments	11	14,496.21	17,193.83
Long term loans and advances	12	4,966.69	5,025.58
Current Assets			
Current Investments	13	750.00	-
Inventories	14	3,710.65	2,220.47
Trade receivables	15	21,685.68	25,168.57
Cash and cash equivalents	16	2,139.07	3,748.21
Short-term loans and advances	17	6,455.26	4,922.98
Other current assets	18	756.36	400.78
Total		82,965.63	81,546.92
Significant Accounting Policies	25		

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

Place: Mumbai

Date: August 28th, 2012

sd/-

Ravindra Joshi

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31ST, 2012

(₹ in Lacs)

Particulars	Note No.	For the year ended March 31st, 2012	For the year ended March 31st, 2011
INCOME			
Revenue from operations	19	40,602.05	52,190.79
Other Income	20	1,569.57	695.32
Total Revenue		42,171.62	52,886.11
EXPENSES:			
Purchases for Traded Goods & Service Spares	21.a	33,239.56	35,709.75
Changes in inventories of stock-in-trade	21.b	(1,490.18)	(1,302.44)
Employee benefits expense	22	4,177.85	4,315.86
Finance costs	23	1,639.90	783.05
Depreciation and amortisation expense	11	1,636.69	1,176.14
Other expenses	24	1,493.47	5,194.67
Total Expenses		40,697.29	45,877.03
Profit before tax		1,474.33	7,009.08
Tax expenses:			
Tax expense for current year		280.00	1,321.96
MAT credit		(280.00)	(433.77)
Net current tax expense		-	888.19
Deferred Tax		884.56	511.31
Total Tax Expenses		884.56	1,399.50
Profit/(Loss) for the year		589.77	5,609.50
Earning per equity share:			
Equity Shares of par value ₹ 5 each			
Basic		1.27	12.06
Diluted		1.27	12.05
Significant Accounting Policies	25		

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

Place: Mumbai

Date: August 28th, 2012

sd/-

Ravindra Joshi

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31ST, 2012

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31st, 2012	For the year ended March 31st, 2011
I CASH INFLOWS			
(1) From Operating activities			
(a)	Profit/Loss as per Profit & Loss Account before Tax	1,474.33	7,009.08
	Adjustments:		
	Depreciation and amortization	1,636.69	1,929.14
	Gratuity Exp	8.22	
	Income Tax Paid	41.00	
	Finance Cost	1,639.89	722.00
	Other Provisions	16.00	2,651.14
(b)	Working capital changes:		
	Decrease in trade receivables	3,482.89	
	Increase in trade payables	162.74	
	Increase in Long term liabilities	21.00	
	Increase in other current liabilities	89.21	
	Increase in long term provisions	8.22	
	Total of (1)	3,764.06	-
		8,580.19	9,660.22
(2) From Investing activities			
	Proceeds from sale of investments	2,697.62	13,317.66
	Realisation of long-term loans and advances from subsidiaries/ associates/ business ventures	58.89	-
	Decrease in other long-term loans and advances	-	326.03
	Dividend received	92.30	376.07
	Interest received	201.52	288.57
	Total of (2)	3,050.33	14,308.33
		3,050.33	14,308.33
(3) From Financing activities			
	Proceeds from issue of share capital		414.84
	Proceeds from short-term borrowings	316.16	2,991.91
	Total of (3)	316.16	3,406.75
	Total cash inflows(1+2+3)	11,946.68	27,375.30
II CASH OUTFLOWS			
(1) From Operating activities			
	Other Income	293.82	664.64
	Working capital changes:		
	Increase in inventories	1,490.18	1,302.43
	Increase in trade receivables	-	3,904.78
	Increase in short-term loans and advances	1,532.28	
	Increase in other current assets	355.58	
	Decrease in trade payables	-	238.99

		(₹ in Lacs)			
Sr. No.	Particulars	For the year ended March 31st, 2012		For the year ended March 31st, 2011	
	Decrease in short term provisions	195.61	3,573.65	-	5,446.20
	Direct taxes paid/(Refund) (Net of refunds)		41.00		2,171.62
	Total of (1)		3,908.47		8,282.46
(2)	From Investing activities				
	Purchase of tangible assets/capital work-in-progress	4,670.82		13,058.95	
	Purchase of intangible assets/assets under development	1,991.91			
	Purchase of investments	750.00			
	Investment in subsidiaries/associates/ business ventures		7,412.73	4,060.24	17,119.19
	Total of (2)		7,412.73		17,119.19
(3)	From Financing activities				
	Dividends paid (including distribution tax)	271.60		542.00	
	Interest and other finance costs	1,639.90		722.00	
	Outflow on account of Share Buyback	323.12	2,234.62		1,264.00
	Total of (3)		2,234.62		1,264.00
	Total cash outflows (1+2+3)		13,555.82		26,665.65
III	Net (decrease)/increase in cash and cash equivalents				
	From Operating activities	4,671.72		1,377.76	
	From Investing activities	(4,362.40)		(2,810.86)	
	From Financing activities	(1,918.46)		2,142.75	
	Total (A)		(1,609.14)		709.65
	Add: Cash and cash equivalents at the beginning of the period (B)	-	3,748.21		3,038.56
	Cash and cash equivalents at the end of the period (A+B)		2,139.07		3,748.21

As per our report of even date

For K. M. Kapadia & Associates

Chartered Accountants

F. No. 104777W

sd/-

Kamlesh Kapadia

M. No. 039707

Place: Mumbai

Date: August 28th, 2012

For Allied Digital Services Ltd.

sd/-

Nitin Shah

Chairman &
Managing Director

sd/-

Prakash Shah

Director Commercial

sd/-

Ravindra Joshi

Company Secretary

Notes forming part of the Balance Sheet as at March 31st, 2012

Note 1: Share Capital

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

Share Capital	As at		As at	
	March 31st, 2012	March 31st, 2011	March 31st, 2012	March 31st, 2011
	Number	Amount	Number	Amount
Authorised				
Equity shares of ₹ 5 each with voting rights	600	3,000.00	600	3,000.00
Issued				
Equity shares of ₹ 5 each with voting rights	462	2,309.34	466	2,329.19
Subscribed & Paid up				
Equity shares of ₹ 5 each with voting rights	462	2,309.34	466	2,329.19

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

Particulars	Opening Balance	ESOP	Conversion	Buy back	(₹ in Lacs)
					Closing Balance
Equity shares with voting rights					
Year ended March 31st, 2012					
- Number of shares	466	-	2	6	462
- Amount in ₹	2,329.19	-	10.00	29.85	2,309.34
Year ended March 31st, 2011					
- Number of shares	465	1	-	-	466
- Amount in ₹	2,324.00	5.19	-	-	2,329.19

(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.

During the year ended March 31st, 2012, the amount of per share dividend recognized as distributions to equity shareholders is ₹ 0.25 per share (March 31st, 2011: ₹ 0.5 per share).

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

Name of Shareholder	(₹ in Lacs)			
	As at		As at	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares with voting rights				
Nitin Dhanji Shah	124.77	27.01	124.77	26.78
Prakash Dhanji Shah	63.46	13.74	63.46	13.62

(e) Employee Stock Options Scheme

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

Notes forming part of the Balance Sheet as at March 31st, 2012

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 :

	(₹ in Lacs)	
Particular	2011-2012	2010-2011
Opening Outstanding option	0.44	1.76
Granted during the year	-	-
Exercised during the year (Post - split)	-	1.04
Forfeited/lapsed during the year (Post - split)	0.44	0.28
Closing Outstanding option	-	0.44

(iii) Stock Option Scheme (2010)

The Company by a Special Resolution passed at Annual General Meeting held on September 29th, 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.

	(₹ in Lacs)	
Particular	2011-2012	
Opening Outstanding option	-	
Employee Stock Option Scheme announced during the Year	30.00	
Granted during the year	4.28	
Exercised during the year (Post - split)	-	
Forfeited/lapsed during the year (Post - split)	-	
Closing Outstanding option	25.73	

(f) Issue of Shares against Warrants

During the year under review, the Company has converted 2,00,000 (Two Lacs) (Previous Year - NIL) Warrants into 2,00,000 Equity Shares of ₹ 5/- each to Bennett, Coleman and Company Limited ("BCCL") at a premium of ₹ 272/- per share on April 01st, 2011.

(g) Issue of Shares other than Cash

Details of Shares allotted as fully paid up by way of bonus shares before March 31st, 2012

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 31st, 2012

(h) Buy- Back of Equity Shares

The Board of Directors of the Company in their meeting held on February 18, 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 Lakhs ("Offer size"). The Date of Opening of the buyback was April 25, 2011 and last Date for the Buyback was February 17, 2012. During the financial year, the Company has bought back 5,97,075 Equity Shares for a Total Consideration of ₹ 324.87 Lakhs. The Bought back shares have been duly extinguished by the Company.

Note 2: Reserves and Surplus		(₹ in Lacs)	
Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
(a)	Capital Reserves		
	Subscription amount received on Equity Warrants		
	Opening Balance	554.00	554.00
	(-) Transferred on account of conversion of Equity Warrants into Equity Shares	554.00	-
	Closing Balance	<u>-</u>	<u>554.00</u>
(b)	Capital Redemption Reserve		
	Opening Balance	-	-
	(+) Current Year Transfer		
	on buyback of 5,97,075 equity shares of ₹ 5 each	29.85	-
	Closing Balance	<u>29.85</u>	<u>-</u>
(c)	Securities Premium Account		
	Opening Balance	36,398.33	36,354.20
	(+) Securities premium credited on allotment of equity shares	544.00	44.14
	(-) Utilised during the year for:		
	Buy back of shares of 5,97,075 equity shares of ₹ 5 each	324.87	-
	Closing Balance	<u>36,617.46</u>	<u>36,398.34</u>
(d)	General Reserves		
	Opening Balance	1,337.77	1,337.77
	Closing Balance	<u>1,337.77</u>	<u>1,337.77</u>
(e)	Surplus		
	Opening balance	27,986.78	23,308.47
	(+) Net Profit/(Net Loss) For the current year	589.77	5,609.58
	(+) 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	232.92
	(-) Corporate Dividend Tax	18.73	38.68
	(-) Short Provision of Tax of earlier years (Net)	-	659.67
	Closing Balance	<u>28,444.10</u>	<u>27,986.78</u>
	Total Reserves and Surplus	<u><u>66,429.18</u></u>	<u><u>66,276.89</u></u>

Notes forming part of the Balance Sheet as at March 31st, 2012

Note 3: Other Long Term Liabilities

		(₹ in Lacs)	
Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
a	Others		
	Security deposit for rented property	21.00	-
	Total Other Long Term Liabilities	21.00	-

Note 4: Deferred tax liabilities

		(₹ in Lacs)	
Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
a	The net deferred tax asset as at March 31st, 2012, comprises of the following components:		
	Deferred Tax Asset		
	On account of Deferred Revenue Expenses (IPO Exp)	301.99	430.66
	Provision for doubtful debts	5.19	250.13
	Total Deferred Tax Asset	307.18	680.79
	Deferred Tax Liability		
	On timing difference of depreciation between W.D.V. of Assets as per Companies Act and Income Tax Act	1,985.33	1,458.52
	Provision for employee benefits	-	18.54
	Gratuity	2.67	-
	Total Deferred Tax Liability	1,988.00	1,477.06
	Net Deferred Tax Asset / (Liability)	(1,680.82)	(796.27)

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 31st, 2012	As at March 31st, 2011
a	Provision for employee benefits:		
	Provision for gratuity	91.08	82.86
	Total Other Long Term Provisions	91.08	82.86

Note 6: Short Term Borrowings

		(₹ in Lacs)	
Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
	Secured		
a	Loans repayable on demand (Refer Note (a))	9,283.79	9,601.34
b	Inter Corporate Deposits (Refer Note (b))	425.00	-
		<u>9,708.79</u>	<u>9,601.34</u>
	Unsecured		
a	Loans and advances from related parties	106.47	62.76
b	Inter Corporate Deposits	165.00	-
		<u>271.47</u>	<u>62.76</u>
	Total Short Term Borrowings	9,980.26	9,664.10

Notes forming part of the Balance Sheet as at March 31st, 2012

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

(₹ in Lacs)			
Particulars	Nature of security	As at March 31st, 2012	As at March 31st, 2011
Loans repayable on demand from banks:			
Barclays Bank Foreign Currency Loan	Refer Note (i)	2,013.58	1,805.00
State Bank of India SLOC		-	500.18
Standard Chartered Bank Term Loan		-	500.00
Working Capital Facility From ICICI Bank	Fixed Deposit of ₹ 33,47,169.00	26.99	25.57
Working Capital Facility From State Bank of India	Refer Note (i)	5,708.35	5,199.13
Working Capital Facility From Standard Chartered Bank	Refer Note (i)	1,534.87	1,571.46
Loans repayable on demand from banks		9,283.79	9,601.34

(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 ₹ 87,200,104 (including accrued Interest)
- (h) Personal Guarantee of directors Mr. Prakash D Shah and Mr. Nitin D Shah

(b) **Details of Security Offered for Inter-Corporate Deposit**

Secured against Lien of 50,00,000 Units @ 10 each of IDFC Fixed Maturity Plan -Eighteen Month Series 7-Growth.

Note 7: Trade Payables

(₹ in Lacs)			
Sr. No.	Particular	As at March 31st, 2012	As at March 31st, 2011
a	Trade payables		
	Sundry Creditors		
	- Acceptances	551.25	500.18
	- Other than Acceptances	1,204.72	1,093.05
	Total Trade Payables	1,755.97	1,593.23

Note 8: Other Current Liabilities

(₹ in Lacs)			
Sr. No.	Particular	As at March 31st, 2012	As at March 31st, 2011
(a)	Income received in advance	29.86	21.41
(b)	Duties & Taxes	513.11	432.35
	Total Other Current Liabilities	542.97	453.76

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.

Notes forming part of the Balance Sheet as at March 31st, 2012

Note 9: Short Term Provisions

(₹ in Lacs)

Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
a	Provision for employee benefits		
(i)	Contribution to PF	6.99	-
(ii)	Contribution to ESIC	4.66	2.74
(iii)	Professional Tax	9.16	9.27
(iv)	LTA Payable	-	0.82
(v)	Others	-	66.49
b	Others		
(i)	Proposed final dividend on equity shares	115.47	232.62
(ii)	Tax on Dividend	18.73	38.68
Total Short Term Provisions		155.01	350.62

Note 10: Fixed Assets

(₹ in Lacs)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION / AMORTISATION			NET BLOCK	
	As at April 1st, 2011	Additions	As at March 31st, 2012	As at April 1st, 2011	For the year	As at March 31st, 2012	As at March 31st, 2012	As at March 31st, 2011
Tangible Assets								
Leasehold Premises	6,929.12	1,533.74	8,462.86	90.06	115.48	205.54	8,257.32	6,839.06
Leasehold Land	1,602.84	1,038.03	2,640.87	3.27	27.43	30.70	2,610.17	1,599.57
Freehold Premises	1,130.23	5.39	1,135.62	8.44	18.49	26.93	1,108.69	1,121.79
Civil and Plumbing Work	1,067.21	35.18	1,102.39	17.22	17.88	35.10	1,067.29	1,049.99
Furniture and Fixtures	2,057.34	588.63	2,645.97	242.87	134.71	377.58	2,268.39	1,814.47
Office Equipments	640.30	57.07	697.37	54.16	31.78	85.94	611.43	586.14
Motor Vehicles	133.44	-	133.44	53.13	12.68	65.81	67.63	80.31
Computers and IT Equipments	6,994.21	2,250.76	9,244.97	1,896.44	1,260.08	3,156.52	6,088.45	5,097.77
Computers (Given on lease)	155.98	-	155.98	155.98	-	155.98	-	-
Total Tangible Assets	20,710.67	5,508.80	26,219.47	2,521.57	1,618.53	4,140.10	22,079.37	18,189.10
Intangible Assets								
Computer Software Licenses	74.90	-	74.90	27.76	12.14	39.90	35.00	47.14
Intellectual Property Rights	-	2,004.05	2,004.05	-	6.02	6.02	1,998.03	-
Total Intangible Assets	74.90	2,004.05	2,078.95	27.76	18.16	45.92	2,033.03	47.14
Total	20,785.57	7,512.85	28,298.42	2,549.33	1,636.69	4,186.02	24,112.40	18,236.24
Previous year	7,532.30	13,253.27	20,785.57	1,373.19	1,176.14	2,549.33	18,236.24	6,159.11

Note:

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.

Notes forming part of the Balance Sheet as at March 31st, 2012

Note 11: Non Current Investments

		(₹ in Lacs)	
Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
	Non- Quoted, long term, Trade: (at cost)		
(a)	Investment in Subsidiaries		
(i)	Allied Digital Services LLC (USA) 306017 (Previous Year : 306017) Equity shares of USD 10 each, fully paid up	7,530.79	7,530.79
(ii)	Digicomp Complete Solutions Limited 23580 (Previous Year : 19300) equity shares of ₹ 100/- each fully paid up	652.12	612.53
(iii)	Allied Digital Inc (USA) 10000 (Previous Year : 10000) equity shares of USD 0.0001/- each fully paid up (Refer Note)	5,613.92	4,648.68
(iv)	En Pointe Technologies India Private Limited 1000 (Previous Year : 1000) equity shares of ₹ 100/- each fully paid up	3.21	3.21
(v)	Allied Digital Singapore Pte Limited 100 (Previous Year : 100) shares of SGD 1 each, fully paid up (Refer Note)	-	-
(vi)	Allied Digital Asia Pacific Pty Limited (Australia) 100 (Previous Year : 100) shares of AUD 1 each, fully paid up (Refer Note)	127.84	127.84
(vii)	E-Cop Surveillance India Pvt. Ltd 86010 (Previous Year : Nil) equity shares of ₹ 10/- each fully paid up	1.01	-
	Total Investment in Subsidiaries	13,928.89	12,923.05
(b)	Investment in Mutual Funds		
(i)	Fortis Money Plus Fund Institutional Plan - Daily Dividend NIL (Previous year: 186,242.843 units of ₹ 10.0032)	-	18.63
(ii)	Fortis Flexi Debt Fund - Regular - Quarterly Dividend NIL (Previous year: 164,281.735 units of ₹ 10.09171)	-	16.59
(iii)	HDFC Cash Management Fund Treasury Advantage Plan - Daily Dividend NIL (Previous year: 705,987.977units of ₹ 10.0315)	-	70.82
(iv)	HDFC Cash Management Fund Treasury Advantage Plan - Weekly Dividend 89,979.0080 (Previous year: Nil) units of ₹ 10.0309 each	9.03	-
(v)	Kotak Floater Long Term - Daily Dividend 98,746.1420 (Previous year: 994,857.032 units of ₹ 10.0798) units of ₹ 10.0798 each	9.95	100.29
(vi)	kotak Credit Opp. Fund Weekly Div NIL (Previous year:3,857,267.476 units of ₹ 10.07639)	-	388.67
(vii)	Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan 0.181 (Previous year: 0.181 units of ₹ 1001.1364) units of ₹ 1002.9282 each	-	-
(viii)	Reliance Regular Savings Fund- Debt- Institutional Growth NIL (Previous year: 2,347,980.558 units of ₹ 12.7769)	-	300.00

Notes forming part of the Balance Sheet as at March 31st, 2012

		(₹ in Lacs)	
Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
(ix)	ICICI Prudential Flexible Income Plan Premium - Daily Dividend 10.5980 (Previous year: 9.869 units of ₹ 105.7607) units of ₹ 105.4812 each	0.01	0.01
(x)	ICICI Prudential Income Opportunities Fund Institutional Growth 48,500.014 (Previous year: 48,500.014 units of ₹ 11.2806) units of ₹ 11.2806 each	5.47	5.47
(xi)	Birla Sun Life Floating Rate Fund - Long Term - Weekly Dividend NIL (Previous year: 2,015,173.056 units of ₹ 10)	-	201.52
(xii)	Birla Sun life Dynamic Bond Fund - Retail - Quarterly Dividend 2,01,331.4700 (Previous year: 188,363.021 units of ₹ 11.2331) units of ₹ 11.2380 each	22.63	21.16
(xiii)	Birla Sun life Floating Rate Fund - Long Term-Instl-weekly Div NIL (Previous year: 175.396 units of ₹ 10.0265)	-	0.02
(xiv)	BSL Floating Rate Fund - Long Term - INSTL - Weekly Dividend -Reinvestment 18.821 (Previous year: NIL) units of ₹ 100.144 each	0.02	-
(xv)	SBI SHF Ultra Short Term Fund - Institutional Plan - Daily Dividend NIL (Previous year: 228.124 units of ₹ 10.0060)	-	0.02
(xvi)	DSP Black Rock Floating Rate Fund - Institutional Plan - Daily Dividend 3.4850 (Previous year: 3.234 units of ₹ 1000.5452) units of ₹ 1000.6026 each	0.03	0.03
(xvii)	Canara Robeco Treasury Advantage Super Institutional - Daily Dividend NIL (Previous year: 11.5084 units of ₹ 12.4071)	-	-
(xviii)	Canara Robeco Treasury Advantage Super Institutional - Daily Dividend 0.1180 (Previous year: NIL) units of ₹ 1244.6610 each	-	-
(xix)	Canara Robeco Income Growth Fund 4,578.4592 (Previous year: 4,578.4592 units of ₹ 19.9025) units of ₹ 19.9025 each	0.91	0.91
(xx)	Canara Robeco Short Term Institutional Growth Fund 124.2276 (Previous year: 124.2276 units of ₹ 10.8064) units of ₹ 10.8064 each	0.01	0.01
(xxi)	IDFC Fixed Maturity Plan -100 days Series -3 Dividend NIL (Previous year: 12,174,660.561 units of ₹ 10.00)	-	1,217.47
(xxii)	IDFC Fixed Maturity Plan - Eighteen Month Series 7 - Growth NIL (Previous year: 5,000,000.00 units of ₹ 10.00)	-	500.00
(xxiii)	Templeton India Short Term Income Retail Plan 1,693.8252 (Previous year: 11,805.22 units of ₹ 1085.6741) units of ₹ 1086.8052 each	18.41	128.17

Notes forming part of the Balance Sheet as at March 31st, 2012

		(₹ in Lacs)	
Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
(xxiv)	Templeton India Opportunities Fund Growth NIL (Previous year: 4,798,191.4337 units of ₹ 10.4206)	-	500.00
(xxv)	Templeton India Income opportunities fund - Dividend reinvestment 7,871.5840 (Previous year: 7,458.296 units of ₹ 10.492) units of ₹ 10.4876 each	0.83	0.78
(xxvi)	IL & FS Milestone Fund II B 50,000 (Previous year: 30,000 units of ₹ 1000) units of ₹ 1,000 each	500.00	300.00
(xxvii)	SBI Debt Fund Series - 370 Days - 8 - Growth NIL (Previous year: 5,000,000.00 units of ₹ 10.0037)	-	500.19
(xxviii)	SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend NIL (Previous year: 227.066 units of ₹ 8.940)	-	0.02
(xxiv)	SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend 2.4220 (Previous year: NIL) units of ₹ 1004.2609 each	0.02	-
Total Investment in Mutual Funds		567.32	4,270.78
Total Non Current Investments		14,496.21	17,193.83
Aggregate amount of quoted investments		567.33	4,270.76
Aggregate market value of quoted investments		569.75	4,332.82
(i)	Amounts extended to wholly owned subsidiaries Company has been shown under the head investment as the same is long term in nature.		
(ii)	Investments in mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis.		

Note 12: Long Term Loans and Advances

		(₹ in Lacs)	
Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
(a)	Security Deposits		
	Unsecured, considered good	466.72	519.40
(b)	Loans and advances to related parties		
	Unsecured, considered good	550.63	540.34
(c)	Advance given to a Suppliers		
	Unsecured, considered good	3,467.27	3,467.15
(d)	Others		
	Advance income tax of prior years receivable	480.57	497.19
	Other Loans and Advances	1.50	1.50
Total Others		482.07	498.69
Total Long Term Loans and Advances		4,966.69	5,025.58

Notes forming part of the Balance Sheet as at March 31st, 2012

Note 13: Current Investments

(₹ in Lacs)

Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
Non- Quoted, Short term, Non - Trade: (at cost)			
Investment in Mutual Funds			
(a)	ICICI Prudential Fixed Maturity Plan-Series 56-1 Year Plan F Growth 25,00,000 (Previous year: Nil) units of ₹ 10.00 each	250.00	-
(b)	IDFC Fixed Maturity Plan - Eighteen Month Series 7 - Growth 5,000,000.00 (Previous year: NIL) units of ₹ 10.00 each	500.00	-
Total - Current investments		750.00	-
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 31st, 2012	As at March 31st, 2011
	Stock in Trade (for Trading)	3,291.00	2,034.11
	Stock in Trade (for Service)	419.65	186.36
Total Inventories		3,710.65	2,220.47

- (i) Inventories are valued at lower of cost and net realizable value
- (ii) The value of the Inventory as on March 31st, 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 15: Trade Receivables

(₹ in Lacs)

Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
Trade receivables outstanding for a period less than six months from the date they are due for payment			
	Unsecured, considered good	16,415.45	21,525.92
	Less: Provision for doubtful debts	-	-
		16,415.45	21,525.92
Trade receivables outstanding for a period exceeding six months from the date they are due for payment			
	Unsecured, considered good	5,270.23	3,642.65
	Unsecured, considered doubtful	769.00	753.00
	Less: Provision for doubtful debts	(769.00)	(753.00)
		5,270.23	3,642.65
Total Trade Receivable		21,685.68	25,168.57

Trade Receivable stated above include debts due by:

Notes forming part of the Balance Sheet as at March 31st, 2012

(₹ in Lacs)

Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
	Directors	0.18	-
	Private Company in which director is a member	585.31	145.93
	Total	585.49	145.93

Note 16: Cash and Cash Equivalents:

(₹ in Lacs)

Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
(a)	Balances with Banks		
(i)	In fixed deposit accounts (pledge with bank against LC margin/ guarantees given by bank)	410.74	319.54
(ii)	In fixed deposit accounts (pledge with banks as security for borrowings)	913.69	1,533.04
(iii)	In Current Account	811.32	1,858.28
(b)	Cash on hand	3.32	37.35
	Total Cash and Cash Equivalents	2,139.07	3,748.21

Note 17: Short-term loans and advances:

(₹ in Lacs)

Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
a	Loans and advances to related parties		
	Subsidiaries & Associates	1,450.44	92.74
b	Loans and advances (others)		
	Unsecured, considered good		
(i)	Security Deposit	97.23	153.17
(ii)	Loans and advances to employees	388.76	379.09
(iii)	Inter Corporate Deposits	3,323.28	3,329.69
(iv)	Advance recoverable in cash or kind for value to be received	-	8.53
(v)	Interest Accrued	94.01	201.82
(vi)	MAT Credit Entitlement	713.77	433.77
(vii)	Current year TDS Receivable	387.77	324.17
	Total Short-term loans and advances	6,455.26	4,922.98

Short-term Loans and advances due by directors or other officers of the company:

Directors	5.37	-
Total	5.37	-

Note 18: Other Current Assets

(₹ in Lacs)

Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
(i)	Unbilled revenue	186.17	64.38
(ii)	Prepaid expenses	570.19	336.40
	Total Other Current Assets	756.36	400.78

- (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.

**Notes forming part of the Profit and loss account
for the year ended March 31st, 2012**

Note 19 : Operating Income

Sr. No	Particulars	(₹ in Lacs)	
		For the year ended	For the year ended
		March 31st, 2012	March 31st, 2011
	Services, Solutions and Sales	40,570.95	52,138.77
	Lease Rent	19.41	19.22
	Other operating revenues	11.69	32.80
	Total Operating Income	40,602.05	52,190.79

Note 20 : Other Income

Sr. No	Particulars	(₹ in Lacs)	
		For the year ended	For the year ended
		March 31st, 2012	March 31st, 2011
	Interest Income (Refer Note 20.a)	201.52	288.57
	Dividend Income from Mutual Funds	92.30	346.37
	Net gain on sale of Mutual Funds	121.92	29.71
	Net gain on foreign currency transactions	1,106.92	-
	Other non-operating income (Refer Note 20.b)	46.91	30.67
	Total Other Income	1,569.57	695.32

Note 20.a

Interest Income comprises:

Interest on deposits from banks	162.43	119.59
Interest on loans and advances	21.45	153.83
Interest income from current investments in subsidiaries	17.65	15.15
Total - Interest income	201.53	288.57

Note 20.b

Other non-operating income comprises:

Income from Office Rent	9.48	-
Miscellaneous income	37.43	30.67
Total - Other non-operating income	46.91	30.67

Note 21 a Purchase of Traded Goods

Sr. No	Particulars	(₹ in Lacs)	
		For the year ended	For the year ended
		March 31st, 2012	March 31st, 2011
	Purchase of Traded Goods and Services	33,202.72	35,683.65
	Other Direct Cost	36.84	26.10
	Total Purchase of Traded Goods	33,239.56	35,709.75

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

Closing Stock	3,710.65	2,220.47
Less : Opening Stock	2,220.47	918.03
Net (increase) / decrease	(1,490.18)	(1,302.44)

- (i) Inventories are valued at lower of cost and net realizable value
- (ii) The value of the Inventory as on March 31st, 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.

**Notes forming part of the Profit and loss account
for the year ended March 31st, 2012**

Note 22 : Employee Benefits Expenses

Sr. Particulars No	(₹ in Lacs)	
	For the year ended	For the year ended
	March 31st, 2012	March 31st, 2011
(a) Salaries and wages (Including Directors' Remuneration) (Refer note (22a))	3,838.14	3,954.08
(b) Contributions to Provident Fund	152.98	155.55
(c) Contributions to ESIC	92.22	75.83
(d) Contributions to Labor Welfare Fund	0.49	0.48
(e) Contributions to Gratuity	8.22	65.75
(f) Staff welfare expenses	85.80	64.17
Total Employee Benefit Expenses	4,177.85	4,315.86
(22a) Details of Managerial Remuneration:		
Salaries	128.81	125.16
Total	128.81	125.16

Note 23 : Finance costs

Sr. Particulars No	(₹ in Lacs)	
	For the year ended	For the year ended
	March 31st, 2012	March 31st, 2011
(a) Interest expense on:		
(i) Borrowings	1,284.38	617.69
(ii) Trade payables	5.14	-
(b) Other borrowing costs	89.06	104.31
(c) Net gain / (loss) on foreign currency transactions and translation	261.32	61.05
Total Finance costs	1,639.90	783.05

Note 24 Other expenses

Sr. Particulars No	(₹ in Lacs)	
	For the year ended	For the year ended
	March 31st, 2012	March 31st, 2011
Rent including lease rentals	141.02	151.60
Repairs and maintenance	65.58	53.39
Insurance	12.40	9.09
Rates and taxes	9.63	12.03
Communication	211.02	176.94
Travelling and conveyance	229.50	213.77
Electricity Expenses	119.12	99.33
Freight and forwarding	118.75	100.95
Advertisement Expenses	122.45	110.71
Legal and professional	375.97	197.62
Payments to auditors (Refer Note (24a) below)	10.10	9.93
Bad trade and other receivables, loans and advances written off	(228.55)	2,999.54
Net loss on foreign currency transactions and translation (other than considered as finance cost)	-	107.46
Provision for doubtful trade and other receivables, loans and advances	16.00	753.00
Miscellaneous expenses	290.48	199.31
Total Other expenses	1,493.47	5,194.67
24a Details of Auditors' Remuneration:		
Payments to the auditors		
(a) For statutory audit	4.50	3.50
(b) For taxation matters	1.00	0.50
(c) For other services	4.60	5.93
Total	10.10	9.93

Note 25 : 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.

2) 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	9.5
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) **Acquisitions**

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

2) **Employee Benefits**

Gratuity Plan

(i) An amount of ₹ Nil Lacs (*Previous Year ₹ 10.00 Lacs*) has been contributed towards the Employees Gratuity Fund against the current year liability of ₹ 91.08 Lacs (*Previous Year ₹ 65.75 Lacs*) and earlier year liabilities as per the Actuarial Valuation for Gratuity as on March 31st, 2012. The Company has its Employees Gratuity Fund managed by Birla Sun Life Insurance Company.

Particulars	Valuation Date	Valuation Date
	March 31st, 2012	March 31st, 2011
I Assumptions		
Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
Discount Rate	8.50%	8.30%
Rate of increase in compensation	5%	5%
Rate of return (expected) on plan assets		9%
Withdrawal rates	45 and above : 6%	45 and above : 6%
	29 to 44 : 3%	29 to 44 : 3%
	Upto 29 : 1%	Upto 29 : 1%
II Changes in present value of obligations		
PVO at beginning of period	12,387,549	4,769,371
Interest cost	1,001,351	359,674
Current Service Cost	3,471,718	3,506,366
Benefits Paid	(646,159)	(546,896)
Actuarial gain/(loss) on obligation	(3,539,160)	4,299,034
PVO at end of period	12,675,299	12,387,549

Particulars	Valuation Date	Valuation Date
	March 31st, 2012	March 31st, 2011
III Changes in fair value of plan assets		
Fair Value of Plan Assets at beginning of period	4,101,266	3,420,888
Adjustment to Opening Fair Value of Plan Assets	3,654	7,185
Expected Return on Plan Assets	340,400	328,900
Contributions	0	1,000,000
Benefit Paid	(646,159)	(546,896)
Actuarial gain/(loss) on plan assets	(231,694)	(108,811)
Fair Value of Plan Assets at end of period	3,567,467	4,101,266
IV Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of period	4,101,266	3,420,888
Adjustment to Opening Fair Value of Plan Assets	3,654	7,185
Actual Return on Plan Assets	108,706	220,089
Contributions	-	1,000,000
Benefit Paid	(646,159)	(546,896)
Fair Value of Plan Assets at end of period	3,567,467	4,101,266
Funded Status	(9,107,832)	(8,286,283)
Excess of actual over estimated return on Plan Assets	(231,694)	(108,811)
V Actuarial Gain/(Loss) Recognized		
Actuarial Gain/(Loss) for the period (Obligation)	3,539,160	(4,299,034)
Actuarial Gain/(Loss) for the period (Plan Assets)	(231,694)	(108,811)
Total Gain/(Loss) for the period	3,307,466	(4,407,845)
Actuarial Gain/(Loss) recognized for the period	3,307,466	(4,407,845)
Unrecognized Actuarial Gain/(Loss) at end of period	-	-
VI Amounts to be recognized in the Balance Sheet and statement of Profit & Loss Account		
PVO at end of period	12,675,299	12,387,549
Fair Value of Plan Assets at end of period	3,567,467	4,101,266
Funded Status	(9,107,832)	(8,286,283)
Unrecognized Actuarial Gain/(Loss)	-	-
Net Asset/(Liability) recognized in the balance sheet	(9,107,832)	(8,286,283)
VII Expense recognized in the statement of P & L A/C		
Current Service Cost	3,471,718	3,506,366
Interest cost	1,001,351	359,674
Expected Return on Plan Assets	(340,400)	(328,900)
Net Actuarial Gain/(Loss) recognized for the period	(3,307,466)	4,407,845
Expense recognized in the statement of P & L A/C	825,203	7,944,985
VIII Movements in the Liability recognized in Balance Sheet		
Opening Net Liability	8,286,283	1,348,483
Adjustment to Opening Fair Value of Plan Assets	(3,654)	(7,185)
Expenses as above	825,203	7,944,985
Contribution paid	-	(1,000,000)
Closing Net Liability	9,107,832	8,286,283

- (ii) The Company recognised ₹ 152.98 Lacs (*Previous year: ₹ 155.54 Lacs*) for provident fund contributions during the year. The contributions payable to this plan by the Company are at rates specified in the rules of the scheme and the same are charged to the Profit and Loss Account of the Company.

3) Contingent Liabilities

- (i) As per the Certificate issued by the banks, value of bank guarantees outstanding as on March 31st, 2012 amounts to ₹ 1,178.46 Lacs (*Previous Year ₹ 1,520.48 Lacs*) and the value of Letter of Credit Outstanding as on March 31st, 2012 amounts to ₹ 551.25 Lacs (*Previous Year ₹ 77.22 Lacs*).
- (ii) Claim against the Company not acknowledged as debts ₹ 8.93 Lacs (*Previous Year ₹ 8.93 Lacs*).
- (iii) The Income tax Authorities carried out a search operation at certain locations of the Company on February 4th, 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 had been asked to file the Revised Return of Income from A.Y. 2005-06 which has been complied with after revising/modifying its Income. The details of which are as under:

(₹ in Lacs)

Asst. Year	Income as per Original Return of Income	Income as per Revised Return of Income	Tax Payable as per Original Return of Income	Tax Payable as per Revised Return of Income	Additional Tax Payable on Revision of Income
2005-06	170.53	173.63	62.40	73.14	3.75
2006-07	1,106.94	1,103.49	372.59	411.27	(12.50)
2007-08	2,520.75	2,483.09	848.48	996.89	(31.68)
2008-09	5,537.19	5,554.12	1,882.09	2,248.72	4.06
2009-10	4,288.66	4,215.89	1,457.72	1,596.46	100.61
2010-11	6,839.52	6,882.77	2,425.89	2,465.15	(6.31)
				Total	57.93

The additional Income Tax Liability of ₹ 57.93 Lacs as per the above table plus interest thereon has not been provided for in the Books of Accounts during the year under review.

- (iv) During the year under consideration 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.
- (v) 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 31st, 2012
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	US\$ 26.67Lacs

- (v) There is a delay in payment of taxes and filing of Return of Service Tax 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. The company has not provided for these liabilities in their Balance Sheet as on March 31st, 2012.

4) 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) In respect of confirmation for Sundry Debtors and Loans and Advances as at March 31st, 2012, the Company has not received the same from the parties at the time of signing of the Balance sheet. The management is in the process of reconciling and obtaining the said confirmations as at March 31st, 2012 from the parties. Further, on completion of the reconciliation and balance confirmations as stated above, the need to make further provisions for the doubtful debts, if any, will be ascertained by the Company in due course. The ageing of the debtors as reported in the balance sheet could not be verified by the Auditors. Due to current economic market conditions as well as increased pricing pressure from customer, there is a delay in collecting the outstanding dues from the customer. However, the management is of the opinion that all the Sundry Debtors, Loans and Advances as appearing in the Balance Sheet are good and recoverable. For abundant precaution, the Company has made an additional provision for doubtful debts of ₹ 16 Lac during the year under consideration.

- ii) The value of the Inventory as on March 31st, 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.
- (iii) Amounts extended to wholly owned subsidiaries Company has been shown under the head investment as the same is long term in nature.

5) 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 ₹ 280.00 Lacs (*Previous year ₹ 433.77 lacs*) has been recognized during the year consideration.

6) 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.

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

(₹ In Lacs)

	Particular	Year ended 31.03.12	Year ended 31.03.11
i	Income in Foreign Currency		
	Sales of Services, Software & Solution	598.53	3,717.79
ii	Expenditure in Foreign Currency		
	(subject to deduction of tax where applicable)		
a	Professional & Consultation Fees	40.76	25.52
b	Travelling	16.02	19.66
c	Other Expenses	6.50	-
iii	Value of Imports calculated on C.I.F. basis		
a	Traded Goods	627.95	314.46

8) 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.

9) 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.

10) Earning Per Share

		2011-2012	2010-11
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)	4,65,83,802	4,64,79,952
II	Number of Shares at the end of the year (Nos.) of ₹ 5/- each	4,61,86,727	4,65,83,802
III	ESOP outstanding to employees NIL (previous year 44,050 Eq. Shares) of ₹ 5/- each @ ₹ 47.50 per share	Nil	44,050
IV	Weighted average number of Equity Shares of ₹ 5/- each (Previous Year ₹ 5/- each) outstanding during the year (Nos) for Basic EPS	4,63,11,687	4,65,19,460
V	Weighted average number of Equity Shares of ₹ 5/- each (Previous Year ₹ 5/- each) outstanding during the year (Nos) for Dilutive EPS	4,63,11,687	4,65,43,580
B	Net Profit after tax available for equity shareholders (In ₹ Lacs)	589.77	5,609.58
C	Basic income per share (in rupees) [B/A (v)]	1.27	12.06
D	Diluted income per share (in rupees) [B/A (vi)]	1.27	12.05

11) Related Party Disclosures

A) Related Parties and their Relationship

(a) Subsidiaries

- (i) Allied Digital Services LLC (formerly known as En Pointe Global Services LLC)
- (ii) Allied Digital INC
- (iii) Allied Digital Singapore Pte Ltd
- (iv) Allied Digital Asia Pacific Pty Ltd
- (v) Digicomp Complete Solutions Ltd.
- (vi) En Pointe Technologies India Private Limited
- (vii) E-Cop Surveillance (India) Private Limited

(b) Associates

- (i) Assetlite Equipment India Private Limited
- (ii) Abhirati Properties Private Limited
- (iii) Digicomp Electronics Testing Services (DETS) Pte. Limited
- (iv) The Gateways

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

Mr. Nitin Shah	Chairman & Managing Director
Mr. Prakash Shah	Executive Director - Commercial
Mr. Manoj Shah	Executive Director & CIO
Mr. Bimal Raj	Executive Director & CEO (Resigned on Feb. 7th, 2012)
Mr. Paresh Shah	Executive Director & CEO (Appointed on Nov. 10th, 2011)
Mrs. Tejal P. Shah	Wife of Mr. Prakash Shah
Mr. Nehal N. Shah	Son of Mr. Nitin Shah
Miss. Dhara N. Shah	Daughter of Mr. Nitin Shah
Mrs. Smitha B. Raj	Wife of Mr. Bimal Raj
Mrs. Rita P Shah	Wife of Mr. Paresh Shah

B) Nature of transaction with the Related Parties

(₹ in Lacs)

Year ended March 31st, 2012	Subsidiaries	Associates	Key Management Personnel
Revenue	1,189.90 299.79	18.66 24.62	0.27 -
Purchase of goods, services and facilities	100.27 64.13	211.02 151.90	- 5.40
Loans and advances	1401.39 199.50	10.29 542.50	- 0.27

C) Balance with Related Parties

(₹ in Lacs)

As at March 31st, 2012	Subsidiaries	Associates	Key Management Personnel
Sundry Debtors	552.54 66.95	78.24 104.86	0.18 -
Sundry Creditors	1,269.41 2.68	- 3.48	- 0.45
Loans and advances	1,474.90 104.35	627.58 541.13	5.37 0.27
Short term borrowings	62.80 -	- -	63.67 -

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
Subsidiaries			
Digicomp Complete Solutions Ltd.			
2011-12	119.26	119.26	39.59
2010-11	103.37	103.37	39.59
Allied Digital Services LLC, (Formerly known En Pointe Global Services LLC)			
2011-12	1,355.65	1,355.65	-
2010-11	-	1,505.48	27.48
Allied Digital INC			
2011-12	-	-	965.25
2010-11	-	-	877.86
En Pointe Technologies India Private Ltd.			
2011-12	-	25.03	-
2010-11	0.97	70.36	-
Allied Digital Singapore Pte Ltd.			
2011-12	3.03	3.03	-
2010-11	-	-	3.21
Allied Digital Asia Pacific Pty Ltd.			
2011-12	-	-	-
2010-11	-	-	127.84
E-Cop Surveillance India Pvt. Ltd			
2011-12	-	-	1.01
2010-11	-	-	-
Associates			
Assetlite Equipment India Private Ltd.			
2011-12	-	0.78	-
2010-11	0.78	0.50	-
Abhirati Properties Private Limited			
2011-12	550.63	550.63	-
2010-11	540.34	540.34	-
<i>The Gateways</i>			
2011-12	76.75	76.75	-
2010-11	-	-	-

(iv) Remuneration to Key Management Personnel**(₹ In Lacs)**

	Year Ended March 31st, 2012	Year Ended March 31st, 2011
(a) Managing Director and other Whole-time Directors		
Mr. Nitin Shah	48.75	50.63
Mr. Prakash Shah	29.38	30.31
Mr. Manoj Shah	20.00	21.50
Mr. Bimal Raj	19.36	22.72
<i>Mr. Paresh Shah</i>	11.32	-
Total Remuneration	128.81	125.16

(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 31st, 2012	Year Ended March 31st, 2011
a	Net Profit as per Profit and Loss Account	589.77	5,609.58
	Add : Provision for Income tax (Net of MAT Credit)	0.00	888.19
	Provision for Deferred Tax	884.56	511.31
	Profit under Section 349 of the Companies Act, 1956	1,474.33	7,009.08
	Add : Managerial Remuneration	128.81	125.16
	Depreciation as per accounts	1,636.69	1,176.14
	Provision for bad and doubtful debts	16.00	753.00
	Less : Depreciation as per Section 350 of the Companies Act, 1956	1,636.69	1,176.14
	Profit under Section 198 of the Companies Act, 1956	1,619.14	7,887.24
b	Details of Managerial Remuneration under Section 198 of the Companies Act, 1956		
	Salaries, Remuneration and Allowances	128.81	125.16
	Total	128.81	125.16

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 1st, 2001. These assets have been Capitalized and consequently depreciation has also been provided on these assets. The minimum lease rent receivable as at March 31st, 2012 are as follows:

(₹ In Lacs)

Particulars	Year Ended March 31st, 2012	Year Ended March 31st, 2011
Lease Rent Receivable		
Not later than one year	19.41	19.22
Later than one year but not later than five years	49.24	88.43

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 31st, 2012	Year Ended March 31st, 2011
1	Segment Revenue		
	Enterprise Computing based Solutions	28,421	<i>32,030</i>
	Infrastructure Management based Solutions	12,181	<i>20,161</i>
	Unallocated	-	-
	Net Segment Revenue	40,602	<i>52,191</i>
2	Profit before Interest, unallocable expenses & Tax		
	Enterprise Computing based Solutions	2,133	<i>6,095</i>
	Infrastructure Management based Solutions	6,720	<i>11,688</i>
		8,853	<i>17,783</i>
	Less : i) Interest	1,640	<i>722</i>
	ii) Un-allocable Expenses (net of un-allocable income)	5,738	<i>10,052</i>
	Total Profit Before Tax	1,474	<i>7,009</i>
3	Capital Employed		
	Un allocable	58,907	<i>57,075</i>
	Total Capital Employed	58,907	<i>57,075</i>

- 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.

For K. M. Kapadia and Associates

Chartered Accountants

F. No. 104777W

sd/-

Kamlesh Kapadia

M. No: 039707

Place : Mumbai

Date : August 28th, 2012

For Allied Digital Services Ltd.

sd/-

Nitin Shah

Chairman and

sd/-

Prakash Shah

Director Commercial
Managing Director

sd/-

Ravindra Joshi

Company Secretary

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF ALLIED DIGITAL SERVICES LIMITED

- 1) We have audited the attached Consolidated Balance Sheet of ALLIED DIGITAL SERVICES LIMITED and its subsidiaries (collectively referred as "the ADSL Group) as at March 31st, 2012 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 ₹ 2,214.07 Lacs as at March 31st, 2012, total revenues of ₹ 13,568.01 Lacs and net operating cash In flows amounting to ₹ 101.24 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 ₹ 988.19 Lacs as at March 31st, 2012, total revenue of ₹ 191.82 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 31st, 2012;
- (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

Place: Mumbai

Date: August 28th, 2012

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

Consolidated Balance Sheet as at March 31st, 2012

(₹ in Lacs)

Particulars	Note No.	As at March 31st, 2012	As at 31st March 2011
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	1	2,309.34	2,329.19
Reserves and Surplus	2	66,403.46	65,861.25
Minority Interest		974.26	996.46
Non-Current Liabilities			
Long-term borrowings	3	1,621.64	2,284.43
Other Long term liabilities	4	23.74	-
Deferred tax liabilities (Net)	5	1,729.09	840.79
Long term provisions	6	140.25	108.87
Current Liabilities			
Short-term borrowings	7	10,046.49	10,728.25
Trade payables	8	1,337.16	2,636.54
Other current liabilities	9	628.50	560.06
Short-term provisions	10	909.86	1,182.21
Total		86,123.79	87,528.05
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	22,872.78	18,856.09
Intangible assets	11	2,888.76	877.58
Capital work-in-progress		3,996.53	4,857.25
Goodwill		11,208.01	11,260.11
Non current investments	12	567.32	4,270.76
Long term loans and advances	13	5,351.64	5,237.35
Deferred Tax Assets			
Current assets			
Current investments	14	750.00	-
Inventories	15	4,061.88	2,582.16
Trade receivables	16	25,388.53	29,722.99
Cash and cash equivalents	17	3,072.55	4,450.04
Short-term loans and advances	18	5,209.43	5,012.94
Other current assets	19	756.36	400.78
Total		86,123.79	87,528.05
Significant Accounting Policies	25		

As per our report of even date

For K. M. Kapadia & Associates

Chartered Accountants

F. No. 104777W

sd/-

Kamlesh Kapadia

M. No. 039707

Place: Mumbai

Date: August 28th, 2012

sd/-

Nitin Shah

Chairman & Managing Director

For Allied Digital Services Ltd.

sd/-

Prakash Shah

Director Commercial

sd/-

Ravindra Joshi

Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31st, 2012

(₹ in Lacs)

Particulars	Note No.	For the year ended March 31st, 2012	For the year ended March 31st, 2011
INCOME:			
Revenue from operations	20	58,480.84	71,491.65
Other Income	21	1,615.20	702.81
Total Revenue		60,096.04	72,194.46
EXPENSES:			
Purchases for Traded Goods & Service Spares	22.a	43,865.48	49,433.38
Changes in inventories of stock-in-trade	22.b	(1,479.73)	(1,272.21)
Employee benefits expense	23	7,036.42	6,793.82
Finance costs	24	1,845.75	851.46
Depreciation and amortization expense	11	2,026.84	1,431.85
Other expenses	25	4,739.04	8,163.93
Total Expenses		58,033.80	65,402.23
Profit before exceptional and extraordinary items and tax		2,062.24	6,792.23
Exceptional Items		9.74	-
Profit before tax		2,052.50	6,792.23
Tax expense:			
Current tax			
Current tax expense for current year		457.62	1,370.90
Deferred tax		888.31	527.76
(Less): MAT credit		(279.02)	(435.90)
Total tax expenses		1,066.91	1,462.76
Profit after tax		985.59	5,329.47
Minority Interest		(48.82)	7.37
Profit/(Loss) for the year		936.77	5,336.84
Earning per equity share:			
Equity Shares of par value ₹ 5 each			
Basic		2.02	11.47
Diluted		2.02	11.47
Significant Accounting Policies	25		

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

Place: Mumbai

Date: August 28th, 2012

sd/-

Nitin Shah

Chairman & Managing Director

sd/-

Prakash Shah

Director Commercial

sd/-

Ravindra Joshi

Company Secretary

Consolidated Cash Flow Statement for the year ended March 31st, 2012

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31st, 2012	For the year ended March 31st, 2011
I	CASH INFLOWS		
(1)	From Operating activities		
(a)	Profit/Loss as per Profit & Loss Account Before Tax	2,052.51	6,792.23
	Adjustments:		
	Depreciation and amortization	2,026.86	2,189.35
	Income Tax Paid	41.00	-
	Gain / (loss) on sale of Asset	-	2.48
	Finance Cost	1,845.75	851.46
	Other Provisions	<u>3,913.61</u>	<u>3,043.29</u>
(b)	Working capital changes:		
	Decrease in inventories		
	Decrease in trade receivables	4,334.45	
	Increase in trade payables	-	606.54
	Increase in Long term liabilities	23.74	
	Increase in other current liabilities	68.44	
	Increase in long term provisions	31.39	
		<u>4,458.02</u>	<u>606.54</u>
	Total of (1)	10,424.14	10,442.06
(2)	From Investing activities		
	Proceeds from sale of fixed assets		35.01
	Proceeds from sale of investments	3,703.43	14,393.65
	Decrease in other non-current assets	52.10	
	Dividend received	92.30	
	Increase in FCTR	42.91	48.98
	Interest received	206.14	668.83
	Other income	1,316.76	
		<u>5,413.64</u>	<u>15,146.47</u>
	Total of (2)	5,413.64	15,146.47
(3)	From Financing activities		
	Proceeds from issue of share capital	-	546.35
	Proceeds from short-term borrowings	-	3,225.12
		<u>-</u>	<u>3,771.47</u>
	Total of (3)	-	3,771.47
	Total cash inflows(1+2+3)	15,837.78	29,360.00
II	CASH OUTFLOWS		
(1)	From Operating activities		
	Profit/Loss from operating activities		
	Other income	1,615.20	668.83
	Working capital changes:		
	Increase in inventories	1,479.72	1,272.21
	Increase in long-term loans and advances	114.30	3,897.88
	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 short term provisions	134.95	
		<u>3,580.43</u>	<u>5,170.09</u>
	Direct taxes paid/(Refund) (Net of refunds)	219.60	2,045.62
	Total of (1)	5,415.23	7,884.54

Consolidated Cash Flow Statement for the year ended March 31st, 2012

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31st, 2012	For the year ended March 31st, 2011
(2)	From Investing activities		
	Purchase of tangible assets/capital work-in-progress	7,194.00	14,130.03
	Purchase of investments	750.00	
	Increase in other long-term loans and advances		1,111.62
		-	3,804.95
	Total of (2)	7,944.00	19,046.60
(3)	From Financing activities		
	Repayment of long-term borrowings	662.79	
	Repayment of short-term borrowings	681.77	
	Dividends paid (including distribution tax)	269.85	542.00
	Interest and other finance costs	1,845.75	851.46
	Payments Due to Minority Interest	71.02	125.00
	Outflow on account of Share Buyback	324.87	1,518.46
	Total of (3)	3,856.05	1,518.46
	Total cash outflows (1+2+3)	17,215.28	29,827.10
III	Net (decrease)/increase in cash and cash equivalents		
	From Operating activities	5,008.92	2,557.52
	From Investing activities	(2,530.36)	(3,900.13)
	From Financing activities	(3,856.06)	2,253.01
	Total (A)	(1,377.50)	(910.40)
	Add: Cash and cash equivalents at the beginning of the period (B)	4,450.04	3,539.64
	Cash and cash equivalents at the end of the period (A+B)	3,072.55	4,450.04

As per our report of even date

For K. M. Kapadia & Associates

Chartered Accountants

F. No. 104777W

sd/-

Kamlesh Kapadia

M. No. 039707

Place: Mumbai

Date: August 28th, 2012

sd/-

Nitin Shah

Chairman & Managing Director

For Allied Digital Services Ltd.

sd/-

Prakash Shah

Director Commercial

sd/-

Ravindra Joshi

Company Secretary

Consolidated Notes Forming Part of the Balance Sheet as at March 31st, 2012

Note 1: Share Capital

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

(₹ in Lacs)

Share Capital	As at 31st March 2012		As at 31st March 2011	
	Number	Amount	Number	Amount
Authorised				
Equity shares of ₹ 5 each with voting rights	600	3,000.00	600	3,000.00
Issued				
Equity shares of ₹ 5 each with voting rights	462	2,309.34	466	2,329.19
Subscribed & Paid up				
Equity shares of ₹ 5 each with voting rights	462	2,309.34	466	2,329.19

(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
Equity shares with voting rights					
Year ended March 31st, 2012					
- Number of shares	466	-	2	6	462
- Amount in ₹	2,329.19	-	10.00	29.85	2,309.34
Year ended March 31st, 2011					
- Number of shares	465	1	-	-	466
- Amount in ₹	2,324.00	5.19	-	-	2,329.19

(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.

During the year ended March 31st, 2012, the amount of per share dividend recognized as distributions to equity shareholders is ₹ 0.25 per share (March 31st, 2011: ₹ 0.5 per share).

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

(₹ in Lacs)

Name of Shareholder	As at March 31st, 2012		As at March 31st, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares with voting rights				
Nitin Dhanji Shah	124.77	27.01	124.77	26.78
Prakash Dhanji Shah	63.46	13.74	63.46	13.62

(e) Employee Stock Options Scheme

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

Consolidated Notes Forming Part of the Balance Sheet as at March 31st, 2012

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 :

(₹ in Lacs)

Particular	2011-2012	2010-2011
Opening Outstanding option	0.44	1.76
Granted during the year	-	-
Exercised during the year (Post - split)	-	1.04
Forfeited/lapsed during the year (Post - split)	0.44	0.28
Closing Outstanding option	-	0.44
Stock Option Scheme (2010)		

(iii) Stock Option Scheme (2010)

The Company by a Special Resolution passed at Annual General Meeting held on September 29th, 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.

(₹ in Lacs)

Particular	2011-2012
Opening Outstanding option	-
Employee Stock Option Scheme announced during the Year	30.00
Granted during the year	4.28
Exercised during the year (Post - split)	-
Forfeited/lapsed during the year (Post - split)	-
Closing Outstanding option	25.73

(f) Issue of Shares against Warrants

During the year under review, the Company has converted 2,00,000 (Two Lacs) (Previous Year - NIL) Warrants into 2,00,000 Equity Shares of ₹ 5/- each to Bennett, Coleman and Company Limited ("BCCL") at a premium of ₹ 272/- per share on April 1st, 2011.

(g) Issue of Shares for other than Cash

Details of Shares allotted as fully paid up by way of bonus shares before March 31st, 2012

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 31st, 2012

(h) Buy- Back of Equity Shares

The Board of Directors of the Company in their meeting held on February 18th, 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 Lakhs ("Offer size"). The Date of Opening of the buyback was April 25th, 2011 and last Date for the Buyback was February 17th, 2012.

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

Note 2: Reserves and Surplus

Sr. No	Particulars	₹ in Lacs)	
		As at March 31st, 2012	As at March 31st, 2011
(a) Capital Reserves			
	<u>Subscription amount received on Equity Warrants</u>		
	Opening Balance	554.00	554.00
(-)	Transferred on account of conversion of Equity Warrants into Equity Shares	554.00	-
	Closing Balance	-	554.00
(b) Capital Redemption Reserve			
	Opening Balance	-	-
(+)	Current Year Transfer		
	on buyback of 5,97,075 equity shares of ₹ 5 each	29.85	-
	Closing Balance	29.85	-
(c) Securities Premium Account			
	Opening Balance	36,398.33	36,354.20
(+)	Securities premium credited on allotment of equity shares	544.00	44.14
(-)	Utilised during the year for:		
	Buy back of shares of 5,97,075 equity shares of ₹ 5 each	324.87	-
	Closing Balance	36,617.46	36,398.34
(d) General Reserves			
	Opening Balance	1,337.77	1,337.77
	Closing Balance	1,337.77	1,337.77
(e) Surplus			
	Opening balance	27,437.93	23,041.56
(+)	Net Profit/(Net Loss) For the current year	936.77	5,336.84
(+)	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	232.92
(-)	Corporate Dividend Tax	18.73	38.68
(-)	Short Provision of Tax of earlier years (Net) Deferred Tax	-	668.87
	Closing Balance	28,242.25	27,437.93
(f)	Foreign Currency Translation Reserve	176.13	133.21
	Total Reserves and Surplus	66,403.46	65,861.25

Consolidated Notes Forming Part of the Balance Sheet as at March 31st, 2012

Note 3: Long-term borrowings

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
Secured			
a	Loans repayable on demand (Refer Note (i))	257.47	299.99
		<u>257.47</u>	<u>299.99</u>
Unsecured			
a	Loans repayable on demand	1,364.17	1,984.44
		<u>1,364.17</u>	<u>1,984.44</u>
	Total Long-term borrowings	<u><u>1,621.64</u></u>	<u><u>2,284.43</u></u>

Notes:

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

(₹ in Lacs)

Particulars	Nature of security	As at March 31st, 2012	As at March 31st, 2011
<u>Loans repayable on demand from banks:</u>			
Working Capital Facility From Kotak Bank	Refer Note (a)	244.41	299.99
Kotak Bank Term Loan	Refer Note (b)	13.06	-
	Total	<u>257.47</u>	<u>299.99</u>

Details of Security Offered to Banks

(a) Secured against Stock, Book Debts, Guarantee of Allied Digital Services Ltd (Holding Company).

(b) Secured against personal guarantee of Suresh K S and Pradeep P and Guarantee of Allied Digital Services Ltd

Note 4: Other Long term liabilities

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
(a)	Security deposit for rented property	23.74	-
	Total Other Long term liabilities	<u>23.74</u>	<u>-</u>

Note 5: Deferred tax liabilities (Net)

(₹ in Lacs)

Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
Deffered Tax Asset			
	On account of Deferred Revenue Expenses (IPO Exp)	301.99	430.66
	Gratuity	0.58	2.48
	Provision for doubtful debts	5.19	248.71
	Total Deffered Tax Asset	<u>307.76</u>	<u>681.85</u>
Deferred Tax Liability			
	On timing difference of depreciation between W.D.V. of Assets as per Companies Act and Income Tax Act	2,040.79	1,504.12
	Provision for employee benefit		
	On account of other disallowable expenses and income	(3.94)	18.52
	Total Deferred Tax Liabilities	<u>2,036.85</u>	<u>1,522.64</u>
	Net Deferred Tax Liability	<u><u>1,729.09</u></u>	<u><u>840.79</u></u>

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

Consolidated Notes Forming Part of the Balance Sheet as at March 31st, 2012

Note 6 : Long Term Provisions

(₹ in Lacs)

Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
(a)	Provision for employee benefits:		
	Provision for gratuity	118.28	95.32
(b)	Provision - Leave encashment	20.35	13.08
(c)	Provision for Income Tax F Y11-12	1.62	0.47
	Total Long Term Provisions	140.25	108.87

Note 7: Short Term Borrowings

(₹ in Lacs)

Sr. No.	Particulars	As at March 31st, 2012	As at March 31st, 2011
	Secured		
(a)	Loans repayable on demand (Refer Note (i) & (ii))	9,283.79	10,717.10
(b)	Inter Corporate Deposits (Refer Note (iii))	425.00	-
		9,708.79	10,717.10
	Unsecured		
(a)	Loans repayable on demand	0.95	11.15
(b)	Loans and advances from related parties	43.67	-
(c)	Inter Corporate Deposits	293.08	-
		337.70	11.15
	Total Short Term Borrowings	10,046.49	10,728.25

Notes:

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

Particulars	Nature of security	As at March 31st, 2012	As at March 31st, 2011
Loans repayable on demand from banks:			
Barclays Bank Foreign Currency Loan	Refer Note (ii)	2,013.58	1,805.00
State Bank of India SLOC		-	500.18
Standard Chartered Bank Term Loan		-	500.00
Working Capital Facility From ICICI Bank	Fixed Deposit of ₹ 33,47,169.00	26.99	25.57
Working Capital Facility From State Bank of India	Refer Note (ii)	5,708.35	5,199.13
Working Capital Facility From Standard Chartered Bank	Refer Note (i)	1,534.87	1,571.46
Working Capital Facility From Barclays Bank		-	1,115.75
Total - from banks		9,283.79	10,717.09

Note (ii)

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

- Mortgage of Gala no 4, Bldg No 3, Sector III, MIDC Mahape, Navi Mumbai
- Mortgage of Gala no 3, Bldg No 3, Sector III, MIDC Mahape, Navi Mumbai
- Mortgage of Gala no 301,302,305,306.307,308, Bldg No 3, Sector III, MIDC Mahape, Navi Mumbai
- Mortgage of Gala no 7, Bldg No 3, Plot No MBP 2, Mahape, Navi Mumbai
- Hypothecation Charge on Movable assets
- Hypothecation Charge on Current Assets
- Fixed Deposit with State Bank of India of ₹ 87,200,104 (including accrued Interest)
- Personal Guarantee of directors Mr. Prakash D Shah and Mr. Nitin D Shah

Consolidated Notes Forming Part of the Balance Sheet as at March 31st, 2012

Note (iii)

Inter Corporate Deposits is secured against Lien of 50,00,000 Units @ ₹ 10 each of IDFC Fixed Maturity Plan -Eighteen Month Series 7- Growth.

Note (iv)

Corporate Guarantee in form of SBLC against Working Capital Loan

Note 8: Trade Payables

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
(a)	Trade payables		
	Sundry Creditors		
	- Acceptances	551.25	500.18
	- Other than Acceptances	748.64	2,123.97
(b)	Other Liabilities	37.27	12.39
	Total Trade Payables	1,337.16	2,636.54

Note 9: Other Current Liabilities

(₹ in Lacs)

S r . No	Particulars	As at March 31st, 2012	As at March 31st, 2011
(a)	Income received in advance	52.56	23.50
(b)	Duties & Taxes	563.67	519.77
(c)	Advances Received from Debtors	8.20	14.87
(d)	Others	4.07	1.92
	Total Other Current Liabilities	628.50	560.06

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 31st, 2012	As at March 31st, 2011
(a)	Provision for employee benefits		
(i)	Provision for Salaries	352.49	455.73
(ii)	Contribution to PF	15.83	6.11
(iii)	Contribution to Gratuity	3.25	-
(iv)	Contribution to ESIC	7.99	5.45
(v)	Professional Tax	9.16	9.27
(vi)	LTA Payable	-	0.82
(vii)	Leave encashment	210.94	264.49
(b)	Others	-	-
(i)	Proposed final dividend on equity shares	115.47	232.92
(ii)	Tax on Dividend	18.73	38.68
(iii)	Provision for taxes (net of advance tax)	176.00	168.74
	Total Short Term Provision	909.86	1,182.21

Consolidated Notes Forming Part of the Balance Sheet as at March 31st, 2012

Note 11: Fixed Assets

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK		
	As at April 1st, 2011	Additions	Deductions	Transaction Exchange Difference	As at March 31st, 2012	As at April 1st, 2011	Deductions	For the year	Transaction Exchange Difference	As at March 31st, 2012	As at March 31st, 2011
Tangible Assets											
Leasehold Premises	7,106.48	1,554.88	-	19.39	8,680.75	185.85	-	148.48	12.56	8,333.86	6,920.63
Leasehold Land	1,602.84	1,038.03	-	-	2,640.87	3.27	-	27.43	-	2,610.17	1,599.57
Freehold Premises	1,130.23	5.39	-	-	1,135.62	8.44	-	18.49	-	1,108.69	1,121.79
Civil and Plumbing Work	1,067.21	35.18	-	-	1,102.39	17.22	-	17.88	-	1,067.29	1,049.99
Furniture and Fixtures	2,213.55	616.44	-	8.35	2,838.34	311.99	-	145.84	7.61	2,372.90	1,901.56
Office Equipments	819.59	105.30	-	13.16	938.05	139.07	-	65.77	10.05	723.16	680.52
Motor Vehicles	162.99	(0.03)	-	0.01	162.97	62.38	-	15.11	(2.73)	88.21	100.61
Computers and IT Equipments	7,641.50	2,545.15	0.56	67.27	10,253.36	2,283.76	-	1,476.42	52.10	6,441.08	5,357.74
Computers (Given on lease)	155.98	-	-	-	155.98	155.98	-	-	-	-	-
Plant & Machinery	140.63	6.19	-	(0.01)	146.81	16.95	-	2.44	-	127.42	123.68
Total Tangible Assets	22,041.00	5,906.53	0.56	108.17	28,055.14	3,184.91	-	1,917.86	79.59	22,872.78	18,856.09
Intangible Assets											
Other Intangible Assets	825.30	-	-	120.27	945.57	-	-	90.07	4.49	851.01	825.30
Computer Software Licenses	81.60	0.34	-	(0.01)	81.93	29.32	-	12.89	-	39.72	52.28
Intellectual Property Rights	-	2,004.05	-	-	2,004.05	-	-	6.02	-	1,998.03	-
Total Intangible Assets	906.90	2,004.39	-	120.26	3,031.55	29.32	-	108.98	4.49	2,888.76	877.58
Total	22,947.90	7,910.92	0.56	228.43	31,086.69	3,214.23	-	2,026.84	-	25,761.54	19,733.67
Previous year	8,678.41	14,311.09	34.34	(7.23)	22,947.90	1,776.35	22.93	1,463.79	(2.99)	19,733.67	6,902.06

Note: 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.

Consolidated Notes Forming Part of the Balance Sheet as at March 31st, 2012

Note 12: Non Current Investments

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
(i)	Fortis Money Plus Fund Institutional Plan - Daily Dividend NIL (Previous year: 186,242.843 units of ₹ 10.0032)	-	18.63
(ii)	Fortis Flexi Debt Fund - Regular - Quarterly Dividend NIL (Previous year: 164,281.735 units of ₹ 10.09171)	-	16.58
(iii)	HDFC Cash Management Fund Treasury Advantage Plan - Daily Dividend NIL (Previous year: 705,987.977 units of ₹ 10.0315)	-	70.82
(iv)	HDFC Cash Management Fund Treasury Advantage Plan - Weekly Dividend 89,979.0080 (Previous year: Nil) units of ₹ 10.0309 each	9.03	-
(v)	Kotak Floater Long Term - Daily Dividend 98,746.1420 (Previous year: 994,857.032 units of ₹ 10.0798) units of ₹ 10.0798 each	9.95	100.28
(vi)	kotak Credit Opp. Fund Weekly Div NIL (Previous year: 3,857,267.476 units of ₹ 10.07639)	-	388.67
(vii)	Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan 0.181 (Previous year: 0.181 units of ₹ 1001.1364) units of ₹ 1002.9282 each	-	-
(viii)	Reliance Regular Savings Fund- Debt- Institutional Growth NIL (Previous year: 2,347,980.558 units of ₹ 12.7769)	-	300.00
(ix)	ICICI Prudential Flexible Income Plan Premium - Daily Dividend 10.5980 (Previous year: 9.869 units of ₹ 105.7607) units of ₹ 105.4812 each	0.01	0.01
(x)	ICICI Prudential Income Opportunities Fund Institutional Growth 48,500.014 (Previous year: 48,500.014 units of ₹ 11.2806) units of ₹ 11.2806 each	5.47	5.47
(xi)	Birla Sun Life Floating Rate Fund - Long Term - Weekly Dividend NIL (Previous year: 2,015,173.056 units of ₹ 10)	-	201.52
(xii)	Birla Sun life Dynamic Bond Fund - Retail - Quarterly Dividend 2,01,331.4700 (Previous year: 188,363.021 units of ₹ 11.2331) units of ₹ 11.2380 each	22.63	21.16
(xiii)	Birla Sun life Floating Rate Fund - Long Term-Instl-weekly Div NIL (Previous year: 175.396 units of ₹ 10.0265)	-	0.02
(xiv)	BSL Floating Rate Fund - Long Term - INSTL - Weekly Dividend -Reinvestment 18.821 (Previous year: NIL) units of ₹ 100.144 each	0.02	-
(xv)	SBI SHF Ultra Short Term Fund - Institutional Plan - Daily Dividend NIL (Previous year: 228.124 units of ₹ 10.0060)	-	0.02
(xvi)	DSP Black Rock Floating Rate Fund - Institutional Plan - Daily Dividend 3.4850 (Previous year: 3.234 units of ₹ 1000.5452) units of ₹ 1000.6026 each	0.03	0.03
(xvii)	Canara Robeco Treasury Advantage Super Institutional - Daily Dividend NIL (Previous year: 11.5084 units of ₹ 12.4071)	-	-
(xviii)	Canara Robeco Treasury Advantage Super Institutional - Daily Dividend 0.1180 (Previous year: NIL) units of ₹ 1244.6610 each	-	-

Consolidated Notes Forming Part of the Balance Sheet as at March 31st, 2012

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
(xix)	Canara Robeco Income Growth Fund 4,578.4592 (Previous year: 4,578.4592 units of ₹ 19.9025) units of ₹ 19.9025 each	0.91	0.91
(xx)	Canara Robeco Short Term Institutional Growth Fund 124.2276 (Previous year: 124.2276 units of ₹ 10.8064) units of ₹ 10.8064 each	0.01	0.01
(xxi)	IDFC Fixed Maturity Plan -100 days Series -3 Dividend NIL (Previous year: 12,174,660.561 units of ₹ 10.00)	-	1,217.47
(xxii)	IDFC Fixed Maturity Plan - Eighteen Month Series 7 - Growth NIL (Previous year: 5,000,000.00 units of ₹ 10.00)	-	500.00
(xxiii)	Templeton India Short Term Income Retail Plan 1,693.8252 (Previous year: 11,805.22 units of ₹ 1085.6741) units of ₹ 1086.8052 each	18.41	128.17
(xxiv)	Templeton India Opportunities Fund Growth NIL (Previous year: 4,798,191.4337 units of ₹ 10.4206)	-	500.00
(xxv)	Templeton India Income opportunities fund - Dividend reinvestment 7,871.5840 (Previous year: 7,458.296 units of ₹ 10.492) units of ₹ 10.4876 each	0.83	0.78
(xxvi)	IL & FS Milestone Fund II B 50,000 (Previous year: 30,000 units of ₹ 1000) units of ₹ 1,000 each	500.00	300.00
(xxvii)	SBI Debt Fund Series - 370 Days - 8 - Growth NIL (Previous year: 5,000,000.00 units of ₹ 10.0037)	-	500.19
(xxviii)	SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend NIL (Previous year: 227.066 units of ₹ 8.940)	-	0.02
(xxiv)	SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend 2.4220 (Previous year: NIL) units of ₹ 1004.2609 each	0.02	-
	Total Non Current Investments	567.32	4,270.76
	Aggregate amount of quoted investments	567.33	4,270.76
	Aggregate market value of quoted investments	569.75	4,332.82

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

Note 13: Long Term Loans and Advances

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
(a)	Security Deposits		
	Unsecured, considered good	703.61	676.64
	Total	703.61	676.64
(b)	Loans and advances to related parties		
	Unsecured, considered good	550.63	540.34
	Total	550.63	540.34
(c)	Advance given to a Suppliers		
	Unsecured, considered good	3,467.27	3,467.15
	Total	3,467.27	3,467.15
(d)	Others		
	Advance income tax of prior years receivable	628.63	551.72
	Other Loans and Advances	1.50	1.50
	Total	630.13	553.22
	Total Long Term Loans and Advances	5,351.64	5,237.35

Consolidated Notes Forming Part of the Balance Sheet as at March 31st, 2012

Note 14: Current Investments

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
A	Non- Quoted, short term, Non - Trade: (at cost)		
	Investment in Mutual Funds		
(a)	ICICI Prudential Fixed Maturity Plan-Series 56-1 Year Plan F Growth 25,00,000 (Previous year: Nil) units of ₹ 10.00 each	250.00	-
(b)	IDFC Fixed Maturity Plan - Eighteen Month Series 7 - Growth 5,000,000.00 (Previous year: NIL) units of ₹ 10.00 each	500.00	-
	Total - Current investments	<u>750.00</u>	-
	Aggregate amount of quoted investments	<u>750.00</u>	-
	Aggregate market value of quoted investments	830.04	-

Note :

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

Note 15: Inventories

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
	Stock in Trade (for Trading)	3,642.23	2,395.80
	Stock in Trade (for Service)	419.65	186.36
	Total Inventories	<u>4,061.88</u>	<u>2,582.16</u>

(i) Inventories are valued at lower of cost and net realizable value

(ii) The value of the Inventory as on March 31st, 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 16: Trade Receivables

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
	Trade receivables outstanding for a period less than six months from the date they are due for payment		
	Unsecured, considered good	19,250.82	24,852.14
		<u>19,250.82</u>	<u>24,852.14</u>
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, considered good	6,101.21	4,870.85
	Unsecured, considered doubtful	977.73	919.68
	Less: Provision for doubtful debts	(941.23)	(919.68)
		<u>6,137.71</u>	<u>4,870.85</u>
	Total Trade Receivables	<u>25,388.53</u>	<u>29,722.99</u>

Trade Receivables stated above include debts due by:

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
	Directors	0.18	-
		<u>0.18</u>	<u>-</u>

Consolidated Notes Forming Part of the Balance Sheet as at March 31st, 2012

Note 17: Cash and Cash Equivalents:

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
(a)	Balances with Banks		
(i)	In fixed deposit accounts (pledged with bank against LC margin/ guarantees given by bank)	410.74	319.54
(ii)	In fixed deposit accounts (pledged with banks as security for borrowings)	914.19	1,754.90
(iii)	In Current Account	1,736.80	2,320.44
(b)	Cash on hand	10.82	55.16
	Total	3,072.55	4,450.04

Note 18: Short-term loans and advances:

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
(i)	Security Deposit	104.29	153.17
(ii)	Loans and advances to employees (Refer Note 18 (a))	400.37	383.07
(iii)	Inter Corporate Deposits	3,323.28	3,329.69
(iv)	Advance recoverable in cash or kind for value to be received	26.71	126.31
(v)	Interest Accrued	66.51	108.47
(vi)	MAT Credit Entitlement	720.02	433.77
(vii)	Current year TDS Receivable	387.77	324.17
(viii)	Other Current Assets	52.34	54.21
(ix)	Prepaid Expenses	128.14	100.08
	Total Short-term loans and advances	5,209.43	5,012.94

Note 18 (a)

Short-term Loans and advances due by directors or other officers of the company:

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
	Directors	5.37	-
		5.37	-

Note 19: Other Current Assets

(₹ in Lacs)

Sr. No	Particulars	As at March 31st, 2012	As at March 31st, 2011
(i)	Unbilled revenue	186.17	64.38
(ii)	Prepaid expenses	570.19	336.40
	Total Other Current Assets	756.36	400.78

Consolidated Notes Forming Part of the Profit and Loss Account for the year ended March 31st, 2012

Note 20 : Operating Income

(₹ in Lacs)

Sr. Particulars No.	For the year ended March 31st, 2012	For the year ended March 31st, 2011
Services, Solutions and Sales	58,449.72	71,439.63
Lease Rent	19.41	19.22
Other operating revenues	11.71	32.80
Total	58,480.84	71,491.65

Note 21 : Other Income

(₹ in Lacs)

Sr. Particulars No.	For the year ended March 31st, 2012	For the year ended March 31st, 2011
Interest Income (Refer Note 20.a)	206.14	292.75
Dividend Income from Mutual Funds	92.30	346.37
Net gain on sale of Mutual Funds	133.61	29.71
Net gain on foreign currency transactions	1,106.92	1.53
Other non-operating income (Refer Note 20.b)	76.23	32.45
Total	1,615.20	702.81

Note 21.a

(₹ in Lacs)

Sr. Particulars No.	For the year ended March 31st, 2012	For the year ended March 31st, 2011
<u>Interest income comprises:</u>		
Interest from banks on: deposits	167.04	123.77
Interest on loans and advances	21.45	153.83
Interest income from current investments subsidiaries	17.65	15.15
Total - Interest income	206.14	292.75

Note 21.b

(₹ in Lacs)

Sr. Particulars No.	For the year ended March 31st, 2012	For the year ended March 31st, 2011
<u>Other non-operating income comprises:</u>		
Office Rent Income	9.48	-
Profit on sale of assets	-	0.66
Discount Received	0.41	-
Miscellaneous income	66.34	31.78
Total - Other non-operating income	76.23	32.44

**Consolidated Notes Forming Part of the Profit and Loss Account
for the year ended March 31st, 2012**

Note 22 a Purchase of traded goods

(₹ in Lacs)

Sr. Particulars No.	For the year ended March 31st, 2012	For the year ended March 31st, 2011
Purchase of Traded Goods and Services	43,664.98	49,278.49
Other Direct Cost	200.50	154.89
Total	43,865.48	49,433.38

Note 22.b Changes in inventories of Stock-in-Trade

(₹ in Lacs)

Sr. Particulars No.	For the year ended March 31st, 2012	For the year ended March 31st, 2011
Closing Stock	4,061.89	2,582.16
Less : Opening Stock	2,582.16	1,309.95
Net (increase) / decrease	(1,479.73)	(1,272.21)

Note 23 : Employee Benefit Expenses

(₹ in Lacs)

Sr. Particulars No.	For the year ended March 31st, 2012	For the year ended March 31st, 2011
(a) Salaries and wages (Including Directors' Remuneration) (Refer note (23a))	6,322.16	5,885.56
(b) Contribution to PF and other Funds	324.27	455.69
(c) Contributions to Gratuity	26.21	65.75
(d) Staff welfare expenses	363.78	386.82
Total	7,036.42	6,793.82

23 (a) Details of Managerial Remuneration:

(₹ in Lacs)

Sr. Particulars No.	For the year ended March 31st, 2012	For the year ended March 31st, 2011
Salaries	161.72	150.52
Total	161.72	150.52

Note 24 : Finance Cost

(₹ in Lacs)

Sr. Particulars No.	For the year ended March 31st, 2012	For the year ended March 31st, 2011
(a) Interest expense on:		
(i) Borrowings	1,451.88	726.96
(ii) Trade payables	5.14	-
(b) Other borrowing costs	127.41	124.50
(c) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	261.32	-
Total Finance Cost	1,845.75	851.46

**Consolidated Notes Forming Part of the Profit and Loss Account
for the year ended March 31st, 2012**

Note 25 Other expenses

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31st, 2012	For the year ended March 31st, 2011
	Rent including lease rentals	560.39	540.25
	Repairs and maintenance	557.80	113.49
	Insurance	127.25	149.74
	Rates and taxes	83.85	-
	Communication	472.61	465.73
	Travelling and conveyance	595.78	558.34
	Electricity Expenses	190.13	133.32
	Commission & Brokerage	668.26	728.44
	Freight and forwarding	213.56	168.98
	Advertisement Expenses	122.45	194.44
	Legal and professional	751.30	297.94
	Payments to auditors (Refer Note 25 (a))	41.50	42.14
	Bad trade and other receivables, loans and advances written off	(243.19)	3,016.06
	Loss on sale of Assets	-	3.14
	Net loss on foreign currency transactions and translation (other than considered as finance cost)	(5.16)	174.82
	Provision for doubtful trade and other receivables, loans and advances (net)	16.00	757.50
	Miscellaneous expenses	586.51	819.60
	Total Other expenses	4,739.04	8,163.93

Note 25 (a)

Auditors' Remuneration consists of:

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31st, 2012	For the year ended March 31st, 2011
	Payments to the auditors comprises		
a	For statutory audit	26.88	26.80
b	For taxation matters	1.00	0.79
c	For other services	13.62	14.55
	Total	41.50	42.14

SCHEDULE '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.

2) 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.

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	9.5%
Office Equipment	Straight line	4.75%
Civil and Plumbing Work	Straight line	1.63%

Depreciation is charged only from the date the concerned asset is put to use by the Company. Fixed Assets individually costing ₹ 5,000/- or less are fully depreciated in the year of acquisition itself Intangible assets are amortize 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.

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.

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) Acquisitions

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

2) Employee Benefits

(i) An amount of ₹ 26.21 Lacs (Previous Year ₹ 65.75 Lacs) was payable on account of current year's contribution towards the Employees Gratuity Fund. As against the same the company has made a contribution of ₹ 5 Lacs (Previous Year ₹ 16.5 Lacs).

- (ii) An amount of ₹ 324.27 Lacs (Previous Year ₹ 455.69 Lacs) was recognized as an additional liability on account of provident fund for the year. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes and the same are charged to the Profit and Loss Account of the Company.
- (iii) The US Subsidiary of the Company viz. Allied Digital Services, LLC has employee saving plans (the 401(k) plan) that cover substantially all full time employees who are twenty year of age or older. The Company's contribution to the 401(k) plan are at the discretion of the Board of Directors and vest over seven years of service. To the date the Company has made no contribution to the 401(k) plan.

3) Contingent Liabilities

- (i) As per the Certificate issued by the banks, value of bank guarantees outstanding as on 31st March, 2012 amounts to ₹ 1213.38 Lacs (Previous Year ₹ 1,545.40 Lacs) and the value of Letter of Credit Outstanding as on 31st March, 2012 amounts to ₹ 551.25 Lacs (Previous Year ₹ 77.22 Lacs).
- (ii) Claim against the Company not acknowledged as debts ₹ 8.93 Lacs (Previous Year ₹ 8.93 Lacs).
- (iii) The Income tax Authorities carried out a search operation at certain locations of the Company on 4th February 2011. The Company extended its full co-operation to the tax authorities and various statements were recorded during the course of search. The search operation got concluded on the same business day. The Company had been asked to file the Revised Return of Income from A.Y. 2005-06 which has been complied with after revising/modifying its Income. The details of which are as under:

(₹ in Lacs)

Asst. Year	Income as per Original Return of Income	Income as per Revised Return of Income	Tax Payable as per Original Return of Income	Tax Payable as per Revised Return of Income	Additional Tax Payable on Revision of Income
2005-06	170.53	173.63	62.40	73.14	3.75
2006-07	1,106.94	1,103.49	372.59	411.27	(12.50)
2007-08	2,520.75	2,483.09	848.48	996.89	(31.68)
2008-09	5,537.19	5,554.12	1,882.09	2,248.72	4.06
2009-10	4,288.66	4,215.89	1,457.72	1,596.46	100.61
2010-11	6,839.52	6,882.77	2,425.89	2,465.15	(6.31)
				Total	57.93

The additional Income Tax Liability of ₹ 57.93 Lacs as per the above table plus interest thereon has not been provided for in the Books of Accounts during the year under review.

- iv) During the Financial year 2010-11 Digicomp Complete Solutions Limited was subject to Audit from the Service Tax Department. The Service Tax Department have issued a Show Cause Notice 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.

During the year under consideration 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.

- (v) 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 31st, 2012
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	US\$ 26.67 Lacs

- (vi) There is a delay in making payment of taxes and filing of Return of Service Tax and VAT for the financial year 2011-2012. 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 31st, 2012.

4) Fixed Assets

During the year under consideration the Company has acquired Leasehold Premises, Leasehold Land and Freehold Premises total amounting to ₹ 2,598.30 Lacs. The above includes the cost of acquiring these assets inclusive of incidental charges and lease premium paid if any.

5) Current Assets, Loans and Advances

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

- i) In respect of confirmation for Sundry Debtors and Loans and Advances as at March 31st, 2012, the Company has not received the same from the parties at the time of signing the Balance sheet. The management is in the process of reconciling and obtaining the said confirmations as at March 31st, 2012 from these parties in due course. Further, on completion of the reconciliation and balance confirmations as stated above, the need to make further provisions for the doubtful debts, if any, will be ascertained by the Company in due course. The ageing of the debtors as reported in the balance sheet could not be verified by the Auditors. Due to current economic market conditions as well as increased pricing pressure from customer, there is a delay in collecting the outstanding dues from the customer. However, the management is of the opinion that all the Sundry Debtors, Loans and Advances as appearing in the Balance Sheet are good and recoverable. For abundant precaution, the Company has made an additional provision for doubtful debts of ₹ 16 Lac during the year under consideration.
- ii) The value of the Inventory as on March 31st, 2012 includes certain slow moving items which has not been provided for during the valuation of the same. The valuation of the Inventory is based as certified by the management.

6) MAT Credit Entitlement

Considering the consistent profit over the years and also considering the future profit projections, the management believes that there are adequate and satisfying reasons with regards to the earning of future taxable income and payment of tax under normal tax within the specified period. Hence MAT credit entitlement of ₹ 720.02 Lacs (Previous year ₹ 433.77 lacs) has been recognized as at the end of the year.

7) Current Liabilities and Provisions

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

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

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

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31.03.12	Year ended 31.03.11
i	Income in Foreign Currency		
	Sales of Services, Software & Solution	641.74	4,639.94
ii	Expenditure in Foreign Currency		
	(subject to deduction of tax where applicable)		
a	Professional & Consultation Fees	40.76	25.52
b	Travelling	16.02	24.07
c	Other Expenses	6.50	0.00
iii	Value of Imports calculated on C.I.F. basis		
A	Capital Goods	NIL	4.52
b	Traded Goods	627.95	478.6

9) Quantitative Information

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

10) Dues to Micro, Small and Medium Enterprises

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 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.

11) Earning Per Share

Sr. No.	Particulars	2011-12	2010-11
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)	4,65,83,802	4,64,79,952
II	Number of at the end of the year (Nos. of ₹ 5/- each Previous Year of ₹ 5/- each)	4,61,86,727	4,65,83,802
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	44,050
IV	Weighted average number of Equity Shares of ₹ 5/- each(Previous Year of ₹ 5/- each) outstanding during the year (Nos) for Basic EPS	4,63,11,687	4,65,19,460
V	Weighted average number of Equity Shares outstanding during the year (Nos of ₹ 5/- each) (Previous Year of ₹ 5/- each) for Dilutive EPS	4,63,11,687	4,65,43,580
B	Net Profit after tax available for equity shareholders (In ₹ Lacs)	936.77	5,336.84
C	Basic income per share (in rupees) [B/A (v)]	₹ 2.02	₹ 11.47
D	Dilutive income per share (in rupees) [B/A (vi)]	₹ 2.02	₹ 11.47

12) Issue of Warrants to BCCL

During the year under review, the Holding Company has converted 2,00,000 (Two Lacs) (Previous Year - NIL) Warrants into 2,00,000 Equity Shares of ₹ 5/- each to Bennett, Coleman and Company Limited ("BCCL") at a premium of ₹ 272/- per share on April 1st, 2011.

13) Taxes on Income

- (i) Provision for taxation for the year has been made in accordance with the provisions of the Income Tax Act, 1961.
- (iii) In terms of Accounting Standard on "Accounting for Taxes on Income" (AS 22) the Company has recognised Deferred Tax Liability amounting to ₹ 1729.10 Lacs (Previous Year ₹ 840.78 Lacs) for the period ended March 31st, 2012 in the Profit and Loss Account.

The amount of Deferred Tax Liability as on March 31st, 2012 comprises of:

(₹ In Lacs)

Sr. No.	Particulars	Year Ended March 31st, 2012	Year Ended March 31st, 2011
	Deferred Tax Liability/ (Asset)		
1	Depreciation	2,040.79	1,504.12
2	Provision for Bad Debts	(5.19)	(248.72)
3	On account of Exchange Rate Fluctuation	-	-
4	On account of Deferred Revenue Expenses (IPO Exp)	(301.99)	(430.66)
5	On account of other disallowable Expenses and Income	(3.93)	0
6	Gratuity	(0.58)	(16.04)
	Deferred Tax Liability / (Assets)	1,729.09	840.79

14) Related Party Disclosures

A) Related Parties and their Relationship

(i) Associates

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

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

Mr. Nitin Shah	Chairman & Managing Director
Mr. Prakash Shah	Director & Commercial
Mr. Manoj Shah	Executive Director & CIO
Mr. Bimal Raj	Executive Director & CEO (Resigned on Feb. 7th, 2012)
Mr. Paresh Shah	Executive Director & CEO (Appointed on Nov. 10th, 2011)
Mrs. Tejal P. Shah	Wife of Mr. Prakash Shah
Mr. Nehal N. Shah	Son of Mr. Nitin Shah
Miss. Dhara N. Shah	Daughter of Mr. Nitin Shah
Mrs. Smitha B. Raj	Wife of Mr. Bimal Raj
Mrs. Rita P Shah	Wife of Mr. Paresh Shah
Mr. Suresh K. S.	Managing Director
Mr. Pradeep P.	Wholetime Director
Mr. Kaleere Gowda	Co- Promoter
Mr. Ravikiran N.	Co- Promoter
Mr. Ranganath P.	Co- Promoter
Mr. Bob Din	Director

B) Nature of transaction with the Related Parties

(₹ in Lacs)

Year ended March 31st, 2012	Associates	Key Management Personnel
Revenue	18.66 24.62	0.27 -
Purchase of goods, services and facilities	211.02 151.90	- 5.40
Loan and advances	10.29 542.50	- 0.27

C) Balance with Related Parties

(₹ in Lacs)

As at March 31st, 2012	Associates	Key Management Personnel
Sundry Debtors	78.24 104.86	0.18 -
Sundry Creditors	76.95 3.48	0.45
Loan and advances	550.63 541.13	5.37 0.27
Short Term borrowings	-	63.67

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.

(iii) Remuneration to Key Management Personnel

(₹ In Lacs)

	Year Ended March 31st, 2012	Year Ended March 31st, 2011
(a) Managing Director and other Whole-time Directors		
Mr. Nitin Shah	48.75	50.63
Mr. Prakash Shah	29.38	30.31
Mr. Manoj Shah	20.00	21.50
Mr. Bimal Raj	19.36	22.72
Mr. Paresh Shah	11.32	-
Mr. Suresh K. S.	16.45	12.68
Mr. Pradeep P.	16.45	12.68
Total Remuneration	161.71	150.52

15) Auditors' Remuneration

(₹ In Lacs)

	Year Ended March 31st, 2012	Year Ended March 31st, 2011
For services as Auditors, including quarterly audits	26.88*	26.80*
For Tax Audit	1.00*	0.79*
Others	13.61*	14.55*
Total Auditors' Remuneration	41.50	42.14

* excluding service tax

16) Lease Income

In accordance with the Accounting Standard 19, "Leases" issued by the Institute of Chartered Accountants of India, the Company has given Assets on Operational Lease on or after 1st April 2001. These assets have been capitalised and consequently depreciation has also been provided on these assets. The minimum lease rent receivable as at 31st March, 2012 are as follows:

(₹ In Lacs)

	Year Ended March 31st, 2012	Year Ended March 31st, 2011
<u>Lease Rent Receivable</u>		
Not Later than One Year	19.41	19.22
Later than One Year but Not Later than Five Years 17) Segment Reporting	49.24	88.43

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

(₹ In Lacs)

Sr. No.	Particulars	Year Ended March 31st, 2012	Year Ended March 31st, 2011
1	Segment Revenue		
	Solutions	28,421	32,030
	Infrastructure Management Services	30,060	39,464
	Unallocated	-	-
	Net Segment Revenue	58,481	71,494
2	Profit before Interest, unallocable expenses & Tax		
	Solutions	2,133	6,095
	Infrastructure Management Services	13,953	11,592
		16,086	17,687
	Less : i) Interest	1,846	851
	ii) Un-allocable Expenses (net of un-allocable income)	12,187	10,044
	Total Profit Before Tax	2,052	6,792
3	Capital Employed		
	Unallocable	64,063	62,645
	Total Capital Employed	64,063	62,645

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

19) Previous year's figures are in italics.

Signature to Notes & Schedules "Schedules 1 to 26"

As per our report of even date

For K. M. Kapadia & Associates

Chartered Accountants

F. No. 104777W

sd/-

Kamlesh Kapadia

M. No. 039707

Place: Mumbai

Date: August 28th, 2012

sd/-

Nitin Shah

Chairman & Managing Director

For Allied Digital Services Ltd.

sd/-

Prakash Shah

Director Commercial

sd/-

Ravindra Joshi

Company Secretary

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 (formerly known as En Pointe Global 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.	(₹ in Lacs)	
	Reporting Currency	USD	USD	INR	INR	INR	AUD	SGD	2011-12	2011-12
1	Capital	3,069.39	-	41.30	1.00	10.75	0.05	3.87		
2	Reserves	(930.17)	(657.25)	1,226.03	72.29	(9.18)	(331.25)	(3.61)		
3	Loans	1,585.80	1,364.17	257.47	-	-	-	-		
4	Total Assets	6,013.07	6,687.23	2,558.14	76.16	7.77	96.36	3.53		
5	Total Liabilities	2,288.05	5,980.30	1,033.34	2.88	6.20	427.56	3.27		
6	Investment Other than Investment in subsidiary	-	-	-	-	-	-	-		
7	Turnover	13,464.18	-	4,101.54	54.96	48.87	191.82	-		
8	Profit before tax	(633.90)	-	552.22	7.81	(2.26)	(254.93)	(3.35)		
9	Provision for tax	-	-	189.31	2.78	-	-	-		
10	Profit after tax	(633.90)	-	362.91	5.03	(2.26)	(254.93)	(3.35)		
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, Back bay reclamation, NCPA Road,
Block III, Nariman point, Mumbai - 400 021.

ATTENDANCE SLIP

18th Annual General Meeting, Thursday, September 27th, 2012

I hereby record my presence at the 18th Annual General Meeting of the Company (including adjournment thereof) at TARABAI HALL, SHIV PRASAD BUILDING, 97, MARINE DRIVE, MUMBAI - 400002 on Thursday, September 27th, 2012 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) _____

Signatruue

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

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

ALLIED DIGITAL SERVICES LIMITED

Registered Office : Premises No.13A, 13th Floor, Earnest house, Back bay reclamation, NCPA Road,
Block III, Nariman point, Mumbai - 400 021.

PROXY FORM

Folio No. : _____ DP ID : _____

Client ID : _____

I/We _____ of _____

In the district of _____ being a member(s) of the above named Company, hereby appoint _____ of _____

in the district of _____ or failing him _____ of _____ in the district of _____ as my/our proxy to vote

for me/us on my/our behalf at the 18th Annual General Meeting of the Company (including adjournment thereof) to be held at TARABAI HALL, SHIV PRASAD BUILDING, 97, MARINE DRIVE, MUMBAI - 400002 on Thursday, September 27th, 2012 at 3.30 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2012



Signature[s] of the Shareholder[s]

- 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.

“ Virtualization is at the center stage to adopt the cloud computing technology. The computing resources are used virtually in a shared and secured manner cost effectively, thus it becomes the game changer in terms of how computing is being used and the business is being carried out. ”

Registered Office:

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

Corporate Office:

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