

notice

notice is hereby given that the seventeenth annual general meeting of the members of helios and matheson information technology limited will be held on thursday, the 25th day of march, 2010 at 3.00 pm at rani seethai hall, anna salai, chennai 600006 to transact the following business:

1. receive, consider and adopt the audited balance sheet as at 30th september 2009 and the profit and loss account of the company for the year ended on that date along with the reports of the directors and auditors thereon.
2. confirm payment of the interim dividend and declare a final dividend on the equity shares of the company.
3. appoint a director in place of air vice marshal (retd) s r sistla, who retires by rotation and is eligible for reappointment.
4. appoint statutory auditors for the year 2009-10 and fix their remuneration. m/s. venkatesh & co., the retiring auditors are eligible for reappointment.
5. to consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution.

“resolved that mr.v.ramchandiran, a director liable to retire by rotation, who does not seek re-election, be not re-appointed a director of the company. resolved further that the vacancy, so created on the board of directors of the company, be not filled.”

6. to consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

resolved that in accordance with the provisions of sections 198, 269 and 309 read with schedule xiii and all other applicable provisions of the companies act, 1956 (including any statutory modification(s) or re-enactment for the time being in force), the consent of the company be and is hereby accorded to the appointment of shri. diwakar sai yerra, as wholtime director of the company, for a period of 5(five) years with effect from 01-04-2010, on the terms and conditions including remuneration as set out in the agreement entered into between the company and shri diwakar sai yerra, a draft whereof is hereby placed before this meeting which agreement is hereby specifically sanctioned with liberty to the board of directors (hereinafter referred to as “the board” which term shall be deemed to include the remuneration committee as may be constituted by the board), to alter and vary the terms and conditions of the said appointment and or /remuneration and /or agreement, subject to the same not exceeding the limits specified in schedule xiii to the companies act, 1956, including and statutory modification or reenactment for the time being in force or as may hereafter be made by the central government in that behalf from time to time, or any amendments thereto, as may agreed to between the company and shri. diwakar sai yerra.

resolved further that the board be and is hereby authorized to take all such steps as may be necessary to give effect to this resolution”.

by order of the board
for helios and matheson information technology limited

place : chennai
date : 30.01.2010

g.k.muralikrishna
managing director

notes:

a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself and the proxy need not be a member of the company. the instrument appointing the proxy shall be deposited at the registered office of the company or at the office of the company's share transfer registrars not later than 48 hours before the time fixed for holding the meeting; in default, the instrument of proxy shall not be treated as valid.

explanatory statement pursuant to section 173 (2) of the companies act, 1956, in respect of item of special business is annexed hereto.

the register of members and share transfer books of the company will remain closed from 15th march 2010(monday) to 25th march 2010(thursday) (both days inclusive).

the members/proxies should bring the attendance slip (attached with the annual report) duly filled-in and signed and they are requested to handover the same at the entrance of the hall for attending the meeting.

the final dividend, upon its declaration at the meeting will be paid to those members whose names appear in the register of members of the company on 15.03.2010 (date of opening of the book closure).

members whose shareholding are in electronic mode are requested to direct change of address notifications and updation of bank details to their respective depository participants. members holding shares in physical form are advised to immediately intimate any change in their address to the company's registrars.

members wishing to claim dividends, which remain unclaimed, are requested to correspond with mr k.m.kumar, company secretary at the company's corporate office. members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the company's unpaid dividend account, as per section 205a of the companies act, 1956, will be transferred to investor education and protection fund. members are encouraged to use the electronic clearing system for receiving dividends.

members are hereby informed that the company's shares can be traded only in electronic form. hence, in their own interest, they are advised to have their shares converted in electronic form, if they not done so far. they may send requests for dematerialisation as well as for share transfers, transmission documents, etc., to the company's registrars whose name appears elsewhere in the report and also may correspond with the company directly for other queries/requests.

annexure to the notice

explanatory statement pursuant to section 173 (2) of the companies act, 1956.

item no 5

in accordance with the provisions of section 256 of the companies act 1956 and the articles of association of the company, mr v ramchandiran, retires by rotation and has not sought reelection pursuant to the company's retirement policy. It has been decided by the board that the vacancy so created on the board of directors of the company should not be filled and accordingly, the board commends the resolution for approval by the members. members' attention in this regard is invited to the reference to mr v ramachandiran in the directors' report.

none of the other directors of the company are concerned or interested in this resolution.

item no. 6

the board at its meeting held on 30.01.2010 resolved that, subject to applicable statutory guidelines and laws, mr diwakar sai yerra, at present non-executive director of the company be appointed as whole time director for a period of 5 years from 01-04-2010 subject to the approval of the members at the annual general meeting on the terms and conditions including remuneration as are set out in the agreement entered into between the company and mr diwakar sai yerra. with a view to strengthen the management team, the board decided to entrust mr diwakar sai yerra with full time responsibilities to manage the affairs of the

company. mr diwakar sai yerra has been serving on the board since 28th december 1995 and would start functioning as executive director on the board upon obtaining the approval of the shareholders at the annual general meeting. diwakar sai yerra has rich experience in personnel and administration. he has widely travelled and has been associated with international trade / exports for over 25 years. he is an alumnus of the prestigious loyola college and graduated from university of madras in 1974. the terms including remuneration payable as mutually agreed upon are as follows:

i) salary :Rs 1,00,000 per month

ii) perquisites :in addition to salary as mentioned above, mr diwakar sai yerra will be entitled to use of a car for official and personal purposes and personal accident insurance in accordance with the rules of the company or as may be agreed to by the board of directors or its committee thereof.

iii) other benefits:

i) the company shall provide telephones and other communication facility (for official business).

ii) such other benefits as may be decided by the board or its committee from time to time. in accordance with the resolution, within the aforesaid limits, the amount of salary and perquisites payable to mr diwakar sai yerra may be decided/ varied by the board of directors or its committee thereof, from time to time as it may deem fit in its absolute discretion.

iii) minimum remuneration: in the event of any loss or inadequacy of profits in any financial year during his tenure the company shall remunerate by way of salary, perquisites or any other allowance as specified above. apart from the remuneration aforesaid he shall be entitled to reimbursement of expenses incurred in connection with the business of the company.

iv) provident fund and superannuation fund : mr diwakar sai yerra will also be entitled to company's contribution to provident fund and superannuation fund as per rules of the company or as agreed by the directors which will not be included in the computation of the ceiling of remuneration as above.

other terms and conditions

(i) the terms and conditions of the said appointment may be altered and varied from time to time by the board of directors of the company as it may, at its discretion deem fit, so as not to exceed the limits specified in schedule xiii to the companies act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) or any amendments made thereto.

(ii) he shall not be paid any sitting fees for attending the meetings of the board of directors or committee thereof.

(iii) he shall not so long as he function as such, become interested or otherwise concerned directly or through his wife and/or children in any capacity with companies doing similar business in future without prior approval of the central government.

(iv) the agreement may be terminated by giving not less than 90 days prior notice in writing in that behalf to the other party or 90 days salary in lieu thereof and on the expiry of the period of such notice this agreement/s shall stand terminated.

other than mr diwakar sai yerra, none of the other directors is interested or concerned in the resolution.

by order of the board
for helios and matheson information technology limited

place : chennai
date : 30.01.2010

g.k.muralikrishna
managing director



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the management cautions the readers that this report contains statements, which are forward - looking in nature, such statements are subject to risks and uncertainties that could cause actual results to differ materially from the expected results. such risks include, but are not limited to, the risk factors described in the risk management report here in. readers are requested to exercise their own judgment in assessing the risks associated with the company.

board of directors	chandra ramesh	
	diwakar sai yerra	
	muralikrishna g k	ceo & managing director
	patil s k	
	ramachandiran v	chairperson
	sistla s r	
<hr/>		
cfo & company secretary	kumar k m	
<hr/>		
board committees		
<hr/>		
audit committee	chandra ramesh	
	diwakar sai yerra	
	ramachandiran v	
<hr/>		
investor services committee	chandra ramesh	
	diwakar sai yerra	
	ramachandiran v	
<hr/>		
leadership team	chandramoulieswaran s	finance & accounts
	chellappan murali	talent acquisition
	divya r	US operations
	ganesan c s	global shared services
	kumar k m	compliance & legal
	muralikrishna g k	chief executive officer
	pat krishnan	technology solutions
	ramsankar v	resource management
	ravindran n s	architecture & processes
<hr/>		
auditors	venkatesh & co., chennai	
<hr/>		
legal counsel	davis polk & wardwell, new york pais, lobo & alvares, chennai	
<hr/>		
listed at	mumbai (BSE), chennai (MSE), national (NSE), luxembourg (LXSE)	
<hr/>		
depositories for demat shares	cdsl, nsdl, ISIN no: INE 674B01012	
<hr/>		
registered office	cybervale, # 02 - 01, mahindra world city, chennai - 603 002.	
<hr/>		
url	www.heliosmatheson.com	
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chief executive officer (ceo) / chief financial officer (cfo) certification

we, g.k. muralikrishna, ceo & managing director and k.m. kumar, cfo & company secretary of helios and matheson information technology limited, to the best of our knowledge and belief hereby certify that:

- a) we have reviewed financial statements and the cash flow statement for the year ended 30 september 2009 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) there are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) we have disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's board of directors (and persons performing the equivalent functions)
 - i. all deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
 - ii. significant change in internal controls during the year covered by this report;
 - iii. all significant changes in accounting policies during the year, if any, that the same have been disclosed in the notes to the financial statements.
 - iv. instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in the company's internal controls system;

place : chennai
date : january 30, 2010

sd/-
g.k.muralikrishna
ceo & managing director

sd/-
k. m. kumar
cfo & company secretary

declaration

this is to confirm that the company has adopted a code of conduct for its board members and the senior management and the same is available on the company's web site.

i confirm that the company has, in respect of financial year ended 30.09.2009, received from the senior management team of the company and the members of the board a declaration of compliance with the code of conduct as applicable to them.

for the purpose of this declaration, the term 'senior management' means the direct reportees of the chairman and managing director.

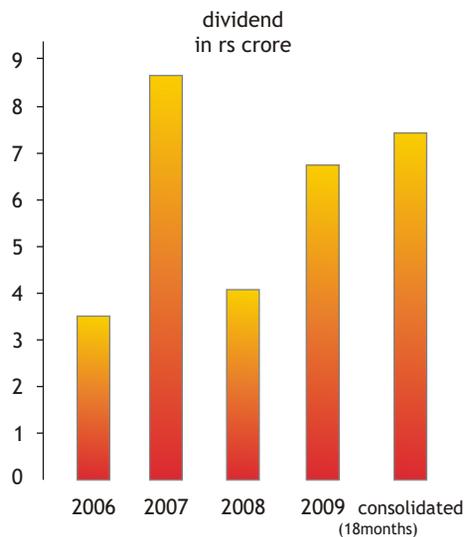
sd/-
g.k.muralikrishna
ceo & managing director

directors' report

to the members of the company

your directors have great pleasure in presenting the annual report together with audited statement of accounts for the 18 months period ended september 30 2009.

financial highlights	2008-09	2007-08
	in rs	in rs
net revenue from operations	307,40,73,154	218,26,36,019
less expenditure	229,90,60,705	147,08,93,445
operating profit (pbidt)	77,50,12,449	71,17,42,574
interest	9,99,95,695	5,18,26,341
profit before depreciation & tax (pbdt)	67,50,16,754	65,99,16,233
depreciation	29,91,46,926	12,86,19,736
profit before tax (pbt)	37,58,69,828	53,12,96,497
provision for taxation	4,51,42,264	3,94,83,200
profit after tax	33,07,27,564	49,18,13,297
provision for deferred tax	3,04,65,159	3,41,01,300
profit after deferred tax	30,02,62,405	45,77,11,997
balance brought forward	46,19,38,278	34,36,86,502
profit available for appropriation	76,22,00,683	80,13,98,499
appropriations		
interim dividend	3,46,68,494	-
interim dividend tax	47,91,727	-
proposed final dividend	2,31,12,329	3,46,68,494
final dividend tax	39,29,096	47,91,727
general reserve	25,00,00,000	30,00,00,000
balance carried forward	44,56,99,037	46,19,38,278



business & results of operation

income for the eighteen months period ended september 30, 2009 was rs. 307.41 crore (rs. 218.26). net profit after tax during the relevant period was rs. 30.03 crore. earnings per share was rs 12.99.

revenue on a consolidated basis for the eighteen months period was rs. 525.60 crore and ebitda for the relevant period was rs. 78.65 crore (rs. 74.48).

the slow down in the global markets, particularly the USA which contributes significantly to your company's revenues, has impacted the performance during the year under review. however, the fundamental strengths of your company's business model helped the company post satisfactory results. some of the key factors responsible for this sustained success are :

proven global delivery model:

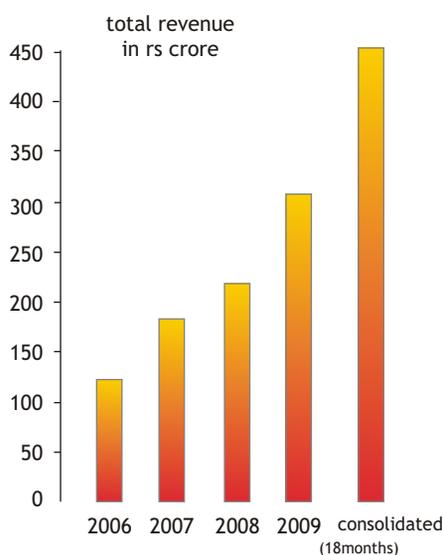
we believe our highly evolved global delivery model represents a key competitive advantage. over the past decade, we have developed our onsite and offshore execution capabilities to deliver high quality and scalable services. in doing so, we have made substantial investments in our processes, infrastructure and systems, and have refined our global delivery model to effectively integrate onsite and offshore technology services. our global delivery model provides clients with seamless, high quality solutions in reduced time frames enabling them to achieve operating efficiencies. to address changing industry dynamics, we continue to refine this model. through our modular global sourcing framework, we assist clients in segmenting their internal business processes and applications, including IT processes.

commitment to superior process:

the company delivers high quality and cost effective services to its clients through mature delivery processes, scalable infrastructure and skilled global resource base. the service offerings are delivered through a mix of onsite resources located in the client geography and offshore resources in india.

long-standing client relationships:

we have long-standing relationships with large multinational corporations built on successful prior engagements with them. our track record of delivering high quality solutions across the entire software life cycle and our strong domain expertise help us cement these relationships and gain increased business from our existing clients. as a result, we have a history of client retention and derive a significant proportion of revenues from repeat clients.

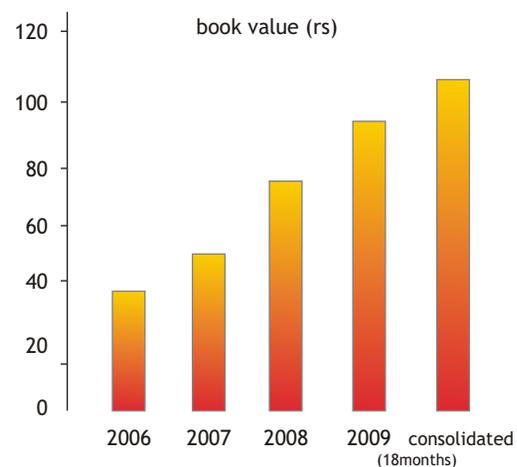


ability to scale:

we have successfully managed our growth by investing in infrastructure and by rapidly recruiting, training and deploying new professionals. we currently have 6 global development centers. we can rapidly deploy resources and execute new projects through the scalable network of our global delivery centers.

share capital

the paid up share capital of the company as on september 30,2009 stood at rs 23.11 cr and the reserves and surplus stood at rs. 182.18 cr.



dividend

your directors are pleased to recommend a final dividend of rupee one per share on a paid up capital of rs 23.11 cr. together with interim dividend of rs.1.50 paid earlier total dividend payment is rs 2.50 per share for the year. dividend pay-out including interim dividend and dividend distribution tax is rs.6.65 cr (3.95 cr)

fccb

as on date a total of US \$ 8 million stand converted into equity shares as advised by the trustee, bank of new york, mellon, leaving US \$ 17 million only outstanding.

accounting year

pursuant to the approval received from the registrar of companies, chennai, the company extended its accounting year for 2008-09 to cover a period of 18 months from april 01, 2008 to september 30, 2009. consequently, in future, the accounting year of the company will be from 1st october to 30th september of the following year.

subsidiary companies and consolidated financial statements

the company also received the approval of the central government granting it exemption under section 212(8) of the companies act, 1956, from attaching the annual audited accounts and other reports of its subsidiary companies. consequently the annual report is being sent to all the shareholders containing the summarised financial statement of the subsidiary companies. any shareholder of the company interested in obtaining the complete set of accounts may write to the company secretary at the corporate office of the company.

given the macro-environment, subsidiary companies viz. the laxmi group inc, ca, usa, maruti consulting, ca, usa, helios and matheson north america inc (hmna), helios and matheson inc, usa helios and matheson (singapore) pte.ltd, singapore jayamaruti software systems ltd, chennai, India and helios and matheson (IT) bangalore ltd, India have all performed satisfactorily during the year. the financial information relating to these subsidiaries is given elsewhere in the report.

hmna, a subsidiary of your company, has become a delaware corporation effective november 2009. your company has invested an additional usd 1 million in this company, thereby taking its holding to 69.43%.

acquisition of vmoksha - an update

as reported already, your company signed a definitive share purchase agreement (spa) to acquire 100 % equity in three vmoksha entities based at bangalore, singapore and usa in the month of may 2005. however, the sellers tried to renege the spa and hence your company initiated arbitration proceedings.

arbitration proceedings were presided by hon'ble justice mr.k.venkataswami, judge, supreme court (ret'd) as the sole arbitrator. arbitration proceedings were conducted over a period of two years spread over 34 sittings. the first sitting was held on 28.10.2006 and thirty fourth sitting was held on 28.06.2008 and 5 volumes of 1370 pages of documents were submitted before the arbitrator. the hon'ble arbitrator posted the matter for pronouncement of award on 20.09.2008. at the request of the advocates of the respondents the award date was rescheduled to 29.09.2008. unfortunately, hon'ble justice mr. k. venkataswami passed away on 26.09.2008 just 3 days before the revised pronouncement date. as the company wanted to settle the issue in a legally valid manner, the company decided to continue the arbitration proceedings. hence, the company has filed a petition before the hon'ble high court of madras seeking its directions for appointment of a new arbitrator for speedy disposal of the arbitration proceedings [o.p. no. 336 of 2009].

based on its present knowledge of facts and as per legal opinion obtained, the current legal proceedings, in the opinion of your management, will not have a material adverse effect on the results / operations of helios and matheson.

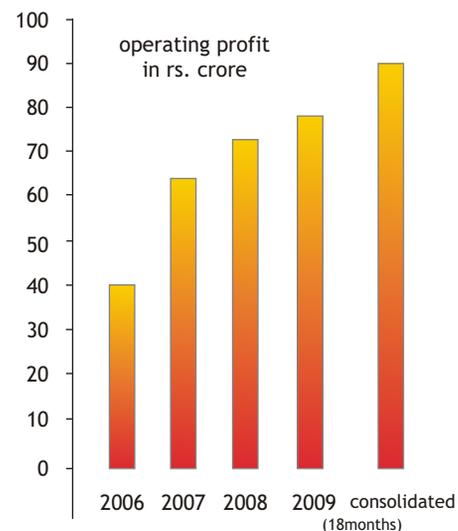
particulars of employees

as required by the provisions of section 217 (2A) of the companies act, 1956, read with companies (particulars of employees) rules, 1975, as amended, the names and other particulars of the employees are set out in annexure to the director's report .however, as per the provisions of the section 219(1) (b) (iv) of the companies act, 1956, the report of the directors is being sent to all the shareholders of the company excluding the aforesaid information. any shareholder of the company interested in obtaining such information may write to the secretary at the corporate office of the company.

prospects

a recovery is on way after a difficult year, as companies resume spending on computers and software, according to analysts.

forrester research inc. has reported that it expects global spending on technology products and services to grow 8.1 percent in 2010, to more than \$1.6 trillion. US spending is expected to rise 6.6 percent, to \$568 billion.



forrester is not alone in predicting a rebound for the year. gartner inc. forecast 3.3 percent growth in global technology spending. another analyst firm, idc, said in december that worldwide tech spending would grow 3.2 percent in 2010, returning the industry to 2008 levels of about \$1.5 trillion.

the company's shares are listed on national stock exchange mumbai (nse), the bombay stock exchange ltd. (bse), and the madras stock exchange (mse). the company has paid the annual listing fees to all the stock exchanges and there are no arrears.

directors' responsibility statement

pursuant to the requirement under section 217 (2AA) of the companies act, 1956, with respect to directors responsibility statement, it is hereby confirmed:

i. that in the preparation of the annual accounts for the financial year ended september 30, 2009 the applicable accounting standards have been followed along with proper explanation relating to material departures.

ii. that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review.

iii. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the companies act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

iv. that the directors have prepared the accounts for the financial year ended september 30, 2009 on a "going concern" basis.

directors

air vice marshal (retd) s r sistla, director retires by rotation at the annual general meeting and offers himself for reelection. mr v ramachandiran who joined the board of your company as chairman in march 1991 will be retiring by rotation at the ensuing annual general meeting and, pursuant to the retirement policy of the company, has opted not to seek reelection. your board has resolved not to fill the vacancy caused by mr v ramachandiran's retirement by rotation. mr v ramachandiran has been responsible for successfully steering the company through the past 2 decades with a focus on profitability and shareholder returns. your board places on record its deep appreciation of the valuable services rendered by mr v ramachandiran during his tenure to your company. mr ramachandiran would continue to be closely associated with your company in an advisory role. it has been decided that mr g k muralikrishna, managing director of the company will also function as chairman of the board from march 25, 2010, the date of the next annual general meeting

place: chennai
date : january 30 , 2010

of the company. it has also been decided that mr. diwakar sai yerra, director, who has been serving on the board since 28.12.1995 would start functioning as wholetime director on the board upon obtaining the approval of the shareholders at the ensuing annual general meeting.

conservation of energy, research & development, technology absorption, foreign exchange earnings and outgo

the provisions of subsection (1) (e) of section 217 of the companies act, 1956, read with companies (disclosure of particulars in the report of board of directors) rules, 1988, are set out in the annexure to this report.

auditors

m/s. venkatesh & co., chartered accountants, chennai, retire at the ensuing annual general meeting and are eligible for reappointment. a certificate under section 224 (1-B) of the companies act, 1956, has been received from them.

acknowledgement

your directors thank the clients, vendors, investors, financial institutions and bankers for their continued support for your company's growth. your directors place on record their appreciation of the contribution made by the employees at all levels, who, through their competence, hard work, solidarity, cooperation and support, have enabled the company to achieve rapid growth.

your directors thank the government of india, particularly the department of electronics, software technology parks-chennai and bangalore, department of commerce (mepz special economic zone) chennai, ministry of information technology, ministry of commerce, the reserve bank of india, the department of telecommunications, the state governments, and other government agencies for their support during the year and look forward to their continued support in the future.

for and on behalf of the board
sd/-
v. ramachandiran
chairperson

annexure to directors report**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. awareness amongst users of the need to conserve energy has also contributed towards energy savings. your company constantly evaluates new technologies and invests in them to make its infrastructure more energy efficient. these measures have enhanced energy efficiency. as energy forms a very small part of the total cost, the impact on cost is not material.

research & development

research & development of new services, designs, frameworks, and methodologies continue to be important to your company. this allows your company to reuse designs across projects, and thereby increase quality, productivity and profitability.

technology absorption and innovation

provision of state of art communication facilities to all the software development centers and total technology solutions to its client contribute to technology absorption and innovation.

foreign exchange

details of foreign exchange earnings and outgoes are given in schedule o.

place: chennai

date : january 30 , 2010

for and on behalf of the board
sd/-
v. ramachandiran
chairperson

details of directors seeking re-election at the annual general meeting.

	retiring by rotation and re-election	appointment as whole time director
Name of the director	air vice marshal (retd) s r sistla	diwakar s yerra
date of birth	26.11.1948	23.04.1954
date of appointment	23.01.2007	28.12.1995
expertise in specific functional area	air vice marshal s r sistla, vsm retired from the indian air force after 35 years of rich and varied experience in both technical and management areas. he was awarded the vishisht seva medal by the honorable president of india in recognition of his "distinguished service of an exceptional order". he has decades of experience in managing cutting edge aviation technology, human resources and general administration. he holds a bachelor's degree in engineering.	diwakar sai yerra has rich experience in personnel and administration. he has widely travelled and has been associated with international trade / exports for over 25 years. he is an alumnus of the prestigious loyola college and graduated from university of madras in 1974
directorship held in other companies (excluding private & foreign companies)	none	jayamaruthi software systems pvt ltd helios and matheson IT (bangalore) ltd
committee positions held in other companies	none	none
no. of shares held	850	0

report on corporate governance

in accordance with clause 49 of the listing agreement with the stock exchanges in India and some of the best practices followed internationally on corporate governance, the report containing the details of governance systems and processes at hmitl is given hereunder:

transparency, fairness, disclosure and accountability are central to the working of the company and its board of directors.

the company is committed to meeting the aspirations of all our stakeholders. this is demonstrated in shareholder returns, governance processes and an entrepreneurial, performance based work environment. our customers have benefited from our high quality service offerings delivered at the most competitive prices.

corporate governance has indeed been an integral part of the way we have done business during the last two decades. this emanates from our strong belief that strong governance is integral to creating value on a sustainable basis. the fundamental concern of corporate governance is to ensure the conditions whereby a company's directors and managers act in the interest of the company and its various stakeholders. your company has always been guided by a strong conviction of adhering to transparency, accountability and integrity. the company strongly believes in maintaining a simple and transparent corporate structure driven solely by business needs. shareholders' interests are utmost and the management is only a trustee of the shareholders capital to carry out the activities in a truthful manner. in terms of distributing wealth to our shareholders, apart from having a track record of uninterrupted dividend payment, the company has also delivered consistent unmatched shareholder returns since listing.

corporate governance is a journey for constantly improving sustainable value creation and is an upward moving target. our employee satisfaction is reflected in the stability of our senior management, low attrition across various levels and substantially higher productivity.

board of directors

including the managing director, there are six directors in the company, of which 2 are promoter directors and 4 are non executive/independent directors.

the board of directors and its committees meet at regular intervals.

the following functions come under the purview of the board of directors and its committees.

- . review of financial plans and budgets
- . formulating strategic business plans
- . monitoring high end projects
- . keeping shareholders informed regarding plans, strategies and performance

a total of 8 meetings of the board of directors were held during the year 2008-09(18 months) on april 30, july 31, august 18, october 31, 2008, january 31, april 30, july 31, october 29, 2009.

details of helios and matheson board of directors, their attendance at company's board meetings and their directorships are set out below:

name of director	board meetings held during the year	attended	attendance at last agm	no of other directorships
chandra ramesh	8	5	yes	2
diwakar sai yerra	8	8	yes	2
muralikrishna g.k. managing director	8	8	yes	2
ramachandiran v. chairperson	8	8	yes	1
air-vice marshal vsm (retd) s r sistla	8	8	yes	3
s.k.patil	8	1	yes	0

in accordance with the listing agreement entered into with the stock exchanges, the board had constituted 2 committees, namely, the audit committee and the investors' services committee.

shares held by non executive directors

air-vice marshal (retd) s.r.sistla holds 850 shares in the company. the other non-executive directors namely, ms. chandra ramesh, mr. s. k. patil and mr. diwakar sai yerra do not hold any share.

disclosures regarding appointment or reappointment of directors

air vice marshal(retd) s r sistla, director retires by rotation at the annual general meeting and offers himself for reelection. mr v ramachandiran who joined the board of your company as chairman in march 1991 will be retiring by rotation at the ensuing annual general meeting and, pursuant to the retirement policy of the company, has opted not to seek reelection. your board has resolved not to fill the vacancy caused by mr v ramachandiran's retirement by rotation. mr v ramachandiran has been responsible for successfully steering the company through the past 2 decades with a focus on profitability and shareholder returns. your board places on record its deep appreciation of the valuable services rendered by mr v ramachandiran during his tenure to your company. mr ramachandiran would continue to be closely associated with your company in an advisory role. it has been decided that mr g k muralikrishna, managing director of the company will also function as chairman of the board from march 25, 2010, the date of the next annual general meeting of the company. it has also been decided that mr.diwakar sai yerra, director, who has been serving on the board since 28.12.1995 would start functioning as wholtime director on the board upon obtaining the approval of the shareholders at the ensuing annual general meeting.

directors with materially significant related party transactions, pecuniary or business relationship with the company there has been no materially significant related party transactions, pecuniary transaction or relationship between helios and matheson and its directors that may have potential conflict with the interests of the company at large

information supplied to the board

the board has unfettered and complete access to any information within the company, and to any of our employee. the information regularly supplied to the board includes :

- . annual operating plans of business, capital budgets and updates
- . quarterly results of the company
- . minutes of meetings of audit and investor grievance committees as well as abstracts of circular resolutions passed. also, board minutes of subsidiary companies.
- . general notices of interest.
- . dividend data
- . information on recruitment and remuneration of senior officers below the board level
- . materially important litigations, show cause, demand, prosecution and penalty notices.
- . any materially relevant default in financial obligations to and by us of substantial nature.
- . details of joint ventures, acquisitions of companies or collaboration agreements.
- . transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- . any significant development on the human resources front.
- . sale of material nature, of investments, subsidiaries and assets, which are not in the normal course of business.
- . details of foreign exchange exposure and the steps taken by the management to limit risks of adverse exchange rate movement.
- . non-compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

the board of helios and matheson is routinely presented with the aforesaid information wherever applicable and materially significant. necessary follow up reports are also presented to the board regularly.

audit committee

the audit committee was constituted in terms of section 292 A of the companies act 1956 and as per the provisions of clause 49 of the listing agreement. the company has an audit committee comprising of two thirds of its composition of independent directors who possess rich experience in the areas of finance, audit and systems and is headed by mr. diwakar sai yerra, with ms. chandra ramesh and mr. v. ramchandiran, directors, as its members. all members of the audit committee are knowledgeable in project finance, accounts and company law matters. minutes of each audit committee meeting are placed before the board and discussed in full. the company's external auditors are also invited to participate in these meetings. both the external and internal auditors have full and unrestricted access to the members of the audit committee.

internal control

management feels that the internal controls in place are sufficient considering the size, nature and complexities of the operations of the company. audit committee overlooks the operation and if required, modifications are put in place. the internal audit function is also reviewed by the audit committee of the board.

the terms of reference stipulated by the board of directors to the audit committee are, as contained in clause 49 of the listing agreement and section 292A of the companies act, 1956, as follows:

- . overseeing the company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- . recommending the appointment / reappointment of external auditor, fixation of audit fee and approval for payment of other services.
- . reviewing with management the annual financial statements before submission to the board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on judgment by management (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit report, (v) the going concern assumption, (vi) compliance with accounting standards (vii) compliance with stock exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries etc., that may have potential conflict with the interests of the company at large, (viii) matter required to be included in directors responsibility statement to be included in board's report.
- . reviewing with the management and external auditors, the adequacy and compliance of internal control systems.
- . reviewing the adequacy of internal audit functions.
- . discussion with external auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern and steps needed to correct the same.
- . reviewing the company's financial and risk management policies.
- . to look into the reasons for substantial defaults in the payment to the depositors, debenture holders and shareholders (in case of non payment of declared dividend) and creditors.

the audit committee mandatorily reviews the terms and reference and the information as laid down before it in terms of the listing agreement.

during the year the committee met 8 times on april 30, july 31, august 18, October 31, 2008, january 31, april 30, july 31 and october 29, 2009 as statutorily required. the statutory auditors of the company were also invited to take part in the proceedings.

attendance record of audit committee members

name of director	no of meetings held	no of meetings attended
mr. diwakar sai yerra	8	8
ms. chandra ramesh	8	5
mr. v ramachandiran	8	8

investors' grievance committee

the investors' grievance committee/investors' services committee specifically looks into redressing of shareholders and investors' complaints such as transfer of shares, non-receipt of annual report and declared dividends and to ensure expeditious share transfer process. the committee comprises of the following members.

mr. v. ramachandiran - chairperson

ms chandra ramesh

mr. diwakar sai yerra

the committee met thrice during the year on april 30 2008, august 18 2008 and july 31, 2009.

given below is the attendance record.

name of director	no of meetings	meetings attended
mr. v. ramachandiran	3	3
ms chandra ramesh	3	3
mr. diwakar sai yerra	3	2

the committee acts in close liaison with its share transfer agents and registrars, m/s integrated enterprises india ltd. the company has received a certificate from its share transfer agents and registrars that complaints, if any, received from the shareholders till 31.12.2009 have been suitably redressed. the company regularly follows up with registrars for redressal of all complaints in time as per statutory requirements.

investor services / complaints during the year

nature of complaints	year ended september 2009 (py march 31 2008)			
	2009		2008	
	received	attended	received	attended
non receipt of share certificates	10	10	30	30
correction in share certificates	3	3	9	9
non receipt of bonus shares/split shares/ annual report	2	2	2	2
non receipt of dividend warrants	10	10	51	51
revalidation	12	12	21	21
change of address/bank mandate/ ecs mandate	0	0	0	0
general queries	4	4	10	10
procedure for loss of share certificate	25	25	36	36
procedure for transmission	2	2	4	4
issue of duplicate share certificate	5	5	16	16
issue of duplicate dividend warrants	1	1	0	0
total	74	74	179	179

all the letters (74) received covering "information and services" have been answered to.

investor grievances

the company has constituted investors' services committee for redressing shareholders' and investors' complaints. the status on complaints is reported to the board of directors as its meetings. mr. k.m.kumar, company secretary is the compliance officer. all the queries of the investors are attended to within a reasonable time limit. the company also has a separate email id investor@heliosmatheson.com to attend to shareholders' queries.

remuneration committee

as the constitution of the remuneration committee is not mandatory, a report of the same is not attached, for the year under review.

details of remuneration paid to the directors during the year are as under

name of director	relationship with other directors	salary in rs. (18 months)	2008 in rs. 3,00,000 (12 months)
mr.g.k.muralikrishna	none	4,50,000 (18 months)	3,00,000 (12 months)

other than the chairman and the managing director, the non executive directors are paid a sitting fee of rs.10,000 for each board meeting attended. they are not paid any sitting fee for attending the committee meetings. the directors are not paid any commission on net profits or any other perquisite.

details of the sitting fees paid during 2008-09 are as follows:
rs.

ms. chandra ramesh	50,000
mr. diwakar sai yerra	80,000
air-vice marshal vsm (retd) s r sistla	80,000
mr. s.k.patil	10,000

management discussion and analysis

this annual report has a detailed chapter on management discussion and analysis.

disclosures by management to the board

all details relating to financial and commercial transactions where directors may have a potential interest are provided to the board and the interested directors neither participate in the discussion nor do they vote on such matters.

shareholders

means of communication

helios and matheson has its own website and all vital information relating to the company and its performance including quarterly results and official press releases are updated and posted on the websites. on line ticker information is also provided so as to keep the investor informed regarding the movement of the share prices in the market. the company's website address is www.heliosmatheson.com.

share transfers and dematerialization requests

all share transfers as well requests for dematerialization of the company's shares by the shareholders are handled by integrated enterprises (India) ltd., registrars & share transfer agents, who are registered with sebi as a category 1 registrar. dematerialisation requests are attended to within the statutory time limit.

details of compliance with listing agreement

the company has complied with all provisions relating to the capital market as laid down in the listing agreement.

payment of listing fees to stock exchanges

the company has remitted the annual listing fees to the respective stock exchanges where its shares are listed (bse, nse and mse).

general body meetings

details of last annual general meetings

financial year ended		date	time	venue
march 31, 2008	16th agm	september 26, 2008	3 pm	rani seethai hall, anna salai, chennai 600 006
march 31, 2007	15th agm	september 28, 2007	3 pm	-----do----
march 31, 2006	14th agm	september 28, 2006	3 pm	-----do----

the following special resolutions were passed by the members during the last 3 annual general meetings:

agm held on 26.09.2008

none

agm held on 26.09.2007

- . alteration in the capital clause of the articles of association.
- . alteration in the articles of association providing for payment of sitting fees as per rules to the directors for attending meetings of the board and its committees.

agm held on 28.09.2006

- . Payment of remuneration not exceeding 1% of the net profits to the non whole time directors for a period of 5 years commencing from 01.04.2006

postal ballot

- . for the year /period ended september 30, 2009, the following business was passed by the company's shareholders by special resolution through postal ballot on 15.09.2008
- . offer, issue and allotment of upto of 57,00,000 nos of convertible warrants, on a preferential basis, carrying a right to subscribe to one fully paid equity share of rs 10 each of the company , the price at which such warrants will be converted will be determined in accordance with the provisions of chapter xiii of sebi(dip) guidelines, 2000.

mr.g.ramachandran, acs practicing company secretary was the scrutiniser appointed to conduct the postal ballot process.

secretarial audit

the company's statutory auditors carried out secretarial audit to reconcile the total admitted capital with national securities depository limited (nsdl) and the central depository services (india) limited (cdsl) and the total issued and listed capital. the secretarial audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with nsdl and cdsl.

auditors' certificate on corporate governance

as required by clause 49 of the listing agreement, the auditors' certificate is given as annexure to the directors' report.

ceo / cfo certification

as required by clause 49 of the agreement, the ceo/cfo certification is provided elsewhere in the annual report.

general shareholder information

1. date, time and venue of agm : thursday, march 25, 2010, 3.00 pm,
rani seethai hall, anna salai, chennai 600006
2. dates of book closure : march 15 to march 25, 2010 (both days inclusive)
3. dividend payment : on or after march 25 , 2010 but within
the statutory time limit of 30 days
4. financial calendar
(tentative and subject to change) : results for qe dec 31, 2009 : announced on January 30, 2010
results for qe march 31, 2010 : last week of april 2010
results for qe june 30, 2010 : last week of july 2010
results for qe sep 30, 2010 : last week of oct 2010
annual general meeting : march 2011
5. listing on stock exchanges : bombay stock exchange ltd (bse)
national stock exchange of india ltd (nse)
madras stock exchange ltd (mse)
luxembourg exchange (for fccb) :xs0257638071
6. stock code & trading symbol/
corporate identification no. : bombay stock exchange : helios mat i (532347)
national stock exchange : heliosmath
madras stock exchange : hms
bloomberg code : hmit in (bse)
cin : L65921TN1991plc020443
7. listing fees : paid to all the stock exchanges for the year 2009-10.
8. corporate office : 9d, ganga griha, i and iii floor, nungambakkam high
road, chennai - 600 034
9. registrars & share transfer agents : integrated enterprises (india) ltd., kences towers,
1, ramakrishna street, t.nagar, chennai 600 017
10. share transfer system : total number of shares transferred in physical form during
2008-09 was 9,998 versus 16,310 during the previous year.

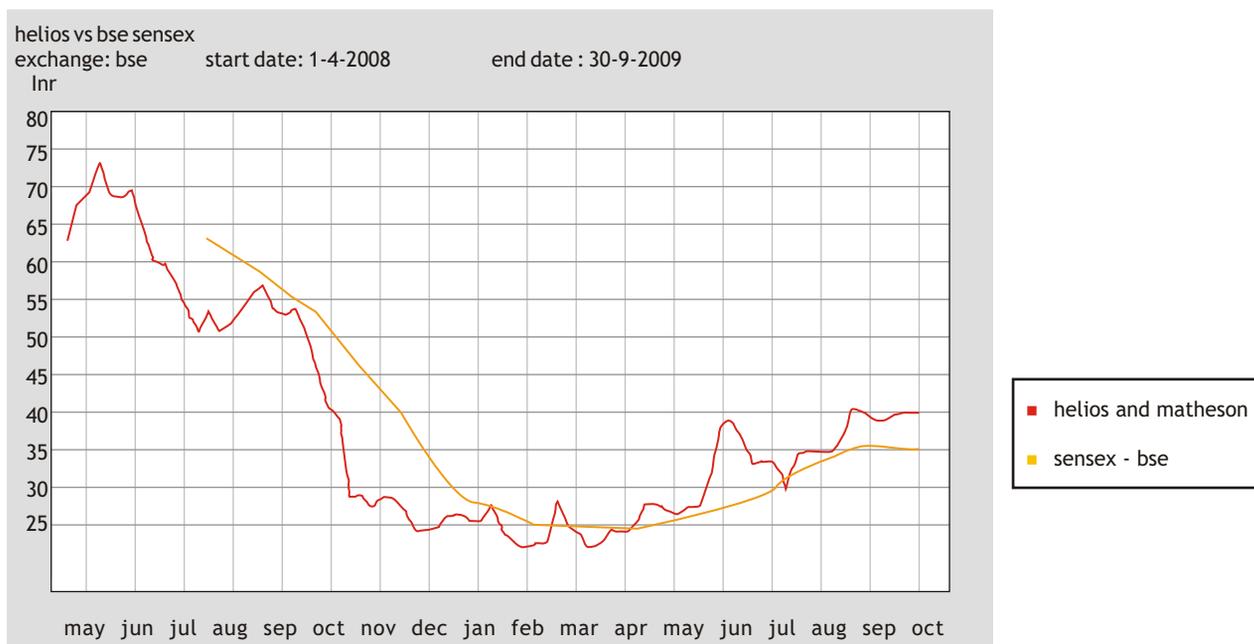
11. market price data (in rs per share)

month	bombay stock exchange		national stock exchange	
	month high	month low	month high	month low
april, 2008	83.00*	54.15	82.80*	54.35
may, 2008	81.60	67.00	81.50	66.90
june, 2008	69.00	51.00	69.45	52.10
july, 2008	62.00	46.30	61.65	46.20
august, 2008	61.90	53.00	61.50	53.00
september, 2008	58.70	35.00	58.60	34.00
october, 2008	40.00	20.40	39.85	20.80
november, 2008	30.00	19.25	29.50	19.25
december, 2008	25.90	19.65	25.60	19.50
january, 2009	26.40	17.95	26.50	17.65
february, 2009	28.85	18.40	28.80	17.55*
march, 2009	22.70	17.85*	21.75	17.85
april, 2009	27.90	20.20	28.35	19.85
may, 2009	37.20	23.10	37.50	23.00
june, 2009	41.00	29.50	40.90	29.35
july, 2009	34.70	25.75	34.90	24.30
august, 2009	41.70	30.80	41.90	31.05
september, 2009	41.00	36.10	40.90	36.00

* represents the yearly high and low of equity shares.

12. share price performance in comparison to broad based indices-bse sensx

helios and matheson share price performance relative to bse sensx based on share price on september 30, 2009



13. distribution of shareholding

shareholding pattern of the members of the company as on september 30 2009 is given below according to category

category	no. of shareholders	voting strength (%)	no. of shares held
promoters	4	38.31	88,55,680
corporate bodies	620	10.15	23,45,732
Institutions/banks	4	00.61	1,40,063
public	26021	50.93	1,17,70,854
total	26649	100.00	2,31,12,329

distribution of shares by size of shareholders as on september 30 2009

number of equity shares	no. of shareholders	% of shareholders	no. of shares	% of shareholding
1 to 500	22640	84.96	37,80,263	16.36
501- 1000	2264	8.50	18,12,364	7.84
1001- 5000	1463	5.49	32,15,077	13.91
5001- 10000	158	0.59	11,41,879	4.94
10001 and above	124	0.46	1,31,62,746	56.95
total	26649	100.00	2,31,12,329	100.00

14. dematerialization of shares

about 97.45 % of the company's paid up equity shares has been dematerialized upto september 30, 2009. trading in equity shares of the company is allowed only in dematerialized form as per notification issued by the securities and exchange board of india (sebi).

demat no in nsdl and cdsl for equity shares

: ISIN No. INE674B01012

15.liquidity

the company's shares are actively traded on the bse and nse. the data for the total no of shares traded in and the volume thereof is given below for the period from april 1, 2008 to 30th september 2009.

month	bse		nse	
	no of shares traded	volume (in rs. lakhs)	no of shares traded	volume (in rs. lakhs)
april 2008	69,17,340	4731.08	62,53,383	4280.51
may 2008	27,61,701	2072.54	23,28,796	1749.56
june 2008	6,69,230	409.75	7,19,342	439.53
july 2008	8,29,666	460.21	8,62,683	475.85
august 2008	12,92,097	745.40	11,44,849	657.04
sept 2008	4,81,781	241.48	5,96,670	294.25
october 2008	7,20,816	200.65	6,34,321	180.49
nov 2008	2,19,723	51.73	2,55,244	61.55
dec 2008	2,40,948	54.35	2,33,877	52.93
jan 2009	2,88,370	64.58	3,02,835	66.26
febr 2009	9,09,278	227.52	12,38,794	310.64
march 2009	2,88,540	57.73	2,37,730	47.25
april 2009	4,17,150	102.95	2,95,044	73.02
may 2009	3,96,858	119.33	3,18,849	95.71
june 2009	4,08,553	147.96	3,60,334	127.99
july 2009	4,86,348	154.93	4,56,191	145.91
august 2009	17,87,028	661.28	19,22,845	715.71
sept 2009	5,86,601	228.48	7,43,408	289.05
total	1,97,02,028	10731.95	1,89,05,195	10063.25
average volume per month/ average price per share	10,94,557 54.47		10,50,288 53.23	

16.outstanding gdrs/adrs/warrants or any convertible instruments, conversion date and likely impact on equity.

your company had placed US \$ 25mn unsecured foreign currency convertible bonds in july 2006 (due 2011) with an option to convert into equity shares of the company. the bonds are listed on luxembourg stock exchange. as on date a total of US \$ 8 million stand converted into equity shares leaving US \$ 17 million outstanding.

17.address for correspondence
for queries relating to :

financial statements

s chandramoulieswaran
vice president (finance & accounts)
helios and matheson information technology ltd
9d, ganga griha, nungambakkam high road
chennai 600 034
tel: +91 44 4391 00 00
mouli.c@heliosmatheson.com

investor related matters

k.m.kumar
company secretary
helios and matheson information technology ltd
9d, ganga griha, nungambakkam high road
chennai 600 034
tel: +91 44 4391 00 00
kumar.km@heliosmatheson.com

investor faq's

1. where and in which year was helios and matheson incorporated?
ans : helios and matheson was incorporated in chennai, in the state of tamil nadu, in India on march 8, 1991
2. when did helios and matheson have its initial public offer (ipo) and what was the initial listing price?
ans : helios and matheson made an initial public offer in october 1999 and was listed on the madras stock exchange ltd. bombay stock exchange ltd and national stock exchange of india ltd in december 1999, august 2000 and february 2005 respectively. trading opened at rs.209 per share ar mse compared to the ipo price of rs.50 per share.
3. which are the stock exchanges where helios and matheson shares are listed and traded?
ans: shares of helios and matheson are listed and traded on bombay stock exchange ltd, national stock exchange of India ltd and madras stock exchange ltd,
4. what is the history of dividend issue at helios and matheson during the last five years?

year	2004	2005	2006	2007	2008
dividend:	rs 1,50,07,500	1,50,07,500	3,00,15,000 15%(tax free)	7,17,46,422 35%(tax free)	3,46,68,493 15%(tax free)

5. what has been the cagr in revenues, net income and eps in the last five years?

ans:	5-year cagr
revenues	47.40 %
pat	24.60 %

6. how do i transfer my shares in india or change my address with the transfer agent?
ans: to transfer shares held in physical form, you may write to the company's registrars integrated enterprises (india) ltd., 2nd floor, kences towers, 1, ramakrishna street, north usman road, t.nagar, chennai 600 017 or else, you can correspond directly with the company secretary at the corporate office at 9d, ganga griha, nungambakkam high road, chennai 600 034. transfer of shares in electronic form is effected through your depository participant.

general correspondence regarding shares may be addressed to the company's registrars, integrated enterprises (india) ltd, at the above address or to the company secretary at the corporate office.

7. how do i get to know of the latest updates / information regarding the company?
ans: in addition to the information given to the stock exchanges and sebi, company's financial results are regularly updated on the company's website www.heliosmatheson.com. you can also subscribe for the news alerts via the link <http://heliosmatheson.com/investors/invest.asp>
8. how do i contact helios and matheson by telephone, mail or in person?
ans: financial analysts and members of the press/media can contact the following members of helios and matheson management during business hours for any information.

v.ramachandiran chairperson	tel: +91 44 4391 0000
g.k.muralikrishna managing director	tel: + 91 44 4391 01 01

helios and matheson corporate mailing address is:
helios and matheson information technology limited, 9d, ganga griha, nungambakkam high road, chennai 600 034.
tel: +91 44 4391 00 00, fax: +91 44 4391 00 99

risk management report

today we face an ever increasing pace of change in market dynamics. hence the need to adapt to this dynamic situation. we need to keep pace as demanded and ensure that risk identification is a continuous process. the need to comprehensively adapt and take care of this process now involve the following steps.

- . learning from the experience and making improvements
- . identifying the risks inherent in the growth strategy
- . implementing control to manage the remaining risks
- . monitoring the effectiveness of risk management approaches and controls
- . capability development

the information technology business is witnessing unparalleled growth with the global delivery model gaining mainstream momentum. concurrently, changes in the macro economic environment the outcry against off shoring, shifts in competitive landscape with the expansion of overseas based competitors in India, stringent immigration laws, predatory pricing, and a strong rupee have brought new challenges and new risks that need to be managed.

helios and matheson comprehensively assesses these risks and this report details the prudent risk management practices of your company. the management cautions the readers that the risks outlined below are not exhaustive and are for information purposes only. further, this report contains statements, which are forward-looking in nature. such statements are subject to uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements.

external risk factors

macro economic factors

the credit crisis in the usa turned into a global slowdown, this resulted in loss of jobs of enormous proportions, not witnessed for many decades. customers started cutting costs to overcome the recession in their businesses. as a result of such changing economic and business conditions, an increasingly competitive market environment is driving corporations to transform the manner in which they operate.

exchange rate risk

the exchange rate between the Indian rupee and the US dollar has changed substantially in recent years and may fluctuate in the future. we expect a significant proportion of our revenues to be generated in US dollars for the foreseeable future and that a significant portion of our expenses, including personnel costs, as well as capital and operating expenditures, will continue to be denominated in Indian rupee. your company faces the risks associated with exchange rate fluctuations and translation effect, wherein the appreciation of the rupee against foreign currency impacts its profitability and operating results. helios and matheson risk management policy ensures that expenses in local currency are met through receipts in the same currency. increase in revenues from non-dollar geographies such as europe help mitigate this risk. the company uses forward contracts and options to hedge its exposure in foreign exchange. this reduces the risk or cost to the company and this cover is not used for speculation or trading purpose.

margin-pressure

as international players expand their delivery capability from India, their cost patterns are undergoing change. at the same time, the intensified competition for human resources in India is resulting in higher wage levels. due to the above, margins are under pressure.

the company is using a multi-pronged approach to address the margin pressure it faces. in order to mitigate this risk, the company is focusing on creating greater value for its customers and hence for itself. three different strategies have been used by the company in this effort.

increasing offshore leverage: the company is increasing its effort to enhance revenues from offshore and global delivery centers. this helps the company to increase its margins.

focusing on cost management: the company is monitoring and steadily bringing down its operating expenses as a percentage of revenues by ensuring that growth in these expenses is minimized in line with company requirements. our large accounts are getting larger which



helps us drive down sales costs through cross selling. the trends in repeat business as a percentage of total business are very positive indicating the satisfaction and value creation the company is achieving for its customers.

focusing on rate increases: the company is looking at rate increases for newer business and also for existing businesses which are up for renewal. the company's rates are competitive and in line with client expectations. in view of its track record, the company is seen as a credible global consulting organization, with end to end servicing capability.

political environment

while helios and matheson operates in multiple countries across the globe, the US constitutes a major market for your company. recently, many organizations and public figures have expressed concerns about a perceived association between offshore IT service providers and the loss of jobs in the united states. in addition, certain US states have enacted legislation that restricts governmental agencies from outsourcing their IT work to companies outside the united states. we have however not witnessed any material effect of this outcry in our clients' dealing with us and we strongly believe that the economics and competitive advantage offered by off shoring will tip the scales in its favor. further, we do not have any major contract with governmental entities in the united states.

currently, we benefit from the tax holidays the government of India gives to the export of it services from specially designated software technology parks in India. as all major political parties concur on the importance of the IT industry for the Indian economy, it is likely that future policies relating to the industry will continue to be favorable. we have also set up a development centre in the special economic zone near chennai, India.

competitive environment

the market in which we compete is experiencing rapid changes in its competitive landscape. some of our competitors are large consulting firms or offshore IT service providers who have significant resources and financial capabilities combined with much larger numbers of IT professionals. with the global delivery model gaining mainstream momentum, overseas-based competitors are expanding their base in India and are engaging in predatory pricing.

your company was among the first to foresee this trend and has worked continuously to convert a potential threat into a great opportunity. as a result today helios and matheson has partnerships and collaborative associations with these mncs. instead of competing with one another we have developed a win win relationship that is working smoothly and successfully.

high-end services combined with proven execution excellence are our competitive advantage and help counter pricing pressure. your company continues to focus on rapidly increasing its market share and is undertaking marketing initiatives that would help clients and prospects make better-informed decisions based on our competitive strengths.

client concentration risk

we have historically earned, and believe that in the future we will continue to earn, a sizable portion of our revenues from limited number of clients. your company's profitability and revenues would not be affected in case of loss of some of the top 10 clients or a significant downsizing of projects given to the company by them. the uniform distribution of business over these clients has mitigated the client concentration risk.

business concentration risk by vertical

helios and matheson derives 43% of its revenues from clients in the healthcare vertical. a downturn in the fortunes of these clients or reduction in their IT spending/budgets could affect helios and matheson's own profitability. your company's domain knowledge and competence make helios and matheson an invaluable partner to the client. being a high-end vertical, which is growing faster than the rest of the industry, the risk of downsizing is minimal. the company continues to pursue and win clients in manufacturing and technology verticals besides healthcare to provide more balanced opportunities for growth.

geographic concentration risk

the US constitutes important market for your company. this makes helios and matheson susceptible to adverse market conditions and events that might exist in the US and thus affect your company's revenues. to counter this, management is actively pursuing clients in europe and asia-pacific.

changes in immigration regulations

the majority of our IT professionals are Indian nationals. the ability of our IT professionals to work in the united states, europe and in other countries depends on our ability to obtain the necessary work visas and work permits.

helios and matheson reliance on appropriate visas make it sensitive to such changes and variations. to limit the risks posed due to visa related regulations of any one country, helios and matheson is focusing on diversifying its operations in europe and asia-pacific. in line with its business needs, helios and matheson also focuses on increasing local hires and works closely with its client to increase the offshore content in their various engagements.

inflation & cost structure

our cost structure consists of salary and other compensation expenses, depreciation, overseas travel and other general costs. fast track development of the economy and increasing demand for global delivery may have a significant impact on these costs and the rate of inflation as relevant to the IT services industry. further competitions may treat India as a “cost center” and develop the same regardless of the increasing cost and its impact on their profitability. to derisk we continue to reinforce the variable compensation program. we have taken steps to opt for cost optimization, cost reduction, and assess the risk of changes in cost of each operational activity.

disaster recovery and business continuity

your company has implemented comprehensive disaster recovery and business continuity plans. backups are taken daily and stored in secure locations. helios and matheson can replicate any project within a development center in a short timeframe using these backups. redundancy has been built into data communication links. each development center is connected to other centers using multiple links. last fiscal, helios and matheson further invested in establishing several links to overseas destinations, using different routes, and provided by multiple service providers.

further, helios and matheson adheres to stringent physical security procedures at all its development centers across the world. we adhere to strict procedures to control the access to server rooms and other critical installations. firewalls are in place on all external connections from our network.

technology risks

management continues efforts to develop and implement business and technology solutions that anticipate rapid and continuing changes in technology, industry standards and client preferences. the successful implementation of these systems will be critical to the effective delivery of our services to our clients.

internal risk factors

contractual commitments

this risk pertains to liquidate damages and other penalties associated with the non-fulfillment of contractual obligations (such as adherence to deliverables and service level agreements) either with clients or with other parties.

the management has clearly chartered out a review and documentation process for contracts. the management calls on the legal advisors of the company to evaluate the legal risks involved in a contract, ascertain legal responsibilities of the company under the applicable law of the contract, restrict its liabilities under the contract, and cover the risks involved. all operational teams are briefed on compliance related issues so that they can ensure adherence to all contractual commitments.

to date, helios and matheson has no material litigation in relation to contractual obligations pending against it in any court, in India or overseas.

regulatory risks

helios and matheson operates out of multiple countries across the world. accordingly, we must comply with a wide variety of national and local laws, and we are subject to restrictions on the import and export of certain technologies and multiple and overlapping tax structures.

helios and matheson has appointed legal counsels and consultants in various countries where it operates to ensure compliance with their respective regulations. currently, all the operational policies of helios and matheson are compliant with the local laws of the countries that it operates in.

liquidity risk

our company could face a liquidity crunch due to long payment cycles, delay in recoveries, bad debts etc. to mitigate such a risk helios and matheson maintains a significant portion of its assets as liquid assets.

engagement execution

as explained in the preceding paragraph, a portion of the company's revenues is derived from fixed price projects. in some cases, the specifications may not be completely defined at the inception of the project, where for competitive reasons, the company still needs to accept the project. this could lead to differences in opinion with client at the time of delivery of the project. helios and matheson client relationships are sufficiently strong whereby such disputes can be resolved to the mutual satisfaction of the client and the company.

human resource management

continued ability to hire and retain qualified personnel is key to success. your company strives to provide excellent staff welfare measures to promote employee satisfaction and thereby attract and retain efficient manpower. further, to ensure that employees grow with technology helios and matheson conducts regular training programs.

termination of contracts by clients

sometimes the contracts are awarded to us on project-by-project basis. these projects do not carry a commitment of future volume of business. some of the actions that could affect the business are

- . financial difficulties for client
- . a demand for reduction in prices
- . a change in outsourcing technology
- . by shifting to in house it departments or to the competitors.

by close interaction with clients, helios and matheson engagement managers keep track of changes at the client's end thereby mitigating this risk.

customer retention

this is an important factor in the amount and predictability of revenue and profits. our ability to retain existing customers depends on a number of factors

- . customer satisfaction
- . service offerings by competitors
- . customer service levels
- . price

helios and matheson has an exemplary record of client retention with 90% of the business being repeated.

mergers and acquisitions

one of the company's growth strategies is to make acquisitions and investments in complementary businesses, technologies that will enable the company to add services for its core customer base and to expand geographically. helios and matheson ability to make these acquisitions and investments depends on the availability of suitable candidates and investments of acceptable costs, the ability to compete effectively for these candidates and investments, and the availability of capital to complete these acquisitions and investments. risk management is an on-going process based on the dynamics of risk environment. we at helios and matheson continually seek to improve and enhance our ability to identify risks and plan responses thereto.

conclusion

the company has adequate systems of internal control commensurate with the size and nature of its operations. these have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with statute, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies.

certificate
auditors' certificate on compliance with the conditions of corporate governance
under clause 49 of the listing agreement

to

the members of helios and matheson information technology limited

1. we have reviewed the records concerning the company's compliance of conditions of corporate governance as stipulated in clause 49 of the listing agreement entered into, with the stock exchanges of india, for the financial year ended september 30, 2009.
2. the compliance of conditions of corporate governance is the responsibility of the management. our review was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. it is neither an audit nor an expression of opinion on the financial statements of the company.
3. we have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for the review and the information and explanations given to us by the company.
4. based on such a review , in our opinion and to the best of our information and according to the explanations given to us, the company has complied with the conditions of corporate governance, as stipulated in clause 49 of the said listing agreement.
5. we further state that , such compliance is neither an assurance as to the future viability of the company, nor as to the efficiency or effectiveness with which the management has conducted the affairs of the company.

for and on behalf of
venkatesh & co
chartered accountants

place: chennai
date : january 30 , 2010

sd/-
ca. v. dasaraty
partner
m.no.26336

auditors' report to the members of helios and matheson information technology limited

1. we have audited the attached balance sheet of helios and matheson information technology limited as at september 30, 2009, the profit & loss account and also the cashflow statement for the eighteen month period 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 misstatements. an audit includes examining, on a test basis, evidence to support the financial statement amounts and disclosures in the financial statements, assessing the accounting principles used in the preparation of financial statements, assessing significant estimates made by management in the preparation of financial statements and evaluating overall financial statement presentation. we believe that our audit provides a reasonable basis for our opinion.
3. as required by the companies (auditor's report) order, 2003 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 & 5 of the said order.

further to our comments in the annexure referred to in paragraph 3 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.
 - c. the balance sheet , profit and loss account and cash flow statement dealt with by this report are in agreement with the books of accounts.
 - d. in our opinion, the profit and loss account ,balance sheet and cash flow statement comply with accounting standards referred to in sub section (3c) of section 211 of the companies act, 1956.
 - f. in our opinion and to the best of our information and according to the explanations given to us, the said balance sheet and profit and loss account read together with the other notes and accounting policies give the information required by the companies act, 1956, in the manner so required and 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 30th september , 2009
 - li. in the case of the profit and loss account, of the profit of the eighteen month period ended on that date and
 - lii. in the case of the cash flow statement, of the cash flows of the eighteen month period ended on that date.
 - lv. on the basis of written representation received from the directors as at 30th september 2009, and taken on record by the board of directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956.

place : chennai
date : january 30, 2010

for venkatesh & co
chartered accountants
sd/-
ca.v.dasaraty
partner
M.no.26336

annexure to auditors' report

(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 has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. the fixed assets of the company have been physically verified by the management at reasonable intervals. no material discrepancies were noticed on such verification.
 - c. no fixed assets have been disposed off during the year.
2. the company's nature of operations does not require it hold inventories. accordingly, clause 4(ii) of the companies auditors report (order), 2003 is not applicable.
3. the company has not granted loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956 and hence, clauses (iii)(b), (iii)(c),(iii)(d),(iii)(f) and (iii)(g) of paragraph 4 of the said order are not applicable to the company.
4. the company has taken unsecured loan from the company covered in the register maintained under section 301 of the companies act, 1956. the terms & conditions of the loan are not prejudicial to the interest of the company
5. in our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets and the sale of services. no instances of continuing failure to correct major weaknesses in internal control were noticed by us during the course of audit.
6.
 - a. in respect of contractual arrangements entered in the register maintained in pursuance of section 301 of the companies act, 1956 and to the best of our knowledge and belief and according to the information and explanations given to us, where each of such transactions made in pursuance of contracts or arrangements, is in excess of rs.5 lacs in respect of each party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
 - b. in respect of sale of services to parties listed in the register maintained under section 301 of the companies act, 1956, these transactions have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
7. the company has accepted deposits from the public. the provisions of sections 58A & 58AA of the companies act, 1956, and the rules made there under are complied with.
8. in our opinion, the company has an adequate internal audit system commensurate with the size of the company and the nature of its business.
9. the central government has not prescribed the maintenance of cost records under section 209 (1) (d) of the companies act, 1956.
10.
 - a. according to the information and explanations given to us, and according to the books and record as produced and examined by us, in our opinion, the undisputed statutory dues including provident fund, income-tax, sales tax, wealth tax, service tax, value added tax customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited by the company during the year with the appropriate authorities. according the the information and explanations given to us, there are no arrears of outstanding statutory dues as mentioned above as at 30th september, 2009 for a period of more than six months from the date they became payable.

- b. according to the information and explanations produced to us, there are no dues in respect of sales tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute. according to the information and explanations given to us, the income tax demand of rs.2,38,53,150 relating to the assessment year 1997-98, is being contested by the company in the madras high court. the company has paid rs.57,77,990 towards the demand. the company has filed an appeal before the commissioner of central excise (appeals). disputing the service tax levy/ demand of rs.3,93,720.
11. the company has no accumulated losses at the end of 30th september 2009. the company has not incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
12. the company has not defaulted in the repayment of dues to financial institutions or banks or debenture holders.
13. the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. the company has not given any guarantee for loans taken by others from banks or financial institutions except in the case of guarantee given to its subsidiary company, the terms and conditions, whereof, in our opinion, are not prejudicial to the interest of the company.
15. the company has obtained term loans during the year and as per records of the company, the term loans were applied for the purpose for which they were raised.
16. as per the records of the company, funds raised on short-term basis were not used for long term investment and vice-versa.
17. the company has issued convertible warrants on a preferential basis to the promoters and non promoter group and In terms of the issue and as per preferential guidelines of SEBI, 10 % of the conversion price amounting Rs. 3,70,27,200 was received by the company during the year.
18. the company has not issued any debentures and hence, creation of securities in respect of debentures does not arise.
19. the company has not raised money by way of public issues.
20. during the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of significant fraud on or by the company, noticed or reported during the year nor have we been informed of such case by the management.

place : chennai
date : january 30, 2010

for venkatesh & co
chartered accountants
sd/-
ca. v.dasaraty
partner
M.no.26336

balance sheet as at september 30, 2009

	schedule	september 30, 2009 rs.	march 31, 2008 rs.
i. sources of funds			
1. shareholders' funds			
share capital	a	23,11,23,290	23,11,23,290
reserves and surplus	b	182,17,82,247	158,80,21,488
advance received towards subscription of redeemable preference shares		63,04,14,007	63,04,14,007
preferential convertible warrants -application money		3,70,27,200	-
2. loan funds			
secured loans	c	52,63,24,097	24,01,15,902
unsecured loans	d	103,66,07,068	96,73,85,035
3. deferred tax			
		16,68,81,295	13,64,16,135
		445,01,59,204	379,34,75,857
ii. application of funds			
1. fixed assets			
gross block	e	221,98,21,098	161,27,15,714
less : depreciation		84,36,91,344	54,45,44,419
net block		137,61,29,754	106,81,71,295
capital work in progress at cost		19,95,55,314	15,91,23,769
		157,56,85,068	122,72,95,064
2. investments			
	f	75,23,53,177	75,23,53,177
3. advance			
	g	65,02,50,007	65,02,50,007
4. current assets, loans and advances			
sundry debtors	h	75,27,47,295	70,49,12,653
cash and bank balances	i	37,51,25,122	39,59,14,442
unbilled revenue		19,92,81,317	12,28,87,378
loans and advances	j	25,16,07,955	13,52,84,947
		157,87,61,688	135,89,99,420
5. less: current liabilities & provisions			
	k	12,17,37,034	22,51,15,091
net current assets		145,70,24,654	113,38,84,329
6. miscellaneous expenditure			
deferred revenue expenditure to be written off		1,48,46,298	2,96,93,280
		445,01,59,204	379,34,75,857
notes forming part of the accounts	o	-	-

as per our report of even date

for and on behalf of the board

for venkatesh & co
chartered accountantsplace: chennai
date : january 30, 2010sd/-
v.ramachandiran
chairpersonsd/-
g.k.muralikrishna
managing directorsd/-
k.m.kumar
cfo & company secretarysd/-
ca. v.dasaraty
partner

profit and loss account for the eighteen months period ended september 30, 2009

	Schedule	september 30, 2009 (18 months) rs.	march 31, 2008 rs.
i. income - revenue from operations	l	307,40,73,154	218,26,36,019
		<hr/>	<hr/>
		307,40,73,154	218,26,36,019
ii. expenditure:			
software services & administration expenses	m	229,90,60,705	147,08,93,445
profit before interest depreciation & taxes		77,50,12,449	71,17,42,574
interest	n	9,99,95,695	5,18,26,341
profit before depreciation & taxes		67,50,16,754	65,99,16,233
depreciation		29,91,46,926	12,86,19,737
profit after depreciation & before taxes		37,58,69,828	53,12,96,497
provision for taxation		4,51,42,264	3,94,83,200
profit after tax		33,07,27,564	49,18,13,297
provision for deferred tax		3,04,65,159	3,41,01,300
profit after deferred tax (PAT)		30,02,62,405	45,77,11,997
balance brought forward from previous year		46,19,38,278	34,36,86,502
balance of profit		76,22,00,683	80,13,98,499
appropriations			
interim dividend		3,46,68,494	-
interim dividend tax		47,91,727	-
proposed final dividend		2,31,12,329	3,46,68,494
proposed final dividend tax		39,29,096	47,91,727
general reserve		25,00,00,000	30,00,00,000
balance carried forward		44,56,99,037	46,19,38,278
notes forming part of the accounts	o		
earning per share-basic		12.99	19.80
number of shares		2,31,12,329	2,31,12,329

as per our report of even date

for and on behalf of the board

for venkatesh & co
chartered accountants

place: chennai
date : january 30, 2010

sd/-
v.ramachandiran
chairperson

sd/-
g.k.muralikrishna
managing director

sd/-
k.m.kumar
cfo & company secretary

sd/-
ca. v.dasaraty
partner

schedules forming part of the accounts

	september 30, 2009 rs.	march 31, 2008 rs.
schedule - a : share capital		
authorised		
4,00,00,000 equity shares of rs.10 each	40,00,00,000	40,00,00,000
1,00,00,000 redeemable preference shares of rs.10 each	10,00,00,000	10,00,00,000
	<hr/>	<hr/>
	50,00,00,000	50,00,00,000
Issued		
2,31,16,429 equity shares of rs 10 each	23,11,64,290	23,11,64,290
subscribed and paid up		
2,31,12,329 equity shares of rs 10 each fully paid up (of the above, 1,59,53,100 nos were allotted as fully paid bonus shares by capitalization of reserves)	<hr/>	<hr/>
	23,11,23,290	23,11,23,290
schedule-b : reserves and surplus		
general reserve	103,38,50,000	78,38,50,000
capital reserve	1,02,500	1,02,500
share premium	34,21,30,710	34,21,30,710
profit & loss account	44,56,99,037	46,19,38,278
	<hr/>	<hr/>
	182,17,82,247	158,80,21,488
schedule - c : secured loans		
from banks	52,63,24,097	24,01,15,902
	<hr/>	<hr/>
	52,63,24,097	24,01,15,902
schedule - d : unsecured loans		
foreign currency convertible bonds	78,31,90,000	78,31,90,000
Others	25,34,17,068	18,41,95,035
	<hr/>	<hr/>
	103,66,07,068	96,73,85,035
schedule - f : investments (non-trade at cost)		
i. 2589429 equity shares of rs.10/-each in helios and matheson IT (bangalore) limited (unquoted) (face value rs.17894290/-) (formerly systemlogic solutions ltd)	9,58,24,475	9,58,24,475
ii. 2941 shares in helios and matheson inc., usa (unquoted)	7,23,87,951	7,23,87,951
iii. 2 shares of s\$1 each in helios and matheson (singapore) pte ltd, singapore (unquoted)	49	49
iv. 100000 equity shares of jayamaruthi software systems pvt.ltd. (unquoted)	2,43,07,500	2,43,07,500
v. 10000 shares of maruthi consulting inc, usa (unquoted)	9,16,49,794	9,16,49,794
vi. 1278213 shares of common stock in helios and matheson north america inc., ny usa (formerly the a consulting team inc.,) (Quoted)	46,81,83,408	46,81,83,408
	<hr/>	<hr/>
	75,23,53,177	75,23,53,177
schedule - g : advance		
advance for investment in shares of vmoksha entities 3,31,165 equity shares of 100 each - (unquoted)	65,02,50,007	65,02,50,007
	<hr/>	<hr/>
	65,02,50,007	65,02,50,007
schedule -h : sundry debtors (unsecured,considered good)		
a. debts outstanding for a period exceeding six months	1,91,56,486	1,76,20,729
b. other debts	73,35,90,809	68,72,91,924
	<hr/>	<hr/>
	75,27,47,295	70,49,12,653

schedules forming part of the accounts

	september 30, 2009 rs.	march 31, 2008 rs.
schedule - i : cash & bank balances		
a. balances with scheduled banks		
i. fixed deposit account		
in rupee account	35,26,37,202	26,66,50,017
ii. current accounts:		
in rupee account	65,63,821	2,60,35,684
in foreign currency account	1,28,88,171	10,07,58,117
unclaimed dividend	29,83,982	24,44,427
b. cash on hand	51,946	26,197
	<u>37,51,25,122</u>	<u>39,59,14,442</u>
schedule - j : loans and advances (unsecured, considered good)		
advance income tax	6,15,72,633	3,93,05,192
advances recoverable in cash or in kind or for value to be received	19,00,35,322	9,59,79,755
	<u>25,16,07,955</u>	<u>13,52,84,947</u>
schedule - k : current liabilities and provisions		
sundry creditors	71,09,142	4,38,02,243
other liabilities	-	9,99,25,000
unclaimed dividend	29,83,982	24,44,427
interim dividend	3,46,68,494	-
interim dividend tax	47,91,727	-
provision for final dividend	2,31,12,329	3,46,68,494
provision for final dividend tax	39,29,096	47,91,727
provision for taxation	4,51,42,264	3,94,83,200
	<u>12,17,37,034</u>	<u>22,51,15,091</u>
schedule - l : revenue from operations		
income from software sales & services	304,33,05,858	213,37,41,527
other income	2,42,93,723	4,24,20,919
dividend income	64,73,573	64,73,573
	<u>307,40,73,154</u>	<u>218,26,36,019</u>
schedule - m : software services and administration expenses		
software services and development expenses	194,57,99,285	120,18,98,592
staff welfare	3,48,74,337	2,83,55,022
rent	3,08,59,319	1,88,48,022
power & fuel charges	2,18,50,841	1,35,94,345
postage telegram & telephones	2,17,77,658	1,38,40,991
printing & stationary	2,03,88,086	1,41,01,885
repairs to plant & machinery	2,83,38,674	1,48,84,462
maintenance	22,45,895	14,65,869
travelling & conveyance	4,93,95,805	3,27,03,855
advertisement & business promotional expenses	7,08,41,022	6,71,06,158
bad debts written off	1,17,84,849	1,41,07,963
Insurance	22,54,686	12,45,985
rates & taxes	87,76,618	43,50,954
auditors remuneration	8,27,250	5,61,800
miscellaneous expenses	2,74,87,170	1,87,95,401
professional & consultancy charges	1,37,28,931	2,18,02,771
bank charges	78,30,279	32,29,370
	<u>229,90,60,705</u>	<u>147,08,93,445</u>
schedule - n : interest paid		
on fixed loans	1,09,58,675	52,37,408
on others	8,90,37,020	4,65,88,933
	<u>9,99,95,695</u>	<u>5,18,26,341</u>

schedule - e : fixed assets

particulars	gross block		depreciation block			net block	
	as on 1.4.2008	additions	as on 30.9.2009	as on 1.4.2008	for the year	as on 30.9.2009	as on 31.3.2008
leasehold land	1,57,88,262	-	1,57,88,262	17,00,279	2,57,349	1,38,30,634	1,40,87,983
plant & machinery	143,66,20,345	55,12,40,933	198,78,61,278	51,46,70,781	28,64,49,562	118,67,40,934	92,19,49,564
furniture & equipments	13,62,60,213	5,53,42,661	19,16,02,874	2,11,64,129	1,01,43,167	16,02,95,578	11,50,96,084
vehicles	2,40,46,894	5,21,790	2,45,68,684	70,09,229	22,96,847	1,52,62,607	1,70,37,665
total	161,27,15,714 (96,33,32,666)	60,71,05,384 (64,93,83,048)	221,98,21,098 (1,61,27,15,714)	54,45,44,419 (41,59,24,682)	29,91,46,926 (12,86,19,737)	137,61,29,754 (106,81,71,295)	106,81,71,295 (54,74,07,984)

leasehold land represents the value of land taken on long term lease at mahindra world city and taramani

significant accounting policies and notes on accounts

schedule -o

significant accounting policies and notes to accounts

basis of preparation of financial statements:-

the financial statements are prepared under the historical cost conversion, on accrual basis, in accordance with indian gaap (generally accepted accounting principles) and applicable accounting standards as notified under the companies (accounting standards) rules, 2006, issued by the central government, in consultation with national advisory committee on accounting standards (nacs) and relevant provisions of the companies act, 1956 and the guidelines issued by security exchange board of india (sebi). the management evaluates all recently issued or revised accounting standards on an ongoing basis.

use of estimates

the preparation of the financial statements in conformity with indian gaap requires that the management make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities as on the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. where no reliable estimate can be made, a disclosure is made as contingent liability. actual results could differ from those estimates.

fixed assets

fixed assets are stated at the cost of acquisition and the value of acquired business assets less accumulated depreciation. direct costs are capitalized till the assets are ready to put to use and includes financing costs relating to acquisition. capital work in progress includes the cost of fixed assets that are not yet ready for their intended use and the cost of assets not put to use before the balance sheet.

the consideration paid for acquisition and takeover of businesses includes the value of business contracts, customer rights, employees, technology, knowhow, software and hardware products and other assets in connection with the acquired businesses and is part of capital expenditure. this value is based on independent valuation.

impairment of assets

as per accounting standard 28, the company assesses at each balance sheet date whether there is any indication that an asset including goodwill is impaired. if any such indication exists, the company estimates the recoverable amount of the asset. if such recoverable amount of the asset is less than the carrying amount then carrying amount is reduced to recoverable amount. the reduction is treated as impairment and recognized in profit and loss account. if at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. in respect of goodwill the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent events. during the year no such impairment has occurred.

revenue recognition

revenue from software services and projects comprise income from time and material and fixed price contracts. revenue from time and material contracts is recognized on the basis of software developed and billable in accordance with terms of the contracts with the clients. revenues from fixed price contracts is recognized using percentage of completion of method calculated as a percentage of the cost of efforts incurred up to the reporting date to estimated total cost of efforts.

maintenance revenue is recognized over the period of underlying maintenance contracts.

interest receipt is recognized on accrual basis. dividend is recognized on receipt basis.

unbilled revenue primarily comprises the revenue recognized in relation to efforts incurred up on fixed price, fixed time frame contracts until the balance sheet date.

foreign currency transactions (other than fixed assets)

transactions in foreign currency are recorded in the books by applying the exchange rate prevailing as at the date of the transaction. investments in foreign currency are reported using the exchange rate at the date of transaction. fccb is stated at the fixed exchange rate of rs .46.07 as per offer document. other foreign currency transactions are converted at the exchange rate prevailing on the last working day of the accounting year. further the gain or loss on account of fluctuations in exchange rate has been recognized in the profit and loss account. in respect of foreign currency transaction in fixed assets the exchange gain or loss is adjusted in the carrying amount of fixed asset and accordingly depreciation is charged. consolidated inflows and outflows arising from foreign currency transactions are disclosed in this report.

forward contracts in foreign currency

the company uses forward contracts and options to hedge its exports in foreign exchange. this reduces the risk or cost to the company and this cover is not used for speculation or trading purposes.

expenditure

expenses are accounted on accrual basis and provisions are made for all known losses and liabilities. provisions are made for future and unforeseeable factors, which may affect the ultimate profit on fixed price. software development and service contracts are charged to revenue in the same year.

depreciation

depreciation has been provided on the basis of straight line method adopting the rates and the manner as provided 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 costing less than rs.5,000/- are depreciated in full in the year of purchase.

investments

investments in subsidiaries are accounted as per accounting standard 13 of accounting for investments. investments are stated at cost including advisory and related expenses incurred in connection with the investments. provision is made for permanent diminution in the value of investments, if any, as prescribed by the accounting standard 13.

sundry debtors

sundry debtors amount to rs. 75.27 crore as of september 2009 as compared to rs. 70.49 crore as of march 2008. the debtors are considered good and realizable. the debtors are 133 days of sales of september 2009 as against 120 days of sales as of march 2008.

a significant part of this receivable is since realized.

retirement benefits

the company has a scheme of provident fund for its employees, registered with the regional provident fund commissioner, chennai.

the company's contribution to provident fund is charged to the profit and loss account every year. certain senior executives of the company are also participants in a defined contribution plan of superannuation plan of helios and matheson IT ltd., superannuation trust. the company makes contribution under this plan to this trust every month. the company has no further obligation beyond its monthly contribution.

taxes on income

provision is made for income tax on an annual basis, under the tax payable method, based on the tax liability as computed after taking credit for allowances and exemptions. in case of matters under appeal, due to disallowances or otherwise, full provision is made when the said liabilities are accepted by the company. sufficient future taxable income will be available against which such deferred tax assets can be realized as per as -22 "accounting for taxes on income" issued by the institute of chartered accountants of india.

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

deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized as per as-22 “accounting for taxes on income”.

fringe benefit tax paid is included in rates & taxes.

cash flow statement

cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. the cash flows from regular revenue generating, investing and financing activities of the company are segregated.

share capital

	september 30, 2009		march 31, 2008	
	number	(in rs.)	number	(in rs.)
opening balance as of april 1,2008	2,31,12,329	2,31,12,329	2,00,10,000	20,01,00,000
pursuant to the conversion notices received from the fccb holders	-	-	31,02,329	3,10,23,290
closing balance as at september, 2009	2,31,12,329	23,11,23,290	2,31,12,329	23,11,23,290

preferential allotment of warrants:

the company had issued 57,00,000 convertible warrants on a preferential basis to the promoters and non promoter group carrying a right to subscribe to one fully paid equity shares of rs.10 each at a price of rs. 64.96 per share as per sebi guidelines. in terms of the issue and as per preferential guidelines of sebi, 10 % of the conversion price amounting rs. 3,70,27,200 was received by the company and shown as “warrants application money” in the balance sheet.

secured loans

secured loans from the banks are secured by hypothecation of fixed and current assets of the company and are guaranteed by the promoter directors.

unbilled revenue

unbilled revenue is revenue recognized in the books as per percentage completion of work done but not invoiced to customer since it is not due for billing as per payment schedule in the contract entered in to with the customer.

cash and bank balance:-

the cash and bank balance is rs. 37,08,36,422 (39,59,14,442) which includes balances of rs.1,28,88,171 (10,07,58,117) in foreign currency.

remuneration paid to managing director

	september 30,2009 (in rs.)	march 31, 2008 (in rs.)
total remuneration paid to the managing director	4,50,000(18months)	3,00,000

auditors' remuneration

	september 30, 2009 (in rs.)	march 31, 2008 (in rs.)
audit remuneration	3,37,500	2,25,000
tax audit & tax representation	1,87,500	1,25,000
certification fees	1,87,500	1,25,000
out of pocket expenses	37,500	25,000
service tax	77,250	61,800
total	8,27,250	5,61,800

quantitative details

the company is engaged in software development ,software consultancy and maintenance of computer software. the production of sale of such software can not be expressed in any generic unit. hence, it is not possible to give the quantitative details of sales and certain information as required under part ii of schedule vi to the companies act, 1956.

deferred tax liabilities

	september 30, 2009 (in rs.)	march 31, 2008 (in rs.)
timing difference on fixed assets	3,04,65,159	3,41,01,300

the tax year for the company being the year ending 31st, march, the provision for taxation for the period is the aggregate of the provision made for the twelve months ended 31st march, 2009 and the provision based on the figures for the remaining six months up to 30th september, 2009, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st april, 2009 to 31st march, 2010.

dues to ssi, micro, small and medium enterprises:

sundry creditors includes amount due to ssi, micro, small and medium enterprises as on 30.09.09 : rs. nil (nil) with available information from micro, small and medium enterprises regarding their registration with central/state government authorities the disclosure as per sec 23 of the micro small medium enterprises development act 2006 is made.

foreign exchange inflow and outflow.

	september 30, 2009 (in rs.)	march 31, 2008 (in rs.)
earnings in foreign exchange	277,98,68,982	201,91,51,648
foreign exchange outgo	september 30, 2009 (in rs.)	march 31, 2008 (in rs.)
expenses	168,06,38,471	123,09,24,351
repayment of loan	2,94,52,419	2,81,10,475
interest	1,12,63,007	44,17,604
travelling	9,15,772	22,23,908

current year figures are for 18 months as against 12 months in the previous year and hence not directly comparable.

related party disclosure

name of the related party	relationship
maruthi consulting inc, usa	subsidiary
the laxmi group inc, usa	subsidiary
helios and matheson IT (bangalore) ltd., bangalore	subsidiary
helios and matheson inc , usa	subsidiary
helios and matheson inc , north america	subsidiary
jayamaruthi software systems ltd.,	subsidiary
helios and matheson IT (singapore) pte ltd.,	subsidiary

name of the key management personnel

name of the related party	relationship
g.k. muralikrishna	managing director

related party transaction for the year ended september 30, 2009

nature of transaction	maruthi consulting inc, usa	the laxmi group inc, usa	helios and matheson it (bangalore) ltd., bangalore	helios and matheson inc , usa	helios and matheson inc, north america	jayamaruthi software systems pvt. Ltd.,	helios and matheson (singapore) pte ltd,	managing director - g.k.muralikrishna
investments @	9,16,49,794	7,23,87,951	9,58,24,475	7,23,87,951	46,81,83,408	2,43,07,500	49	-
sales & services	4,43,52,648	4,77,64,120	-	-	-	-	-	-
income	-	-	-	-	-	-	-	-
managerial remuneration	-	-	-	-	-	-	-	-
@closing balance								4,50,000

deferred revenue expenditure

out of the fccb issue related expenses of rs.4.65 crore, benefit of which is expected to accrue over the life of the bonds, a sum of rs.3.17 crore has so far been written off, leaving rs.1.48 crore outstanding at the end of the year.

contingent liability

- the case relating to income tax demand of rs. 2,38,53,150 excluding interest relating to earlier years due to certain disallowances is being heard by madras high court . the company has paid rs.57,77,990 towards the demand to prove its bonafide. based on the opinion of tax advisors , the company believes that the demand can not be sustained and that the company would eventually win the appeal.
- the company has given corporate guarantee to its subsidiary company in singapore for usd 8.41 mn (rs.34.50 crore) for the business requirements of its subsidiary.
- the company received service tax demand of rs.3,93,720 on sponsorship services as the recipient of services from indian school of business. the company preferred an appeal against the order before the commissioner of central excise (appeals).

foreign currency convertible bonds (fccb)

the company has funded a significant part of its overseas acquisitions and capex expenditure through fccb . the company has used this instrument effectively as it has got the advantages of both a debt and an equity instrument. as debt, they carry 2.0% coupon rate till redemption and as equity, they convert at a premium, thereby reducing the dilution impact to existing shareholders.

details of fccb		
	usd	
issue size (including green shoe option of usd 5 mn)	25 million	
issue date	july 7, 2006	
maturity / redemption date	July 11, 2011	
coupon rate payable semi annually	2.0%	
conversion price (determined as per sebi guidelines)	rs. 130 .00	
fixed exchange rate of conversion	rs.46.07	
conversions during april 2008 to september 30, 2009	nil	
conversions as at march 31, 2008	\$ 8.00 million	
total no of bonds issued @ face value of \$100000	250	
less: no of bonds converted	80	
number of bonds outstanding	170	

apart from coupon rate of 2%, fccbs carry yield to maturity (ytm) which gets payable only if they are redeemed or repurchased. since payment of premium is contingent upon certain factors the outcome of which is not determinable as of now, the management has treated the premium payable as mentioned in the above table as contingent in nature accordingly premium of rs.16.54 crore would be accounted and adjusted against share premium account in the year of redemption or repurchase. as per accounting standards, there is no need to make a provision for the premium payable on redemption since it is only contingent on repayment and is not payable if the fccbs get converted.

accounting year

pursuant to the approval received from the registrar of companies, chennai, the company extended its accounting year for 2008-09 to cover a period of 18 months from april 01, 2008 to september 30, 2009. consequently, in future, the accounting year of the company will be from 1st october to 30th september of the following year

in view of the exemption granted under section 212(8) by the government of india, the audited financial statements and other reports of subsidiary companies are not enclosed with this report. however, the statement pursuant to section 212 of the companies act is given elsewhere in the annual report.

previous year's figures have been regrouped/ recast wherever necessary to confirm with current period's comparison.

cash flow statement for eighteen months period ended september 30, 2009

	18 month period ended september 30, 2009 rs.	year ended march 31, 2008 rs.
i. cash flow from operating activities		
net profit before interest, tax and extra ordinary items	47,58,65,524	58,31,22,838
adjustment for:		
depreciation	29,91,46,926	12,86,19,737
misc. expenses (w/off)	1,48,46,982	98,97,760
profit on sale of investment		
loss on sale of investment		
operating profit before working capital changes	78,98,59,432	72,16,40,334
adjustment for:-		
work in progress	(7,63,93,939)	(2,59,65,567)
sundry debtors	(4,78,34,642)	(15,28,53,533)
loans and advances	(11,63,23,008)	(4,50,16,731)
sundry creditors	(8,04,28,473)	(7,44,61,021)
cash generated from operations	46,88,79,370	42,33,43,483
interest paid	(9,99,95,695)	(5,18,26,341)
dividend paid	(3,46,68,494)	(7,17,46,422)
net cash from operating activities	33,42,15,181	29,97,70,720
ii. cash flow from investing activities		
sale of fixed assets		
purchase of fixed assets	(64,75,36,929)	(72,13,22,705)
purchase of investments	(9,99,25,000)	(6,08,77,479)
incl deferred payment for TACT		-
net cash from investing activities	(74,74,61,929)	(78,22,00,184)
iii. cash flow from financing activities		
proceeds from issue of capital		3,10,23,290
proceeds from preferential convertible warrants application money	3,70,27,200	
proceeds(application) of share premium-fccb		33,75,36,710
proceeds from secured loans	28,62,08,195	-
proceeds from unsecured loan	6,92,22,033	23,40,211
repayment of fccb		(36,85,60,000)
repayment of secured loans		(7,19,26,604)
net cash from financing activities	39,24,57,428	(6,95,86,393)
iv. net inflow/outflow		
net increase/(decrease) in cash & cash equivalents	(2,07,89,320)	(55,20,15,857)
cash and cash equivalents(opening)	39,59,14,442	94,79,30,299
cash and cash equivalents(closing)	37,51,25,122	39,59,14,442
net increase/(decrease) in cash & cash equivalents	(2,07,89,320)	(55,20,15,857)

	for and on behalf of the board		
place: chennai	sd/-	sd/-	sd/-
date : january 30, 2010	v.ramachandiran	g.k.muralikrishna	k.m.kumar
	chairperson	managing director	cfo & company secretary

certificate

we have examined the attached cash flow statement of helios and matheson information technology limited for eighteen months period ended 30th september 2009. the statement has been prepared by the company in accordance with the requirements of listing agreement and is based on and in agreement with the corresponding profit and loss account and balance sheet of the company covered by our report of january 30, 2010 to the members of the company.

place : chennai
date : january 30, 2010

for venkatesh & co
chartered accountants.
sd/-
ca. v. dasaraty
partner

**balance sheet abstract and company's general business profile
as per part iv of schedule vi to the companies act, 1956**

i. registration details

registration no.	2 0 4 4 3	state code	1 8
balance sheet date	3 0 0 9 2 0 0 9		

ii. capital raised during the year (rs. in 000's)

public issue	N I L	rights issue	N I L
bonus issue	N I L	private placement	3 7 0 2 7

iii. position of mobilisation and deployment of funds

source of funds			
total liabilities	4 4 5 0 1 5 9	total assets	4 4 5 0 1 5 9
paid-up capital	2 3 1 1 2 3	reserves & surplus	1 8 2 1 7 8 2
shares application money	6 6 7 4 4 1	secured loans	5 2 6 3 2 4
deferred tax	1 6 6 8 8 1	unsecured loans	1 0 3 6 6 0 7

iv. application of funds

net fixed assets	1 5 7 5 6 8 5	investments	7 5 2 3 5 3
net current assets	1 4 5 7 0 2 4	misc. Expenses	1 4 8 4 6
advance	6 5 0 2 5 0		

v. performance of the company

turnover	3 0 7 4 0 7 3	total expenditure	2 6 0 8 2 0 2
=+- profit before tax	+ 3 7 5 8 6 9	+--profit after tax	+ 3 0 0 2 6 2
earnings per share	1 2 . 9 9		
(annualised) in rs.		dividend rate	2 5 %

vi. generic names of the three principal products / services of company

item code no.(itc code)	N O T A P P L I C A B L E
product description	S O F T W A R E S E R V I C E S
product description	S O F T W A R E D E V E L O P M E N T

place: chennai
date : january 30, 2010

sd/-
v.ramachandiran
chairperson

sd/-
g.k.muralikrishna
managing director

sd/-
k.m.kumar
cfo & company secretary

management discussion and analysis

overview

financial statements have been prepared in compliance with the requirements of the companies act, 1956, guidelines issued by the securities and exchange board of india (sebi) and generally accepted accounting principles (gaap) india. our management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. the estimates and judgment relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the company's state of affairs, profits and cash flows for the year.

industry structure and development and outlook

the credit crisis in the USA turned into a global slowdown, this resulted in loss of jobs of enormous proportions, not witnessed for many decades. customers started cutting costs to overcome the recession in their businesses.

as a result of such changing economic and business conditions, an increasingly competitive market environment is driving corporations to transform the manner in which they operate.

consumers of products and services are increasingly demanding accelerated delivery times and lower prices. to adequately address these needs, companies are focusing on their core competencies and are using outsourced technology service providers to help improve productivity, develop new products, conduct research and development activities, reduce business risk and manage operations more effectively.

the role of technology has evolved from supporting corporations to transforming them. the ability to design, develop and implement and maintain advanced technology platforms and solution to address business and client needs has become a competitive advantage and a priority for corporations world wide. concurrently the prevalence of multiple technology platforms and a greater emphasis on network security and redundancy have increased the complexity and cost of IT systems, and have resulted in greater technology related risks. the need for more dynamic technology solutions and the increased complexity, cost and risk associated with these technology platforms has created a growing need for specialists with experience in leveraging technology to help improve efficiency and security.

there is an increasing need for highly skilled technology professionals in the markets in which we operate. at the same time, corporations are reluctant to expand their internal IT departments and increase costs. these factors have increased corporations reliance on their outsourced technology service providers and are expected to continue to drive future growth for outsourced technology services. according to the forrester global IT market outlook: 2009 by andrew h. bartels published in january 2009, purchases of IT goods and services by global business and government will decline by 3 % in 2009 and then rise by 9 % in 2010.

increasing trend towards offshore technology services

outsourcing the development, management and ongoing maintenance of technology platforms and solutions has become increasingly important. companies are increasingly turning to offshore technology service providers to meet the need for high quality, cost competitive technology solutions. as a result, offshore technology service providers have become critical in the industry and continue to grow in recognition and sophistication. the effective use of offshore technology services offers a variety of benefits, including lower cost of ownership of IT infrastructure, lower labor costs, improved quality and innovation, faster delivery of technology solutions and more flexibility in scheduling. in addition, companies are also recognizing the benefits of offshore technology service providers in software research and development and related support functions, and are outsourcing a greater portion of these activities. the range of services delivered offshore is also increasing. a leading analyst firm has forecast that outsourcing expenditure on services will increase to an estimated US \$328 billion by 2011.

the tech downturn is over and a recovery is on the way after a disappointing 2009, as companies resume spending on computers and software, according to analysts.

forrester research inc. has reported that it expects global spending on technology products and services to grow 8.1 percent in 2010, to more than \$1.6 trillion. U.S. spending is expected to rise 6.6 percent, to \$568 billion.

forrester is not alone in predicting a rebound for the year. last fall, gartner inc., forecast 3.3 percent growth in global technology spending. another analyst firm, IDC, said in december that worldwide tech spending would grow 3.2 percent in 2010, returning the industry to 2008 levels of about \$1.5 trillion.

the India advantage

India is recognized as the premier destination for offshore technology services. according to a recent gartner research report and also by the latest 'nasscom strategic review 2009' forecasting that indian software industry would touch \$ 60 62 billion in 2010-11 registering an impressive growth from the last year level. according to gartner research "recession-hit US companies are tilting towards increasing IT offshoring work. the nasscom forecast is actually conservative. the actual numbers would be a few percentage points above the forecast".

there are several key factors contributing to the growth of IT and IT-enabled services in india and by indian companies.

high quality delivery: the company delivers high quality and cost effective services to its clients through mature delivery processes, scalable infrastructure and skilled global resource base. the service offerings are delivered through a mix of onsite resources located in the client geography and offshore resources at the company's facilities in india.

significant cost benefit; the nasscom strategic review suggests that india has a strong track record of delivering a significant cost advantage, with clients reporting savings of up to 25-50% over the original cost base.

abundant skilled resources: india has a large and highly english speaking labor-pool. according to nasscom, india produces approximately 3.1 million university and college graduates, including approximately 5,00,000 technical graduates, annually

nasscom strategic review suggests that the large and growing pool of skilled professionals has been a key driver of the rapid growth in the Indian IT-ITeS sector. nasscom says that India has the single largest pool of suitable offshore talent accounting for 28% of the total suitable talent pool available across all offshore destinations and outpacing the share of the next closest destination by a factor of at least 2.5.

while these advantages apply to many companies with offshore capabilities in India, we believe that there are additional factors critical to a successful, sustainable and scalable technology services business.

these factors include the ability to:

- . effectively integrate onsite and offshore execution capabilities to deliver seamless, scalable services
- . increase depth and breadth of service offerings to provide a one-stop solution in an environment where corporations are increasingly reducing the number of technology services vendors they are using
- . develop and maintain knowledge of a broad range of existing and emerging technologies
- . demonstrate significant domain knowledge to understand business processes and requirements
- . leverage in-house industry expertise to customize business solutions for clients
- . attract and retain high quality technology professionals, and
- . make strategic investments in human resources and physical infrastructure (or facilities) throughout the business

how we deliver value:

evolution of technology outsourcing

the nature of technology outsourcing is changing. historically, corporations either outsourced their technology requirements entirely or on a stand alone project-by-project basis. in an environment of rapid technological change, globalization and regulatory changes, the complete outsourcing model is often perceived to limit a companies' operational flexibility and not fully deliver potential cost savings and efficiency benefits. similarly project by project outsourcing is also perceived to result in increased operational risk coordination costs, and as falling fully leverage technology service providers complete range of capabilities. to address these issues, companies are looking at outsourcing approaches that require their technology service providers to develop specialized systems, processes and solutions along with cost- effective delivery capabilities.

offshore development product

our unique delivery model allows us to execute services where it is most cost effective and sell services where it is most profitable. it enables us to derive maximum benefit from:

- . access to our large pool of highly skilled technology professionals.
- . 24-hour execution capabilities across multiple time zones.
- . the ability to accelerate delivery times of large projects by simultaneously processing project components.
- . cost competitiveness across geographic regions
- . built in redundancy to ensure uninterrupted services.
- . a knowledge management system that enables us to reuse solutions wherever appropriate.

in a typical offshore development project, we assign a team of technology professionals to visit a client site to determine the scope and requirement of the project. once the initial specification of the project have been established, our project managers return to the relevant global development centre to supervise a larger team of technology professionals dedicated to the development or implementation of solution. typically small teams remain at the client's site to manage project coordination and address changes in requirement as the project progresses. teams return to the clients site when necessary to ensure seamless integration. to the extent required, a dedicated team provides ongoing maintenance from our global development centres. the client system are linked to our facilities enabling simultaneous processing in our global development centers. our model ensures that our project managers remain in control of execution throughout the life of the project regardless of their geographical location.

for the past 9 years, we have successfully executed projects at our global development centers. we have 6 global development centers.

our quality control processes and programs are designed to minimize defects and ensure adherence to pre-determined project parameters. additionally, software quality advisors help individual teams establish appropriate process for projects and adhere to multi-level testing plans. the project manger is responsible for tracking metrics, including actual effort spent versus initial estimates, project budgeting and estimating the remainder of efforts required on a project.

our global delivery model mitigates risks associated with providing offshore technology services to our clients. for our communication needs, we use multiple service providers and a mix of terrestrial and optical fiber links with alternate routing. in India we rely on the two communications carriers to provide a high speed links inter-connecting our global development customers. internationally we rely on the multiple links on submarine cable paths provided by various service providers to connect indian global development centers with network hubs in other parts of the world.

our end to end solutions.

we provide comprehensive end-to-end business solutions that leverage technology. our service offerings include custom application development, maintenance and production support, package enabled consulting and implementation, technology consulting and other solutions, including business process management and solutions, product engineering solutions, infrastructure maintenance services, operations and business process consulting, testing solutions, and systems integration services. these offerings are provided to clients across multiple industry verticals including banking and capital markets, communications, energy, manufacturing and retail.

healthcare niche

we cater to the end to end IT requirements of the providers, payers and health sciences organisations in the healthcare value chain. health care continues to be our key vertical which is currently contributing 43% of income and we propose to grow it to 50%.

we complement our industry expertise with specialized support for our clients. we also use our software engineering group and technology lab to create customized solutions for our clients. in addition, we continually evaluate and train our professionals in new technologies and methodologies. finally, we ensure the integrity of our service delivery by utilizing a scalable and secure infrastructure.

we generally assume full project management responsibility in each of our solution offerings. we strictly adhere to our internal quality and project management processes. we have a knowledge management system to enable us to leverage existing solutions across our company, where appropriate and have developed in-house tools for project management and software life-cycle support. we believe that these processes, methodologies, knowledge management systems and tools reduce the overall cost to the client and enhance the quality and speed of delivery.

our strengths:

leadership in sophisticated solutions that enable clients to optimize the efficiency of their business:

we bring together our expertise in consulting, IT services and business process outsourcing to create solutions that allow our clients to increase their customer loyalty through faster innovation, restructure their cost base, and help them achieve greater success through shifting business cycles. our expertise helps our clients improve their own efficiencies, create better value for their end customers and become more competitive. our suite of comprehensive, end-to-end technology-based solutions enables us to extend our network of relationships, broaden our dialogue with key decision-makers on the client's site, increase the points of sale for new clients and diversify our service-mix. as a result, we are able to capture a greater share of our clients' technology budgets. our suite of solutions encompasses consulting, design, development, product re-engineering, maintenance, systems integration and package evaluation and implementation. we research and engineer new solutions tailored for our clients and their respective industries. we have a well-defined methodology to update and extend our service offerings to meet the evolving needs of the global marketplace.

proven global delivery model:

we believe our highly evolved global delivery model represents a key competitive advantage. over the past decade, we have developed our onsite and offshore execution capabilities to deliver high quality and scalable services. in doing so, we have made substantial investments in our processes, infrastructure and systems, and have refined our global delivery model to effectively integrate onsite and offshore technology services. our global delivery model provides clients with seamless, high quality solutions in reduced time frames enabling them to achieve operating efficiencies. to address changing industry dynamics, we continue to refine this model. through our modular global sourcing framework, we assist clients in segmenting their internal business processes and applications, including IT processes.

commitment to superior process:

the company delivers high quality and cost effective services to its clients through mature delivery processes, scalable infrastructure and skilled global resource base. the service offerings are delivered through a mix of onsite resources located in the client geography and offshore resources at the company's facilities in india.

long-standing client relationships:

we have long-standing relationships with large multinational corporations built on successful prior engagements with them. our track record of delivering high quality solutions across the entire software life cycle and our strong domain expertise help us solidify these relationships and gain increased business from our existing clients. as a result, we have a history of client retention and derive a significant proportion of revenues from repeat clients.

ability to scale:

we have successfully managed our growth by investing in infrastructure and by rapidly recruiting, training and deploying new professionals. we currently have 6 global development centers. we can rapidly deploy resources and execute new projects through the scalable network of our global delivery centers.

our strategy:

we seek to further strengthen our position as a leading global technology services company by successfully differentiating our service offerings and increasing the scale of our operations. to achieve these goals, we seek to:

increase business from existing and new clients:

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 execution capabilities. we also plan to increase our recurring business with clients by providing software re-engineering, maintenance, infrastructure management and business process management services which are long-term in nature and require frequent client contact. our strategic global sourcing group consists of senior professionals and has been established to identify, secure and manage new, large, and long-term client



expand geographically:

we seek to selectively expand our global presence to enhance our ability to service clients. we plan to accomplish this by establishing new sales and marketing offices, representative offices and global development centers to expand our geographical reach. we intend to increase our presence in Europe. we intend to use our operations in this region to eventually support clients in the local market as well as our global clients.

invest in infrastructure and employees:

we intend to continue to invest in physical and technological infrastructure to support our growing worldwide development and sales operations and to increase our productivity. to enhance our ability to hire and successfully deploy increasingly greater numbers of technology professionals, we will invest in recruitment and training, and maintain a rewarding work environment.

enhance our solution set:

we seek to continually enhance our portfolio of solutions as a means of developing and growing our business. to differentiate our services, we focus on emerging trends, new technologies, specific industries and pervasive business issues that confront our clients.

develop deep industry knowledge:

we continue to build specialized industry expertise in the financial services, manufacturing, telecommunications, retail, transportation and logistics industries. we combine deep industry knowledge with an understanding of our clients' needs and technologies to provide high value, quality services.

our industry expertise can be leveraged to assist other clients in the same industry, thereby improving quality and reducing the cost of services to our clients. we will continue to build on our extensive industry expertise and enter into new industries.

enhance brand visibility:

we continue to invest in the development of our premium brand identity in the marketplace. our branding efforts include participating in media and industry analyst events, sponsorship of and participation in targeted industry conferences, trade shows, recruiting efforts, community outreach programs and investor relations.

pursue alliances and strategic acquisitions:

we plan to continue developing alliances that complement our core competencies. our alliance strategy is targeted at partnering with leading technology providers, which allows us to take advantage of emerging technologies in a mutually beneficial and cost-competitive manner. we also intend to selectively pursue acquisitions that augment our existing skill sets, industry expertise, client base or geographical presence

the way forward

- . maintain healthcare focus-our extensive industry specific knowledge and experience
- . gain robust organic growth momentum
- . leverage the strong presence in US market
- . build on the successful track record of managing and integrating strategic acquisitions.

financial analysis**results of operations:**

financial highlights	2008-09	2007-08
	in rs	in rs
net revenue from operations	307,40,73,154	218,26,36,019
less expenditure	229,90,60,705	147,08,93,445
operating profit (pbidt)	77,50,12,449	71,17,42,574
interest	9,99,95,695	5,18,26,341
profit before depreciation & tax (pbdt)	67,50,16,754	65,99,16,233
depreciation	29,91,46,926	12,86,19,736
profit before tax (pbt)	37,58,69,828	53,12,96,497
provision for taxation	4,51,42,264	3,94,83,200
profit after tax	33,07,27,564	49,18,13,297
provision for deferred tax	3,04,65,159	3,41,01,300
profit after deferred tax	30,02,62,405	45,77,11,997
balance brought forward	46,19,38,278	34,36,86,502
profit available for appropriation	76,22,00,683	80,13,98,499
appropriations		
interim dividend	3,46,68,494	-
interim dividend tax	47,91,727	-
proposed final dividend	2,31,12,329	3,46,68,494
final dividend tax	39,29,096	47,91,727
general reserve	25,00,00,000	30,00,00,000
balance carried forward	44,56,99,037	46,19,38,278

income

the company's revenues consist mainly of income from IT services.

total revenue grew to rs. 307.40 crore (18 months) from rs.218.26 crore last year.

other income

other income comprised interest income of rs 2.42 crore received on deposits placed with banks and the dividend income of rs 0.65 crore received from an indian subsidiary.

expenditure

software services and administrative expenses comprised software services and development expenses of rs.194.58 crore relating to software consultancy and development, operating expenses, general administrative expenses, and selling expenses for rs.35.32 crore.

profit before interest, depreciation and taxes

the profit before interest, depreciation and taxes is rs.77.50 crore and as a percentage of income, this has come down from 32.60% to 25.21 % compared to previous year.

interest cost

interest expenses increased to rs.9.99 crore from rs.5.18 crore due to servicing of term loan interest.

depreciation

depreciation charge has increased to rs. 29.91 from rs. 12.86 crore. in terms of total income the depreciation charge was 9.72 % as against 5.89% in the previous year. the depreciation charge was higher due to gross addition to fixed assets.

profit before taxes

profit before taxes was rs. 37.58 crore as against rs.53.13 crore. in terms of percentage of total income pbt is 12.25 % as against 24.34 % in the previous year.

provision for taxation

provision is made for income tax on an annual basis, under the tax payable method, based on the tax liability as computed after taking credit for allowance and exemptions, the company benefits in india from certain tax incentives under section 10A of the income tax act, 1961 for it services exported from designated software technology parks (stp). in case of matters under appeal, due to disallowances or otherwise, full provision is made when the said liabilities are accepted by the company.

net profit

the company's net profit as a percentage of income has decreased to 9.74 % from 20.96% in previous year.

dividend

the board had paid an interim dividend @ 15% amounting to rs 3.47 crore in November 2009 and this needs to be confirmed at the ensuing annual general meeting. in addition the board recommends a final dividend @ 10% amounting to rs 2.31 crore, taking total dividend at the rate of 25% for the year 2008 -09. The total dividend pay out including dividend distribution tax is rs.6.65 crore.

share capital

	september 30, 2009		march 31, 2008	
	number	value in rs	number	value in rs
opening balance as of april 1, 2008	2,31,12,329	23,11,23,290	2,31,12,329	23,11,23,290
balance as at sept 30 2009	23,11,23,329	23,11,23,290	2,31,12,329	23,11,23,290

secured loans

secured loans from banks are secured by hypothecation of fixed and current assets of the company and are guaranteed by the promoter directors.

fixed assets

during the year, the company added rs. 60.71 crore to its gross block of assets, including investments in technology assets, and upgrade training centers to meet the present trend. capital work in progress as on sept 30, 2009 amounting to rs.19.95 crore represents advance paid towards capital expenditure.

sundry debtors

sundry debtors amount to rs. 75.27 crore representing 133 days sale as against rs.70.49 crore in the previous year representing 120 days sale. these are considered good and realizable. however, a significant portion of receivables is since received.

cash & bank balances

fixed deposits with banks amount to rs. 35.26 crore and forex balance in current account amounts to rupee equivalent of 1.28 crore.

report of the auditors to the board of directors of helios and matheson information technology limited

we have audited the attached consolidated balance sheet of helios and matheson information technology ltd and its subsidiaries (the group) as at 30th september,2009 and also the consolidated profit and loss account and also the consolidated cash flow statement for the eighteen month period ended on that date , annexed thereto. the consolidated 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 consolidated financial statements based on our audit.

we conducted our audit in accordance with the auditing standards generally accepted in india. those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. an audit includes examining on a test basis , evidence supporting the amounts and 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.

we have audited the financial statements of helios and matheson information technology ltd and its subsidiaries namely helios & matheson IT (bangalore) ltd and jaymaruthi software systems pvt ltd for the eighteen month period ended september 30,2009, which are considered in the consolidated financial statement. the financial statements of helios and matheson north america inc, usa for the year ended december 2008 as audited by mercadien p.c and helios and matheson (singapore) pte ltd for the year ended march 31,2009 as audited by b.sharma & co, cpa, singapore and their report dated november 10,2009 were considered by us for consolidation purpose. the financial statements of other subsidiaries namely the laxmi group inc ,usa and maruthi consulting inc, usa as reviewed by the chugh firm, cpa,usa for the eighteen month period ended september 30,2009 and their reports dated december 22,2009 and december 21,2009 respectively were considered by us for consolidation purpose. the financial statement of helios and matheson inc, usa for the eighteen month period ended september 30,2009, the financial statement of helios and matheson north america inc, usa for the period january 2009 to september 2009 and helios and matheson (singapore) pte ltd for the period april09 to september 09 as prepared by the respective managements were considered by us for consolidation purpose.

we report that the consolidated financial statements have been prepared by helios and matheson information technology ltd's management in accordance with the requirements of accounting standard 21, consolidated financial statements notified under the companies (accounting standard) rules,2006.

based on our audit and on consideration of the reports of other auditors and the management on separate financial statements and on the other financial information of the components, in our opinion and to the best of information and according to the explanations given to us , the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in india:

- a. in the case of the consolidated balance sheet, of the state of affairs of helios and matheson information technology ltd as at 30 th september, 2009;
- b. in the case of the consolidated profit and loss account, of the profit for the eighteen months period ended on that date; and
- c. in the case of the consolidated cash flow statement, of the cash flows for the eighteen month period ended on that date.

place : chennai
date : january 30, 2010

for venkatesh & co
chartered accountants
sd/-
ca. v. dasaraty
partner
m.no.26336

consolidated balance sheet as at september 30, 2009

	schedule	september 30, 2009 rs.	march 31, 2008 rs.
i. sources of funds			
1. shareholders' funds			
share capital	a	23,11,23,290	23,11,23,290
reserves and surplus	b	222,88,29,692	197,58,76,937
minority interest		5,24,66,654	10,08,43,661
advance received towards subscription of redeemable preference shares		63,04,14,007	63,04,14,007
preferential convertible warrants -application money		3,70,27,200	
2. loan funds			
secured loans	c	58,26,60,456	25,60,09,260
unsecured loans	d	138,15,58,335	97,50,51,281
3. deferred tax		21,06,99,226	18,15,76,200
		535,44,78,859	435,08,94,636
ii. application of funds			
1. fixed assets	e		
gross block		407,52,86,154	298,24,97,248
less : depreciation		154,87,83,653	110,33,56,018
net block		252,65,02,501	187,91,41,231
capital work in progress at cost		19,95,55,314	15,91,23,769
		272,60,57,815	203,82,65,000
2. advance	f	65,02,50,007	65,02,50,007
3. current assets, loans and advances			
sundry debtors	g	101,13,89,296	110,04,94,605
cash and bank balances	h	62,12,20,787	48,61,10,880
unbilled revenue		24,52,50,530	16,52,47,173
loans and advances	i	47,44,97,230	29,38,27,595
		235,23,57,843	204,56,80,253
4. less: current liabilities & provisions	j	39,40,23,349	41,29,93,904
net current assets		195,83,34,193	163,26,86,349
5. miscellaneous expenditure (to the extent not written off or adjusted)	k		
deferred revenue expenditure		2,01,36,544	2,96,93,280
		535,44,78,859	435,08,94,636
notes forming part of the accounts	o		

as per our report of even date

for and on behalf of the board

for venkatesh & co
chartered accountants

place: chennai
date : january 30, 2010

sd/-
v.ramachandiran
chairperson

sd/-
g.k.muralikrishna
managing director

sd/-
k.m.kumar
cfo & company secretary

sd/-
ca. v.dasaraty
partner

consolidated profit and loss account for eighteen months period ended september 30, 2009

	schedule	september 30, 2009 rs.	march 31, 2008 rs.
i. income:			
a. revenue from operations	l	534,81,47,612	413,39,19,932
b. less: intra group sales		9,21,16,768	7,05,38,261
		525,60,30,844	406,33,81,671
ii. expenditure:			
software services & administration expenses	m	436,14,76,922	326,31,75,403
profit before interest depreciation & taxes		89,45,53,922	80,02,06,268
interest	n	10,80,45,642	5,53,52,095
profit before depreciation & taxes		78,65,08,280	74,48,54,173
depreciation & amortization of goodwill		44,50,65,066	19,48,98,548
profit after depreciation & before taxes		34,14,43,214	54,99,55,625
provision for taxation		6,73,03,981	3,91,64,155
profit after tax (PAT)		27,41,39,233	51,07,91,470
provision for deferred tax		3,48,73,764	3,87,45,763
profit after deferred tax		23,92,65,469	47,20,45,707
-concern share		31,84,93,278	50,89,94,856
-minority		(7,92,27,810)	(3,69,49,149)
balance brought forward		81,02,14,690	70,87,29,711
balance of profit		104,94,80,159	118,07,75,418
appropriations			
interim dividend		3,46,68,494	-
interim dividend tax		47,91,727	-
proposed final dividend		2,95,85,902	3,46,68,494
proposed final dividend tax		50,29,603	58,92,234
general reserve		28,00,00,000	33,00,00,000
balance carried forward		69,54,04,433	81,02,14,690
notes forming part of the accounts	o		
earning per share-basic		10.35	20.40
number of shares		2,31,12,329	2,31,12,329

as per our report of even date

for and on behalf of the board

for venkatesh & co
chartered accountantsplace: chennai
date : january 30, 2010sd/-
v.ramachandiran
chairpersonsd/-
g.k.muralikrishna
managing directorsd/-
k.m.kumar
cfo & company secretarysd/-
ca. v.dasaraty
partner

schedules forming part of the consolidated accounts

	september 30, 2009	march 31, 2008
	rs.	rs.
schedule - a : share capital		
authorised		
4,00,00,000 equity shares of rs.10 each	40,00,00,000	40,00,00,000
1,00,00,000 redeemable preference shares of rs.10 each	10,00,00,000	10,00,00,000
	50,00,00,000	50,00,00,000
Issued		
2,31,16,429 equity shares of rs 10 each	23,11,64,290	23,11,64,290
subscribed and paid up		
2,31,12,329 equity shares of rs 10 each fully paid up (of the above, 1,59,53,100 nos were allotted as fully paid bonus shares by capitalization of reserves)	23,11,23,290	23,11,23,290
schedule - b : reserves and surplus		
general reserve	109,38,50,000	81,38,50,000
capital reserve	13,51,500	13,51,500
share premium	40,61,16,420	40,61,16,420
profit & loss account	69,54,04,433	81,02,14,690
prior period adjustments	(2,67,16,982)	(2,67,16,982)
accumalated foreign currency - translation adjustment on re-statement	(7,06,70,360)	(7,66,95,447)
add : minority interest	18,19,61,335	14,86,00,417
total	228,12,96,346	207,67,20,599
less : minority interest in reserves & surplus	5,24,66,654	10,08,43,661
	222,88,29,692	197,58,76,938
schedule - c : secured loans		
i. from banks	58,26,60,456	25,57,49,709
ii. others	-	2,59,551
	58,26,60,456	25,60,09,260
schedule - d : unsecured loans		
foreign currency convertible bonds	78,31,90,000	78,31,90,000
ecb & others	59,83,68,335	19,18,61,281
	138,15,58,335	97,50,51,281
schedule - f : advance		
advance for investments in shares of vMoksha entities 3,31,165 equity shares of 100 each - (unquoted)	65,02,50,007	65,02,50,007
	65,02,50,007	65,02,50,007

schedules forming part of the consolidated accounts

	september 30, 2009 rs.	march 31, 2008 rs.
schedule - g : sundry debtors (unsecured, considered good)		
a. debts outstanding for a period exceeding six months	2,37,60,836	3,12,89,394
b. other debts	98,76,28,460	106,92,05,211
	<u>101,13,89,296</u>	<u>110,04,94,605</u>
schedule - h : cash & bank balances		
a. balances with scheduled banks		
i. fixed deposit account		
in rupee account	35,83,77,162	26,66,50,017
ii. current accounts:		
in foreign currency	24,72,45,825	18,67,37,548
in rupee account	1,25,15,127	3,02,14,367
unclaimed dividend	29,83,982	24,44,427
b. cash on hand	98,691	64,522
	<u>62,12,20,787</u>	<u>48,61,10,880</u>
schedule - i : loans and advances (unsecured, considered good)		
advance income tax	6,15,72,633	3,93,05,192
advances recoverable in cash or in kind or for value to be received	41,29,24,597	25,45,22,403
	<u>47,44,97,230</u>	<u>29,38,27,595</u>
schedule - j : current liabilities and provisions		
a. sundry creditors	23,27,02,471	20,46,23,320
b. other liabilities	-	9,99,25,000
c. unclaimed dividend	29,83,982	24,44,427
d. provision for interim dividend	3,46,68,494	-
e. provision for interim dividend tax	47,91,727	-
f. provision for dividend	2,31,12,329	3,46,68,494
g. provision for dividend tax	39,29,096	58,92,234
h. provision for taxation	9,18,35,251	6,54,40,430
	<u>39,40,23,349</u>	<u>41,29,93,904</u>
schedule - k : miscellaneous expenditure (to the extent not written off or adjusted)		
fccb issue related expenses	1,48,46,298	2,96,93,280
preliminary expenses	52,90,246	-
	<u>2,01,36,544</u>	<u>2,96,93,280</u>
schedule - l : revenue from operations		
a. income from software sales & services	530,53,98,945	407,79,10,584
b. other income	3,62,75,093	4,95,35,775
c. dividend income	64,73,573	64,73,573
	<u>534,81,47,612</u>	<u>413,39,19,932</u>

schedules forming part of the consolidated accounts

	september 30, 2009 rs.	march 31, 2008 rs.
schedule - m : software services and administration expenses		
salaries and bonus and staff welfare	315,52,60,107	232,88,25,373
technical sub-contractors	12,74,94,823	9,24,76,428
overseas travel expenses	8,62,97,039	6,93,80,071
communication expenses	7,23,41,455	5,38,14,765
rent	2,04,67,193	1,31,49,528
consumables & computer maintenance	6,87,31,476	5,26,12,496
miscellaneous expenses	89,43,827	70,96,382
	<u>353,95,35,920</u>	<u>261,73,55,043</u>
selling and general and administration expenses		
salaries, bonus and staff welfare	34,13,94,619	24,61,09,623
overseas travel expenses	3,25,48,784	2,83,12,544
travelling and conveyance	1,07,62,066	83,67,119
advertisement,brand building & promotional expenses	7,63,00,468	7,48,61,362
professional and service charges	7,95,31,475	10,94,70,529
power and fuel	2,58,24,951	1,41,80,330
rent	3,21,58,415	2,17,48,109
postage & telephone charges	3,40,26,805	2,27,31,548
printing and stationery	2,47,59,437	1,48,96,183
repairs & maintenance	4,13,64,129	2,96,09,417
rates and taxes	3,76,09,284	1,02,16,031
subscription	8,57,336	8,09,423
provision for bad and doubtful debts	1,61,27,392	1,97,31,345
loss on sale of fixed assets	1,39,931	-
bank charges and commission	83,48,228	59,26,941
auditors' remuneration	2,39,01,943	1,54,32,094
miscellaneous expenses	3,62,85,739	2,34,17,762
	<u>82,19,41,002</u>	<u>64,58,20,360</u>
	<u>436,14,76,922</u>	<u>326,31,75,403</u>
schedule - n :interest paid		
(i) on fixed loans	10,958,675	52,37,408
(ii) on others	97,086,967	5,01,14,687
	<u>10,80,45,642</u>	<u>5,53,52,095</u>

schedules forming part of the consolidated accounts

schedule - e : fixed assets

in rs.

particulars	gross block			depreciation block			net block			
	as on 1.04.2008	additions	deletion	as on 30.09.2009	as on 1.04.2008	for the year	deletion	as on 30.09.2009	as on 30.09.2009	as on 31.03.2008
goodwill	57,20,07,878		1,18,87,649	56,01,20,229	—	5,02,02,416		5,02,02,416	50,99,17,813	57,20,07,878
lease hold land & building	1,68,01,895			1,68,01,895	18,09,834	2,82,132		20,91,966	1,47,09,929	1,43,32,061
plant & machinery	221,04,23,733	104,88,02,015	1,500	325,92,24,248	106,43,64,443	38,01,05,492	1,500	144,44,68,434	181,47,55,814	114,60,53,290
furniture & fitting	15,73,60,183	5,49,90,180		21,23,50,364	2,93,27,318	1,21,01,685		4,14,29,003	17,09,21,361	12,80,32,865
vehicles	2,59,03,559	5,21,790	6,59,931	2,57,65,418	78,54,423	23,73,342	6,59,931	95,67,833	1,61,97,585	1,80,49,136
total	298,24,97,248	110,43,13,985	1,25,49,080	407,42,62,154	110,33,56,018	44,50,65,066	6,61,431	154,77,59,653	252,65,02,501	187,91,41,231
previous year	(220,82,40,466)	(77,62,77,663)	(20,20,880)	(298,24,97,248)	(91,03,39,651)	(19,48,98,548)	(18,82,181)	(110,33,56,018)	(187,91,41,231)	(129,79,00,815)

goodwill deletion represents a non cash charge towards impairment resulting from a prior period acquisition made by hmna and effects of change in the exchange rate on conversion in gross block

consolidated cash flow statement for eighteen months period ended september 30, 2009

	18 month period ended september 30, 2009 rs.	year ended march 31, 2008 rs.
i. cash flow from operating activities		
net profit before interest, tax and extra ordinary items	44,94,88,855	60,53,07,720
adjustment for:-		
Depreciation	39,48,62,650	19,48,98,548
loss on sale of assets		
misc. expenses (w/off)	95,56,736	98,97,760
impairment of goodwill	5,02,02,416	-
operating profit before working capital changes	90,41,10,658	81,01,04,028
adjustment for:-		
work in progress	(8,00,03,357)	(2,69,54,776)
sundry debtors	8,91,05,309	(16,00,26,127)
other current assets	-	-
loans and advances	(18,06,69,635)	(7,21,98,507)
sundry creditors	2,86,18,706	(6,08,81,589)
cash generated from operations	76,11,61,682	49,00,43,030
tax paid	(4,09,09,160)	(4,07,69,445)
net cash from operating activities	72,02,52,521	44,92,73,585
ii. cash flow from investing activities		
sale of fixed assets		
purchase of fixed assets	(114,47,45,530)	(78,66,27,062)
purchase of investments	(9,99,25,000)	(5,18,27,479)
net cash from investing activities	(124,46,70,530)	(83,84,54,541)
iii. cash flow from financing activities		
proceeds from issue of capital		3,64,97,981
proceeds(application) of share premium-fccb		33,75,36,710
proceeds from preferential allotment - application money	3,70,27,200	
proceeds from unsecured loan	40,65,07,054	1,00,06,457
proceeds from fccb		(36,85,60,000)
proceeds from secured loans (net of tod)	32,66,51,196	(6,83,61,206)
interest paid	(10,80,45,642)	(5,53,52,095)
dividend paid	(4,81,34,808)	(9,41,29,208)
net cash from financing activities	61,40,05,000	(20,23,61,362)
iv. net inflow/outflow		
effect of foreign exchange change	4,55,22,916	(5,01,58,706)
net increase/(decrease) in cash & cash equivalents	13,51,09,907	(64,17,01,023)
cash and cash equivalents(opening)	48,61,10,880	1,12,78,11,903
cash and cash equivalents(closing)	62,12,20,787	48,61,10,880
net increase/(decrease) in cash & cash equivalents	13,51,09,907	(64,17,01,023)

notes :

the cash flow statement has been prepared in accordance with the requirements of accounting standard -3 "cash flow statement" and accounting standard - 21 - "consolidated financial statements" issued by the institute of chartered accountants of india. the figures of the previous year have been regrouped and rearranged, wherever necessary.

for and on behalf of the board

place: chennai	sd/-	sd/-	sd/-
date : january 30, 2010	v.ramachandiran chairperson	g.k.muralikrishna managing director	k.m.kumar cfo & company secretary

certificate

we have examined the attached consolidated cash flow statement of helios and matheson information in accordance with the requirements of accounting standard - 3 "cash flow statement" and accounting standard - 21 " consolidated financial statements " issued by the institute of chartered accountants of india.

place: chennai	for venkatesh & co chartered accountants
date : january 30, 2010	sd/- ca.v. dasaraty partner

schedule o**significant accounting policies and notes to the accounts for the consolidated financial statement of
helios and matheson information technology limited for the year ended 30.09.2009****accounting convention**

the preparation of consolidated financial statements in conformity with indian gaap (generally accepted accounting principles) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities.

basis of preparation of financial statements

the audited financial statements of the subsidiary companies used in consolidation are drawn up to the same reporting date as that of the parent company i.e. year ended 30th september 2009.

the financial statements have been prepared under the historical cost convention in accordance with indian gaap and all income and expenditures are recognized on accrual basis. the management evaluates all recently issued or revised accounting standards on an ongoing basis. the accounts of the parent and other subsidiaries have been prepared in accordance with the accounting standards issued by the institute of chartered accountants of india, and those of foreign subsidiaries have been prepared in accordance with the local laws and applicable accounting standards/ generally accepted accounting principles.

principles of consolidation

the financial statements of the parent company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and un realized profits.

the financial statements of the parent company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances except depreciation policy as reported under depreciation .

the excess of the cost to the parent company of its investments in each of the subsidiaries over its share of equity in the respective subsidiary is recognized in the financial statements as good will. exchange difference resulting from the difference due to translation of foreign currency assets and liabilities in subsidiaries is disclosed as accumulated foreign currency translation adjustment account in the reserves account and goodwill accordingly.

minority interest represents that part of the net profit and net assets of subsidiaries which are controlled by the minority shareholders.

goodwil

based on an evaluation done by our subsidiary hmna, a non cash charge of usd 1,111,964 (rs 5.02 cr) was charged towards goodwill impairment resulting from a prior period acquisition made by hmna .

investment

investment, being long term, are started at cost. however, provision for diminution in value is made to recognise a decline other than temporary in the value of investments.

revenue recognition

revenue for software services and projects comprise income from time and material and fixed price contracts. revenue from time and material contracts is recognized on the basis of software developed and billable in accordance with terms of the contracts with the clients. revenues from fixed price contracts is recognized using percentage of completion of method calculated as a percentage of the cost of efforts incurred up to the reporting date to estimated total cost of efforts. maintenance revenue is recognized over the period of underlying maintenance contracts.

unbilled revenue

unbilled revenue primarily comprises the revenue recognized in relation to efforts incurred on fixed price, fixed time frame contracts until the balance sheet date.

fixed assets

fixed assets are stated at the cost of acquisition and the value of acquired business assets less accumulated depreciation. direct costs are capitalized till the assets are ready to put to use and include financing costs relating to acquisition. capital work in progress includes the cost of fixed assets that are not yet ready for their intended use and the cost of assets not put to use before the balance sheet.

the consideration paid for acquisition and take over of businesses includes value of business contracts, customer rights, employees, technology, know how, software and hardware products and other assets in connection with the acquired businesses and is part of capital expenditure. this value is based on independent valuation.

depreciation

fixed assets are stated at the cost of acquisition, less accumulated depreciation. direct costs are capitalized till the assets are ready to be put to use. these costs include financing costs relating to specific borrowing (s) attributable to fixed assets as per as 16 “borrowing cost” issued by the institute of chartered accountants of india.

depreciation on fixed assets is provided using the straight-line method at the rates specified in schedule xiv to the companies act, 1956 as amended except the usa subsidiary, the laxmi group inc, maruthi consulting inc, and helios and matheson north america inc, usa follow the rates computed by taking only the estimated useful life of the assets, which is not in accordance with schedule xiv to the companies act, 1956. 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.

foreign currency transactions

foreign currency transactions are recorded in the books by applying the exchange rate as on the date of transaction. investments in foreign currency are reported using the exchange rate at the date of transaction. other foreign currency transactions are converted at the exchange rate prevailing on the last working day of the accounting year. fluctuations in the exchange rate transactions are charged to profit & loss account wherever necessary,.

taxation

indian companies income tax expenses comprise current tax and deferred tax charges or credit. the deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantially enacted by the balance sheet date. the foreign subsidiary recognizes deferred tax assets and liabilities in accordance with the local laws and the applicable accounting standards or generally accepted accounting principles.

sundry debtors

sundry debtors amount to rs.101.14 crore as of september,2009 as compared to rs. 110.05 crore as of march 2008. the debtors represent 105 days sales on as of september,2009 as against 99 days of sales on as of march, 2008. the debtors are considered good and realizable. a significant part of receivable is since realised

notes to accounts

in accordance with accounting standard 21 “consolidated financial statements” issued by the institute of chartered accountants of india, the consolidated financial statements of helios and matheson information technology ltd include the financial statements of all subsidiaries which have more than 50% shareholding and board control to govern the financial and operating polices of subsidiaries as follows.

name of the subsidiary	country of incorporation	% holding
helios and matheson IT (bangalore) ltd	india	100
jayamaruthi software systems ltd	india	100
the laxmi group inc	usa	100
helios and matheson inc	usa	100
maruthi consulting inc	usa	100
helios and matheson (singapore) pte ltd	singapore	100
helios and matheson north america inc	usa	53.59

uniform accounting policies

in preparing the consolidated financial statements of helios and matheson information technology ltd, and the indian subsidiaries depreciation method is followed as per schedule xiv of the companies act, 1956, whereas for overseas subsidiaries, the method for depreciation is followed by using the estimated useful lives of the assets.

the financial statements of the holding company and its indian & foreign subsidiaries used in the consolidation are drawn up to the same reporting date as that of the parent company i.e., september 30,2009.

details of parent holding in subsidiaries

name of the subsidiary	country of incorporation	% holding
helios and matheson IT (bangalore) ltd	india	100
jayamaruthi software systems ltd	india	100
the laxmi group inc	usa	100
helios and matheson inc	usa	100
maruthi consulting inc	usa	100
helios and matheson (singapore) pvt ltd	singapore	100
helios and matheson north america inc	usa	53.59

place: chennai
date : january 30, 2010

for and on behalf of the board
sd/-
v.ramachandiran
chairperson

sd/-
g.k.muralikrishna
managing director

sd/-
k.m.kumar
cfo & company secretary

bilan consolidé au 30 septembre 2009

	30 septembre 2009 rs.	31 mars 2008 rs.
SOURCE DE FINANCEMENT		
CAISSE DES ACTIONNAIRES		
Capital social	231.123.290	231.123.290
Réserves et excédant	2.228.829.692	1.975.876.937
Minorité Participation	52.466.654	100.843.661
Avance reçue sur souscription des actions privilégiées remboursables	630.414.007	630.414.007
Bons de souscription privilégiés convertibles - versement de souscription	37.027.200	-
DETTES		
Emprunts garantis	582.660.456	256.009.260
Emprunts sans garantie	1.381.558.335	975.051.281
Impôts différés	210.699.226	181.576.20
	5.354.470.859	4.350.894.636
UTILISATION DES FONDS		
ACTIF IMMOBILISE		
Bloc Brut	4.075.286.154	2.982.497.248
Moins : Dépréciation	1.548.783.653	1.103.356.018
Bloc Net	2.526.502.501	1.879.141.231
Produit en cours capital à coût réel	199.555.314	159.123.769
	2.726.057.815	2.038.265.000
AVANCE		
	650.250.007	650.250.007
ACTIF CIRCULANT, DETTES ET AVANCES		
Débiteurs divers	1.011.389.296	1.100.494.605
Encaisses de transactions et avoirs en banque	621.220.787	486.110.880
Produits non facturés	245.250.530	165.247.173
Emprunts et avances	474.497.230	293.827.595
	2.352.357.843	2.045.680.253
MOINS: DETTES A COURT TERME		
PROVISIONS	394.023.349	412.993.904
Actif Circulant net	1.958.334.193	1.632.686.349
FRAIS DIVERS (non amortis)		
Dépenses financées par les recettes courantes différées	20.136.544	29.693.280
	5.354.470.859	4.350.894.636

Selon notre rapport de date paire
Pour Venkatesh & Co..
Commissaire Aux Comptes

Visa du Conseil d'administration

Lieu : Chennai
Date : le 30 janvier 2010

V.Ramachandiran
Président

G.K.Muralikrishna
PD-G

K.M.Kumar
Secrétaire
adjoint

V.Dasaraty
Associé

Compte de résultat consolidé pour l'exercice du 1er avril 2008 au 30 septembre 2009

	30 septembre 2009 rs.	31 mars 2008 rs.
RECETTE:		
Recettes d'exploitation	5.348.147.612	4.133.919.932
Moins: Vente à l'intérieure du groupe	92.116.768	70.538.261
	5.256.030.844	4.063.381.671
DEPENSE:		
Frais des services logiciel et de l'administration	4.361.476.922	3.263.175.403
Bénéfice avant intérêt, dépréciation et impôts	894.553.922	800.206.268
Intérêt	108.045.642	55.352.095
Bénéfice avant dépréciation et impôts	786.508.280	744.854.173
Dépréciation	445.065.066	194.898.548
Bénéfice après dépréciation et avant impôts	341.443.214	549.955.625
Provision pour imposition	67.303.981	39.164.155
Bénéfice après impôt (BAI)	274.139.233	510.791.470
Provision pour impôt différé	34.873.764	38.745.763
Bénéfice après impôt différé	239.265.649	472.045.707
-Part de l'entreprise	318.493.278	508.994.856
-Minorité	(79.227.810)	(36.949.149)
Solde reporté	810.214.690	708.729.711
BALANCE DE BENEFICE	1.049.480.159	1.180.775.418
Crédit Budgétaire		
Acompte sur dividende exceptionnelle	34.668.494	-
Impôt d'acompte sur dividende	4.791.727	-
Dividende proposée	29.585.902	34.668.494
Impôt sur dividende proposée	5.029.603	5.892.234
Réserves Générales	280.000.000	330.000.000
Solde à reporter	695.404.433	810.214.690
Bénéfice par action- de base	10.35	20.40
Nombre d'actions	23.112.329	23.112.329

Selon notre rapport de date paire
Pour Venkatesh & Co..
Commissaire Aux Comptes

Visa du Conseil d'administration

Lieu : Chennai
Date : le 30 janvier 2010

V.Ramachandiran
Président

G.K.Muralikrishna
PD-G

K.M.Kumar
Secrétaire
adjoint

V.Dasaraty
Associé

konsolidierter Rechnungsabschluss zum 30. September 2009

	30. September 2009 rs.	31. Maerz 2008 rs.
Mittelherkunft		
Eigenkapital		
Stammkapital	231.123.290	231.123.290
Reserven und Ueberschuesse	2.228.829.692	1.975.876.937
Fremdbeteiligungen	52.466.654	100.843.661
Kursgewinn durch Zeichnung von rueckzahlbaren Vorzugsaktien	630.414.007	630.414.007
Vorzugsberechtigte konvertierbare Optionsscheine - Antragsgeld	37.027.200	-
Anleihen		
Besicherte Darlehen	582.660.456	256.009.260
Unbesicherte Darlehen	1.381.558.335	975.051.281
Aufgeschobene Steuer		
	210.699.226	181.576.20
	5.354.470.859	4.350.894.636
Mittelverwendung		
Anlagevermoegen		
Brutto	4.075.286.154	2.982.497.248
Abzueglich Abschreibung	1.548.783.653	1.103.356.018
Netto	2.526.502.501	1.879.141.231
Anschaffungswert des Umlaufvermoegens	199.555.314	159.123.769
	2.726.057.815	2.038.265.000
Darlehen		
	650.250.007	650.250.007
Derzeitiges Anlagevermoegen, Anleihen, Darlehen		
Sonstige Schuldner	1.011.389.296	1.100.494.605
Bar und Bankvermoegen	621.220.787	486.110.880
Bilanzielle Abgrenzung	245.250.530	165.247.173
Anleihen und Darlehen	474.497.230	293.827.595
	1.958.334.843	2.045.680.253
Abzueglich derzeitiger Verbindlichkeiten und Rueckstellungen		
	394.023.349	412.993.904
	1.900.834.493	1.632.686.349
Sonstige Aufwendungen (in noch nicht bereinigtem oder abgeschriebenem Umfang)		
Aufgeschobene sonstige Aufwendungen	20.136.544	29.693.280
	5.354.470.859	4.350.894.636

Gemaess unseres gleichdatierenden Berichtes
Fuer Venkatesh & Co..
Wirtschaftsprüfer

Ort : Chennai
Datum : den 30. Januar 2010

V.Ramachandiran
Vorsitzender

G.K.Muralikrishna
Geschaeftsfuehrer

K.M.Kumar
Stellvertreter

V.Dasaraty
Partner

konsolidierte Gewinn- und Verlustrechnung für 18 Monate zum 30.09.2009

	30. September 2009 rs.	31. Maerz 2008 rs.
Einnahmen:		
Ertraege aus Betriebstaetigkeit	5.348.147.612	4.133.919.932
Abzueglich Konzern Umsatz	92.116.768	70.538.261
	5.256.030.844	4.063.381.671
Aufwendungen		
Software services und Verwaltungsaufwendungen	4.361.476.922	3.263.175.403
Gewinn vor Zins, Abschreibung und Steuer	894.553.922	800.206.268
Zins	108.045.642	55.352.095
	786.508.280	744.854.173
Gewinn vor Abschreibung und Steuer		
Abschreibung	445.065.066	194.898.548
Gewinn nach Abschreibung und vor Steuer	341.443.214	549.955.625
Steuerrueckstellung	67.303.981	39.164.155
Gewinn nach Steuer	274.139.233	510.791.470
Rueckstellung fuer aufgeschobene Steuer	34.873.764	38.745.763
Gewinn nach aufgeschobener Steuer	239.265.649	472.045.707
Konzernbeteiligung	318.493.278	508.994.856
Minderheitenbeteiligung	(79.227.810)	(36.949.149)
Uebertrag	810.214.690	708.729.711
Bilanzgewinn	1.049.480.159	1.180.775.418
Zuwendungen		
Zwischendividende	34.668.494	-
Zwischendividendensteuer	4.791.727	-
Vorgeschlagene Dividende	29.585.902	34.668.494
Vorgeschlagene Dividendensteuer	5.029.603	5.892.234
Allgemeine Ruecklage	280.000.000	330.000.000
Bilanzvortrag	695.404.433	810.214.690
Ertrag je Aktie	10.35	20.40
Anzahl der Aktien	23.112.329	23.112.329

Gemaess unseres gleichdatierenden Berichtes
Fuer Venkatesh & Co..
Wirtschaftsprüfer

Ort : Chennai
Datum : den 30. Januar 2010

V.Ramachandiran
Vorsitzender

G.K.Muralikrishna
Geschaeftsfuehrer

K.M.Kumar
Stellvertreter

V.Dasaraty
Partner

平成21年9月30日付け 連結貸借対照表

資金の源泉	平成20年3月31日 rs.	平成19年3月31日 rs.
株主の資金		
〒株の元金	231,123,290	231,123,290
〒準備金と過乗	2,228,829,692	1,975,876,937
〒少数の関心	52,466,654	100,843,661
〒予約した買戻しできる株からの前金	630,414,007	630,414,007
優先割当て証明書申込金	37,027,200	-
ローン 資金		
〒保証したローン	582,660,456	256,009,260
〒保証しないローン	1,381,558,335	975,051,281
↑延期した税金	210,699,226	181,576.20
=延期した報	5,354,478,859	4,350,894,636
資金の応用		
↑一定の資金		
総計ブロック	4,075,286,154	2,982,497,248
小：下落	1,548,783,653	1,103,356,018
ネットブロック	2,526,502,501	1,879,141,231
元金の行事コストでプログレス	199,555,314	159,123,769
	2,726,057,815	2,038,265,000
投資		
前金	650,250,007	650,250,007
=現在の資金ローンと前金		
〒種々借主	1,011,389,296	1,100,494,605
〒現金	621,220,787	486,110,880
〒ビルしていない収入	245,250,530	165,247,173
↑ローンと前金	474,497,230	293,827,595
	2,352,357,843	2,045,680,253
小：現在義務と供給	394,023,349	412,993,904
現在のネット資金	1,958,334,193	1,632,686,349
↑種々な出費		
リミット書かない。	20,136,544	29,693,280
延期した収入の出費		
	5,354,478,859	4,350,894,636
上のは計算の一部。		

同日付のレポートによる
for venkatesh & co
chartered accountants

場所:チエナイ

日付:平成22年1月30日

v.ramachandiran
社長

g.k.muralikrishna
復調

k.m.kumar
福-セクレトリー

v.dasaraty
パートナー

平成21年9月30日までの18ヵ月間 連結損益内容

収入	平成20年3月31日 rs.	平成19年3月31日 rs.
作用から収入	5,348,147,612	4,133,919,932
プログレスしている作用	92,116,768	70,538,261
	5,256,030,844	4,063,381,671
出費		
ソフトのサービスと管理の出費	4,361,476,922	3,263,175,403
利子下落と税金の前の利益。	894,553,922	800,206,268
利子	108,045,642	55,352,095
税金と下落の前の利益	786,508,280	744,854,173
下落	445,065,066	194,898,548
下落の後と税金の前の利益	341,443,214	549,955,625
税金の用意。	67,303,981	39,164,155
税金後の利益	274,139,233	510,791,470
延期した税金の用意	34,873,764	38,745,763
延期した税金後の利益	239,265,649	472,045,707
-関係の株	318,493,278	508,994,856
-少数	(79,227,810)	(36,949,149)
前へ持って行ったバランス	810,214,690	708,729,711
前の年に延期した税金の用意 利益のバランス	1,049,480,159	1,180,775,418
専有		
特別の合間の配当	34,668,494	-
合間の配当の税金		
提案した配当	4,791,727	-
提案した配当の税金		
全般的なリサーブ	29,585,902	34,668,494
社債買戻しリサーブ書いてない。		
ボーナス	5,029,603	5,892,234
先の期間の修正	280,000,000	330,000,000
前へ持って行ったバランス	695,404,433	810,214,690
上のは計算の一部。		
一つ株から所得	10.35	20.40
株の数	23,112,329	23,112,329

同日付のレポートによる
for venkatesh & co
chartered accountants

場所: チェナイ

v.ramachandiran
社長g.k.muralikrishna
復調k.m.kumar
福-セクレトリーv.dasaraty
パートナー

日付: 平成22年1月30日

**statement regarding subsidiary companies
pursuant to section 212 of the companies act, 1956.**

a) name of subsidiary company	helios and matheson it (bangalore) ltd	jayamaruthi software systems p ltd	the laxmi group inc., usa	helios and matheson inc., usa	helios and matheson (singapore) pte ltd	maruthi consulting, inc., usa	helios and matheson north america inc., usa
b) financial year of the subsidiary company ended on	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.12.2008
c) holding company's interest:							
i) number equity shares face value	25,89,429 rs 10 each	1,00,000 rs 10 each	1,00,000 npv us \$ 1,000	2,941 npv us \$ 1.6 mn	2 npv s \$ 2	10,000 npv us \$ 45,765	12,78,213 us \$ 0.01 us \$ 11,202,863
ii) extent of shareholding	100%	100%	100%	100%	100%	100%	53.59%
d) net aggregate amount of subsidiary's profits(losses) not dealt with in the holding company's accounts:							
i) for the subsidiary's financial year	rs 2,38,63,599	rs 1,36,94,003	us \$ 108,154	na	sd(4,055)	us \$ 165,176	usd (2,924,000)
ii) for its previous financial years	rs 4,06,05,132	rs 2,46,44,242	us \$ 318,572	na	sd(4,055)	us \$ 344,414	usd (840,089)
e) net aggregate amount of subsidiary's profits (losses) dealt with in the holding company's accounts:							
i) for the subsidiary's financial year	nil	nil	nil	na	na	na	na
ii) for its previous financial years	nil	nil	nil	na	na	na	na
f) changes in the interest of the holding company between the end of the subsidiary's financial year ended 31 st march, 2009 and 31 st march, 2008	no change	no change	no change	no change	no change	no change	no change
i) holding company's interest as on 31.03.2009 number of equity shares face value	25,89,429 rs 10 each	1,00,000 rs 10 each	1,00,000 npv us \$ 1,000	2,941 npv us \$ 1.6 mn	2 npv s \$ 2	10,000 npv us \$ 45,765	12,78,213 us \$ 0.01 us \$ 11,202,863
ii) extent of shareholding	100%	100%	100%	100%	100%	100%	53.59%
g) material changes between the end of the subsidiary's financial year ended 31 st march, 2009 and 31 st march 2008 in respect of :							
i) subsidiary's fixed assets	no change	no change	no change	no change	no change	no change	na
ii) subsidiary's investments	no change	no change	no change	no change	no change	no change	na
iii) monies lent by the subsidiary	no change	no change	no change	no change	no change	no change	na
iv) monies borrowed by the subsidiary other than for meeting current liabilities	no change	no change	no change	no change	no change	no change	Na

note : npv denotes no par value

place: chennai
date : january 30, 2010

for and on behalf of the board
sd/-
v.ramachandiran
chairperson

sd/-
g.k.muralikrishna
managing director

sd/-
k.m.kumar
cfo & company secretary

statement pursuant to section 212 of the companies act, 1956
financial information of subsidiary companies

a) name of subsidiary company	helios and matheson IT (bangalore) ltd	jayamaruthi software systems p ltd	the laxmi group inc., usa	helios and matheson inc., usa	helios and matheson (singapore) pte ltd	maruthi consulting, inc., usa	helios and matheson north america inc., usa
1) reporting date(financial year of the company ended on)	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.12.2008
2) reporting currency	INR (in crore)	INR (in crore)	USD / (INR in crore)	USD / (INR in crore)	singapore dollars / (INR in crore)	USD / (INR in crore)	USD / (INR in crore)
3) capital	2.58	0.10	16600 / 0.08	1600000 / 8.15	2 / 0.00	1918400 / 9.77	3665125 / 18.67
4) reserves	25.34	10.08	1454283 / 7.41	-	(33620) / 0.11	1729039 / 8.81	-
5) total assets	36.96	10.18	5894136 / 30.03	1803477 / 9.18	33618 / 0.11	6599865 / 33.62	5472633 / 27.88
6) total liabilities	36.96	10.18	5894136 / 30.03	1803477 / 9.18	33618 / 0.11	6599865 / 33.62	5472633 / 27.88
7) investments	-	-	-	1600000 / 8.15	-	-	-
8) turnover / total income	23.39	5.39	4356266 / 22.19	-	-	4523102 / 23.04	19650588 / 100.12
9) profit before taxation	3.20	1.52	222827 / 1.13	-	(4055) / (0.01)	260506 / 1.32	(2912656) / 14.84
10) provision for taxation	0.81	0.15	114673 / 0.58	-	-	95330 / 0.48	11612 / 0.06
11) profit after taxation	2.39	1.37	108154 / 0.55	-	(4055) / (0.01)	165176 / 0.84	2919140 / 14.87
12) proposed divid end	Rs. 2 per share	-	-	-	-	-	-

* 1 USD = INR 50.95

* 1 SGD = INR 34.04

note :- information on subsidiaries is provided in compliance with the central government approval. we undertake to make available the audited annual accounts and related information of subsidiaries, where applicable, upon request by any of our shareholders. the annual accounts will also be available for inspection during business hours at our registered office.

place: chennai
date : january 30, 2010

for and on behalf of the board
sd/-
v.ramachandiran
chairperson

sd/-
g.k.muralikrishna
managing director

sd/-
k.m.kumar
cfo & company secretary