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Annual Report 2006-2007

allied digitalTM
beyond boundaries...

allied digital services ltd.

GENERAL INFORMATION**INCORPORATION**

Allied Digital was incorporated under the name Allied Digital Services Private Limited on February 10, 1995 with the Registrar of Companies, Mumbai, as a private limited company. Subsequently our Company was converted to a public limited company vide registration No. 11-85488 with the Registrar of Companies, Mumbai and received a fresh certificate of incorporation on March 31, 2006.

CIN NO : U72200MH1995PTC085488

REGISTERED OFFICE

: ALLIED DIGITAL SERVICES LIMITED

375, J.S.S Road, 5th Floor, Vidyut,
Mumbai – 400 002.
Maharashtra, India
Tel/Fax: +91-22-6634 5536/37/38/39
Website: www.alliedindia.com

CORPORATE OFFICE

**: 3rd Floor, Kimmatrai Building,
77/79, Maharshi Karve Marg,
Marine Lines, Mumbai – 400 002.
Maharashtra, India
Tel: +91-22-2200 2020
Fax: +91-22-2206 4170
Website: www.alliedindia.com**

ADDRESS OF ROC

: The Registrar of Companies

100, Everest Building,
Marine Lines, Mumbai – 400 002

BOARD OF DIRECTORS

Mr. Nitin Shah	: Chairman & Managing Director
Mr. Prakash Shah	: Executive Director & CFO
Mr. Manoj Shah	: Executive Director & CIO
Dr. Om Prakash Chawla	: Non Executive – Independent Director
Dr. Shrikant Parikh	: Non Executive – Independent Director
Mr. Shailesh Vaidya	: Non Executive – Independent Director

BRIEF PROFILE OF THE DIRECTORS



Shri Nitin Shah, founder, Chairman & Managing Director, age 52 years promoter of our Company. He is a BE (Electrical) and a Post Graduate Diploma in Computer Management from JBIMS, Mumbai. He is a technocrat with a total experience of almost 30 years in the IT industry. Shri. Nitin Shah has been involved with our Company since inception. Mr. Shah has also been nominated for "Entrepreneur of the year" Award for 2006 by Ernst & Young.



Shri Prakash Shah, Executive Director and Chief Financial Officer, age 44 years is the promoter of our Company. He is a Commerce graduate and a diploma holder in Computer Management from Mumbai University. He has more than 18 years of experience in the field of Finance especially in IT. He is associated with our Company since inception and manages all non-technical functions of our company. Shri Prakash Shah has been actively involved in the day to day functioning of the finance and procurement functions of our company.



Shri Manoj Shah, 39 years, is an Executive Director and Chief Information Officer (CIO) of our Company. He is a Science Graduate (B.Sc.) with a distinction in 1987 followed by Post Graduate Diploma in Computer Science and Diploma in Computer Engineering, Mumbai. He is associated with our company since 1990. He has more than 15 years of rich IT experience and during this tenure he has executed many large technologically challenging projects and had a major role in establishing and developing branch offices across the country. As a CIO he is responsible for the entire MIS systems of our company and service delivery planning and processes.

Dr. Om Prakash Chawla, 73 years, has been the independent director of our Company since May 23, 2006. He is a Commerce graduate and Post Graduate from University of Rajasthan and done his Ph.D. in Personal Taxation in India. He started his career as a university lecturer in 1955. He was a consultant to UN Management Institute, East Africa for the period 1979 to 1980. He joined National Institute of Bank Management in 1975 and retired as its Director in 1994. He has authored/co authored 10 books and 50 articles and papers on Financial Markets, Treasury Management, Credit Management, Bank Balance Sheet Management and Accounting and Taxation etc. during his academic career. Currently he is the consultant to Banks and Financial Institutions.

Dr. Shrikant Parikh, 50 years, joined the Board on May 23, 2006 as an Independent Director of our Company. He is a senior IT professional who has played leadership roles in areas of Business/Technology Development and Strategy, International Development Management, Product Development and R & D. He is a co founder and ex-CTO of Globe Ranger Corp. (USA), one of the leading companies in wireless SCM space. He had a long career with IBM (US) in business

and technology areas. Currently he heads InfoAlive Solutions and Services, a specialized technology services company which he cofounded. InfoAlive specializes in product engineering, inventions and technology strategy areas. His industrial research has resulted in total 33 International patents till date. He has more than 25 years of experience in IT Industry, out of which 18 years stayed in US. He has gained an expert knowledge in managing complex project, Project Management in strategic outsourcing and SW.

He is member of Corporate Distributed System Performance Council (IBM) and the Corporate Automation Software Committee.(SGS Thompson). He completed, B.E. (Hons.) (Electrical) in 1978 from Bombay University. He is the holder of other degrees like Ph.D. -Computer Science, (SMU,USA), M.S. (Computer Science and Engineering) from University of Texas, USA, Certified Project Management Professional from (Dallas, USA), He also served as Consultant and Advisor to Technology companies in US and India providing guidance on all issues relating Corporate Management like Business Strategy, Technology. He has been training Sr. professionals in Software projects/Outsourcing services management of Software/technology organizations. He also serves as an invited adjunct faculty member at one of the top 10 MBA institution in India. He has helped in overall designing of MBA programmes, focusing on technology management.

Shri Shailesh Vaidya, 49 years, joined the Board on January 02, 2007 as an Independent Director of our Company. He is a practicing Advocate and Solicitor. He has completed his Law Graduation from Government Law College, Mumbai in the year 1981 and became a Solicitor in the year 1983. He has been a partner of M/s. Kanga and Co., Solicitors, since the year 1985. He is presently the Chairman of the Law, Review, Reforms and Rationalisation Committee of the Indian Merchant's Chamber and also member of Managing Committee of the Indian Merchant's Chamber.

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COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Ravindra V. Joshi : 3rd Floor, Kimmatrai Building,
77/79, Maharshi Karve Marg,
Marine Lines, Mumbai – 400 002.
Tel: +91-22-2200 2020
Fax: +91-22-2206 4170
Email: ravindra.joshi@alliedindia.com
Website: www.alliedindia.com

Auditors to the Company

K.M. Kapadia & Associates : 49, First Floor, Ashoka Shopping Centre,
L.T. Marg, Mumbai – 400 001
Telefax: +91-22-2269 1749
Email: kamlesh@kmkassociates.in

BANKERS TO THE COMPANY

STATE BANK OF INDIA : COMMERCIAL BRANCH DADAR,
2/80, 2/10, "Bullet" Lakhamshi Nappu Road,
Opp. Raja Shivaji Vidhyalay,
Dadar (E), Mumbai – 400 014.
Tel: +91-22-2410 1893 / 2410 1894
Fax: +91-22-2410 1891

ICICI BANK LIMITED : Dadar Branch,
167-C, Ponamwadi,
Dr. Ambedkar Road, Dadar (E),
Mumbai – 400 014, India.
Tel: +91-22-2414 0971/2411 6203/05
Fax: +91-22-2411 6204

REGISTRARS

INTIME SPECTRUM REGISTRY LIMITED : C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West)
Mumbai 400 078
Tel: + 91-22-2596 0320
Fax: + 91-22- 2596 0329
Email: alliedigit-ipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Sachin Achar



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present herewith the 13th Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2007.

1. FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	For the financial year ended	
	2007	2006
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	3,318	1,738
Interest & Financial Charges	(110)	(80)
Depreciation	(86)	(56)
Net Profit before tax	3,121	1,602
Taxation		
Current tax	(885)	(410)
Deferred tax	56	15
NET PROFIT AFTER TAX	2,293	1,206
Prior Period Adjustments	(4)	(65)
Balance brought forward from previous year	1146	5
Profit available for appropriation	3435	1146
Issue of Bonus Shares	(135)	-
Balance carried forward	3300	1146

2. DIVIDEND

In order to retain the earning & to utilize the same for future expansion plans your Board of Directors have not recommend any dividend for the Financial Year ended March 31, 2007.

3. MANAGEMENT DISCUSSION AND ANALYSIS

The statement on Management Discussion and Analysis is attached to this report.

4. FIXED DEPOSITS

The Company has not accepted any fixed deposits.

5. SIGNIFICANT DEVELOPMENT SUBSEQUENT TO THE LAST FINANCIAL YEAR**a) SHARE CAPITAL****Bonus Issue:**

During the year, upon the approval of the shareholders, a bonus issue of 1.5: 1 was made by capitalizing a sum of Rs.5,75,91,000/- from Share Premium Account and Rs.1,34,65,050/- from Profit and Loss Account.

Preferential Issue:

During the year, upon the approval of the shareholders, the company made preferential issue of 9,24,630 Equity Shares to meet its initial funding requirements for various projects like Remote Management Services (RMS) and Technical Business Process Outsourcing (TBPO) etc.

Pursuant to aforesaid issues the issued, subscribed and paid-up equity share capital increased from 47,37,070 equity shares to 1,27,67,305 equity shares.

During the year the authorized capital of Company was increased from Rs. 1,20,000,000 to Rs. 2,00,000,000.

b) APPOINTMENT OF COMPANY SECRETARY

Mr. Neeraj Kumar Pandey was appointed as a Company Secretary of the Company on May 18, 2006. He resigned as a Company Secretary on October 18, 2006.

Mr. Ravindra Joshi was appointed as a Company Secretary of the Company December 12, 2006.

6. DIRECTORS:

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956 Mr. Nitin Shah and Mr. Prakash Shah retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

During the year Mr. Shrikant Parikh, Mr. Om Prakash Chawla and Mr. Satish Naralkar have been appointed as Additional Directors of the Company with effect from May 23, 2006. Mr. Shrikant Parikh and Mr. Om Prakash Chawla hold office upto the date of forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. Your directors recommend their appointment.

During the year Mr. Shailesh Vaidya has been appointed as an Additional Director of the Company with effect from January 02, 2007. Mr. Shailesh holds office upto the date of forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. Your directors recommend his appointment.

Mr Satish Naralkar has resigned as Additional Director of the Company. The company placed on record the valuable contribution of Mr. Satish Naralkar during his tenure as a member of the Board

7. INVESTMENTS

The investments of the Company as on March 31, 2007 were to the tune of Rs. 289.20 lacs as compared to the last year's investment of Rs. 15.22 lacs.

The Book value of the quoted investments for the year under review was Rs. 275.00 lacs (previous year NIL) and its market valuation was Rs. 275.00 lacs (previous year NIL).

8. SUBSIDIARIES

During the year under report, i-Web Technologies Private Limited ceased to be the subsidiary of the Company.

9. CORPORATE GOVERNANCE

The Board is in the process of implementing the Code of Corporate Governance in view of proposed initial public offering.

10. COST AUDIT

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the Annual Accounts for the year ended March 31, 2007, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any.
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year-ended March 31, 2007 and of the profit of the Company for that year.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts for the year ended March 31, 2007, on a going concern basis.

12. STATUTORY AUDITORS

M/s. K. M. KAPADIA & ASSOCIATES, Chartered Accountants, Mumbai, Statutory Auditors of your company hold office till the conclusion of the forthcoming Annual General Meeting. He has signified his willingness to accept re-appointment and has further confirmed his eligibility under Section 224(1-B) of the Companies Act, 1956. The Board recommends the re-appointment of M/s. K. M. KAPADIA & ASSOCIATES, Chartered Accountants as Auditors of the Company.

13. **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO AS PER SECTION 217(1) COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

Being a service provider, the Company requires minimum energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible.

CIF Value of Imports, Expenditure and Earnings in Foreign Currencies

No.	Particulars	(Rupees in lacs)	
		Year Ended on31.03.2007	Year Ended on31.03.2006
1.	CIF Value of Imports	182	184
2.	Foreign Traveling	5	2
3.	Earnings in Foreign Currency	952	606

14. **PARTICULARS OF EMPLOYEES**

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

15. **EMPLOYEE STOCK OPTION PLAN (ESOP)**

The Company appreciates the critical role people play in the organizational growth. It strongly feels that the value created by its people should be shared by them. To promote the culture of employee ownership, approval of the shareholders has been granted for issue of stock options to the employees of the Company.

The Company has two Stock Option plans, the details of options granted under these Options, are given below:

a) Stock Option Scheme (2007) Loyalty Grant:

For the period under review the Company has granted 63,300 Options at the rate of Rs. 10/- each on January 22, 2007 to the eligible employees which are to be exercised within one year from the date of the grant.

b) Stock Option Scheme (2007) Growth Grant:

For the period under review the Company has granted 2,77,600 Options at the rate of Rs. 95/- each on January 22, 2007 to the eligible employees which are to be exercised within one year from the date of the grant.

16. **ACKNOWLEDGEMENT:**

Your Directors wish to thank all the bankers, shareholders, employees, customers for their valuable support and assistance throughout the year.

Place : Mumbai.

Date : May 16, 2007

For and on behalf of the Board of Directors

Sd /-

Nitin D.Shah,

CHAIRMAN & MANAGING DIRECTOR

