
DHANUS TECHNOLOGIES LIMITED
Annual Report 2011



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CORPORATE INFORMATION

Board of Directors

A.D. Sudhindra	<i>Chairman (Non-Executive Director)</i>
Capt. D.S. Srinivasan	<i>Managing Director</i>
G. Rathan Kumar	<i>Independent & Non-Executive Director</i>
Justice (Retd.) S. Kalyanam	<i>Independent & Non-Executive Director</i>
Kumar Raichand Madan	<i>Independent & Non-Executive Director</i>
U. Parthasarathy	<i>Independent & Non-Executive Director</i>
S. Sriram	<i>Independent & Non-Executive Director</i>
R. Ramnath	<i>President (Corporate Affairs), CFO & Company Secretary</i>

Statutory Auditors

M/s P.C. Acharya & Co.
Chartered Accountants
No. 2, Santhome High Road, II Floor
Near Light House & Mahindra Show Room
Mylapore
Chennai – 600 004
India

Internal Auditors

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

Bankers

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

Registrar & Share Transfer Agent

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

Registered Office

New No. 20/Old No. 6, First Floor
Sengunthar Street
Shenoy Nagar
Chennai – 600 030
India

Listings

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

Scrip Code

BSE : 532903
NSE : DHANUS

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of **Dhanus Technologies Limited** ("the Company") will be held at Opal Hall, Fortune Select Palms, 142, Rajiv Gandhi Salai (Old Mahabalipuram Road), Thoraipakkam, Chennai – 600 096, Tamil Nadu on Tuesday, September 25, 2012 at 10.30 am to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at December 31, 2011, the Profit & Loss Account for the financial year ended on that date together with the Report of the Board of Directors and Auditor's thereon.
2. To appoint a Director in place of Shri. G. Rathan Kumar, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. A.D. Sudhindra, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint the Auditors and to fix their remuneration and in this regard, to consider, and if thought fit, to pass with or without modifications(s), the following resolution as an Ordinary Resolution. M/s. P.C. Acharya & Co., Chartered Accountants, the retiring Statutory Auditors of the Company, being eligible offer themselves for re-appointment.

"RESOLVED THAT M/s P.C. Acharya, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company for auditing the Accounts of the Company for the year 2012 and the Board of Directors be and is hereby authorized to fix their remuneration.

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

SPECIAL BUSINESS

5. Appointment of Director

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

"RESOLVED THAT Shri. Kumar Raichand Madan, who was appointed as an Additional Director of the Company on March 18, 2012 who will hold office till the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation."

6. Appointment of Director

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

"RESOLVED THAT Shri. U. Parthasarathy, who was appointed as an Additional Director of the Company on March 18, 2012 who will hold office till the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation."

7. Appointment of Director

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

"RESOLVED THAT Shri. S. Sriram, who was appointed as an Additional Director of the Company on March 18, 2012 who will hold office till the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation."

For and on behalf of the Board

Place: Chennai
Date : August 18, 2012

Capt. D.S. Srinivasan
Managing Director

Registered Office:

New No. 20/Old No. 6, First Floor
Sengunthar Street
Shenoy Nagar
Chennai - 600 030
Tamil Nadu

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY TO BE VALID AND EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.**
2. The Register of Members of the Company and Transfer Books will remain closed for the purpose of Annual General Meeting from 22nd September, 2012 to 25th September, 2012 (both days inclusive) under Section 154 of the Companies Act, 1956.
3. Members are hereby requested to send all correspondence in respect of their change of address, transfer of Shares or any other queries directly to the Company's Registrars and Share Transfer Agent M/s Cameo Corporate Services Limited, Subramanian Building, 5th Floor, No.1, Club House Road, Chennai 600 002. Members holding shares in electronic mode are requested to update their change of address with their respective Depository Participants.
4. Members desiring to have any clarification on Accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.
5. Members/Proxies should bring the attendance slip duly filled in for attending the meeting and corporate members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
6. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956, are requested to write to the Company's Registrar for the prescribed form.

7. Information under Clause 49 of the Listing Agreement regarding appointment/ re-appointment of Directors in Items Nos. 2, 3, 5, 6, and 7 of the Notice is also annexed hereto separately and forms part of the Notice.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The equity shares of the Company are tradable compulsorily in electronic form and your Company has established connectivity with both the Depositories i.e., NSDL and CDSL. Taking into consideration the enormous advantages offered by the Depository System, members are requested to avail the facility of dematerialization of the Company's shares on either of the Depositories, as aforesaid.
10. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on working days between 11 AM to 1 PM up to the date of the ensuing Annual General Meeting.
11. As a measure of economy, copies of the Annual Report will not be distributed at the Meeting. Members are requested to bring their copies along with them to the Meeting.

**BRIEF PROFILE OF THE DIRECTORS SEEKING APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING
(Pursuant to Clause 49 (IV)(E) & 49 (IV)(G)(i) of Listing Agreement with the Stock Exchanges in India)**

Sl. No.	Particulars	Profile of the Director	
1.	Name of the Director	G. Rathan Kumar	A.D. Sudhindra
2.	Position held	Non-Executive & Independent Director	Chairman (Non-Executive) & Non-Independent Director
3.	Date of Birth	16.11.1959	27.2.1954
4.	Educational Qualifications	B. Com, FCA	B.E.
5.	List of other companies in which outside Directorship held	i. E-Cube Education Services Private Limited ii. Purvodaya Builders Private Limited	i. Dhanus Global Medicare Limited ii. Kshetra Out of Home Media Limited iii. Dhanus Technologies Inc., USA iv. Mpingi Inc., USA
6.	Chairman/ Member of the committee of the Boards of other companies on which he is a Director	-	-
7.	Shareholdings in the Company	90,000	1,93,811
8.	Relationship with other Directors	None	None

Sl. No.	Particulars	Profile of the Director		
1.	Name of the Director	Kumar Raichand Madan	U. Parthasarathy	S. Sriram
2.	Position held	Non-Executive & Independent Director	Non-Executive & Independent Director	Non-Executive & Independent Director
3.	Date of Birth	3.11.1966	3.7.1961	24.5.1965
4.	Qualifications	-	B. Com, FICWA	M. Com, Diploma in Business Accounting
5.	List of other companies in which outside Directorship held	-	-	-
6.	Chairman/ Member of the committee of the Boards of other companies on which he is a Director	-	-	-
7.	Shareholdings in the Company	-	-	-
8.	Relationship with other Directors	None	None	None

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

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

Item No. 5

Shri. Kumar Raichand Madan was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on March 18, 2012. Pursuant to Section 260 of the Companies Act, 1956, he holds office only up to this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, notice has been received from a member along with requisite deposit fee signifying his intention to propose Shri Kumar Raichand Madan as Director of the Company. The Notice received from a member is available for inspection at the Registered Office of the Company.

Except Shri Kumar Raichand Madan, none of the Directors of the Company are concerned or interested in this resolution.

The Board recommends this resolution for member's approval.

Item No. 6

Shri. U. Parthasarathy was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on March 18, 2012. Pursuant to Section 260 of the Companies Act, 1956, he holds office only up to this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, notice has been received from a member along with requisite deposit fee signifying his intention to propose Shri U. Parthasarathy as Director of the Company. The Notice received from a member is available for inspection at the Registered Office of the Company.

Except Shri U. Parthasarathy, none of the Directors of the Company are concerned or interested in this resolution.

The Board recommends this resolution for member's approval.

Item No. 7

Shri. S. Sriram was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on March 18, 2012. Pursuant to Section 260 of the Companies Act, 1956, he holds office only up to this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, notice has been received from a member along with requisite deposit fee signifying his intention to propose Shri. S. Sriram as Director of the Company. The Notice received from a member is available for inspection at the Registered Office of the Company.

Except Shri. S. Sriram, none of the Directors of the Company are concerned or interested in this resolution.

The Board recommends this resolution for member's approval.

For and on behalf of the Board

Place: Chennai
Date : August 18, 2012

Capt. D.S. Srinivasan
Managing Director

DIRECTORS' REPORT

Your Directors are pleased to present the 18th Annual Report together with the statement of audited accounts of the Company for the financial year ended on December 31, 2011.

Financial Highlights

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

Particulars	(Amount in Rs.)	
	Year ended 31 st December, 2011 (12 months)	Year ended 31 st December, 2010 (18 months)
Total Income	53,65,07,714	119,29,85,522
Profit Before Interest, Depreciation and Taxes	7,26,35,079	39,83,74,913
Less: (a) Interest	1,87,82,500	4,30,58,343
(b) Depreciation	17,71,48,232	37,01,00,290
Profit/(Loss) Before Tax	(12,32,95,653)	(1,47,83,720)
Less: Provision for - (a) Provision for Current Tax	10,72,000	1,21,90,000
(b) Deferred Tax	(1,03,70,322)	(1,68,84,584)
Profit/(Loss) After Tax	(11,39,97,331)	(1,00,89,136)

Note: The figures for the current year are for a period of 12 months as against 18 months in the previous period and hence, are not comparable.

Financial Review

The turnover of the Company for the financial year ended 31st December, 2011, reported a decrease of 55.03% from Rs. 11929.85 lakhs in the previous year to Rs. 5365.08 lakhs in the year under review.

The Company has reported a Profit before interest, depreciation and tax of Rs. 726.35 lakhs and after providing Rs. 187.83 lakhs towards interest, Rs. 1771.48 lakhs towards depreciation and adjusting Rs. 92.98 lakhs towards tax, the net loss amounts to Rs. 1139.97 lakhs.

Business Review

During the current financial year ended December 31, 2011, the businesses across all verticals met with a substantial setback on account of factors both external and beyond the control of the management and internal relating to issues such as marketing structure and reach, product pricing etc. Dhanus has, over the past two years, been trying to make efforts to reverse the downslide in business by attempting to restructure its businesses and salvage the Company's business clientele and marketing reach.

Telecom

With the Company facing a recession throughout the year under review, and on account of growing financial instability and economic downturn across various parts of the globe, more significantly in Europe, and making an impact in India, the tourism industry suffered substantially thus adversely influencing the overseas travels of Indians. The Company's

telecom services were thus impacted as Indians traveling abroad happen to be the exclusive target customer segment in this vertical. V-tel continues to contribute a major share to the Company's top line. The Company continues to make efforts to arrest this negative trend by reviewing and drawing new plans both on the product and marketing front.

Telematics

The Company's telematics vertical brand 'Fleetrac' showed a significant negative growth on account of recession in the transportation and automobile sector. The Company is having a relook at the Company's marketing strategies, client reach, pricing policies and strategies. Your Company plans to revisit its business model in this segment and review its financial viability and thereafter decide on its renewed launch.

IT/ITES

The marginal reversal in the recessionary conditions in the US did not do much in terms of reviving the fortunes of the outsourcing business of your Company. Moreover, the anti-sourcing sentiments prevailing in the US also added to lack of fresh business from the US. This has affected the Company's main customer segment, and the anti-outsourcing sentiments prevailing in the US on account of large scale unemployment continued to impact this segment of Company's business this year too. The BPO business had sustained a negative growth in its business and the Company succumbed to pricing and margin pressures.

Trading Activities

The Company had forayed into a new business segment viz., Trading Activity in November 2010. The Company primarily was engaged in the trading of computer products, accessories and peripheral items. The Company started this business in the first week of November, 2010 and did robust business in this segment initially, although with nominal margin levels. However, the Company continued this business till June 2011 anticipating increased volume of business and also upward scalability in the profit margins. The Company however realized that it was not to happen and it was essentially a low-margin with not much of perceptible scalability and therefore decided to suspend this activity in the second quarter of the financial year under review till a comprehensive review of this segment of business and its viability is analyzed.

Current strategy:

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

The Company proposes to review its entire gamut of existing businesses, marketing structure and strategy and adopt a pragmatic approach in analyzing its ability to achieve a dedicated revival plan in each of these businesses.

The Company's business opportunities are undoubtedly high in various parts of the world wherever there is a perceptible presence of Indian diaspora.

Management Discussion and Analysis

A detailed report on Management Discussion & Analysis for the financial year ended December 31, 2011 as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India is provided as a separate chapter in this Annual Report.

Issue of Convertible Warrants

As mentioned in our earlier Report for the financial year 2009-10, your Company made firm financial arrangements to take advantage of business opportunities that may arise in future, as the Company believes that it needs to have an inorganic-growth approach till a self-sustaining financial strength is reached.

The Company therefore issued 15,00,00,000 Convertible Equity Warrants to select group of investors/allottees on February 21, 2011. Thereafter, on receipt of full consideration, your Company converted 8,32,68,333 Warrants into Equity Shares of equivalent amount on March 31, 2011 and the balance 6,67,31,667 Warrants into Equity Shares of equivalent amount on July 9, 2011.

Bonus Shares

Your Company decided to capitalize its existing reserves by issuing Bonus Shares to its Equity Shareholders in the ratio of 12:5 (i.e., 12 equity shares for every 5 equity shares held as on the Record Date). Your Company, after receiving the requisite approvals from the Stock Exchanges, successfully made the allotment of 40,30,62,312 Bonus Shares.

Public Deposits

Your Company has not accepted any public deposits.

Directors

In compliance with the provisions of the Companies Act, 1956 and in accordance with the Company's Articles of Association, Shri. G. Rathan Kumar and Shri. A.D. Sudhindra, Directors, retire by rotation at this Annual General Meeting scheduled on September 25, 2012 and, being eligible, offer themselves for re-appointment.

It needs to be mentioned here that the Company had seven Directors at the end of financial year 2009-10. However, one of the independent Directors expired consequent to which the strength of the Board reduced to six at the end of the financial year ended 31st December, 2011. Amongst the remaining six, the resignation of two independent Directors was accepted by the Board in its meeting on 18th March, 2012. In the same meeting, three Additional Directors were appointed bringing the strength of the Board to seven. The Additional Directors would come up for confirmation as Directors in the ensuing Annual General Meeting.

During the year and the intervening period post the closure of the financial year and the date of this Report, the following developments in the Board took place:

Shri. Darshan Suryakant Shah, Non-Executive and Independent Director of the Company resigned on February 24, 2012 and ceased to be a Director. His resignation was accepted by the Board in its meeting held on March 18, 2012.

Shri. R. Radhakrishna, Non-Executive and Independent Director of the Company resigned on August 9, 2011 and ceased to be a Director. His resignation was accepted by the Board in its meeting held on March 18, 2012.

Consequent to the untimely demise of Shri. S. Manoharan, Non-Executive & Independent Director, his name was removed from the Board in its meeting on May 14, 2011.

During the period between the end of the financial year 2011 and the date of this Report, Shri. Kumar Raichand Madan, Shri. U. Parthasarathy and Shri. S. Sriram were appointed as Additional Directors w.e.f March 18, 2012. They will hold office till the conclusion of the ensuing Annual General Meeting of the Company. The Board welcomes Shri. Kumar Raichand Madan, Shri. U. Parthasarathy and Shri. S. Sriram on board and looks forward to their active participation on various deliberations.

The Board appreciates the contributions made by Shri. Darshan Suryakant Shah, Shri. R. Radhakrishna and Shri. S. Manoharan during their tenure as Directors of the Company.

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

Directors Responsibility Statement

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

- (i) In preparation of the annual accounts, the applicable accounting standards have been followed and proper explanations have been provided for material departures, wherever applicable.
- (ii) The Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2011 and the loss of the Company for the financial year ended 31st December, 2011.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Company's Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts on a going concern basis.

Auditors

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

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

Auditor's Report

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

- i. Note (b) and (c) of the 4th para of the Auditor's Report – Note 1.2 (a) and (b) of Schedule 1 & 2 - Notes to Accounts to the financial statements

The Company has four business verticals and has a large number of debtors and creditors as its business across various service verticals is of retail nature. Also, the Company's services and products have a wide geographical reach as well. Consequently, the reconciliation and control accounts of receivables and payables are not fully complete, although substantially covered. The Company however believes that non-reconciliation in such accounts will not have any serious and perceptible impact on the revenues and expenses recognized.

- ii. Note (d) of the 4th para of the Auditor's Report

The Company has maintained a proper system of accounts. The Company confirms that the purported deviation from Accounting Standards prescribed under AS-6, AS-9, AS-10, AS-22 and AS-28 will in no way have any material adverse impact on the Profit & Loss Account and also the Asset Liability position of the Company. The Company shall however make extra efforts to bring the systems in line with the accounting Standards expected of the Company.

iii. Note (e) & (f) of the 4th para of the Auditor's Report

The Company agrees that reconciliation of Trade Receivables and Payables is yet to be fully completed. However, the Company firmly believes that non-reconciliation and control accounts of receivables and payables will not have any serious and perceptible impact on the revenues and expenses recognized as substantial and critical reconciliations have not provided any adverse indication or cause for concern.

iv. Note (g) of the 4th para of the Auditor's Report

The inability to quantify the value of current assets including debtors, loans and advances from a mark to market perspective will not have any material impact on the asset liability position of the Company. The Company's fixed assets being very large in number as it primarily comprises of high-value routers, switches, servers, computing systems, integrators etc., the Company is in the process of completing the physical verification of its fixed assets. The Company certifies that it fully owns the title to the assets and the cost of purchase and depreciation levied on them is accurate and in terms of generally accepted accounting principles. Kindly refer to Note 1.1 on Fixed Assets and corresponding write up on depreciation on assets.

v. Note (h) of the 4th para of the Auditor's Report

The Board agrees with the statement that the investment in M/s Borusan Telekom, Turkey is possibly irrecoverable. The Company however proposes to attempt recovering the initial advance given towards share purchase, although the Company agrees that the attempt may be an exercise in futility and accordingly appropriate steps in this regard would be followed to write off the investment after all possible efforts towards recovery are completely exhausted.

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

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

Audit Committee

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

Subsidiary Companies

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

Listing

The Equity Shares continue to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Both these exchanges have nation-wide terminals and therefore, shareholders/investors are not facing any difficulty in trading the shares of the Company from any part of the country. The Company has paid the annual listing fee for the year 2012-13 to the BSE and NSE and the annual custodial fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

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

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

Particulars of Employees

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

Corporate Governance

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

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

Acknowledgements

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

For and on behalf of the Board of Directors

Place: Chennai
Dated: August 18, 2012

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

ANNEXURE TO THE DIRECTORS' REPORT

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

A. Conservation of Energy

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

B. Technology Absorption

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

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

C. Foreign Exchange Earnings and Outgo:

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

	Rs. In Lakhs	
	Year ended 31.12.2011	Year ended 31.12.2010
a) Foreign Exchange Earnings	Nil	Nil
b) Foreign Exchange Outgo	Nil	Nil

D. Details under section 217(2A) of the Companies Act, 1956 for the year ended 31st December, 2011

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

For and on behalf of the Board of Directors

Place: Chennai
Dated: August 18, 2012

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

Registered Office:
New No. 20/Old No. 6, First Floor
Sengunthar Street
Shenoy Nagar
Chennai – 600 030
Tamil Nadu, India

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

Sl. No.	Name of the Subsidiary Company	Dhanus Global Medicare Ltd.	Dhanus Technologies Inc., USA
1.	Financial Year of the Subsidiary Company	30.06.2011	31.12.2011
2.	Holding Company's interest in the Company's Accounts	Rs. 2,81,34,500/- (28,13,450 Equity Shares of Rs.10/- each) 100%	Rs.9,54,73,560/- (22,64,90,000 shares of US\$ 0.01 each)100%
3.	Net Aggregate amount of the Losses not dealt with in the Holding Company's Accounts a) For the subsidiary's financial year ended as stated above b) For the previous financial year of the Subsidiary company.	NIL	NIL
4.	Net Aggregate amount of the Losses dealt with in the Holding Company's Accounts. a) For the subsidiary's financial year ended as stated above b) For the previous financial year of the Subsidiary company.	NIL	NIL

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

R. Ramnath
President (Corporate Affairs), CFO
& Company Secretary

Place: Chennai

Date: August 18, 2012

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

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

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

For consolidation of the accounts of Dhanus Technologies Limited, the foreign subsidiary transactions are translated/ converted into Indian Rupees at Rs. 53.065 per US\$ i.e., the exchange rate as on 31st December 2011.

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

R. Ramnath
CFO & Company Secretary

Place: Chennai

Date: August 18, 2012

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Industry segment, in which the Company operated in, at the beginning of the financial year 2011, can be classified into four segments:

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

A. Global Calling Cards & Mobile SIM Cards

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

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

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

Internet Protocol (IP) phones

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

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

B. IT - ITes and BPO Industry

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

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

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

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

Business Process Outsourcing - Industry Functional Processes

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

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

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

C. Telematics: FleeTrac

On account of increasing losses in this business, the Company has decided to review its business model, marketing structure and pricing strategies vis-à-vis the market and its competitors.

D. Trading Activities

On account of non-viability and continued losses in this business segment, the Company suspended its operations with effect from the beginning of the third quarter of 2011. The Company is however exploring opportunities to indulge in trading activities having scalability and also with healthy net margins.

OPPORTUNITIES AND THREATS

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

Opportunities

The Company's business opportunities are substantially high in various parts of the world wherever there is a perceptible presence of Indian diaspora. In spite of lacklustre performance during the year under review, the Company intends to leverage this opportunity in the following areas.

Telecards: V-Tel Global Calling Card

There was earlier a dramatic growth in Indians travelling abroad. The large diaspora of Indians who live and work abroad is another important market for the Company. Dhanus has been targeting these markets and expects to reverse the negative growth in this sector. However, there was a perceptible decline in the volume of travel during the last two years.

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

Teleservices/ITES/BPO Operations

It is pertinent to mention here that there prevails a strong anti-outsourcing sentiment in the US which has created an adverse impact in the volume of business that reaches India. Moreover, over the last couple of years, it has been seen that India has been losing perceptible business ground to emerging companies in the South-East Asia, more particularly Philippines which is shaping into a price-competitive market vis-à-vis India.

Threats

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

Global Competition

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

Margin Pressure

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

Availability of Talent

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

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

SEGMENT WISE AND PRODUCT WISE PERFORMANCE

As the members are aware, the Company had four main lines of business. The sales contribution of these activities for the financial year ended 31st December, 2011 is as follows:

Sales/ Services of Dhanus Technologies Limited:

Business Segment	Sales	% of Total
Telecom	8,52,12,227	15.92
Fleetrac	3,15,08,090	5.89
BPO	5,72,94,072	10.70
Trading Activities	36,12,18,217	67.49
Total	53,52,32,606	100.00

Business Strategy

The goal of the Company is to be a company of substance in the Telecom & ITeS space and, build a brand that will enable the Company to deliver the most compelling value proposition to its customers and stakeholders over a reasonable period. A significant portion of the Company's growth stems from the expansion of existing client relationships. These relationships and the resulting opportunities did not continue to grow. The Company believes that tremendous growth opportunities exist within its business lines and the domain expertise it has obtained will enable the Company to compete effectively for this business. However, the financial year under review has had a not so impressive performance on account of loss of clients, inability to rope in new clients, employee attrition, ineffective marketing reach and inappropriate pricing strategies. To successfully execute its strategy and achieve its goals, the management believes in continuing to be proactive by concentrating on the following factors:

- Business process improvements.
- Strengthening its financial position.
- Maintain domain focus and expertise management.
- Have an inorganic growth path as well by pursuing acquisitions.

RISKS AND CONCERNS

The following risks are incurred:

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

INTERNAL CONTROL SYSTEMS

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

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

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

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

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

DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Paid-up Share Capital

The Company had a paid-up capital share capital of Rs. 1794.26 lakhs comprising 1,79,42,630 equity shares of Rs. 10/- each as of December 31, 2010. The Company issued 15,00,00,000 convertible equity warrants to twenty select investors on February 21, 2011 after seeking the approval of the members in its Extra Ordinary General Meeting held on December 18, 2010. On receiving full consideration, the Company allotted 8,32,68,333 equity shares on March 31, 2011 and the balance 6,67,31,667 equity shares on July 9, 2011 by converting the warrants.

The Company decided to capitalize its reserves by issuing Bonus Shares in the ratio of 12:5 (i.e., twelve Bonus Shares for every five shares held by the existing shareholders as on the Record Date fixed). Subsequent to the allotment of 40,30,62,312 Bonus Shares, the paid-up capital of the Company stood at Rs. 57100.49 lakhs.

Reserves and Surplus

After capitalization of reserves for issue of Bonus Shares and adjustment of the loss of Rs. 1139.97 lakhs during the financial year ended December 31, 2011, the balance in reserves and surplus account has decreased to Rs. 528.41 lakhs as at December 31, 2011 from Rs. 26974.62 lakhs as at December 31, 2010.

Secured Loans

The Secured loans at the end of the current fiscal was Rs. 1145.08 lakhs as against Rs. 1291.92 lakhs as at the end of the previous fiscal.

Fixed Assets

There was no addition to the gross block during the financial ended December 31, 2011.

Depreciation

The Company provided a sum of Rs. 1771.48 lakhs as depreciation for the fiscal 2011 as against Rs. 3701.00 lakhs for the previous fiscal ended December 31, 2010 representing 33.10% and 31.02% of total revenues.

Investments

During the year, the Company has invested a sum of Rs. 13353.11 lakhs in various companies out of the funds received as consideration towards issue of equity warrants to the allottees of convertible equity warrants.

Inventories

The stock of V-Tel Cards and FleeTrac devices has increased to Rs. 6757.29 lakhs as on December 31, 2011 from Rs. 6591.71 lakhs as on December 31, 2010.

Trade Receivables

Trade Receivables amounted to Rs. 15746.30 lakhs for the year ended December 31, 2011 as compared to Rs. 13740.86 lakhs for the year ended December 31, 2010. These are considered good and realizable.

Cash and Bank Balances

Cash and Bank balances have decreased to Rs. 8.59 lakhs as on December 31, 2011 from Rs. 64.98 lakhs as on December 31, 2010.

Long-Term Loans and advances

As at	(Rupees in lakhs)	
	December 31, 2011	December 31, 2010
Advances	3501.31	4100.31
Deposits	215.04	215.04

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

Trade Payables, Current Liabilities & Provisions

As at	(Rupees in lakhs)	
	December 31, 2011	December 31, 2010
Trade Payables	8756.10	7666.64
Other Current Liabilities	2028.74	91.28
Taxation	1042.25	1031.53
Total	11827.09	8789.45

Trade payables represent trade creditors for the services rendered and goods supplied.

Total Revenue

The total revenue of the company has decreased substantially by 55.13% from Rs. 11929.77 lakhs in financial 2009-10 to Rs. 5352.33 lakhs during the financial year 2011.

Total Expenses

Total expenditure has decreased by 45.37% from Rs. 12077.69 lakhs in financial year 2009-10 to Rs. 6598.03 lakhs during the year 2011.

Operating Profit (EBIDTA)

The Operating Profit of the company has decreased by 81.77% (i.e., from Rs. 3983.75 lakhs in FY 2009-10 to Rs. 726.35 lakhs in FY 2011).

Profit / (Loss) before tax (PBT):

The Company reported a Loss before tax of Rs. 1232.96 lakhs in the financial year 2011 as compared to Loss before Tax of Rs. 147.84 lakhs in the previous year 2009-10.

Profit after Tax (PAT)

The Company reported a Loss after tax of Rs. 1139.97 lakhs in the financial year 2011 as compared to Rs. 100.89 lakhs in the previous financial year 2009-10.

Earnings per Share (EPS)

The Company has reported negative earnings per share of Rs. 0.46 in the financial year 2011 as compared to negative earnings per share of Rs. 0.37 in financial year 2009-10.

Related Party Transactions

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

Strengths, Strategy & Competition

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

Our strengths

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

i. **Develop healthy Customer base and relationship:**

The Company has the capability to develop a healthy customer base, which include companies that have demand for services in the telecommunications, health care, financial services, insurance sectors, mutual funds, medical transcriptions sector etc. The Company has had a long history of retaining clients, but also leverage on its existing relationships to source business from new clients. The Company has had a good track record earlier of retaining its client base.

In the BPO industry, the customers place great value on experience and existing relationships with providers when awarding business to BPO providers. The Company builds business clientele with whom the Company can enter into long-term business relationships, although the financial year 2011 showed decreased business levels.

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

ii. **Experienced Management Team:**

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

iii. **Healthy Employee profile:**

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

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

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

Our Strategy

We seek to review our current year's performance which failed to attain our corporate goals and objectives, review the areas of weakness in order to consolidate and re-attain our position as a leading global technology solutions company by successfully differentiating our service offerings and increasing the scale of our operations.

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

Geographical expansion

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

Competition

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

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

Material Developments in the Human Resources

One of the key focus areas for your Company is developing human capital. The Company could not continue to attract and retain talent of highest quality. The company is making effort to provide a challenging and exciting work environment by nurturing and mobilizing individual potential.

Cautionary Statement

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

For and on behalf of the Board of Directors

Place : Chennai
Dated: August 18, 2012

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

REPORT ON CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

CORPORATE GOVERNANCE COMPLIANCE REPORT FOR THE FINANCIAL ENDED DECEMBER 31, 2011

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

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

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

BOARD OF DIRECTORS

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

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

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

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

Category of Directors	As on 31.12.2011		As on date of this Report	
	No. of Directors	%age of total no. of Directors	No. of Directors	%age of total no. of Directors
Whole-time Director (Executive)	1	16.67	1	14.29
Non-Independent Director (Non-Executive)	1	16.67	1	14.29
Independent Directors (Non-Executive)	4	66.66	5	71.42
TOTAL	6	100.00	7	100.00

There were 5 non-executive and independent directors at the beginning of the year.

Consequent to the untimely demise of Mr. S. Manoharan, Non-Executive & Independent Director, his name was removed from the Board in its meeting on May 14, 2011.

Mr. R. Radhakrishna, Non-Executive & Independent Director resigned on August 9, 2011 and his resignation was accepted by the Board in its meeting on March 18, 2012.

Mr. Darshan Suryakant Shah, Non-Executive & Independent Director resigned on February 24, 2012 and his resignation was accepted by the Board in its meeting on March 18, 2012.

Mr. Kumar Raichand Madan was appointed as Additional Director on March 18, 2012 and he will hold office till the conclusion of the ensuing Annual General Meeting.

Mr. U. Parthasarathy was appointed as Additional Director on March 18, 2012 and he will hold office till the conclusion of the ensuing Annual General Meeting.

Mr. S. Sriram was appointed as Additional Director on March 18, 2012 and he will hold office till the conclusion of the ensuing Annual General Meeting.

Notes:

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

The Composition of the Board, attendance of each Director at the Board Meetings held during the year under review as well as in the last Annual General Meeting held during the calendar year 2011 and details of other Directorship / Committee memberships held by them is given herein-below:

Name of Director	Status	No. of Board Meetings during the year		Attendance at last AGM held on 31.3.2011	Number of directorships held in the Indian Companies	Number of Board Committee memberships held in other Companies
		Held	Attended			
A.D. Sudhindra	<i>Non-Executive Chairman</i>	10	5	Yes	2	Nil
Capt. D.S. Srinivasan	<i>Executive Managing Director</i>	9	9	Yes	4	Nil
G. Rathan Kumar	<i>Independent Non-Executive</i>	9	9	Yes	3	Nil
R. Radhakrishna \$	<i>Independent Non-Executive</i>	9	6	No	Nil	Nil
Justice (Retd.) S Kalyanam	<i>Independent Non-Executive</i>	9	9	Yes	1	Nil
Darshan Suryakant Shah \$	<i>Independent Non-Executive</i>	9	9	No	Nil	Nil

\$ - Resigned and accepted by the Board in its meeting on March 18, 2012.

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

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

Board Meetings

During the year from January 1, 2011 to December 31, 2011 in the Financial Year ended December 31, 2011, the Board of Directors met 9 (nine) times on February 21, 2011, February 28, 2011, March 31, 2011, May 14, 2011, July 9, 2011, July 30, 2011, August 18, 2011, September 2, 2011 and December 9, 2011 and in respect of which, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. The meetings are in compliance with clause 49 of the Listing Agreement and the Board has adhered to the time gap between two meetings.

Annual General Meeting

The Annual General Meeting for the financial year ended on 31st December, 2010 was held on 31st March, 2011, by giving due notice to the members of the Company and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.

None of the Directors is related to each other.

Equity Shares held by the Directors as on 31st December, 2011

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

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

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

AUDIT COMMITTEE

The Audit Committee was constituted by the Board of Directors in its meeting held on September 12, 2005. The Audit Committee was reconstituted on January 29, 2007, October 31, 2008, May 22, 2010. It was further reconstituted on March 18, 2012. The Committee consists of three Non-Executive & Independent Directors and has the following terms of reference and composition:

a) Terms of Reference:

- i. Overseeing the company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ii. Recommending to the Board, the appointment, reappointment and if required, the replacement and removal of the statutory auditors and fixation of audit fees;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

- iv. Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to matters required to be included in the Director's Responsibility Statement to be included in the Board's Report; changes, if any, in accounting policies and practices and reasons for the same; major accounting entries involving estimates based on the exercise of judgment by management; significant adjustments made in the financial statements arising out of audit findings; compliance with listing and other legal requirements relating to financial statements; disclosure of any related party transactions; and qualifications in the draft Audit Report.
- v. Reviewing with management, the quarterly financial statements before submission to the Board for approval;
- vi. Reviewing with management, performance of statutory auditors, and adequacy of internal auditors;
- vii. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, and;
- viii. Review the functioning of the Whistle Blower mechanism, in case the same exists.

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

Composition and Attendance

The Company has an Audit Committee of the Board consisting of three "Non-Executive & Independent Directors" as members, as detailed below, and all members have adequate financial and accounting knowledge, who met 4 (four) times during the year i.e., on February 28, 2011, May 12, 2011, July 29, 2011 and December 9, 2011. The details of the number of meetings held and attendance record of the members are as follows:

Name of Directors	Status and Category	No. of Meetings	
		Held	Attended
G. Rathan Kumar	Non-Executive & Independent	4	4
Justice (Retd.) S. Kalyanam	Non-Executive & Independent	4	4
R. Radhakrishna @	Non-Executive & Independent	4	2
U. Parthasarathy \$	Non-Executive & Independent	-	-

@ - Resigned; accepted by the Board in its meeting on March 18, 2012.

\$ - Appointed by the Board in its meeting on March 18, 2012.

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

REMUNERATION COMMITTEE

The Remuneration Committee was constituted by the Board of Directors in its meeting held on March 28, 2002. The Remuneration Committee was reconstituted on January 29, 2007, October 31, 2008, May 22, 2010 and March 18, 2012 and has the following terms of reference and composition:

a) Terms of Reference:

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

WHOLE-TIME DIRECTOR

The Company has a Managing Director. The remuneration paid to the Directors during the period 1.1.2011 to 31.12.2011 was as under:

Name and Designation	Period	(Rupees in lakhs)
		Salary & Perquisites
Capt. D.S. Srinivasan, <i>Managing Director</i>	01.01.2011 to 31.12.2011	Nil

NON EXECUTIVE DIRECTOR

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

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

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

There were no unresolved complaints/transfers pending.

b) Remuneration Policy:

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

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

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

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

@ - Resigned; accepted by the Board in its meeting on March 18, 2012.

\$ - Appointed by the Board in its meeting on March 18, 2012.

SHAREHOLDER'S GRIEVANCE COMMITTEE

The Shareholder's Grievance Committee was constituted by the Board of Directors in its meeting held on September 12, 2005. The Committee was reconstituted on January 29, 2007, October 31, 2008, and August 29, 2010. The Committee met three (3) times during the year viz., February 10, 2011, February 17, 2011, and July 29, 2011. This Committee has been constituted to specifically look into redressing the shareholders and investors' complaints, oversee share transfers and monitor investors' grievances such as complaints on transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, if any, etc. and redressal thereof. It has the following terms of reference and composition:

a) Terms of Reference:

- i. To accept the share application along with the share application money and reject the application as may be deemed fit and proper;
- ii. To do all work relating to transfer, transmission, consolidation, split and issue of duplicate shares of the Company;
- iii. To do all the necessary things as may be required from time to time under the Companies Act, 1956 and other related enactment; and
- iv. To look into the shareholder complaints, if any, and to redress the same expeditiously.

b) Composition:

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

The CFO and Company Secretary of the Company is the Secretary of the Committee.

There were no unresolved complaints/transfers pending.

GENERAL BODY MEETINGS:

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

Financial Year	Location	Date	Time
2007-08	Galaxy Hall, Hotel Star City 39, Bazullah Road T.Nagar, Chennai - 600 017	December 24, 2008	4.00 PM
2008-09	Unix Hall Fortune Select Palms 142, Rajiv Gandhi Salai (Old Mahabalipuram Road) Thoraipakkam, Chennai – 600 096	March 31, 2010	10.30 AM
2009-10	Unix Hall Fortune Select Palms 142, Rajiv Gandhi Salai (Old Mahabalipuram Road) Thoraipakkam, Chennai – 600 096	March 31, 2011	10.30 AM

No Extra-Ordinary General Meeting was held during the year under review.

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

DISCLOSURE MADE BY THE SENIOR MANAGERIAL PERSONNEL TO THE BOARD

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

DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

The details of the transaction with related parties or others, if any, as prescribed in the listing agreement are periodically placed before the Audit committee from time to time. Material significant related party transactions during the year 2011 have been given in Clause 2.26 of Schedule 2 to the Annual Accounts for the year ended December 31, 2011.

There were no other transactions of material nature that has been entered into by the Company with related parties (i.e., Directors or Management, their subsidiaries or relatives) that had potential conflict with the interest of the Company at large in the financial year ended December 31, 2011.

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

DISCLOSURE OF ACCOUNTING TREATMENT

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

RISK MANAGEMENT

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

CODE OF CONDUCT FOR THE DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

The Company has laid down a Code of Conduct (Code) for all the Board Members and Senior Management Personnel of the Company. The Code is also posted on the Website of the Company. All Board Members and Senior Management Personnel have affirmed their compliance with the Code for the financial year ended 31st December, 2011. A declaration to this effect signed by Capt. D.S. Srinivasan, Managing Director of the Company forms part of this report.

CEO/CFO CERTIFICATION

In terms of Clause 49(V) of the Listing Agreement, the Certificates duly signed by Capt. D.S. Srinivasan was placed before the Board of Directors along with financial statement for the financial year ended December 31, 2011 at its meeting held on August 18, 2012.

COMPLIANCES BY THE COMPANY

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

DETAILS OF NON-COMPLIANCES WITH REGARD TO CAPITAL MARKET

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

SUBSIDIARY COMPANY

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

MEANS OF COMMUNICATION TO SHAREHOLDERS

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

GENERAL SHAREHOLDER'S INFORMATION

Financial Calendar for the year 2011 (January 2011 to December 2011):

Financial year First Quarter Result Second Quarter Result and Half-yearly Result Third Quarter Result Fourth Quarter Result Annual Result (Audited) Annual General Meeting	January 1, 2012 to December 31, 2012 on July 25, 2012 on August 14 & 17, 2012 on or before November 14, 2012 on or before February 28, 2013 Within 6 months of the close of the financial year in accordance with Section 166 of the Companies Act, 1956.
Dates of book closure	September 22, 2012 to September 25, 2012 (Both days Inclusive)
Venue and other details of the Annual General Meeting	Day : Tuesday Date : September 25, 2012 Time : 10.30 AM Unix Hall, Fortune Select Palms 142, Rajiv Gandhi Salai (Old Mahabalipuram Road) Thoraipakkam, Chennai – 600 096
List of Stock Exchanges where the Company's shares are listed and Stock Code	Bombay Stock Exchange Limited (BSE) - Scrip Code 532903 National Stock Exchange of India Limited (NSE) - Scrip ID : DHANUS

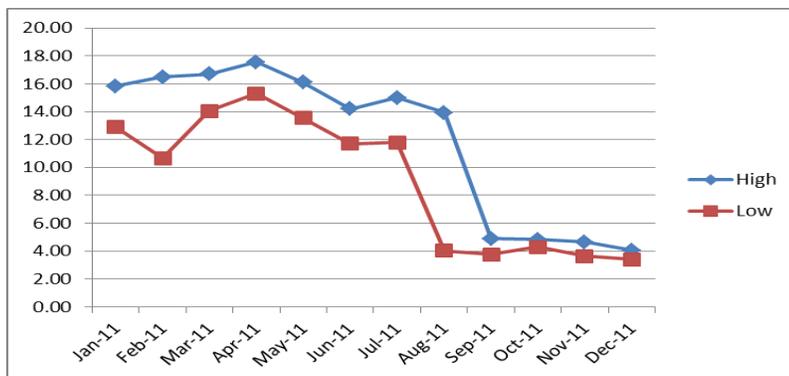
Stock Market data for the period January 1, 2011 to December 31, 2011:

Monthly high and low of closing prices as well as the volume of shares traded at BSE and NSE for the year 2011.

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High	Low	Volume	High	Low	Volume
January 2011	15.82	12.90	10,14,813	15.80	12.85	9,87,885
February 2011	16.48	10.66	3,88,90,899	17.25	10.55	22,93,150
March 2011	16.70	14.05	10,04,064	16.65	14.15	8,11,033
April 2011	17.56	15.31	14,59,688	17.45	15.20	10,91,637
May 2011	16.10	13.55	6,51,113	16.15	13.50	3,89,804
June 2011	14.20	11.69	2,86,138	14.25	11.70	2,19,522
July 2011	15.01	11.79	6,90,768	15.00	11.90	2,58,747
August 2011	13.92	4.04	5,98,484	13.85	4.05	3,37,833
September 2011	4.88	3.76	6,12,669	4.90	3.85	2,59,714
October 2011	4.83	4.30	3,88,342	4.75	4.25	1,66,000
November 2011	4.64	3.65	1,10,014	4.70	3.60	76,562
December 2011	4.07	3.39	1,25,853	4.10	3.50	29,368

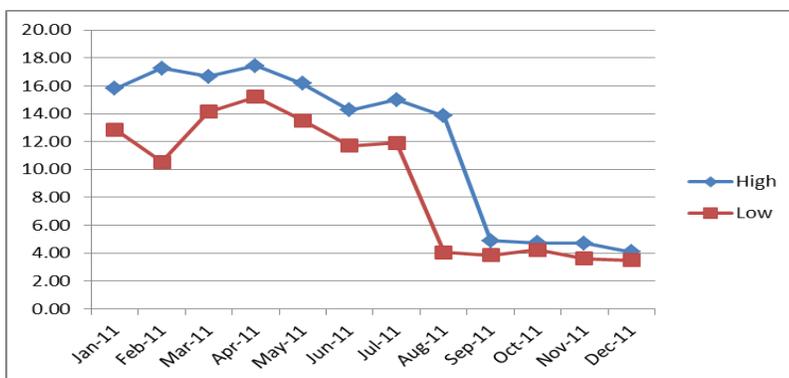
The chart given hereunder plots the movement of the Company's high and low of the closing prices on the BSE and NSE for the year 2011.

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



Note: The Company's scrip became ex-bonus on the BSE on 28th August, 2011.

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



Note: The Company's scrip became ex-bonus on the NSE on 28th August, 2011.

Dematerialization of Shares and Liquidity

The equity shares of your Company are made available for dematerialization under depository system operated by the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The Shares of your Company are under compulsory demat settlement mode and can be traded only in the demat form. Shares dematerialized up to December 31, 2011 are under:

Particulars of Capital Structure	No of shares	% of Total issued Capital
Listed Capital as per Company's record	57,10,04,942	100.0000
Held in dematerialized Form in CDSL	2,45,79,160	4.3045
Held in dematerialized Form in NSDL	7,17,18,049	12.5600
Physical	47,47,07,733	83.1355

Registrar and Share Transfer Agents (RTA)

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

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

Share Transfer System

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

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

Distribution Schedule as on December 31, 2011

Share Holding		Share Holders		Share Amount	
Rs.	Rs.	Number	% of Total	Rs.	% of Total
10	5000	20,331	68.1905	2,53,07,970	0.4432
5001	10000	2,695	9.0390	1,87,59,660	0.3285
10001	20000	2,875	9.6427	4,14,18,750	0.7253
20001	30000	791	2.6530	1,90,48,530	0.3335
30001	40000	1,150	3.8571	3,92,92,530	0.6881
40001	50000	253	0.8485	1,12,15,880	0.1964
50001	100000	860	2.8844	5,86,16,040	1.0265
100001	And above	860	2.8844	549,63,90,060	96.2581
		29,815	100.0000	571,00,49,420	100.0000

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

Categories of Shareholdings as on December 31, 2011

Category of Shareholders	Total Number of Shares	% Holding
Promoters	14,34,547	0.3513
Financial Institutions	1,700	0.0002
Foreign Institutional Investors	-	-
Venture Capital Funds	-	-
Bodies Corporate	52,33,25,926	91.6499
Individual shareholders holding nominal share capital up to Rs. 1 lakh	1,93,94,789	3.3966
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2,09,29,516	3.6653
Clearing Members	59,760	0.0104
Directors and their relatives	2,00,60,000	0.3513
Hindu Individual families	20,47,738	0.3586
Non Resident Indian	17,45,395	0.3056
Foreign Nationals	8,500	0.0014
Trusts	51,071	0.0089
Total	57,10,04,942	100.0000

Company Registration Details

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

LEGAL PROCEEDINGS:

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

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

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

AGAINST THE COMPANY

Sl. No.	Description	Current Status
1.	<p>Case No.: CC No. 13577 of 2008</p> <p>Court: The Additional Chief Metropolitan Magistrate, Egmore, Chennai</p> <p>Parties: Central Bureau of Investigation (Petitioner/Complainant)</p> <p>V/s</p> <p>Dhanus Technologies Limited (Respondent/Accused)</p> <p>Act under which petitioned: Under Section 20 read with 4 of Indian Telegraph Act, 1885</p>	<p>Details: The allegation is that Dhanus Technologies Limited is dealing in V-tel Calling Cards without a No Objection Certificate (NOC) from the Department of Telecommunications, Government of India. However, neither the Act nor the Rules framed under the Indian Telegraph Act, 1885 contemplate a requirement for a No Objection Certificate.</p> <p>During the pendency of First Information Report (FIR), NOC was granted to Dhanus Technologies Limited by the Department of Telecommunications, Government of India.</p> <p>As against the dismissal of the discharge petition, the Company preferred a Revision: CrI. R. C. No. 4 of 2011 before the High Court and the entire proceedings are now stayed.</p> <p>Current Status: Stay granted by the Hon'ble High Court continues.</p> <p>Amount involved: Nil</p> <p>No contingent liability is likely to arise on the Company on the outcome of the decision</p>
2.	<p>Case No. O. A. No.260 of 2010</p> <p>Court: Debts Recovery Tribunal – II, Chennai</p> <p>Parties: M/s. UCO Bank, Rep. by its Chief Manager, T. Nagar Branch, Ground Floor, 67, Burkit Road T. Nagar, Chennai – 17</p> <p>V/s</p> <p>1. M/s. Dhanus Technologies Ltd., and 4 others</p> <p>Act under which petitioned: Section 19 of SARFAESI Act,</p>	<p>Details: The defendants (Company) approached the applicant (Bank) in the year 2006 for grant of certain credit facilities for improvement of business. The bank on consideration of the request of the Company (DTL) sanctioned a term loan vide its letter dated 19.08.2008 a cash credit facility up to a limit of Rs. 16,00,00,000/ (Sixteen Crores) (Rs. 4,00,00,000/- (Four Crores)towards Term Loan and Rs. 12,00,00,000/- towards cash credit in favour of the company. The company created a primary security by way of hypothecation of stocks of FleeTrac, Vtel cards, software development work progress etc., and hypothecation of fixed assets viz., computers, routers, LCD panels, telephones, furniture, fixtures etc., and also submitted collateral security by way of equitable mortgage of the property viz., Land and building situated in Door No. 10-2/99, Ellampillai Village, Salem measuring an extent of 29621 sq. ft. with built up area of 7200 sq. ft. comprised survey Nos. 12/9, 12/8 & 12/7. On 23.07.2010, the bank sent a notice under section 13(2) of SARFAESI ACT calling upon the defendants to pay the outstanding liability with further interest and incidental expenses and costs and Possession notices dated 22.10.2010 & 23.10.2010 were issued U/Sec. 13(12) r/ w Rule 3 of SARFAESI ACT. The claim is for a sum of Rs. 11,45,07,726.94. (Rupees Eleven crores Forty five Lakhs Seven thousand Seven Hundred and Twenty Six Rupees Ninety four paisa)Amount involved: Rs. 11,45,07,726.94. (Rupees Eleven crores Forty five Lakhs Seven thousand Seven Hundred and Twenty Six Rupees Ninety four paisa). Sequent of events: Notice Received. Any Contingent Liability: Rs. 11,45,07,726.94. (Rupees Eleven crores Forty five Lakhs Seven thousand Seven Hundred and Twenty Six Rupees Ninety four paisa)Current Status: Posted for enquiry 22.08.2012</p>

Sl. No.	Description	Current Status
3.	<p>Arbitration Case:</p> <p>Court: Arbitral Tribunal Sole Arbitrator Justice Smt. K. K. Baam (Retd)</p> <p>Parties: Batliboi Limited, registered office at Bharat house, 104, Mumbai Samachar Marg, Fort, Mumbai – 400 001 and another. Claimants V/s Dhanus Technologies Ltd. (Respondent)</p> <p>Act under which petitioned: Arbitration and Conciliation Act, 1996</p> <p>Section 23</p>	<p>Details: On 16 September 2006 the Claimants and the Respondent (DTL) entered a Memorandum of Understanding (MOU), to purchase the shares of Batliboi Environmental Engineering Ltd., (BEEL). After execution of the said MOU, the Respondent failed to conduct a due diligence of BEEL within 30 days from the execution of the MOU and the prescribed period of 30 days expired. Hence the Claimants filed an arbitration case against the respondent praying for an order directing the Respondent to perform the MOU dated 16.09.2006 by making payment of the Rs. 18,00,00,000/- (Rupees eighteen crores only).</p> <p>Amount Involved: Rs. 18,00,00,000/- (Rupees eighteen crores only)</p> <p>Sequence of events: Notice Received and replied. Any Contingent liability: Rs. 18,00,00,000/- (Rupees Eighteen Crores Only)</p> <p>Current Status: Posted for cross examination of claimants' evidence. Since the Ld. Arbitrator was not well on the last hearing date (i.e., 31.07.2012). Further date expected.</p>

BY THE COMPANY

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

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

The Company has not issued any GDRs/ADRs or other instruments, which are pending for conversion.

The Company had issued 15,00,00,000 Convertible Equity Warrants to allottees on February 21, 2011 as per details mentioned in the Notice of the Extra Ordinary General Meeting held on 18th December, 2010. Consequent to the receipt of the full consideration from the allottees against the equity warrants, 8,32,68,333 warrants were converted into equity shares by the Board in its meeting held on March 31, 2011 and the balance 6,67,31,667 equity warrants were converted into equity shares by the Board in its meeting on July 9, 2011.

Address for Communication

Dhanus Technologies Limited
New No. 20 / Old No. 6, First Floor
Sengunthar Street
Shenoy Nagar
Chennai – 600 030
India
Telephone: +91 44 43561149
Facsimile: +91 44 43561149
E-mail: info.dhanustech@gmail.com
Website: www.dhanus.net

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

For and on behalf of the Board of Directors

Place: Chennai
Dated: August 18, 2012

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT

As required by Clause 49 of the Listing Agreement the Managing Director's declaration on code of conduct is as under:

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

Dated: August 18, 2012

Capt. D.S. Srinivasan
Managing Director

Registered Office

New No. 20 / Old No. 6, First Floor
Sengunthar Street
Shenoy Nagar
Chennai – 600 030
Tamil Nadu
India

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

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

To

The Members of Dhanus Technologies Limited

We have examined the compliance of the conditions of Corporate Governance by **Dhanus Technologies Limited** ('the Company') for the financial year ended 31st December 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges in India.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the conditions given by the Registrar and Transfer Agent of the Company, as on 31st December, 2011, there was no investor grievance remaining unattended.

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

For P.C. Acharya & Co.
Chartered Accountants

Place : Chennai
Date : August 18, 2012

P.C. Acharya
Proprietor
MRN No.210719

AUDITORS' REPORT TO THE MEMBERS OF DHANUS TECHNOLOGIES LIMITED

1. We have audited the attached Balance Sheet of Dhanus Technologies Limited ('the Company') as at 31st December, 2011 and also the Statement of Profit and Loss 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies [Auditor's Report] Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 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.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books, **subject to Note No.1.2. (a) and (b).**
 - c) The Balance Sheet, statement of Profit and Loss and cash flow statement dealt with by this report are in agreement with the books of account, **subject to Note No. 1.2. (a) and (b).**
 - d) In our opinion, the Balance Sheet, statement of Profit and Loss and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section [3C] of Section 211 of the Companies Act, 1956, **except for AS-6 – "Depreciation", AS-9 – "Revenue Recognition", AS-10 – "Fixed Assets", AS-22 – "Deferred Taxes" and AS-28 – "Impairment of Assets".**
 - e) **The effects of non reconciliation of Trade receivables, exceeding over a period of six months, and as well as payables, the effects on profit/loss is not quantifiable. The quantum of bad debts involved in the Trade Receivables are not yet confirmed, the effect to that extent on profit/loss is not quantifiable.**
 - f) **Reference to Note No.1.2.(a) and (b) and Para (e) above regarding revenue recognition under AS-9 – "Revenue Recognition" issued by the Institute of Chartered Accountants of India and also expense recognition, the effects on profit/loss is not quantifiable.**
 - g) **Non application of AS-28 – "Impairment of Assets" to the value of assets including fixed assets, trade receivables and loans and advances, the effect of which is not quantifiable from a mark to market perspective. The physical verification, valuation of fixed assets and updating of fixed assets register is yet to be completed. Also tests of impairment, ownership and valuation of fixed assets – Tangible are under completion and we are unable to express opinion on the same.**
 - h) **Investments in, M/s Borusan Telekom, Turkey amounting to 1 million USD and M/s. Sreeven Infocom Limited amounting to Rs. 2,50,00,000/-, is, in our opinion, irrecoverable.**
 - i) On the basis of the written representations received from the directors, as on December 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2011 from being appointed as a director in terms of clause [g] of sub-section [1] of Section 274 of the Companies Act, 1956.
 - j) The company has not provided for the cess payable under Sec.441A of the Companies Act, 1956 as the notification regarding rate and mode of payment has not received.

5. **Subject to clauses [b] to [h] above, the cumulative effect of which is not quantifiable and the effect of which results in our inability to express an opinion on the same**, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st December, 2011,
- ii) in the case of the statement of Profit and Loss, of the Loss of the company for the year ended on that date and
- iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For P C ACHARYA & Co
Chartered Accountants
Firm Registration No: 009628S

P C ACHARYA
Partner
Membership No: 210719

Place : Chennai
Date : March 21, 2012

Annexure referred to in paragraph 3 of our Report of even date

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

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

- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Sec. 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public. The provisions of Sections 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.
7. In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size of the company and nature of its business.
8. In our opinion, the Central Government has not prescribed the maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 for the services of the company.
9. a) According to the records of the company, the company is irregular in depositing undisputed statutory dues including Income tax along with TDS, Sales Tax, Service tax, Provident Fund and other statutory dues with the appropriate authorities.
- b) According to the information and explanations given to us, undisputed amount payable in respect of Income Tax along with TDS, Sales Tax, Service tax and other statutory dues were outstanding as at 31ST December, 2011 for a period of more than six months from the date they became payable. The amounts involved in all the statutory dues as undisputed indicated above is not quantifiable, we are not in a position to comment on this issue.
- c) According to the records of the company, the dues outstanding of income tax, service tax on account of dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. Lakhs)	Period of which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax liability	577.07	Assessment year 2006-2007	Income Tax Appellate Tribunal (ITAT) – Chennai Bench, Chennai
Income Tax Act, 1961	Income tax liability	2009.19	Assessment year 2007-2008	Income Tax Appellate Tribunal (ITAT) – Chennai Bench, Chennai
Income Tax Act, 1961	Income tax liability	4037.00	Assessment year 2008-2009	Commissioner of Income Tax (Appeals) – Chennai
Income Tax Act, 1961	Income tax liability	3756.62	Assessment year 2009-2010	Commissioner of Income Tax (Appeals) – Chennai
Service Tax Act and Rules	Service tax liability	317.51	June 2007 till March 2011	Commissioner of Service Tax., vide show cause notice No.445/2011 dt, 12/10/2011.

10. The company has neither accumulated losses as at 31ST December, 2011 nor has it incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given to us by the management, the company has defaulted in both interest and principal on term loans and cash credits availed from UCO Bank T-Nagar, Chennai. The recovery of the same loan amounts is under the process of DRT (i.e., Debt Recovery Tribunal). Previously it was also restructured for recovery of loans from the company.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. However the Promoters' stakes, as before pledged on the above Uco Bank loan liabilities, has been realized and adjusted towards the loan amounts by the Bank,
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies [Auditors Report] Order, 2003 (as amended) are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4[xiv] of Companies [Auditors Report] Order, 2003 (as amended) are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. We have relied on management representations to report this clause.
16. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained. We have relied on management representations to report this clause.
17. According to the information and explanation given to us and on overall examination of the balance sheet of the company, short-term funds has not been applied for long term purposes.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act 1956, and the price at which the shares have been issued are not prejudicial to the interest of the company.
19. The Company has not issued any debentures during the year and therefore the question of creation of charge or security does not arise. However the company during the year has issued shares Warrants and converted the same to the equity share capital of the company.
20. The Company has not raised any funds through public issue during the financial year under report. However, the Company during the year under report has issued bonus shares by capitalization of its reserves and surplus.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For P C ACHARYA & Co
Chartered Accountants
Firm Registration No: 009628S

Place : Chennai
Date : March 21, 2012

P C ACHARYA
Partner
Membership No: 210719

BALANCE SHEET AS AT DECEMBER 31, 2011

Particulars	Note	In Rupees	
		2011	2010
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	5,710,049,420	179,426,300
Reserves and Surplus	2.2	52,841,180	2,697,461,631
Share Application Money pending allotment		-	358,740,000
NON-CURRENT LIABILITIES			
Long-term borrowings	2.3	114,507,727	129,192,489
Deferred tax liabilities (net)	2.4	(7,917,221)	2,453,101
Other long-term liabilities	2.5	-	-
CURRENT LIABILITIES			
Trade Payables	2.6	875,609,898	766,663,563
Other current liabilities	2.7	202,874,136	9,128,075
Short-term provisions	2.8	104,224,887	103,152,887
Total		7,052,190,027	4,246,218,046
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible assets	2.9	851,737,301	1,031,372,912
Intangible assets		-	-
Capital work-in-progress		-	-
Non-current investments	2.10	1,793,918,950	458,608,060
Long-term loans and advances	2.11	371,634,942	431,535,199
Other non-current assets	2.12	260,495,700	284,913,082
CURRENT ASSETS			
Current investments	2.13	34,182	34,182
Inventories	2.14	675,729,623	659,170,847
Trade receivables	2.15	1,574,630,234	1,374,085,677
Cash and cash equivalents	2.16	859,095	6,498,087
Short-term loans and advances	2.17	1,523,150,000	-
Total		7,052,190,027	4,246,218,046

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1 & 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For P C ACHARYA & CO

Chartered Accountants

Firm Registration No. 009628S

For and on behalf of the Board of Directors of

Dhanus Technologies Limited

P. C. ACHARYA

Partner

Membership No. 210719

Capt. D.S. Srinivasan

Managing Director

A.D. Sudhindra

Director

R. Ramnath

CFO & Company Secretary

Place: Chennai

Date : March 21, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2011

Particulars	Note	In Rupees	
		2011	2010
REVENUE			
Revenue from Operations	2.18	535,232,606	1,192,976,992
Other income	2.19	1,275,108	8,530
Total Revenue		536,507,714	1,192,985,522
Expenses			
Employee benefit expenses	2.20	2,694,170	10,535,601
Direct expenses	2.20	423,976,660	718,156,894
Research & Development expenses w/off		9,748,655	9,748,655
IPO expenses w/off		14,668,727	14,668,727
Finance costs	2.20	18,782,500	43,058,343
Depreciation and amortisation expense	2.9	177,148,232	370,100,290
Other expenses	2.20	12,784,423	41,500,733
Total Expenses		659,803,367	1,207,769,242
Profit Before exceptional and extraordinary items and tax		(123,295,653)	(14,783,720)
Exceptional & Extraordinary Items		-	-
Profit Before Tax		(123,295,653)	(14,783,720)
Tax expense:			
Current Tax		1,072,000	12,190,000
Deferred tax		(10,370,322)	(16,884,584)
		<u>(9,298,322)</u>	<u>(4,694,584)</u>
Profit/(Loss) for the year from continuing operations		(113,997,331)	(10,089,136)
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit/(Loss) After Tax		(113,997,331)	(10,089,136)
Basic Earning per Equity Share of Rs. 10/- each	2.21	(0.46)	(0.37)
Diluted Earning per Equity Share of Rs. 10/- each	2.21	(0.46)	(0.37)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For P C ACHARYA & CO

Chartered Accountants

Firm Registration No. 009628S

For and on behalf of the Board of Directors of

Dhanus Technologies Limited

P. C. ACHARYA

Partner

Membership No. 210719

Capt. D.S. Srinivasan

Managing Director

A.D. Sudhindra

Director

R. Ramnath

CFO & Company Secretary

Place: Chennai

Date : March 21, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

Particulars	Note	In Rupees	
		2011	2010
Cash Flows from Operating Activities			
Profit before interest, tax and extra ordinary item		(104,513,152)	28,274,623
Adjustments for :-			
Depreciation		177,148,232	370,100,290
Miscellaneous Expenses Written off		24,417,382	24,417,382
Loss in sale of Fixed Assets		2,487,379	-
Operating profit before working capital changes			
Decrease/Increase in :			
Trade Receivables	2.23.1	(200,544,557)	(787,121,984)
Inventories	2.23.2	(16,558,777)	(178,611,689)
Loans and Advances	2.23.3	(1,463,249,743)	50,414,388
Other Non-Current Assets	2.23.4	24,417,382	24,417,382
Trade Payables	2.23.5	108,946,335	569,894,539
Other Current Liabilities	2.23.6	193,746,061	4,759,351
Other Long Term Liabilities		-	-
Income Taxes Paid		-	-
Net Cash Generated by Operating Activities		(1,253,703,458)	106,544,282
Cash Flow from Financing Activities			
Share Capital & Share Application Money	2.23.7	5,171,883,120	358,740,000
Share Premium	2.23.8	(2,530,623,120)	-
Long-Term Borrowings	2.23.9	(14,684,762)	(71,602,474)
Dividend & Tax thereon		-	-
Interest paid		(18,782,500)	(43,058,343)
Miscellaneous Expenses Written off		(24,417,382)	(24,417,382)
Net Cash used in financing Activities		2,583,375,356	219,661,801
Cash Flow from Investing Activities			
Purchase of Tangible Fixed Assets		-	-
Purchase of Intangible Fixed Assets		-	-
Purchase of Capital Work in Progress		-	-
Non-Current Investments	2.23.10	(1,335,310,890)	(335,099,960)
Net Cash used in Investing Activities		(1,335,310,890)	(335,099,960)
Net Increase in Cash and Cash equivalents during the year		(5,638,992)	(8,893,877)
Cash and Cash Equivalents at the beginning of the year		6,532,269	15,426,146
Cash and Cash Equivalents at the end of the year		893,277	6,532,269

Footnote:

Reconciliation of Cash and Cash Equivalents with Cash and Bank Balances as per the Balance Sheet

Cash and cash equivalents as above	893,277	6,532,269
Less: Classified as current investments (Refer Note 2.13)	34,182	34,182
Cash and Bank Balances classified as Current (Refer Note 2.16)	859,095	6,498,087

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1 & 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For P C ACHARYA & CO

Chartered Accountants

Firm Registration No. 009628S

P. C. ACHARYA

Partner

Membership No. 210719

Place: Chennai

Date : March 21, 2012

For and on behalf of the Board of Directors of

Dhanus Technologies Limited

A.D. Sudhindra

Director

R. Ramnath

CFO & Company Secretary

NOTE 1: Significant Accounting Policies and Notes to Financial Statements for the year ended December 31, 2011

Corporate Information

Dhanus Technologies Limited (“the Company” or “DTL”), is a listed public limited company incorporated in 1993 under the provisions of Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and National Stock Exchange of India. The Company is primarily engaged in the business of Global calling cards and Mobile SIM cards, IT-ITES and BPO, Fleet Tracking services and Trading sales.

1. Basis of preparation of financial statements.

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

1.1. Summary of Significant Accounting Policies.

**a) Change in accounting policy
Presentation and disclosure of financial statements**

During the year ended December 31, 2011, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Tangible Fixed Assets.

Fixed assets are stated at the cost, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

d) Investments.

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

e) Foreign currency transactions and balances.

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing on the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of monetary items on reporting date at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

f) Revenue recognition.

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

g) Retirement and other employee benefits.

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

h) Expenditure and Provisions.

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities. Provisions are made for future unforeseeable factors, which may affect the ultimate profit on fixed price. A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

i) Depreciation/Amortization

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

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

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

j) Research and Development

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

k) Inventories and Work in Progress

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

l) Segment Reporting

The Company's primary segment is identified as business segment based on nature of products, risks, returns and the internal business reporting system and secondary segment is identified based on the geographical location of the customers as per Accounting Standard-17 -"Segment Reporting" issued by the Institute of Chartered Accountants of India. The company is principally engaged in five business segments viz. telecom, telematics, BPO, software services and trading sales.

m) Amortization of deferred expenditure.

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

n) Taxes on Income.

- i. Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between the taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of timing differences is recognized as a deferred tax asset or deferred tax liability. The tax effect is calculated on accumulated timing differences at the end of the accounting year, based on effective tax rates substantively enacted by the Balance Sheet date.
- ii. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

- iii. Deferred tax assets, other than on unabsorbed depreciation and carried forward losses, are recognized only if there is reasonable certainty that they will be realized in the future and are reviewed for the appropriateness of their respective carrying valued at each Balance Sheet. In situations where the Company has unabsorbed depreciation and carried forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that the same can be realized against future taxable profits. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.
- iv. Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

o) Earning Per Share.

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

p) Impairment of Assets.

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount on these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flow to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in prior accounting periods no longer exists or may have decreased such reversal of impairment loss is recognized.

q) Borrowing costs.

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

r) Cash and cash equivalents.

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

s) Accounting for Provisions, Contingent Liabilities and Contingent Assets.

Provisions are recognized in terms of Accounting Standard 29 – 'Provisions, contingent Liabilities and Contingent Assets' (AS-29), notified by the Companies (Accounting Standards) Rules, 2006 (as amended), when there is a present legal obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent Assets are not recognized in the financial statements.

1.2. Other Notes on accounts.

- a) Though the books of account have incorporated the major entries in respect of all segments, the key reconciliations and control accounts of receivables and payables in respect of all segments are yet to be confirmed by the concerned parties, the effect of which is not quantifiable. Confirmation on certain material contracts pertaining to revenues and certain material time sheets pertaining to direct expenses are in the process of being collected from relevant parties. The company has pending these confirmations, recognized revenues and expenses as it is confident of the same.
- b) Stock and WIP valuation has been done by us, but not subject to separate audit by the statutory auditors.

c) Long Term Borrowings.

Secured loans from banks and others are secured by hypothecation of UPS, Computers, Networking Equipment, Telephone Software, Furniture and Fixtures, Office Equipments; etc arising out of such loan proceeds on a first and exclusive charge basis. Cash Credit is secured against hypothecation of Stocks and Receivables. The company is defaulted in repayment of loans to banks, which is under Debt Recovery Tribunal (DRT).

d) Quantitative Details.

The company is engaged in the sales and services of Global calling Cards and development and maintenance of software, FleeTrac, BPO services and Trading sales. The sales and services of such calling cards, software, FleeTrac, BPO and Trading Activities can not be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales, services and certain information as required under paragraphs 5 (viii) (c) of general instructions for preparation of the statement of profit and loss as per revised Schedule VI to the Companies Act, 1956.

NOTE 2: NOTES ON ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2011

2.1 SHARE CAPITAL

PARTICULARS	As at December 31	
	2011	2010
Authorized Equity Shares, ₹.10/- par value 60,00,00,000 (60,00,00,000) equity shares	6,000,000,000	6,000,000,000
Issued, Subscribed and Paid-Up Equity Shares, ₹. 10/- par value 57,10,04,942 (1,79,42,630) equity shares fully paid up (of the above 16,00,000 shares are allotted as fully paid up pursuant to a contract of acquisition of asset from 3 directors for consideration other than cash) (of the above 2,25,600 shares are allotted as fully paid up by way of bonus shares out of accrued cash resources) (of the above 15,00,00,000 shares are allotted as fully paid up against conversion of equity warrants) (of the above 40,30,62,312 share are allotted as fully paid up by way of issue of bonus shares by capitalisation of Reserves and Surplus)	5,710,049,420	179,426,300
	5,710,049,420	179,426,300

Footnotes:

(i) The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding.

During the year ended December 31, 2011, the amount of per share dividend recognized as distribution to equity shareholder is Rs. Nil (Previous year Rs. Nil)

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

In Rupees

Equity shares	As at December 31, 2011		As at December 31, 2010	
	No. of shares	Rs.	No. of shares	Rs.
AS at the beginning of the year	17,942,630	179,426,300	17,942,630	179,426,300
Add: Issued during the year	553,062,312	5,530,623,120	-	-
As at the end of the year	571,004,942	5,710,049,420	17,942,630	179,426,300

(iii) Details of shareholders holding more than 5% equity shares in the company

Name of the shareholder	As at December 31, 2011		As at December 31, 2010	
	No. of shares	% holding	No. of shares	% holding
Liberal Solutions Private Limited	3485000	6.10	-	-
Whitetext Infrastructure Private Limited	37230000	6.52	-	-
Black Horse Media & Entertainment Private Limited	36635000	6.42	-	-
Secunderabad Healthcare Private Limited	40800000	7.15	-	-
Nirvana Mall Management Company Private Limited	37570000	6.58	-	-
Empower India Limited	35700000	6.25	-	-

(iv) Aggregate number of bonus shares issued, shares issued for consideration other than cash:

PARTICULARS	As at December 31	
	2011 No.	2010 No.
Equity shares allotted as fully paid bonus shares by capitalisation of general reserve @ 12:5 (i.e., 12 equity shares per 5 equity shares held)	403,062,312	-
	403,062,312	-

(v) During the year ended December 31, 2011, the company allotted 15,00,00,000 equity shares as fully paid up against conversion of share warrants.

2.2 RESERVES & SURPLUS

In Rupees

PARTICULARS	As at December 31	
	2011	2010
General reserve - Opening balance	75,000,000	75,000,000
Add: Additions during the year	-	-
	75,000,000	75,000,000
Less: Deductions during the year (issue of bonus shares)	75,000,000	-
	-	75,000,000
Share Premium- Opening balance	1,579,933,905	1,579,933,905
Add: Additions during the year	1,500,000,000	-
	3,079,933,905	-
Less: Deductions during the year (issue of bonus shares)	3,079,933,905	-
	-	1,579,933,905
Surplus- Opening balance	1,042,527,726	1,052,616,862
Add: Net profit after tax transferred from Statement of Profit and Loss	(113,997,331)	(10,089,136)
	928,530,395	1,042,527,726
Appropriations:		
Dividend on equity shares (including dividend tax)	-	-
Transfer to general reserve	-	-
Capitalisation of reserve for issue of bonus shares	875,689,215	-
Surplus-Closing Balance	52,841,180	1,042,527,726
	52,841,180	2,697,461,631

2.3 LONG-TERM BORROWINGS

In Rupees

PARTICULARS	As at December 31	
	2011	2010
Secured		
A. Loans from banks		
- Term Loans	114,507,727	129,192,489
A. Loans from others		
- Term Loans	-	-
	114,507,727	129,192,489

2.4 DEFERRED TAXES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Deferred Tax Liabilities	29,628,344	29,628,344
Deferred Tax Assets	37,545,565	27,175,243
Deferred Tax Liabilities/(Assets) (Net)	(7,917,221)	2,453,101

2.5 OTHER LONG-TERM LIABILITIES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Others	-	-
	-	-

2.6 TRADE PAYABLES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Trade Payables- Due to Micro, Small & Medium Enterprises	-	-
Others		
Trade Payables- Others	875,609,898	766,663,563
	875,609,898	766,663,563

2.7 OTHER CURRENT LIABILITIES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Accrued salaries and benefits		
Salaries and benefits	187,264	1,264,832
Bonus and incentives	-	-
Other liabilities		
Provision for expenses	3,246,872	7,863,243
Unsecured loans	199,440,000	-
	202,874,136	9,128,075

2.8 SHORT-TERM PROVISIONS

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Provision for Income Taxes	104,224,887	103,152,887
	104,224,887	103,152,887

2.9 FIXED ASSETS - TANGIBLE

Particulars	Rate	Gross Block			Depreciation Block				Net Block		
		Cost as on 31/12/2010	Additions	Deletions	Cost as on 31/12/2011	Depreciation upto 31/12/2010	for the year	Deletion	Depreciation upto 31/12/2011	as on 31/12/2011	as on 31/12/2010
Plant and Machinery:- Computers & Accessories	40.00%	224,694,515	-	-	224,694,515	173,821,508	17,495,295	-	191,316,803	33,377,712	50,873,007
Network Operating Centre Equipments & Devices	13.91%	791,767,785	-	-	791,767,785	249,728,295	71,555,248	-	321,283,543	470,484,242	542,039,490
FleeTrac Data Storage Server Units	13.91%	389,882,854	-	-	389,882,854	126,815,223	34,727,856	-	161,543,079	228,339,775	263,067,631
FleeTrac Communication Software	40.00%	503,516,647	-	-	503,516,647	372,222,891	45,152,098	-	417,374,989	86,141,658	131,293,756
Furniture and Fixtures	18.10%	22,443,592	-	-	22,443,592	11,052,883	1,925,956	-	12,978,839	9,464,753	11,390,709
Office Equipments	13.91%	22,961,514	-	-	22,961,514	9,781,671	1,739,886	-	11,521,557	11,439,957	13,179,843
Software	40.00%	51,560,234	-	-	51,560,234	42,952,941	2,960,060	-	45,913,001	5,647,233	8,607,293
Electrical Fittings	13.91%	12,818,625	-	-	12,818,625	5,528,830	962,334	-	6,491,164	6,327,461	7,289,795
Air Conditioner	13.91%	1,452,402	-	-	1,452,402	859,640	78,251	-	937,891	514,511	592,762
Vehicle	25.89%	8,394,147	-	8,394,147	-	5,355,521	551,247	5,906,768	-	-	3,038,626
TOTAL		2,029,492,315	-	8,394,147	2,021,098,168	998,119,403	177,148,232	5,906,768	1,169,360,867	851,737,301	1,031,372,912
Previous Year		2,029,492,315	-	-	2,029,492,315	628,019,111	370,100,290	-	998,119,403	1,031,372,912	1,401,473,205

2.10 INVESTMENTS

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Non-current investments (All unquoted unless otherwise specified)		
Trade Investments (Long Term) in Subsidiary Companies		
Fully paid Equity Shares		
(Un-Quoted, Unlisted Shares)		
i. 28,13,450 (28,13,450) equity shares of Rs.10 each in Dhanus Global Medicare Ltd.	28,134,500	28,134,500
ii. 22,64,90,000 (22,64,90,000) shares of US\$ 0.01 each in Dhanus Technologies Inc., USA	95,473,560	95,473,560
Trade Investments (Quoted, Listed Shares)		
i. 1,89,15,000 Equity Shares of Rs. 10 each in Shri Ganesh Spinners Ltd.	283,725,000	-
ii. 40,00,000 Equity Shares of Rs. 10 each in Speciality Papers Ltd	52,000,000	-
Trade (Unquoted, Unlisted) (refer to note 2.10.1)		
Investments in equity instruments	1,334,585,890	335,000,000
Aggregate amount of investments	1,793,918,950	458,608,060
Aggregate amount of provision made for investments	-	-
	1,793,918,950	458,608,060

2.10.1 Details of Investments

The details of trade investments in equity instruments as at December 31, 2011 and December 31, 2010 is as follows:

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
(Unquoted, Unlisted Shares)		
1) 30,000 (Nil) Equity Shares of Rs.10 each in Aakash Accommodations Pvt. Ltd	3,000,000	-
2) 10,000 (Nil) Equity Shares of Rs. 10 each in Aakar Foundry Pvt. Ltd.	5,000,000	-
3) 90,000 (Nil) Equity Shares of Rs. 10 each in Alps Energy Pvt. Ltd.	9,000,000	-
4) 45,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Amirashmi Finstock Pvt. Ltd.	4,500,000	-
5) 2,500 (Nil) Equity Shares of Rs. 100 each in Angad Estate Pvt. Ltd.	2,500,000	-
6) 40,000 (Nil) Equity Shares of Rs. 10 each in Anushthan Buildcon Pvt. Ltd.	10,000,000	-
7) 67,500 (Nil) Equity Shares of Rs. 10 each in Aramid Textiles Pvt. Ltd.	13,635,000	-
8) 62,500 (Nil) Equity Shares of Rs. 10 each in ASB Gems & Jewellers Pvt. Ltd.	10,000,000	-
9) 34,200 (Nil) Equity Shares of Rs. 10 each in Ashvira Fabrics Pvt. Ltd.	34,200,000	-
10) 65,000 (Nil) Equity Shares of Rs. 10 each in Bharat Securities Pvt. Ltd.	97,500,000	-
11) 75,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Bhumi Yarn Pvt. Ltd.	6,000,000	-
12) 2,15,000 (Nil) Equity Shares of Rs. 10 each in Blue Peacock Securities Pvt. Ltd.	43,000,000	-
13) 35,000 (Nil) Equity Shares of Rs. 10 each in Mouldcraft (India) Pvt. Ltd.	3,500,000	-
14) 31,500 (Nil) Equity Shares of Rs. 10 each in GCB Securities Pvt. Ltd.	1,500,000	-
15) 1,70,000 (1,35,000) Equity Shares of Rs. 10 each in Centre Dealers Pvt. Ltd	34,000,000	27,000,000
16) 45,000 (Nil) Equity Shares of Rs. 10 each in Classic Ornaments Pvt. Ltd.	9,000,000	-
17) 77,000 (Nil) Equity Shares of Rs. 10 each in Coral Granito Pvt. Ltd.	4,011,700	-
18) 1,10,000 (Nil) Equity Shares of Rs. 10 each in Diyajyoti Steel Ltd.	27,500,000	-
19) 10,000 (Nil) Equity Shares of Rs. 10 each in Divya Realtors Pvt. Ltd.	2,000,000	-
20) 2,10,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in DNL Engineers Pvt. Ltd.	10,500,000	-
21) 5,000 (Nil) Equity Shares of Rs. 10 each in Elanda Exports Pvt. Ltd.	7,500,000	-
22) 5,850 (Nil) Equity Shares of Rs. 10 each in Elite Buildmart Pvt. Ltd.	15,000,000	-
23) 3,000 (Nil) Equity Shares of Rs. 10 each in Esspal International Pvt. Ltd.	1,500,000	-
24) 5,000 (Nil) Equity Shares of Rs. 10 each in Financial World India Pvt. Ltd.	5,000,000	-

25) 1,00,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Goyal Gums Pvt. Ltd.	8,500,000	-
26) 12,000 (Nil) Equity Shares of Rs. 10 each in Greekssoft Institute of Financial Market Pvt. Ltd.	3,000,000	-
27) 1,50,000 (Nil) Equity Shares of Rs. 10 each in Guru Rajendra Minerals Trading Co. Pvt. Ltd.	15,000,000	-
28) 3,00,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Pranet Mercantile Pvt. Ltd.	15,000,000	-
29) 32,500 (Nil) Equity Shares of Rs. 10 each in Indo Unique Fuel Pvt. Ltd.	6,500,000	-
30) 56,000 (Nil) Equity Shares of Rs. 10 each in Jasmine Steel Trading Ltd.	14,000,000	-
31) 50,000 (Nil) Equity Shares of Rs. 10 each in Katran Real Estate Pvt. Ltd.	5,000,000	-
32) 20,000 (Nil) Equity Shares of Rs. 10 each in Lemongrass Investment Consultants Pvt. Ltd.	20,000,000	-
33) 49,500 (Nil) Equity Shares of Rs. 10 each in Mahalaxmi Tex-Clothing Pvt. Ltd.	4,999,500	-
34) 1,37,500 (1,37,500) Equity Shares of Rs. 10 each in Mainstream Commosale Pvt. Ltd.	27,500,000	27,500,000
35) 96,000 (Nil) Equity Shares of Rs. 10 each in Marsh Steel Trading Ltd.	24,000,000	-
36) 1,00,000 (50,000) Equity Shares of Rs. 10 each, Rs. 5 paid up in Merchant Agrimart Pvt. Ltd.	2,500,000	2,500,000
37) 85,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Mevisons Real Estate Pvt. Ltd.	8,500,000	-
38) 1,52,500 (9,375) Equity Shares of Rs. 10 each in Midpoint Tradelink Pvt. Ltd.	30,500,000	30,500,000
39) 1,30,000 (1,25,000) Equity Shares of Rs. 10 each in Midway Tradelink Pvt. Ltd.	26,000,000	25,000,000
40) 1,760 (Nil) Equity Shares of Rs. 10 each in More Information Technology Pvt. Ltd.	357,280	-
41) 15,000 (15,000) Equity Shares of Rs. 10 each in Naturalle Leisure Resort Pvt. Ltd.	1,500,000	1,500,000
42) 2,500 (Nil) Equity Shares of Rs. 10 each in Natural Fragrances Pvt. Ltd.	2,500,000	-
43) 6,93,750 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Neminath Trades Pvt. Ltd.	55,500,000	-
44) 60,240 (Nil) Equity Shares of Rs. 10 each in Neminath Trades Pvt. Ltd.	4,999,920	-
45) 15,000 (Nil) Equity Shares of Rs. 10 each in Nextgen Health Solution Pvt. Ltd.	15,000,000	-
46) 25,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in NSB Securities Pvt. Ltd.	2,500,000	-
47) 5,000 (Nil) Equity Shares of Rs. 10 each in O D Finance & Investment Pvt. Ltd.	5,000,000	-
48) 12,500 (Nil) Equity Shares of Rs. 10 each in Orbit Finacloth Ltd.	2,500,000	-
49) 15,800 (Nil) Equity Shares of Rs. 10 each in Par Excellence Leasing & Financial Services Pvt. Ltd.	3,199,500	-
50) 20,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Pawansoot Textiles Pvt. Ltd.	2,500,000	-
51) 56,400 (Nil) Equity Shares of Rs. 10 each in Platinum Finleasing & Infra Development Pvt. Ltd.	56,400,000	-
52) 10,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Power Track System Pvt. Ltd.	1,000,000	-
53) 8,250 (Nil) Equity Shares of Rs. 10 each, Rs. 8 paid up in Prakash Stainless Pvt. Ltd.	3,300,000	-
54) 6,00,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Vaishali Realities Pvt. Ltd.	30,000,000	-
55) 2,50,000 (Nil) Equity Shares of Re. 1 each in Prateek Bulls & Bears Pvt. Ltd.	50,000,000	-
56) 4,18,750 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Rajshah Enterprise Pvt. Ltd.	33,500,000	-
57) 62,500 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Real Marketing Pvt. Ltd.	5,000,000	-
58) 22,500 (Nil) Equity Shares of Rs. 10 each in Rightful Dealer Pvt. Ltd.	4,500,000	-
59) 20,000 (Nil) Equity Shares of Rs. 10 each in Roseate Jewels Pvt. Ltd.	20,000,000	-
60) 6,250 (Nil) Equity Shares of Rs. 10 each in Royal Inframet Pvt. Ltd.	25,000,000	-
61) 12,500 (Nil) Equity Shares of Rs. 10 each in Shah Maru Construction Pvt. Ltd.	2,500,000	-
62) 20,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Shakambri Fabrics Pvt. Ltd.	2,500,000	-
63) 5,000 (Nil) Equity Shares of Rs. 10 each in Shiva Speciality Yarns Ltd.	2,500,000	-
64) 2,20,000 (Nil) Equity Shares of Rs. 10 each in Shri Coimbatore Jewellers India Pvt. Ltd.	22,000,000	-
65) 20,000 (Nil) Equity Shares of Rs. 10 each in Sidhivinayak Filaments Pvt. Ltd.	5,000,000	-
66) 25,000 (Nil) Equity Shares of Rs. 10 each in Signet Industries Ltd.	2,500,000	-
67) 25,000 (Nil) Equity Shares of Rs. 10 each in Sinewave Biomass Power Pvt. Ltd.	5,000,000	-
68) 5,000 (Nil) Equity Shares of Rs. 10 each in Sinhal Harren India Pvt. Ltd.	5,000,000	-
69) 10,000 (Nil) Equity Shares of Rs. 10 each in Sky Event Management Pvt. Ltd.	49,980,000	-
70) 60,000 (Nil) Equity Shares of Rs. 10 each in Snow Flakes Meditech Pvt. Ltd.	15,000,000	-
71) 50,000 (Nil) Equity Shares of Rs. 10 each in Sporting Syndicate Pvt. Ltd.	8,000,000	-
72) 10,00,000 (Nil) Equity Shares of Rs. 10 each in Stride Infracon Pvt. Ltd.	200,000,000	-
73) 50,000 (Nil) Equity Shares of Rs. 10 each in Sukchain Properties Pvt. Ltd.	5,000,000	-
74) 5,000 (5,000) Equity Shares of Rs. 10 each in Tanish Homes & Construction Pvt. Ltd.	5,000,000	5,000,000

75) 10,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Task Hydraulics Pvt. Ltd.	500,000	-
76) 5,850 (Nil) Equity Shares of Rs. 10 each in Temple Infratech Pvt. Ltd.	15,000,000	-
77) 80,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Trade India Agrovet Pvt. Ltd.	2,000,000	-
78) 55,000 (Nil) Equity Shares of Rs. 10 each in Triveni Management Consultancy Services Ltd.	5,500,000	-
79) 1,50,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Truevalue Capitals Ltd.	9,000,000	-
80) 2,500 (Nil) Equity Shares of Rs. 100 each in Ultra Portfolio Management Pvt. Ltd.	2,500,000	-
81) 3,00,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Heer Multitrade Pvt. Ltd.	15,000,000	-
82) 60,000 (Nil) Equity Shares of Rs. 10 each in Vertex Dealcomm Pvt. Ltd.	15,000,000	-
83) 9,500 (Nil) Equity Shares of Rs. 10 each in Vineet Furnishings Pvt. Ltd.	9,500,000	-
84) 64,000 (Nil) Equity Shares of Rs. 10 each in Vision Steel Ltd	16,000,000	-
85) 12,990 (Nil) Equity Shares of Rs. 10 each in VRC Infotech Pvt. Ltd.	13,002,990	-
86) 10,000 (Nil) Equity Shares of Rs. 10 each in Neo Fincom Pvt. Ltd.	7,000,000	-
87) Nil (52,000) equity shares of Rs.10 each in Jayalalita Commodities Pvt. Ltd.	-	13,000,000
88) Nil (80,000) equity shares of Rs.10 each in Gateway Textile Traders Pvt. Ltd.	-	20,000,000
89) Nil (1,00,000) equity shares of Rs.10 each in SSK Trading Pvt. Ltd.	-	10,000,000
90) Nil (1,50,000) equity shares of Rs.1 each in Kartik Creative Consultants Pvt. Ltd.	-	30,000,000
91) Nil (70,000) equity shares of Rs.10 each in V And R Yarns Pvt. Ltd.	-	17,500,000
92) Nil (80,000) equity shares of Rs.10 each in Radford Real Estate Pvt. Ltd.	-	20,000,000
93) Nil (20,000) equity shares of Rs.10 each in Yadon Constructions Pvt. Ltd.	-	5,000,000
94) Nil (34,000) equity shares of Rs.10 each in Ethan Constructions Pvt. Ltd.	-	8,500,000
95) Nil (30,000) equity shares of Rs.10 each in Aristo Media & Entertainment Pvt. Ltd.	-	7,500,000
96) Nil (20,000) equity shares of Rs.10 each in Akansha Media And Entertainment Pvt. Ltd.	-	5,000,000
97) Nil (18,000) equity shares of Rs.10 each in Adila Traders Pvt. Ltd.	-	4,500,000
98) Nil (3,00,000) equity shares of Rs.10 each, Rs. 5 paid-up, in Raj Kamal Motor (India) Pvt. Ltd.	-	75,000,000
	1,334,585,890	335,000,000
Less: Provision for investment	-	-
	1,334,585,890	335,000,000

2.11 LONG-TERM LOANS AND ADVANCES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Unsecured, considered good		
Capital advances	-	-
Electricity and other deposits	380,730	380,730
Rental deposits	21,122,952	21,122,952
Other loans and advances		
Advances income taxes	24,300,000	24,300,000
Prepaid expenses	-	-
Loans and Advances to employees	1,662,501	1,662,501
Other long term loans & advances	324,168,759	384,069,016
	371,634,942	431,535,199

2.12 OTHER NON-CURRENT ASSETS

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Work in progress	162,734,687	162,734,687
Miscellaneous expenses (to the extent not written off)	97,761,013	122,178,395
	260,495,700	284,913,082

2.13 CURRENT INVESTMENTS

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Investment in Mutual Fund- Short term plan	34,182	34,182
	34,182	34,182

2.14 INVENTORIES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
V-Tel Cards	350,895,000	326,483,500
FleeTrac Devices	324,834,623	332,687,347
	675,729,623	659,170,847

2.15 TRADE RECEIVABLES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Debts outstanding for a period exceeding six months Unsecured		
Considered good	1,553,803,304	475,577,529
Considered doubtful	-	-
	1,553,803,304	475,577,529
Less: Provision for doubtful debts	-	-
	1,553,803,304	475,577,529
Other debts Unsecured		
Considered good	20,826,930	898,508,148
Considered doubtful	-	-
	20,826,930	898,508,148
Less : Provision for doubtful debts	-	-
	20,826,930	898,508,148
	1,574,630,234	1,374,085,677

2.16 CASH AND CASH EQUIVALENTS

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Cash on hand	834,724	4,637,217
Balances with banks		
In current and deposit accounts	24,371	1,860,870
Others		
Deposits with financial institutions	-	-
	859,095	6,498,087

2.17 SHORT-TERM LOANS AND ADVANCES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Unsecured, considered good		
Share Application money paid	1,523,150,000	-
Others	-	-
	1,523,150,000	-

2.18 REVENUE FROM OPERATIONS

In Rupees

PARTICULARS	For the year ended December 31	
	2011	2010
Sale of Services:		
Telecard services	85,212,227	232,893,257
BPO services	57,294,072	206,275,515
FleeTrac services	31,508,090	353,487,570
Trading Sale	361,218,217	400,320,650
	535,232,606	1,192,976,992
Other Operating Revenue	-	-
Net Sales	535,232,606	1,192,976,992

2.19 OTHER INCOME

In Rupees

PARTICULARS	For the year ended December 31	
	2011	2010
Interest income	1,266,788	7,852
Dividend income	2,500	678
Profit on sale of Investments	5,820	-
	1,275,108	8,530

2.20 EXPENSES

In Rupees

PARTICULARS	For the year ended December 31	
	2011	2010
Employee benefit expenses		
Salaries, wages, Bonus & Allowances	2,606,617	10,315,061
Staff welfare expenses	87,553	220,540
	2,694,170	10,535,601
Direct expenses		
Expenses w.r.t development of communication protocols	6,730,885	22,187,029
Pins & communication expenses	30,417,203	95,181,573
Channel distribution margin & expenses	3,358,243	14,146,409
Fleetrac communication, development & distribution expenses	12,211,089	144,904,270
BPO outsourcing costs, internet charges etc	12,874,332	42,918,213
Trading purchases	358,384,908	398,819,400
	423,976,660	718,156,894

PARTICULARS	For the year ended December 31	
	2011	2010
Other expenses		
Consultancy & Professional Charges	179,629	625,421
Rent, Rates and Taxes	4,800,641	25,520,262
Electricity Charges	300,454	1,076,562
Remuneration to Auditors	1,654,500	1,433,900
Internet charges	163,599	391,588
Repairs and Maintenance	75,690	438,208
Travelling & Conveyance	761,264	998,665
Postage and Telegrams	16,935	102,256
Computer Stationery & Consumables	161,483	452,711
Printing and Stationery	503,010	311,833
Directors' Remuneration & Sitting Fees	420,000	7,762,925
Miscellaneous Expenses	803,606	1,465,824
Advertisement & Marketing Expenses	-	133,133
Loss on Sale of Fixed Assets	2,487,379	-
Trunks & Telephone charges	399,386	599,718
Bank charges	56,847	187,727
	12,784,423	41,500,733

Finance cost		
Interest expense	18,782,500	43,058,343
Other Borrowing costs	-	-
	18,782,500	43,058,343

2.21 COMPUTATION OF EARNING PER SHARE

PARTICULARS	issue date	In Rupees			
		As at December 31, 2011		As at December 31, 2010	
		No. of shares	Rs.	No. of shares	Rs.
Profit after tax & Extraordinary items			(113,997,331)		(10,089,136)
Shares at Beginning of the Period/Year		17,942,630		17,942,630	
Shares issued	31/03/2011	83,268,333		-	
	09/07/2011	66,731,667		-	
	02/09/2011	403,062,312		-	
Therefore the Wtd. Average Shares		230,171,187		-	
Total Wtd. Average Number of Shares		248,113,817		17,942,630	
Basic EPS Annualized after Extraordinary items of Rs. 10/- each			(0.46)		(0.37)
Diluted EPS Annualized after Extraordinary items of Rs. 10/- each			(0.46)		(0.37)

2.22 SEGMENT REPORTING

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Segment Revenue		
Telecom	85,212,227	232,893,257
Software	-	-
FleeTrac	31,508,090	353,487,570
BPO	57,294,072	206,275,515
Trading	361,218,217	400,320,650
	535,232,606	1,192,976,992
Other Income	1,275,108	8,530
Total	536,507,714	1,192,985,522
Less: Inter/Intra Segment Sales	-	-
Net Sales	536,507,714	1,192,985,522
Segment Results		
(Profit before Tax and Interest)		
Telecom	17,387,084	59,593,184
Software	-	-
FleeTrac	(132,537,476)	(107,789,900)
BPO	32,221,312	99,387,471
Trading	2,833,309	1,501,250
Total	(80,095,771)	52,692,005
Less: i) Interest & Finance Charges	18,782,500	43,058,343
ii) Other un-allocable expenditure	24,417,382	24,417,382
Profit before Tax	(123,295,653)	(14,783,720)
Capital Employed		
(Segment Assets-Segment Liabilities)		
Telecom	825,833,201	803,174,612
Software	110,000,505	110,398,650
FleeTrac	1,448,488,562	1,560,999,048
BPO	160,890,001	156,707,866
Trading	2,288,368	23,561,300
Un-allocated	3,117,628,950	458,608,060
Total	5,665,129,587	3,113,449,536

2.23 SCHEDULES TO CASH FLOW STATEMENTS

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
2.23.1 CHANGE IN TRADE RECEIVABLES		
As per the balance sheet	1,574,630,234	1,374,085,677
Less: Opening balance considered	1,374,085,677	586,963,692
	(200,544,557)	(787,121,984)
2.23.2 CHANGE IN INVENTORIES		
As per the balance sheet	675,729,623	659,170,847
Less: Opening balance considered	659,170,847	480,559,157
	(16,558,777)	(178,611,689)
2.23.3 CHANGE IN LOANS AND ADVANCES		
As per the balance sheet	1,894,784,942	431,535,199
Less: Opening balance considered	431,535,199	481,949,586
	(1,463,249,743)	50,414,388
2.23.4 OTHER NON-CURRENT ASSETS		
As per the balance sheet	260,495,700	284,913,082
Less: Opening balance considered	284,913,082	309,330,464
	24,417,382	24,417,382
2.23.5 CHANGE IN TRADE PAYABLES		
As per the balance sheet	875,609,898	766,663,563
Less: Opening balance considered	766,663,563	196,769,024
	108,946,335	569,894,539
2.23.6 CHANGE IN OTHER CURRENT LIABILITIES		
As per the balance sheet	202,874,136	9,128,075
Less: Opening balance considered	9,128,075	4,368,724
	193,746,061	4,759,351
2.23.7 CHANGE IN SHARE CAPITAL AND SHARE APPLICATION MONEY		
As per the balance sheet	5,710,049,420	538,166,300
Less: Opening balance considered	538,166,300	179,426,300
	5,171,883,120	358,740,000
2.23.8 CHANGE IN SHARE PREMIUM		
As per the balance sheet	-	2,530,623,120
Less: Capitalisation of reserves for issue of bonus shares	-	875,689,215
	-	1,654,933,905
Less: Opening balance considered	2,530,623,120	1,654,933,905
	(2,530,623,120)	-
2.23.9 CHANGE IN LONG TERM BORROWINGS		
As per the balance sheet	114,507,727	129,192,489
Less: Opening balance considered	129,192,489	200,794,963
	(14,684,762)	(71,602,474)
2.23.10 CHANGE IN NON CURRENT INVESTMENTS		
As per the balance sheet	1,793,918,950	458,608,060
Less: Opening balance considered	458,608,060	123,508,100
	(1,335,310,890)	(335,099,960)

2.24 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

In Rupees

Statement of Profit and Loss account for the	As at December 31	
	2011	2010
Revenue from operations	535,232,606	1,192,976,992
Direct expenses	423,976,660	718,156,894
GROSS PROFIT	111,255,946	474,820,098
General and administration and other expenses	39,895,976	76,453,715
Finance costs	18,782,500	43,058,343
	58,678,476	119,512,058
OPERATING PROFIT BEFORE DEPRECIATION	52,577,471	355,308,040
Depreciation and amortization	177,148,232	370,100,290
OPERATING PROFIT	(124,570,761)	(14,792,250)
Other income	1,275,108	8,530
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM	(123,295,653)	(14,783,720)
Tax expense:		
Current tax	1,072,000	12,190,000
Deferred tax	(10,370,322)	(16,884,584)
PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEM	(113,997,331)	(10,089,136)
Dividend income, net of taxes	-	-
PROFIT AFTER TAX AND EXCEPTIONAL ITEM	(113,997,331)	(10,089,136)

2.25 DEFERRED TAX MOVEMENT

The net deferred tax asset of Rs.79,17,221/- as at 31st December,2011 (Previous Year - Rs.24,53,101/- deferred tax liability) has arisen on account of the following:

(Rs.in Lakhs)

Nature- (Asset/ Liability)	As at 31.12.2010	Charged/ (Credited) to P& L	As at 31.12.2011
Deferred Tax Liabilities:			
Difference between the written down value of assets as per Book of Accounts and the Income Tax Act, 1961	296.28	-	296.28
Total (A)	296.28	-	296.28
Deferred Tax Assets:			
Difference between the written down value of assets as per Book of Accounts and the Income Tax Act, 1961	271.75	103.7	375.45
Total (B)	271.75	103.7	375.45
Net Deferred Tax Liability/(Assets) (A - B)	24.53	-103.7	-79.17

2.26 RELATED PARTY DISCLOSURES

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

Names of related parties and description of relationship:

Sl. No.	Name of the Key Management Personnel/Relatives	Relationship
I	Subsidiary Companies	
I.a	Dhanus Global Medicare Ltd.	Wholly-Owned Subsidiary Company
I.b	Dhanus Technologies Inc., USA	Wholly-Owned Subsidiary Company
2	Sree Sella Infrastructure & Projects Limited	Directors are Interested in the Company
II	Key Management Personnel	
1	Mr. A.D. Sudhindra	Director
2	Capt. D.S. Srinivasan	Managing Director
3	Mr. R. Ramnath	CFO & Company Secretary

Disclosure of transaction between the company and related parties for the Year ended 31.12.2011

(Rs. In Lakhs)

Sl. No.	Name of Related Party	Nature of transaction	Amounts
1	Dhanus Global Medicare Ltd.	Investment	281.35
2	Dhanus Technologies Inc., USA	Investment	954.74
3	Dhanus Technologies Inc., USA	Current Receivables	63.56
4	Dhanus Technologies Inc., USA	Long Term Receivables	47.2
5	Sree Sella Infrastructure & Projects Ltd.	Directors are interested in the Company (ICD)	668.74

2.27 MICRO, SMALL AND MEDIUM ENTERPRISES

The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, Small and Medium Enterprises Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on December 31, 2011 or December 31, 2010.

2.28 The Trade receivables and Trade Payables balances of parties are subject to confirmation by the parties.

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

2.30 Loans & Advances and Trade receivables stated in the Balance Sheet are, in the opinion of the management, realizable in the ordinary course of business.

2.31 Contingent Liabilities, commitments (to the extent not provided for):

1. On account of Income Tax matters in dispute:
 - a. Income Tax Liability amounting to Rs. 5,77,06,713/-
Assessment Year 2006-07
Appeal before Income Tax Appellate Tribunal (ITAT), Chennai Branch, Chennai
 - b. Income Tax Liability amounting to Rs. 20,09,19,372/-
Assessment Year 2007-08
Appeal before Income Tax Appellate Tribunal (ITAT), Chennai Branch, Chennai
 - c. Income Tax Liability amounting to Rs. 40,37,00,490/-
Assessment Year 2008-09
Appeal before CIT (Appeal), Chennai
 - d. Income Tax Liability amounting to Rs.37,52,62,070/-
Assessment Year 2009-10
Appeal before CIT (Appeal), Chennai
2. Claims against the company not acknowledged as debts: Rs. 1800.00 Lakhs (Rs. 1864.00 Lakhs)

2.32 FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings in Foreign Currency Rs. NIL/- (Rs. NIL/-)

Foreign Currency outflow Rs. NIL/- (Rs. NIL/-)

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

2.34 PREVIOUS YEAR FIGURES

Till the year ended December 31, 2010, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended December 31, 2011, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

As per our report of even date

For P C ACHARYA & CO
Chartered Accountants
Firm Registration No. 009628S

For and on behalf of the Board of Directors of
Dhanus Technologies Limited

P. C. ACHARYA
Partner
Membership No. 210719

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

R. Ramnath
CFO & Company Secretary

Place: Chennai
Date: March 21, 2012

AUDITORS' REPORT

TO THE MEMBERS OF DHANUS TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached consolidated Balance Sheet of Dhanus Technologies Limited ('the Company') and its subsidiaries (collectively, 'the Group'), as at December 31, 2011, and also the consolidated statement of Profit and Loss 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of the holding company namely Dhanus Technologies Limited is audited by us for the year ended 31st December, 2011 and its Indian subsidiary namely Dhanus Global Medicare Limited is audited by us for the year ended 30th June, 2011 and thus consolidated.
4. *The financial statements of USA subsidiary namely Dhanus Technologies Inc., unaudited results as reviewed and certified by the management for the period ended 31st December, 2011 is considered by us for the consolidation purposes.*
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India **subject to note no 1.2. (a) to (c)**, on the basis of the individual financial statements of Dhanus Technologies Limited and its subsidiary companies included in the aforesaid consolidation.
6. Based on our audit and on consideration of management reviewed and certified unaudited results and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India **except for**
 - a) **AS-6 – "Depreciation", AS-9 – "Revenue Recognition", AS-10 – "Fixed Assets", AS-22 – "Deferred Taxes" and AS-28 – "Impairment of Assets"**.
 - b) **The effects of non reconciliation of Trade receivables, exceeding over a period of six months, and as well as payables, the effects on profit/loss is not quantifiable. The quantum of bad debts involved in the Trade Receivables are not yet confirmed, the effect to that extent on profit/loss is not quantifiable.**
 - c) **Reference to Note No.1.2.(a) to (c) and Para 4 (e) of the Standalone Auditors' Report regarding revenue recognition under AS-9 – "Revenue Recognition" issued by the Institute of Chartered Accountants of India and also expense recognition, the effects on profit/loss is not quantifiable.**
 - d) **Non application of AS-28 – "Impairment of Assets" to the value of assets including fixed assets, trade receivables and loans and advances, the effect of which is not quantifiable from a mark to market perspective. The physical verification, valuation of fixed assets and updation of fixed assets register is yet to be completed. Also tests of impairment, ownership and valuation of fixed assets – Tangible are under completion and we are unable to express opinion on the same.**
 - e) **Investments in, M/s Borusan Telekom, Turkey amounting to 1 million USD and M/s. Sreeven Infocom Limited amounting to Rs. 2,50,00,000/-, is, in our opinion, irrecoverable.**
 - (i) in the case of the consolidated Balance Sheet, of the state of affairs of the group as at December 31, 2011;
 - (ii) in the case of the statement of consolidated Profit & Loss, of the loss for the year ended on that date; and
 - (iii) in the case of the consolidated Cash Flow statement, of the cash flows for the year ended on that date.

For P C ACHARYA & Co
Chartered Accountants
Firm Registration No: 009628S

P C ACHARYA
Partner
Membership No: 210719

Place : Chennai
Date : August 18, 2012

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31 2011

Particulars	Note	in Rupees	
		As at 31.12.2011	As at 31.12.2010
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	5,710,049,420	179,426,300
Reserves and surplus	2.2	38,916,040	2,685,355,036
Share application money pending allotment		-	358,740,000
NON-CURRENT LIABILITIES			
Long-term borrowings	2.3	114,507,727	129,192,489
Deferred tax liabilities (net)	2.4	(8,364,014)	2,035,231
Other long-term liabilities	2.5	5,571,825	5,571,825
CURRENT LIABILITIES			
Trade Payables	2.6	887,447,391	778,412,791
Other current liabilities	2.7	202,874,136	9,327,902
Short-term provisions	2.8	104,924,887	103,852,887
Total		7,055,927,412	4,251,914,461
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.9	856,715,029	1,037,996,898
Intangible assets		-	-
Capital work-in-progress		13,944,054	13,944,054
Non-current investments	2.10	1,747,819,241	412,508,351
Long-term loans and advances	2.11	371,634,942	431,535,199
Other non-current assets	2.12	260,495,700	285,039,454
CURRENT ASSETS			
Current investments	2.13	34,182	34,182
Inventories	2.14	678,944,261	662,385,485
Trade receivables	2.15	1,601,096,115	1,400,668,986
Cash and cash equivalents	2.16	863,967	6,504,515
Short-term loans and advances	2.17	1,524,379,921	1,297,337
Total		7,055,927,412	4,251,914,461
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For P C ACHARYA & CO

Chartered Accountants

Firm Registration No. 009628S

For and on behalf of the Board of Directors of

Dhanus Technologies Limited

P. C. ACHARYA

Partner

Membership No. 210719

Capt. D.S. Srinivasan

Managing Director

A.D. Sudhindra

Director

R. Ramnath

CFO & Company Secretary

Place: Chennai

Date : August 18, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2011

Particulars	Note	In Rupees	
		Year ended 31.12.2011	Year ended 31.12.2010
REVENUE			
Revenue from Operations	2.18	535,232,606	1,192,976,992
Other income	2.19	1,275,108	8,530
Total Revenue		536,507,714	1,192,985,522
EXPENSES			
Employee benefit expenses	2.20	2,722,220	10,574,592
Direct expenses	2.20	423,976,660	718,156,894
Research & Development expenses w/off		9,748,655	9,748,655
IPO expenses w/off		14,668,727	14,668,727
Finance costs	2.20	18,782,500	43,058,343
Depreciation and amortisation expense	2.9	178,794,490	371,990,447
Other expenses	2.20	12,957,583	41,676,477
Total Expenses		661,650,835	1,209,874,135
Profit Before exceptional and extraordinary items and tax		(125,143,121)	(16,888,613)
Exceptional & Extraordinary Items		-	-
Profit Before Tax		(125,143,121)	(16,888,613)
Tax expense:			
Current Tax		1,072,000	12,190,000
Deferred tax		(10,399,245)	(16,942,056)
		(9,327,245)	(4,752,056)
Profit/(Loss) for the year from continuing operations		(115,815,876)	(12,136,557)
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit/(Loss) After Tax		(115,815,876)	(12,136,557)
Basic Earning per Equity Share of Rs. 10/- each	2.21	(0.47)	(0.45)
Diluted Earning per Equity Share of Rs. 10/- each	2.21	(0.47)	(0.45)

**SIGNIFICANT ACCOUNTING POLICIES AND
NOTES ON ACCOUNTS**

1 & 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For P C ACHARYA & CO

Chartered Accountants

Firm Registration No. 009628S

For and on behalf of the Board of Directors of

Dhanus Technologies Limited

P. C. ACHARYA

Partner

Membership No. 210719

Capt. D.S. Srinivasan

Managing Director

A.D. Sudhindra

Director

R. Ramnath

CFO & Company Secretary

Place: Chennai

Date : August 18, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

Particulars	Note	In Rupees	
		Year ended 31.12.2011	Year ended 31.12.2010
Cash Flows from Operating Activities			
Profit before interest, tax and extraordinary item		(106,360,621)	26,169,730
Adjustments for :-			
Depreciation		178,794,490	371,990,447
Miscellaneous Expenses Written off		24,543,754	24,543,755
Loss in sale of Fixed Assets		2,487,379	-
Operating profit before working capital changes			
Decrease/Increase in :			
Trade Receivables	2.23.1	(200,427,129)	(787,121,985)
Inventories	2.23.2	(16,558,776)	(178,611,690)
Loans and Advances	2.23.3	59,900,257	51,711,724
Short Term Loans & Advances		(1,523,082,584)	-
Other Non-Current Assets	2.23.4	24,543,754	24,543,755
Trade Payables	2.23.5	109,034,600	565,303,298
Other Current Liabilities	2.23.6	193,546,234	(11,138,977)
Other Long Term Liabilities		-	-
Income Taxes Paid		-	-
Net Cash Generated by Operating Activities		(1,253,578,642)	87,390,057
Cash Flow from Financing Activities			
Share Capital & Share Application Money	2.23.7	5,171,883,120	358,740,000
Share Premium	2.23.8	(2,530,623,120)	-
Long-Term Borrowings	2.23.9	(14,684,762)	(77,174,299)
Dividend & Tax thereon		-	-
Interest paid		(18,782,500)	(43,058,343)
Miscellaneous Expenses Written off		(24,543,754)	(24,543,755)
Net Cash used in financing Activities		2,583,248,984	213,963,603
Cash Flow from Investing Activities			
Purchase of Tangible Fixed Assets		-	-
Purchase of Intangible Fixed Assets		-	-
Purchase of Capital Work in Progress		-	-
Non-Current Investments	2.23.10	(1,335,310,890)	(310,286,643)
Net Cash used in Investing Activities		(1,335,310,890)	(310,286,643)
Net Increase in Cash and Cash equivalents during the year		(5,640,548)	(8,932,983)
Cash and Cash Equivalents at the beginning of the year		6,504,515	15,437,498
Cash and Cash Equivalents at the end of the year		863,967	6,504,515

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1 & 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For P C ACHARYA & CO

Chartered Accountants

Firm Registration No. 009628S

For and on behalf of the Board of Directors of
Dhanus Technologies Limited

P. C. ACHARYA

Partner

Membership No. 210719

Capt. D.S. Srinivasan

Managing Director

A.D. Sudhindra

Director

R. Ramnath

CFO & Company Secretary

Place: Chennai

Date : August 18, 2012

NOTE 1: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

Nature of operations

Dhanus Technologies Ltd., (“Parent Company” or “the Company”) is primarily engaged in the business of Global calling cards and Mobile SIM cards, IT-ITES and BPO, Fleet Tracking services and Trading sales. The Parent Company together with its subsidiaries (collectively termed as “the Group”) is engaged in the same business as above including medicare sales and services and service provider of the parent company.

The following is the brief description of the subsidiaries:

- a) Dhanus Global Medicare Limited (“DGML” or “Subsidiary Company”) is engaged in the business of medicare sales and services.
- b) Dhanus Technologies Inc., USA (“DTI” or “Subsidiary Company”) is engaged in the business of service provider of the parent company.

1. Basis of preparation of financial statements.

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The financial statements of the wholly owned foreign subsidiary company have been prepared in compliance with the United States generally accepted accounting standards. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

1.1 Statement of Significant Accounting Policies

**a) Change in accounting policy
Presentation and disclosure of financial statements**

During the year ended December 31, 2011, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Principles of Consolidation.

Investments in subsidiaries in consolidated financial statements are accounted in accordance with accounting principles as defined in the AS 21 “Consolidated financial statements” notified by Companies Accounting Standards Rules, 2006. The consolidated financial statements are prepared on the following basis:

- i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.
- ii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand alone financial statements.
- iii) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended December 31, 2011, as highlighted in para iv below i.e., the reporting dated of the subsidiaries for the consolidated accounts.
- iv) As per Accounting Standard 21, only those notes which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statements are not disclosed in the consolidated financial statements.

The consolidated financial statements as at and for the year ended on December 31, 2011 include the financial statements of the following entities:

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

The reporting date for the consolidated accounts are as under:

Dhanus Technologies Limited – Parent Company	31 st Dec, 2011
Dhanus Global Medicare Ltd.	30 th June, 2011
Dhanus Technologies Inc.	31 st Dec, 2011

d) Tangible Fixed Assets.

Fixed assets are stated at the cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition to fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Capital Work-in-Progress is stated at cost. In respect to Dhanus Technologies Inc., USA, the fixed assets acquisition cost includes mortgage and other fees associated with the acquisition and have been capitalized accordingly.

e) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

f) Foreign currency transactions and balances.

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing on the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of monetary items on reporting date at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

g) Revenue recognition.

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

h) Retirement and other employee benefits.

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

i) Expenditure and Provisions.

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities. Provisions are made for future unforeseeable factors, which may affect the ultimate profit on fixed price. A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

j) Depreciation.

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

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

k) Research and Development

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

l) Inventories and Work in Progress

Stocks of Cards are valued at Cost and on FIFO basis and include all applicable overheads in bringing the inventories to their present location and condition. Work in progress in respect of GIS Development, Development

of In-Vehicle navigation system, FleeTrac v2-0-Software Development, FleeTrac ERP v.1.0, Supply Chain Management, Mobility solution for logistics, Development of Comprehensive CRM & Integration of V-Tel solution on hand held, etc is valued at Cost.

m) Segment Reporting

The Company's primary segment is identified as business segment based on nature of products, risks, returns and the internal business reporting system and secondary segment is identified based on the geographical location of the customers as per Accounting Standard-17 -"Segment Reporting" issued by the Institute of Chartered Accountants of India. The company is principally engaged in six business segments viz. telecom, telematics, BPO, software services, medicare sales and services and trading sales.

n) Amortization of deferred expenditure.

Miscellaneous Expenses viz., Research and Development Expenditures are amortized over a period of 5 years, whereas Public Issue Expenses (IPO Exp.) are amortized over a period of 10 years.

o) Taxes on Income.

- i. Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between the taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of timing differences is recognized as a deferred tax asset or deferred tax liability. The tax effect is calculated on accumulated timing differences at the end of the accounting year, based on effective tax rates substantively enacted by the Balance Sheet date.
- ii. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.
- iii. Deferred tax assets, other than on unabsorbed depreciation and carried forward losses, are recognized only if there is reasonable certainty that they will be realized in the future and are reviewed for the appropriateness of their respective carrying valued at each Balance Sheet. In situations where the Company has unabsorbed depreciation and carried forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that the same can be realized against future taxable profits. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.
- iv. Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

p) Earning Per Share.

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

q) Impairment of Assets.

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and

impairment is recognized, if the carrying amount on these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flow to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in prior accounting periods no longer exists or may have decreased such reversal of impairment loss is recognized.

r) Borrowing costs.

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

s) Cash and cash equivalents.

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

t) Accounting for Provisions, contingent Liabilities and Contingent Assets.

Provisions are recognized in terms of Accounting Standard 29 – 'Provisions, contingent Liabilities and Contingent Assets' (AS-29), notified by the Companies (Accounting Standards) Rules, 2006 (as amended), when there is a present legal obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent Assets are not recognized in the financial statements.

1.2. Consolidated Notes on Accounts.

a) Though the books of account have incorporated the major entries in respect of all segments, the key reconciliations and control accounts of receivables and payables in respect of all segments are yet to be confirmed by the concerned parties, the effect of which is not quantifiable. Confirmation on certain material contracts pertaining to revenues and certain material time sheets pertaining to direct expenses are in the process of being collected from relevant parties. The company has pending these confirmations, recognized revenues and expenses as it is confident of the same.

b) Stock and WIP valuation has been done by us, but not subject to separate audit by the statutory auditors.

c) The difference in exchange rates relating to conversion of transactions relating to non-integral operations between holding and subsidiary company have not been routed through FCTR accounts as contemplated under AS 11 & 21. The affect of the same is not quantifiable.

d) Long Term Borrowings.

Secured loans from banks and others are secured by hypothecation of UPS, Computers, Networking Equipment, Telephone Software, Furniture and Fixtures, Office Equipments; etc arising out of such loan proceeds on a first and exclusive charge basis. Cash Credit is secured against hypothecation of Stocks and Receivables. The company is defaulted in repayment of loans to banks, which is under Debt Recovery Tribunal (DRT).

e) Quantitative Details.

The company is engaged in the sales and services of Global calling Cards and development and maintenance of software, FleeTrac, BPO services, Medicare and Trading Activities sales. The sales and services of such calling cards, software, FleeTrac, BPO, Medicare and Trading Activities can not be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales, services and certain information as required under paragraphs 5 (viii) (c) of general instructions for preparation of the statement of profit and loss as per revised Schedule VI to the Companies Act, 1956.

NOTE 2. CONSOLIDATED NOTES ON ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2011

2.1 SHARE CAPITAL

In Rupees

PARTICULARS	As at December 31	
	2011	2010
Authorized Equity Shares, ₹. 10/- par value 60,00,00,000 (60,00,00,000) equity shares	6,000,000,000	6,000,000,000
Issued, Subscribed and Paid-Up Equity Shares, ₹.10/- par value 57,10,04,942 (1,79,42,630) equity shares fully paid up (of the above 16,00,000 shares are allotted as fully paid up pursuant to a contract of acquisition of asset from 3 directors for consideration other than cash) (of the above 2.25,600 shares are allotted as fully paid up by way of bonus shares out of accrued cash resources) (of the above 15,00,00,000 shares are allotted as fully paid up against conversion of equity warrants) (of the above 40,30,62,312 shares are allotted as fully paid up by way of issue of bonus shares by capitalisation of Reserves and Surplus)	5,710,049,420	179,426,300
	5,710,049,420	179,426,300

Footnotes:

(i) The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding.

During the year ended December 31, 2011, the amount of per share dividend recognized as distribution to equity shareholder is Rs. Nil (Previous year Rs. Nil)

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

In Rupees

Equity shares	As at December 31, 2011		As at December 31, 2010	
	No. of shares	Rs.	No. of shares	Rs.
As at the beginning of the year	17,942,630	179,426,300	17,942,630	179,426,300
Add: Issued during the year	553,062,312	5,530,623,120	-	-
As at the end of the year	571,004,942	5,710,049,420	17,942,630	179,426,300

(iii) Details of shareholders holding more than 5% equity shares in the company

Name of the shareholder	As at December 31, 2011		As at December 31, 2010	
	No. of shares	% holding	No. of shares	% holding
Liberal Solutions Private Limited	3485000	6.10	-	-
Whitext Infrastructure Private Limited	37230000	6.52	-	-
Black Horse Media & Entertainment Private Limited	36635000	6.42	-	-
Secunderabad Healthcare Private Limited	40800000	7.15	-	-
Nirvana Mall Management Company Private Limited	37570000	6.58	-	-
Empower India Limited	35700000	6.25	-	-

(iv) Aggregate number of bonus shares issued, shares issued for consideration other than cash:

PARTICULARS	As at December 31	
	2011	2010
	No.	No.
Equity shares allotted as fully paid bonus shares by capitalisation of General Reserves @ 12:5 (i.e., 12 equity shares per 5 equity shares held)	403,062,312	-
	403,062,312	-

(v) During the year ended December 31, 2011, the company allotted 15,00,00,000 equity shares as fully paid up against conversion of Share warrants.

2.2 RESERVES AND SURPLUS

In Rupees

PARTICULARS	As at December 31	
	2011	2010
	General Reserves - Opening balance	75,000,000
Add: Additions during the year	-	-
	75,000,000	75,000,000
Less: Deductions during the year (issue of bonus shares)	75,000,000	-
	-	75,000,000
Share Premium- Opening balance	1,579,933,905	1,579,933,905
Add: Additions during the year	1,500,000,000	-
	3,079,933,905	-
Less: Deductions during the year (issue of bonus shares)	3,079,933,905	-
	-	1,579,933,905
Surplus- Opening balance	1,030,421,131	1,042,557,688
Add: Net profit after tax transferred from Statement of Profit and Loss	(115,815,876)	(12,136,557)
	914,605,255	1,030,421,131
Appropriations:		
Dividend on equity shares (including dividend tax)	-	-
Transfer to general reserve	-	-
Capitalisation of reserve for issue of bonus shares	875,689,215	-
Surplus-Closing Balance	38,916,040	1,030,421,131
	38,916,040	2,685,355,036

2.3 LONG-TERM BORROWINGS

In Rupees

PARTICULARS	As at December 31	
	2011	2010
	Secured	
A. Loans from banks		
- Term Loans	114,507,727	129,192,489
A. Loans from others		
- Term Loans	-	-
	114,507,727	129,192,489

2.4 DEFERRED TAXES

PARTICULARS	In Rupees	
	As at December 31	
	2,011	2,010
Deferred Tax Liabilities	19,337,499	19,337,499
Deferred Tax Assets	27,701,513	17,302,268
Deferred Tax Liabilities/(Assets) (Net)	(8,364,014)	2,035,231

2.5 OTHER LONG-TERM LIABILITIES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Other Long-term liabilities	5,571,825	5,571,825
	5,571,825	5,571,825

2.6 TRADE PAYABLES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Trade Payables- Due to Micro, Small & Medium Enterprises	-	-
Others		
Trade Payables- Others	887,447,391	778,412,791
	887,447,391	778,412,791

2.7 OTHER CURRENT LIABILITIES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Accrued salaries and benefits		
Salaries and benefits	187,264	1,264,832
Bonus and incentives	-	-
Provision for expenses	3,246,872	8,063,070
Unsecured loans	199,440,000	-
	202,874,136	9,327,902

2.8 SHORT-TERM PROVISIONS

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Provision for Income Taxes	104,924,887	103,852,887
	104,924,887	103,852,887

2.9 FIXED ASSETS : TANGIBLE
(Amount in Rs.)

Particulars	Rate	Gross Block			Depreciation Block				Net Block		
		Cost as on 31/12/2010	Additions	Deletions	Cost as on 31/12/2011	Depreciation upto 31/12/2010	for the year	Deletion	Depreciation upto 31/12/2011	as on 31/12/2011	as on 31/12/2010
Plant & Machinery:-											
Computers & Accessories	40.00%	224,962,337	-	-	224,962,337	174,034,143	17,517,370	-	191,551,513	33,410,824	50,928,194
Network Operating Centre Equipments & Devices	13.91%	791,767,785	-	-	791,767,785	249,728,295	71,555,248	-	321,283,543	470,484,242	542,039,490
FleeTrac Data Storage Server Units	13.91%	389,882,854	-	-	389,882,854	126,815,223	34,727,856	-	161,543,079	228,339,775	263,067,631
FleeTrac Communication Software	40.00%	503,516,647	-	-	503,516,647	372,222,891	45,152,098	-	417,374,989	86,141,658	131,293,756
Furniture & Fixtures	18.10%	22,525,755	-	-	22,525,755	11,090,849	1,933,956	-	13,024,805	9,500,950	11,434,906
Office Equipments	13.91%	23,013,390	-	-	23,013,390	9,801,053	1,744,406	-	11,545,459	11,467,931	13,212,337
Software	40.00%	51,560,234	-	-	51,560,234	42,952,941	2,960,060	-	45,913,001	5,647,233	8,607,293
Electrical Fittings	13.91%	12,846,738	-	-	12,846,738	5,539,299	964,788	-	6,504,087	6,342,651	7,307,439
Air Conditioner	13.91%	1,510,716	-	-	1,510,716	881,398	83,336	-	964,734	545,982	629,318
Vehicle	25.89%	8,394,147	-	8,394,147	-	5,355,521	551,247	5,906,768	-	-	3,038,626
Medical Equipment	20.00%	8,974,448	-	-	8,974,448	4,465,134	901,863	-	5,366,997	3,607,451	4,509,314
Other Assets	0.00%	4,035,381	-	-	4,035,381	2,106,787	702,262	-	2,809,049	1,226,332	1,928,594
TOTAL		2,042,990,432	-	8,394,147	2,034,596,285	1,004,993,534	178,794,490	5,906,768	1,177,881,256	856,715,029	1,037,968,998
Previous Year		2,039,792,453	-	-	2,039,792,453	631,930,545	371,883,053	-	1,003,813,598	1,035,978,855	1,407,861,908

Note: The previous year figures, where applicable, are restated on the exchange rate prevailing as on December 31, 2011 and are therefore not comparable.

2.10 INVESTMENTS

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Non-current investments		
(All unquoted unless otherwise specified)		
Trade Investments (Long Term) in Companies-Fully paid		
MPINGI Inc. USA	78,037,389	78,037,389
Dhanus Health Care	24,184,321	24,184,321
Trade Investments (Quoted, Listed Shares)		
i. 1,89,15,000 Equity Shares of Rs. 10 each in Shri Ganesh Spinners Ltd.	283,725,000	-
ii. 40,00,000 Equity Shares of Rs. 10 each in Speciality Papers Ltd	52,000,000	-
Trade (Unquoted, Unlisted) (refer to note 2.10.1)		
Investments in equity instruments	1,334,585,890	335,000,000
Aggregate amount of investments	1,772,532,600	437,221,710
Less: Aggregate amount of provision made for investments	-	-
Less: Exchange Loss on currency of Dhanus Technologies Inc. investments	24,713,359	24,713,359
	1,747,819,241	412,508,351

2.10.1 Details of Investments

The details of trade investments in equity instruments as at December 31, 2011 and December 31, 2010 is as follows:

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
(Unquoted, Unlisted Shares)		
1) 30,000 (Nil) Equity Shares of Rs.10 each in Aakash Accommodations Pvt. Ltd	3,000,000	-
2) 10,000 (Nil) Equity Shares of Rs. 10 each in Aakar Foundry Pvt. Ltd.	5,000,000	-
3) 90,000 (Nil) Equity Shares of Rs. 10 each in Alps Energy Pvt. Ltd.	9,000,000	-
4) 45,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Amirashmi Finstock Pvt. Ltd.	4,500,000	-
5) 2,500 (Nil) Equity Shares of Rs. 100 each in Angad Estates Pvt. Ltd.	2,500,000	-
6) 40,000 (Nil) Equity Shares of Rs. 10 each in Anushtan Buildcon Pvt. Ltd.	10,000,000	-
7) 67,500 (Nil) Equity Shares of Rs. 10 each in Aramid Textiles Pvt. Ltd.	13,635,000	-
8) 62,500 (Nil) Equity Shares of Rs. 10 each in ASB Gems & Jewellers Pvt. Ltd.	10,000,000	-
9) 34,200 (Nil) Equity Shares of Rs. 10 each in Ashvira Fabrics Pvt. Ltd.	34,200,000	-
10) 65,000 (Nil) Equity Shares of Rs. 10 each in Bharat Securities Pvt. Ltd.	97,500,000	-
11) 75,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Bhumi Yarn Pvt. Ltd.	6,000,000	-
12) 2,15,000 (Nil) Equity Shares of Rs. 10 each in Blue Peacock Securities Pvt. Ltd.	43,000,000	-
13) 35,000 (Nil) Equity Shares of Rs. 10 each in Mouldcraft (India) Pvt. Ltd.	3,500,000	-
14) 31,500 (Nil) Equity Shares of Rs. 10 each in GCB Securities Pvt. Ltd.	1,500,000	-
15) 1,70,000 (1,35,000) Equity Shares of Rs. 10 each in Centre Dealers Pvt. Ltd	34,000,000	27,000,000
16) 45,000 (Nil) Equity Shares of Rs. 10 each in Classic Ornaments Pvt. Ltd.	9,000,000	-
17) 77,000 (Nil) Equity Shares of Rs. 10 each in Coral Granito Pvt. Ltd.	4,011,700	-
18) 1,10,000 (Nil) Equity Shares of Rs. 10 each in Diyajyoti Steel Ltd.	27,500,000	-
19) 10,000 (Nil) Equity Shares of Rs. 10 each in Divya Realtors Pvt. Ltd.	2,000,000	-
20) 2,10,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in DNL Engineers Pvt. Ltd.	10,500,000	-
21) 5,000 (Nil) Equity Shares of Rs. 10 each in Elanda Exports Pvt. Ltd.	7,500,000	-
22) 5,850 (Nil) Equity Shares of Rs. 10 each in Elite Buildmart Pvt. Ltd.	15,000,000	-
23) 3,000 (Nil) Equity Shares of Rs. 10 each in Esspal International Pvt. Ltd.	1,500,000	-
24) 5,000 (Nil) Equity Shares of Rs. 10 each in Financial World India Pvt. Ltd.	5,000,000	-
25) 1,00,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Goyal Gums Pvt. Ltd.	8,500,000	-
26) 12,000 (Nil) Equity Shares of Rs. 10 each in Greekssoft Institute of Financial Market Pvt. Ltd.	3,000,000	-
27) 1,50,000 (Nil) Equity Shares of Rs. 10 each in Guru Rajendra Minerals Trading Co. Pvt. Ltd.	15,000,000	-

28) 3,00,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Pranet Mercantile Pvt. Ltd.	15,000,000	-
29) 32,500 (Nil) Equity Shares of Rs. 10 each in Indo Unique Fuel Pvt. Ltd.	6,500,000	-
30) 56,000 (Nil) Equity Shares of Rs. 10 each in Jasmine Steel Trading Ltd.	14,000,000	-
31) 50,000 (Nil) Equity Shares of Rs. 10 each in Katran Real Estate Pvt. Ltd.	5,000,000	-
32) 20,000 (Nil) Equity Shares of Rs. 10 each in Lemongrass Investment Consultants Pvt. Ltd.	20,000,000	-
33) 49,500 (Nil) Equity Shares of Rs. 10 each in Mahalaxmi Tex-Clothing Pvt. Ltd.	4,999,500	-
34) 1,37,500 (1,37,500) Equity Shares of Rs. 10 each in Mainstream Commosale Pvt. Ltd.	27,500,000	27,500,000
35) 96,000 (Nil) Equity Shares of Rs. 10 each in Marsh Steel Trading Ltd.	24,000,000	-
36) 1,00,000 (50,000) Equity Shares of Rs. 10 each, Rs. 5 paid up in Merchant Agrimart Pvt. Ltd.	2,500,000	2,500,000
37) 85,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Mevisons Real Estate Pvt. Ltd.	8,500,000	-
38) 1,52,500 (9,375) Equity Shares of Rs. 10 each in Midpoint Tradelink Pvt. Ltd.	30,500,000	30,500,000
39) 1,30,000 (1,25,000) Equity Shares of Rs. 10 each in Midway Tradelink Pvt. Ltd.	26,000,000	25,000,000
40) 1,760 (Nil) Equity Shares of Rs. 10 each in More Information Technology Pvt. Ltd.	357,280	-
41) 15,000 (15,000) Equity Shares of Rs. 10 each in Naturalle Leisure Resort Pvt. Ltd.	1,500,000	1,500,000
42) 2,500 (Nil) Equity Shares of Rs. 10 each in Natural Fragrances Pvt. Ltd.	2,500,000	-
43) 6,93,750 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Neminath Trades Pvt. Ltd.	55,500,000	-
44) 60,240 (Nil) Equity Shares of Rs. 10 each in Neminath Trades Pvt. Ltd.	4,999,920	-
45) 15,000 (Nil) Equity Shares of Rs. 10 each in Nextgen Health Solution Pvt. Ltd.	15,000,000	-
46) 25,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in NSB Securities Pvt. Ltd.	2,500,000	-
47) 5,000 (Nil) Equity Shares of Rs. 10 each in O D Finance & Investment Pvt. Ltd.	5,000,000	-
48) 12,500 (Nil) Equity Shares of Rs. 10 each in Orbit Finacloth Ltd.	2,500,000	-
49) 15,800 (Nil) Equity Shares of Rs. 10 each in Par Excellence Leasing & Financial Services Pvt. Ltd.	3,199,500	-
50) 20,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Pawansoot Textiles Pvt. Ltd.	2,500,000	-
51) 56,400 (Nil) Equity Shares of Rs. 10 each in Platinum Finleasing & Infra Development Pvt. Ltd.	56,400,000	-
52) 10,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Power Track System Pvt. Ltd.	1,000,000	-
53) 8,250 (Nil) Equity Shares of Rs. 10 each, Rs. 8 paid up in Prakash Stainless Pvt. Ltd.	3,300,000	-
54) 6,00,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Vaishali Realities Pvt. Ltd.	30,000,000	-
55) 2,50,000 (Nil) Equity Shares of Re. 1 each in Prateek Bulls & Bears Pvt. Ltd.	50,000,000	-
56) 4,18,750 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Rajshah Enterprise Pvt. Ltd.	33,500,000	-
57) 62,500 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Real Marketing Pvt. Ltd.	5,000,000	-
58) 22,500 (Nil) Equity Shares of Rs. 10 each in Rightful Dealer Pvt. Ltd.	4,500,000	-
59) 20,000 (Nil) Equity Shares of Rs. 10 each in Roseate Jewels Pvt. Ltd.	20,000,000	-
60) 6,250 (Nil) Equity Shares of Rs. 10 each in Royal Inframet Pvt. Ltd.	25,000,000	-
61) 12,500 (Nil) Equity Shares of Rs. 10 each in Shah Maru Construction Pvt. Ltd.	2,500,000	-
62) 20,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Shakambri Fabrics Pvt. Ltd.	2,500,000	-
63) 5,000 (Nil) Equity Shares of Rs. 10 each in Shiva Speciality Yarns Ltd.	2,500,000	-
64) 2,20,000 (Nil) Equity Shares of Rs. 10 each in Shri Coimbatore Jewellers India Pvt. Ltd.	22,000,000	-
65) 20,000 (Nil) Equity Shares of Rs. 10 each in Sidhivinayak Filaments Pvt. Ltd.	5,000,000	-
66) 25,000 (Nil) Equity Shares of Rs. 10 each in Signet Industries Ltd.	2,500,000	-
67) 25,000 (Nil) Equity Shares of Rs. 10 each in Sinewave Biomass Power Pvt. Ltd.	5,000,000	-
68) 5,000 (Nil) Equity Shares of Rs. 10 each in Sinhal Harren India Pvt. Ltd.	5,000,000	-
69) 10,000 (Nil) Equity Shares of Rs. 10 each in Sky Event Management Pvt. Ltd.	49,980,000	-
70) 60,000 (Nil) Equity Shares of Rs. 10 each in Snow Flakes Meditech Pvt. Ltd.	15,000,000	-
71) 50,000 (Nil) Equity Shares of Rs. 10 each in Sporting Syndicate Pvt. Ltd.	8,000,000	-
72) 10,00,000 (Nil) Equity Shares of Rs. 10 each in Stride Infracon Pvt. Ltd.	200,000,000	-
73) 50,000 (Nil) Equity Shares of Rs. 10 each in Sukchain Properties Pvt. Ltd.	5,000,000	-
74) 5,000 (5,000) Equity Shares of Rs. 10 each in Tanish Homes & Construction Pvt. Ltd.	5,000,000	5,000,000
75) 10,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Task Hydraulics Pvt. Ltd.	500,000	-
76) 5,850 (Nil) Equity Shares of Rs. 10 each in Temple Infratech Pvt. Ltd.	15,000,000	-
77) 80,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Trade India Agrovet Pvt. Ltd.	2,000,000	-
78) 55,000 (Nil) Equity Shares of Rs. 10 each in Triveni Management Consultancy Services Ltd.	5,500,000	-

79) 1,50,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Truevalue Capitals Ltd.	9,000,000	-
80) 2,500 (Nil) Equity Shares of Rs. 100 each in Ultra Portfolio Management Pvt. Ltd.	2,500,000	-
81) 3,00,000 (Nil) Equity Shares of Rs. 10 each, Rs. 5 paid up in Heer Multitrade Pvt. Ltd.	15,000,000	-
82) 60,000 (Nil) Equity Shares of Rs. 10 each in Vertex Dealcomm Pvt. Ltd.	15,000,000	-
83) 9,500 (Nil) Equity Shares of Rs. 10 each in Vineet Furnishings Pvt. Ltd.	9,500,000	-
84) 64,000 (Nil) Equity Shares of Rs. 10 each in Vision Steel Ltd	16,000,000	-
85) 12,990 (Nil) Equity Shares of Rs. 10 each in VRC Infotech Pvt. Ltd.	13,002,990	-
86) 10,000 (Nil) Equity Shares of Rs. 10 each in Neo Fincom Pvt. Ltd.	7,000,000	-
87) Nil (52,000) Equity Shares of Rs.10 each in Jayalalita Commodities Pvt. Ltd.	-	13,000,000
88) Nil (80,000) Equity Shares of Rs.10 each in Gateway Textile Traders Pvt. Ltd.	-	20,000,000
89) Nil (1,00,000) Equity Shares of Rs.10 each in SSK Trading Pvt. Ltd.	-	10,000,000
90) Nil (1,50,000) Equity Shares of Rs.1 each in Kartik Creative Consultants Pvt. Ltd.	-	30,000,000
91) Nil (70,000) Equity Shares of Rs.10 each in V And R Yarns Pvt. Ltd.	-	17,500,000
92) Nil (80,000) Equity Shares of Rs.10 each in Radford Real Estate Pvt. Ltd.	-	20,000,000
93) Nil (20,000) Equity Shares of Rs.10 each in Yadon Constructions Pvt. Ltd.	-	5,000,000
94) Nil (34,000) Equity Shares of Rs.10 each in Ethan Constructions Pvt. Ltd.	-	8,500,000
95) Nil (30,000) Equity Shares of Rs.10 each in Aristo Media & Entertainment Pvt. Ltd.	-	7,500,000
96) Nil (20,000) Equity Shares of Rs.10 each in Akansha Media And Entertainment Pvt. Ltd.	-	5,000,000
97) Nil (18,000) Equity Shares of Rs.10 each in Adila Traders Pvt. Ltd.	-	4,500,000
98) Nil (3,00,000) Equity Shares of Rs.10 each, Rs. 5 paid-up, in Raj Kamal Motor (India) Pvt. Ltd.	-	75,000,000
	1,334,585,890	335,000,000
Less: Provision for investment	-	-
	1,334,585,890	335,000,000

2.11 LONG-TERM LOANS AND ADVANCES

In Rupees

PARTICULARS	As at December 31	
	2011	2010
Unsecured, considered good		
Capital advances	-	-
Electricity and other deposits	380,730	380,730
Loans to Dhanus Technologies Inc., USA (Wholly owned subsidiary)	11,076,264	11,076,264
Rental deposits	21,122,952	21,122,952
Other loans and advances		
Advances income taxes	24,300,000	24,300,000
Prepaid expenses	-	-
Loans and Advances to employees	1,662,501	1,662,501
Other long term loans & advances	313,092,495	372,992,752
	371,634,942	431,535,199

2.12 OTHER NON-CURRENT ASSETS

In Rupees

PARTICULARS	As at December 31	
	2011	2010
Work in progress	162,734,687	162,734,687
Miscellaneous expenses (to the extent not written off)	97,761,013	122,304,767
	260,495,700	285,039,454

2.13 CURRENT INVESTMENTS

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Investment in Mutual Fund- Short term plan	34,182	34,182
	34,182	34,182

2.14 INVENTORIES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
V-Tel Cards	350,895,000	326,483,500
FleeTrac Devices	324,834,623	332,687,347
Medical Equipment	3,214,638	3,214,638
	678,944,261	662,385,485

2.15 TRADE RECEIVABLES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Debts outstanding for a period exceeding six months		
Unsecured		
Considered good	1,580,269,186	502,160,838
Considered doubtful	-	-
	1,580,269,186	502,160,838
Less: Provision for doubtful debts	-	-
	1,580,269,186	502,160,838
Other debts		
Unsecured		
Considered good	20,826,930	898,508,148
Considered doubtful	-	-
	20,826,930	898,508,148
Less : Provision for doubtful debts	-	-
	20,826,930	898,508,148
	1,601,096,115	1,400,668,986

2.16 CASH AND CASH EQUIVALENTS

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Cash on hand	839,596	4,643,645
Balances with banks		
In current and deposit accounts	24,371	1,860,870
Others		
Deposits with financial institutions	-	-
	863,967	6,504,515

2.17 SHORT-TERM LOANS AND ADVANCES

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Unsecured, considered good		
Share Application money paid	1,523,150,000	-
Others	1,229,921	1,297,337
	1,524,379,921	1,297,337

2.18 REVENUE FROM OPERATIONS

PARTICULARS	In Rupees	
	For the Year Ended December 31	
	2011	2010
Sale of Services:		
Telecard services	85,212,227	232,893,257
BPO services	57,294,072	206,275,515
FleeTrac services	31,508,090	353,487,570
Trading Sale	361,218,217	400,320,650
	535,232,606	1,192,976,992
Other Operating Revenue	-	-
Net Sales	535,232,606	1,192,976,992

2.19 OTHER INCOME

PARTICULARS	In Rupees	
	For the Year Ended December 31	
	2011	2010
Interest income	1,266,788	7,852
Dividend income	2,500	678
Profit on sale of Investments	5,820	-
	1,275,108	8,530

2.20 EXPENSES

PARTICULARS	In Rupees	
	For the Year Ended December 31	
	2011	2010
Employee benefit expenses		
Salaries, wages, Bonus & Allowances	2,633,100	10,352,185
Staff welfare expenses	89,120	222,407
	2,722,220	10,574,592
Direct expenses		
Expenses w.r.t development of communication protocols	6,730,885	22,187,029
Pins & communication expenses	30,417,203	95,181,573
Channel distribution margin & expenses	3,358,243	14,146,409
Fleetrac communication, development & distribution expenses	12,211,089	144,904,270
BPO outsourcing costs, internet charges etc	12,874,332	42,918,213
Trading purchases	358,384,908	398,819,400
	423,976,660	718,156,894
Other expenses		
Consultancy & Professional Charges	179,629	625,421
Rent, Rates and Taxes	4,826,482	25,546,610
Electricity Charges	304,096	1,080,943
Remuneration to Auditors	1,664,500	1,443,900
Internet charges	163,599	391,588
Repairs and Maintenance	75,690	438,208
Travelling & Conveyance	768,569	1,007,308
Postage and Telegrams	16,935	102,256
Computer Stationery & Consumables	161,483	452,711
Printing and Stationery	503,010	311,832
Directors' Remuneration & Sitting Fees	420,000	7,762,925
Miscellaneous Expenses	803,606	1,465,824
Advertisement & Marketing Expenses	-	133,133
Loss on Sale of Fixed Assets	2,487,379	-
Trunks & Telephone charges	399,386	599,718
Preliminary expenses w/off	126,372	126,373
Bank charges	56,847	187,727
	12,957,583	41,676,477
Finance cost		
Interest expense	18,782,500	43,058,343
Other Borrowing costs	-	-
	18,782,500	43,058,343

2.21 COMPUTATION OF EARNING PER SHARE

PARTICULARS	Issue date	In Rupees			
		As at December 31, 2011		As at December 31, 2010	
		No. of shares	Rs.	No. of shares	Rs.
Profit after tax & Extraordinary items			(115,815,876)		(12,136,557)
Shares at Beginning of the Period/Year		17,942,630		17,942,630	
Shares issued	31/03/2011	83,268,333		-	
	09/07/2011	66,731,667		-	
	02/09/2011	403,062,312		-	
Therefore the Wtd. Average Shares		230,171,187		-	
Total Wtd. Average Number of Shares		248,113,817		17,942,630	
Basic EPS Annualized after Extraordinary items of Rs. 10/- each			(0.47)		(0.45)
Diluted EPS Annualized after Extraordinary items of Rs. 10/- each			(0.47)		(0.45)

2.22 SEGMENT REPORTING

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
Segment Revenue		
Telecom	85,212,227	232,893,257
Software	-	-
FleeTrac	31,508,090	353,487,570
BPO	57,294,072	206,275,515
Medicare sales & services	-	-
Trading	361,218,217	400,320,650
	535,232,606	1,192,976,992
Other Income	1,275,108	8,530
Total	536,507,714	1,192,985,522
Less: Inter/Intra Segment Sales	-	-
Net Sales	536,507,714	1,192,985,522
Segment Results		
(Profit before Tax and Interest)		
Telecom	17,387,085	85,058,625
Software	-	-
FleeTrac	(132,537,475)	(149,593,241)
BPO	32,221,311	115,023,220
Medicare sales & services	(1,145,205)	(1,402,742)
Trading	2,833,309	1,501,250
Total	(81,240,975)	50,587,112
Less: i) Interest & Finance Charges	18,782,500	43,058,343
ii) Other un-allocable expenditure	25,119,646	24,417,382
Profit before Tax	(125,143,121)	(16,888,613)
Capital Employed		
(Segment Assets-Segment Liabilities)		
Telecom	825,833,201	586,537,264
Software	110,000,506	104,093,091
FleeTrac	1,448,488,562	1,764,263,427
Medicare sales & services	24,342,121	25,331,846
BPO	160,890,002	241,943,363
Trading	2,288,368	23,561,300
Un-allocated	3,079,361,687	355,486,278
Total	5,651,204,447	3,101,216,569

2.23 SCHEDULES TO CASH FLOW STATEMENTS

PARTICULARS	In Rupees	
	As at December 31	
	2011	2010
2.23.1 CHANGE IN TRADE RECEIVABLES		
As per the balance sheet	1,601,096,115	1,400,668,986
Less: Opening balance considered	1,400,668,986	613,547,001
	(200,427,129)	(787,121,985)
2.23.2 CHANGE IN INVENTORIES		
As per the balance sheet	678,944,261	662,385,485
Less: Opening balance considered	662,385,485	483,773,795
	(16,558,776)	(178,611,690)
2.23.3 CHANGE IN LOANS AND ADVANCES		
As per the balance sheet	371,634,942	431,535,199
Less: Opening balance considered	431,535,199	483,246,923
	59,900,257	51,711,724
2.23.4 OTHER NON-CURRENT ASSETS		
As per the balance sheet	260,495,700	285,039,454
Less: Opening balance considered	285,039,454	309,583,209
	24,543,754	24,543,755
2.23.5 CHANGE IN TRADE PAYABLES		
As per the balance sheet	887,447,391	778,412,791
Less: Opening balance considered	778,412,791	213,109,493
	109,034,600	565,303,298
2.23.6 CHANGE IN OTHER CURRENT LIABILITIES		
As per the balance sheet	202,874,136	9,327,902
Less: Opening balance considered	9,327,902	20,466,879
	193,546,234	(11,138,977)
2.23.7 CHANGE IN SHARE CAPITAL AND SHARES APPLICATION MONEY		
As per the balance sheet	5,710,049,420	538,166,300
Less: Opening balance considered	538,166,300	179,426,300
	5,171,883,120	358,740,000
2.23.8 CHANGE IN SHARE PREMIUM		
As per the balance sheet	-	2,530,623,120
Less: Capitalisation of reserves for issue of bonus shares	-	875,689,215
	-	1,654,933,905
Less: Opening balance considered	2,530,623,120	1,654,933,905
	(2,530,623,120)	-
2.23.9 CHANGE IN LONG TERM BORROWINGS		
As per the balance sheet	114,507,727	129,192,489
Less: Opening balance considered	129,192,489	206,366,788
	(14,684,762)	(77,174,299)
2.23.10 CHANGE IN NON CURRENT INVESTMENTS		
As per the balance sheet	1,747,819,241	412,508,351
Less: Opening balance considered	412,508,351	102,221,709
	(1,335,310,890)	(310,286,643)

2.24 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

Statement of Profit and Loss account for the	In Rupees	
	As at December 31	
	2011	2010
Revenue from operations	535,232,606	1,192,976,992
Direct expenses	423,976,660	718,156,894
GROSS PROFIT	111,255,946	474,820,098
General and administration and other expenses	40,097,186	76,668,450
Finance costs	18,782,500	43,058,343
	58,879,686	119,726,793
OPERATING PROFIT BEFORE DEPRECIATION	52,376,261	355,093,305
Depreciation and amortization	178,794,490	371,990,447
OPERATING PROFIT	(126,418,229)	(16,897,142)
Other income	1,275,108	8,530
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM	(125,143,121)	(16,888,612)
Tax expense:		
Current tax	1,072,000	12,190,000
Deferred tax	(10,399,245)	(16,942,056)
PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEM	(115,815,876)	(12,136,557)
Dividend income, net of taxes	-	-
PROFIT AFTER TAX AND EXCEPTIONAL ITEM	(115,815,876)	(12,136,557)

2.25 DEFERRED TAX MOVEMENT

The net deferred tax assets of Rs. 83,64,014/- as at 31st December, 2011 (previous year net deferred tax Liability of Rs. 20,35,231/-) has arisen on account of the following:

Nature - (Asset/ Liability)	As at 31.12.2010	Charged/ (Credited) to P&L	(In Lakhs)
			As at 31.12.2011
Deferred Tax Liabilities:			
Difference between the written down value of assets as per Book of Accounts and the Income Tax Act, 1961	193.37	-	193.37
Total (A)	193.37	-	193.37
Deferred Tax Assets:			
Difference between the written down value of assets as per Book of Accounts and the Income Tax Act, 1961	173.02	103.99	277.01
Total (B)	173.02	103.99	277.01
Net Deferred Tax Liability/(Asset) (A - B)	20.35	-103.99	-83.64

2.26 RELATED PARTY DISCLOSURES

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

Names of related parties and description of relationship:

Sl. No.	Name of the Key Management Personnel/Relatives	Relationship
I	Subsidiary Companies	
I.a	Dhanus Global Medicare Ltd.	Wholly-Owned Subsidiary Company
I.b	Dhanus Technologies Inc., USA	Wholly-Owned Subsidiary Company
2	Sree Sella Infrastructure & Projects Limited	Directors are Interested in the Company
II	Key Management Personnel	
1	Mr. A.D. Sudhindra	Director
2	Capt. D.S. Srinivasan	Managing Director
3	Mr R. Ramnath	CFO and Company Secretary

Disclosure of transaction between the company and related parties for the Year ended 31.12.2011

(Rs. In Lakhs)

Sl. No.	Name of related Party	Nature of transaction	Amounts
1	Dhanus Global Medicare Ltd.	Investment	281.35
2	Dhanus Technologies Inc., USA	Investment	954.74
3	Dhanus Technologies Inc., USA	Current Receivables	63.56
4	Dhanus Technologies Inc., USA	Long Term Receivables	47.2
5	Sree Sella Infrastructure & Projects Ltd.	Directors are interested in the Company (ICD)	668.74

2.27 MICRO, SMALL AND MEDIUM ENTERPRISES

The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, Small and Medium Enterprises Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on December 31, 2011 or December 31, 2010.

2.28 The Trade Receivables and Trade Payables balances of parties are subject to confirmation by the parties.

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

2.30 Loans & Advances and Trade Receivables stated in the balance sheet are in the opinion of the management are realizable in the ordinary course of business.

2.31 Contingent Liabilities, commitments (to the extent not provided for):

1. On account of Income Tax matters in dispute:
 - a. Income Tax Liability amounting to Rs. 5,77,06,713/-
Assessment Year 2006-07
Appeal before Income Tax Appellate Tribunal (ITAT), Chennai Bench, Chennai
 - b. Income Tax Liability amounting to Rs. 20,09,19,372/-
Assessment Year 2007-08
Appeal before Income Tax Appellate Tribunal (ITAT), Chennai Bench, Chennai
 - c. Income Tax Liability amounting to Rs. 40,37,00,490/-
Assessment Year 2008-09
Appeal before CIT (Appeal), Chennai
 - d. Income Tax Liability amounting to Rs. 37,52,62,070/-
Assessment Year 2009-10
Appeal before CIT (Appeal), Chennai
2. Claims against the company not acknowledged as debts: Rs. 1800.00 Lakhs (Rs. 1864.00 Lakhs)

2.32 FOREIGN EXCHANGE EARNINGS & OUTGO:

Earnings in Foreign Currency Rs. NIL/- (Rs. NIL/-)
Foreign Currency outflow Rs. NIL/- (Rs. NIL/-)

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

2.34 For consolidation of accounts of Dhanus Technologies Limited, the foreign subsidiary transactions are translated / converted into Indian Rupees at Rs. 53.065 per USD i.e., the exchange rate as on 31st December 2011.

2.35 PREVIOUS YEAR FIGURES

Till the year ended December 31, 2010, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended December 31, 2011, the revised Schedule VI figures to conform to this year's classification.

As per our report of even date

For P C ACHARYA & CO

Chartered Accountants
Firm Registration No. 009628S

For and on behalf of the Board of Directors of

Dhanus Technologies Limited

P. C. ACHARYA

Partner
Membership No. 210719
Place: Chennai
Date : August 18, 2012

Capt. D.S. Srinivasan
Managing Director

A.D. Sudhindra
Director

R. Ramnath
CFO & Company Secretary

**ADDITIONAL INFORMATION
RELATED TO SUBSIDIARIES OF THE COMPANY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2011**

In addition to the information related to subsidiaries furnished in the Annual Report of the Company for the financial year ended December 31, 2011, following particulars are given for the information of the investors as required.

Sl.No.	Particulars	Dhanus Global Medicare Limited	Dhanus Technologies Inc.
a.	Share Capital	2,81,34,500	12,01,86,919
b.	Reserves & Surplus	(37,92,379)	(1,01,32,762)
c.	Total Assets(Fixed Assets + Capital Work-in- progress + Current Assets + Deferred Tax Assets + Miscellaneous Expenditure)	2,46,83,593	2,51,53,499
d.	Total Liabilities(Debts + Current Liabilities + Deferred Tax Liability)	3,41,472	1,73,21,053
e.	Details of Investments	Nil	10,22,21,710
f.	Turnover	Nil	Nil
g.	Profit /(Loss) before taxation	(11,45,205)	(7,02,262)
h.	Provision for taxation	(28,923)	Nil
i.	Profit after taxation	(11,16,282)	(7,02,262)
j.	Proposed Dividend (%)	Nil	Nil

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

For consolidation of the accounts of Dhanus Technologies Limited, the foreign subsidiary transactions are translated / converted into Indian Rupees at Rs. 53.065 per US Dollar, i.e., the exchange rate as on 31ST December, 2011.

A.D. Sudhindra
Director

Capt. D.S. Srinivasan
Managing Director

R. Ramnath
CFO & Company Secretary

Place: Chennai
Date : August 18, 2012



DHANUS TECHNOLOGIES LIMITED

Registered Office: New No. 20 / Old No. 6, First Floor, Sengunthar Street, Shenoy Nagar, Chennai – 600 030

ATTENDANCE SLIP

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

I/We hereby record my/our presence at the Eighteenth Annual General Meeting of Dhanus Technologies Limited held on Tuesday, the 25th Day of September, 2012 at 10.30 AM at Opal Hall, Fortune Select Palms, 142, Rajiv Gandhi Salai (Old Mahabalipuram Road), Thoraipakkam, Chennai – 600 096 and at any adjournment thereof.

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

Client ID/DPID: _____

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

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

Signature of the Shareholder(s) or Proxy

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING

DHANUS TECHNOLOGIES LIMITED

Registered Office: New No. 20 / Old No. 6, First Floor, Sengunthar Street, Shenoy Nagar, Chennai – 600 030

PROXY FORM

I/We _____ of _____ in the district of _____ being a member/members of DHANUS TECHNOLOGIES LIMITED hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ as my/our proxy to vote for me/us and on my /our behalf at the Eighteenth General Meeting of the Company to be held on Tuesday, the 25th Day of September, 2012 at Opal Hall, Fortune Select Palms, 142, Rajiv Gandhi Salai (Old Mahabalipuram Road), Thoraipakkam, Chennai – 600 096 at 10.30 AM and at any adjournment thereof.

Signed this _____ day of _____, 2012.

Affix
Re.1/-
Revenue
Stamp

Signature of Shareholder

Folio No.*:

Client ID/DP ID.: _____

* as applicable for investor holding shares in physical form

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

Book - Post

**Annual Report
2011**

If undelivered, please return to:

Dhanus Technologies Limited

Registered Office:

New No.20/Old No.6, First Floor,

Sengunthar Street,

Shenoy Nagar,

Chennai – 600 030.

India

