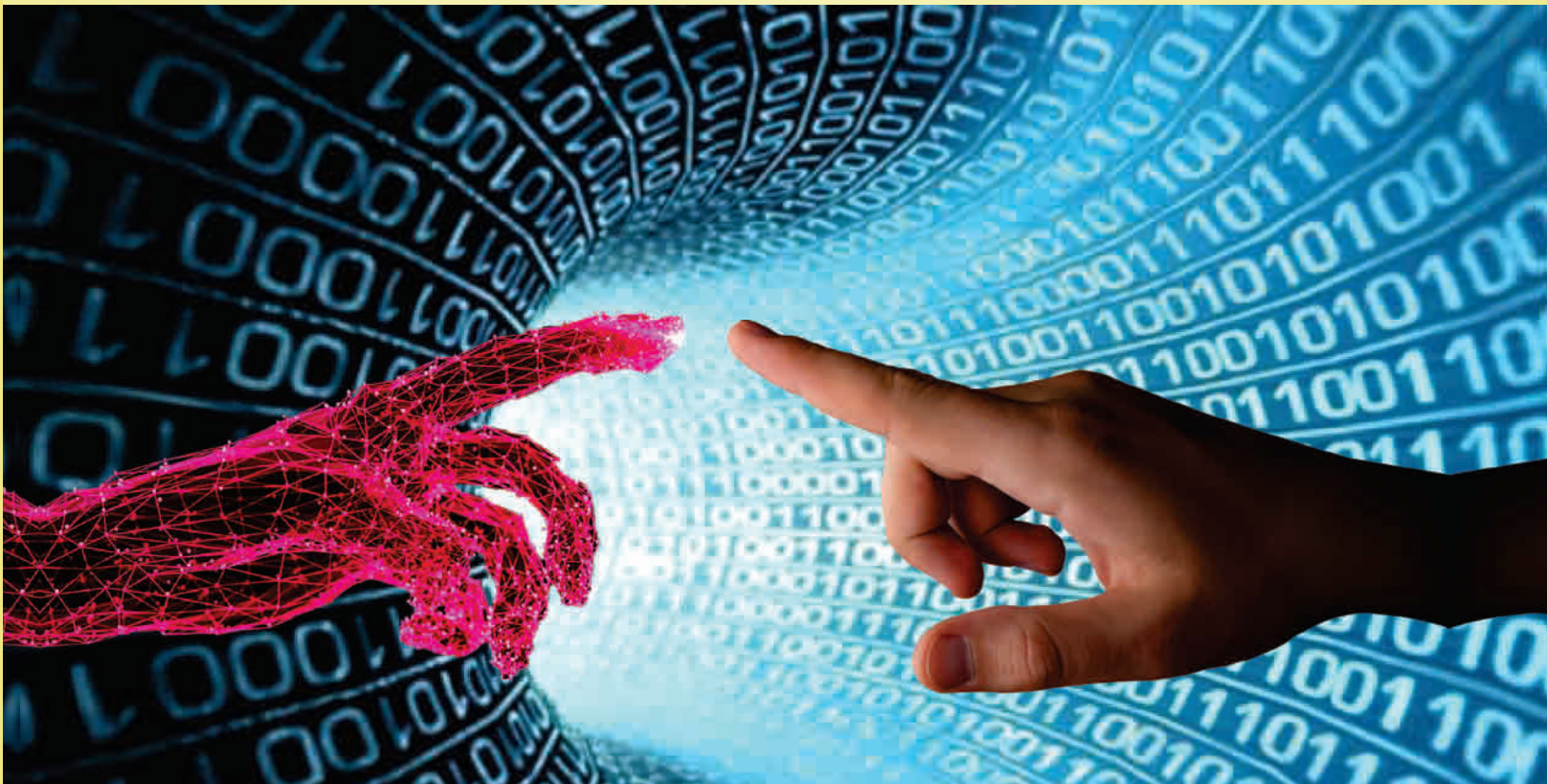




“allied digital... future is now...”



Digital World



Physical World

“Digitalize or Perish”

Allied Digital Services Limited

Annual Report 2016-17

Company Information:

Key Managerial Personnel

Mr. Nitin D. Shah
Chairman & Managing Director

Mr. Prakash D. Shah
Whole-time Director

Mr. Paresh B. Shah
Executive Director & CEO

Prof. Venugopal R. Iyengar
Independent Director

Dr. Shrikant N. Parikh
Independent Director

Dr. Roopkishan S. Dave
Independent Director

Ms. Shubhada Jahagirdar
Independent Director (CSR)

Chief Financial Officer
Mr. Gopal Tiwari

**Company Secretary &
Compliance Officer**
Ms. Neha S. Bagla

Statutory Auditors

Shah & Taparia
Chartered Accountants

Internal Auditors
Satya Prakash Natani & Co.
Chartered Accountants

Secretarial Auditors
Rathi & Associates
Company Secretaries

Banker
State Bank of India
Barclays Bank.

Registrar and Transfer Agent

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compounds,
L.B.S. Marg, Bhandup (West)
Mumbai – 400078.
Tel: 022 2596 3838 Fax: 022 2594 6969
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

Registered office

Premises No. 13A, 13th Floor, Earnest House, Backbay
Reclamation, NCPA Road, Block III, Nariman Point,
Mumbai – 400021.
CIN: L72200MH1995PLC085488
Tel : 022 6681 6400 Fax : 022 2206 4170
Email: investors@allieddigital.net,
Website: www.allieddigital.net

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CMD
Mr. Nitin Shah

Ladies and Gentlemen,

It gives me great pleasure to welcome you to the 23rd Annual General Meeting of your company.

Future of Indian IT

First and foremost there have been major technology changes and hence this technology disruption has led to business disruption.

News of the death of India's information technology (IT) services industry started coming in about 4 years ago. Leading industry analysts reported that India was no longer the automatic choice for IT services and back-office work and that the migration of labor arbitrage based service jobs to India would almost stop by 2022.

Despite such a scenario, there is also optimism about the prospects of India's IT services industry for the coming decade. The industry is a survivor of the dot-com crash of the early 2000s and the 2008 financial crisis. Second, the major IT services firms devote significant resources to employee re-skilling. Third, some of them are also beginning to adopt new business models and develop new products and platforms to stop low value-added services and time-and-materials (T&M) pricing models.

The \$1.2 trillion global IT industry, growing at a rate of 4% a year, will continue to offer opportunities for IT services firms operating at all stages of the IT global value chain. CIOs tend to be risk-averse and like to do business with firms with which they have had good prior experiences and these factors should continue to offer opportunities for renowned and established India's IT services firms in the future.

Your Company

Allied Digital is right now strategically placed to reap the benefits of the Digital India movement envisioned by the Government of India. It is at the forefront of the Safe and smart city movement and to provide ecommerce, e-governance, e-education, e-healthcare solutions to our clients using new age technologies like Artificial Intelligence, IoT and Machine learning.

We at Allied Digital are very excited today where traditional outsourcing business is changing. Customers are looking for partners to transform their business by bringing innovation, automation & digital transformation. This Digital revolution is truly a game changer for the industry. We anticipated this

changing business environment early and embarked on the journey of newer business model internal transformation which is now completed. Our competence in emerging technologies like Artificial intelligence, IoT, Data Analytics, Mobility & Cloud will help them in Digital Transformation. Today we are a truly global Digital Transformation architect for B2G (Business to government) and B2E (Business to enterprise) customers by bringing innovation and transformation in business. As conveyed earlier we firmly believe in the dictum of "small term pain for long term gain" due to transformation.

We are a one-stop IT infrastructure services provider and Master System Integrator, combining our diverse infrastructure skills, augmented with our customizable integrated IT service management platform, global delivery model and software integration skills to bring direct value to customers. Today's customer wants this combination packaged with best-of-the-breed OEM support, agile project management and cost-effective pricing to drive dual initiatives of IT transformation and operational management. We have mastered the IT needs in domains such as Retail (our unique Store in a box model), Hi-Tech, Banking, Government, Healthcare etc. to bring customized solutions and deliver extra transformation.

Our endeavor is to play a catalyst role in bringing changes in business by enabling different technologies which would directly impact & improve our lives.

Last year has been challenging and exciting for business growth locally/internationally and has resulted into several awards being given to your company (see details on page 8)

Your company has also automated Infrastructure management Services (IMS) offerings by using innovative tools and technology and creating highly matured process for service delivery.

This world class practice is now offered to many international clients in USA, UK and 70 other countries. Our Shared services approach in Cloud environment is helping us to provide cost effective services and position us as major player in IMS.

As in the past our focus also remains on Cyber security offerings where threats are growing manifold and we have created new innovative model to combat such cyber threats.

The IT industry is going from post PC era to being mobile/smart device driven and your company is completely geared up to create innovative applications and develop software for this huge market. Business data and analytics is another area we are seeing a great future.

On HR perspective, your company continues its tradition of empowering people to enable them to take quick decisions. Empowerment, Responsibility and Accountability – ERA – go hand in hand at Allied Digital Services.

We have this year skilled our people and imparted training in emerging technologies and software development to ensure seamless integration with various systems and acted as a true Indian origin Master Systems Integrator (MSI) amongst the very few in the industry.

The year under consideration has been a unique and path breaking year and we are looking at a better future with our new initiatives. The experience has been more heartening with so many awards and accolades coming our way which adds to our belief that the future is very bright.

Your company has been and is committed to be a partner in building a new, vibrant and Digital India.

With warm regards,

Nitin Shah
Chairman and Managing Director.



Allied Digital Services Limited Dedicated To Digital Transformation of India

India with the World's second largest population of 1.25 Billion plus and counting is facing acts of terrorism and attaches high level priority to the safety concern in the Public life and the property. The ever expanding base of the middle class population with direct bearing on the huge steady exponential growth in the market potential successfully attracts Investors worldwide. Top International Brands simply cannot afford to blink and ignore the importance of the economic dynamics of the largest market potential of India. With them the latest Digital technologies make speedy and fastest inroads in alacrity. Technology and growth go side by side. Latest innovations and continuous improvisations provide the tool to challenge the nefarious designs of the subversive forces. Organisations selling Surveillance technologies thrive on the security concerns to make the life of the people safe and simple. India, with the most progressive and caring government at the helm, attaches utmost importance on the improved Digital technologies. Implementation of the "Smart City" concept of the Indian Govt. has gained a vigorous momentum. Surveillance technologies

are thriving and are taking centre stage. This has opened a huge business opportunity for your company, Allied Digital Services Limited in India. The Company has been successful in carving a niche for itself and made remarkable impact on the growing Surveillance Industry in India with improved revenues. Ruling giants of the Technology Industry in India view us with tremendous respect and awe. It is no different at our locations abroad, e.g., USA, UK and other important locations worldwide. Top notch globally reputed organisations are making a bee line to tie up for our advanced technological support to remain a notch above competition. It goes without saying that this has contributed immensely to strengthen our Balance sheet. Overseas operations are proving extremely profitable with every passing year. Our Balance sheet during the just concluded financial year has witnessed a discernible growth vis-à-vis the past year. The Company has grown from strength to strength, over last couple of years. ONE BIG ASSURANCE, the on-going trend is getting permanent and stay with the company, in future years to come.

I'm confident that the growth quotients of the company will make each and every shareholder proud of their prized association. It makes more business sense to stay connected with the Company, more particularly in the face of global economic meltdown, impact of which are well felt in the domestic sectors as well.

Concluding with a happy note of fulfilling the Investor confidence with the most efficient financial management with a firm promise to maintain the gradual and steady elevation for a better and promising future. Wish to reiterate further that your Company is now better poised to leap frog into prominence in the corporate world. Accolades are literally showering. Winning has become a habit for this Company and comes so easily and effortlessly.

With Best Wishes

Prakash Shah
Whole-time Director



Global CEO

Mr. Paresh Shah

been the key in the IT industry, Allied Digital has been in forefront of the new technologies.

Allied Digital over the year has won several awards, justifying leadership role in top global managed services and Master system integration space. Corporate Governance has vastly leaped up to address growing compliance requirements. We are well positioned to take up projects in emerging technologies and digital transformation as well as managed service automation.

We see an exciting year going ahead in domestic as well as global sectors.

With warm regards,

Paresh Shah
Chief Executive Officer

Hello Investors

The past year has been very dynamic. The Indian government has made some major improvement reforms in corporate governance, taxation and demonetization. The effect has been that domestic corporate spending on IT has further shrunk than the previous year. Your company due to diverse offerings is yet working on multiple opportunities in the domestic sector.

The global political scenario has generated major events that impact the global economy and for Indian IT industry it has been largely impactful. For the first time, the impact of slowdown in IT has been realized. However, your company, due to its adaptive onsite/hybrid model has been able to neutralize the effect.

We have done some exciting transformation projects this year in the area of global Windows 10 migration, Digital transformation enterprises, multiple data center projects in the US and India. Your company added 15+ large new global customers, few small contracts got closed. We have been doing high quality service delivery on our Pune City Project. Extensive work has been done on developing the new version for our ADiTaaS product platform. IoT has been center-stage for setting up multiple prototypes. The company has ventured big-time into home automation and Intelligent Building Management Systems. Automation and Disruption has



CEO (ISG)
Mr. Jawahar Ali

Smart City initiative of the Government has progressed steadily with the number of winning cities now totalling to 90 after completion of Round 3. This will cover total urban population of 9.59 Crore and Pan-city development of INR 37,000 Crore that envisages application of selected Smart Solutions to the existing city-wide infrastructure. Allied Digital as a Master Systems Integrator with its experienced team of manpower having a proven track record of delivering Safe City solution has participated in the bidding process for such opportunities that are under various stages of evaluation.

Smart City Project is an initiative that leverages on the Information Communication Technology (ICT) to bring together people, government, various Agencies such as law enforcement, healthcare, utility service provider and mobility for an efficient and productive engagement with optimised management of resources that enhances the quality of life. The overall efficient environment so created attracts investment that ensures sustainable economic growth.

Because of the diverse areas of applications, it may not be possible for a Single Master Systems Integrator to offer the entire portfolio of solution meeting the stated objectives of

the Smart City. Considering this aspect of the projects, Allied Digital has judiciously aligned with OEMs / Systems Integrators having supplementary Line of Business such as Solid Waste Management, Energy Management to form consortiums / Collaborations for responding to the Request For Proposal (RFP) from various cities. Collaborative bidding is a norm in such projects.

Allied Digital is now into the Eight quarters of successful operation of the Pune Safe City Project and will be completing two years of operation on October 27, 2017. Discussions with the authorities are currently underway for further expansion of the coverage of the city for video surveillance.

The Internet of Things (IoT) is a concept that allows devices and objects to be connected in a network so that they are capable of communicating with each other as well as over the Internet with cloud computing and storage. IoT is an emerging business opportunity in the market at a nascent stage of development that requires extension and scaling of organizations IT skills to meet the requirements of the users.

IoT has a wide range of applications that can be used by individual person, Government agencies, health care facilities, smart cars and many more. For example, a person using a Smart Phone will be able to connect with the IoT enabled sensors/devices from anywhere to manage thermostat setting of the Air conditioner or to switch on/off light at home, locate one's car in the Parking lot.

IoT is part of the Smart cities initiative that includes a variety of public services such as remote parking controls on parking lots, smart streetlight control for managing need based lighting conditions, waste management, environmental sensors for monitoring pollution levels and smart garbage bins to alert the collection vehicle if they are full.

Allied Digital has a team of IT professionals who are engaged in exploring and developing a variety of IoT solutions in collaboration with the leading IoT technology providers in the industry to holistically address such opportunities in the industry.

With warm regards,

Jawahar Ali
Chief Executive Officer - ISG.



CFO

Mr. Gopal Tiwari

Dear Shareholders,

Our country witnessed major reform changes during the recent past such as applicability of Indian Accounting Standards (Ind AS), Demonization and action of GST regime, etc. The overall economy of the country for F.Y. 2016-17 got impacted to some extent due to such reforms. However the long term growth prospective of the Indian Economy is still positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates and increasing integration into the global economy. The International Monetary Fund (IMF) described the Indian economy as the “bright spot” in the Global Landscape. According to the IMF India’s growth is expected to be around 7.2 % in 2017-18 fiscal and 7.7% in 2018-19.

To put things in perspective, India has one of the fastest growing service sectors in the world with an annual growth rate of above 9%. The IT Industry continues to be the largest sector of service provider in India.

Before analyzing the financial performance for the year under consideration, would like to highlight that

- The financials for the year ended 31st March, 2017 are prepared as per the new Indian Accounting Standards (Ind-AS) guidelines with the comparative Ind-AS figures for the year ended 31st March, 2016.

Further, am pleased to inform that your company has cleared the overdue statutory dues such as PF including Public Fixed Deposits to a great extent and the balance amount will also be cleared soon.

As a strategic move, the Management’s focus on service revenue with higher margin rather than sales with low margin, which resulted into a dip in the consolidated overall revenue of the company to the extent of 10% in comparison to the previous year but it resulted in increase in Comprehensive Income before tax of ₹ 9.95 Crs. with an increase of 62% as against the last year’s ₹ 6.14 Crs. However the post tax Comprehensive Income for the year is at par with the previous year, due to impact of deferred tax liability to the extent of ₹ 3.54 Crs. during the year under review.

Due to considerable reduction in the debts of the company, the finance cost during the year is significantly reduced by more than 17% as against the finance cost for the financial year ended 2015-16.

In years to come, the management’s focus on upcoming opportunities in respect of Smart / Safe City Projects to be implemented by various Government / Semi - Government Authorities, the company strive to achieve better overall performance.

With Warm Regards,

Gopal Tiwari

Chief Financial Officer

The prestigious awards Allied Digital won over the past year

We owe our achievements to all our stakeholders – investors, employees, vendors and clients. Without your support, we would not have won so many honors within last one year.



Certificate for appreciation - Best Brands,
by Economic Times,
Mumbai.



Good for India - Digital innovation in Smart City Solutions by Times Network,
New Delhi.



CRN Hall of Fame - Channel Legend,
to Nitin Shah (CMD),
by Indian Express Group, Mumbai.



Pride of India Award to Nitin Shah (CMD)
by Institute of Economic Studies
Dubai.



India's Greatest Brands and Leaders 2015-16 to Nitin Shah (CMD),
by URS Media, Mumbai.



Excellence & Leadership in Outsourcing
by Asia Outsourcing,
Mumbai.



Most promising Entrepreneur in APAC to Paresh Shah (CEO),
by EnterpriseAsia, New Delhi.



India's most promising & valuable IT services and solutions Enterprise 2017
by Indian Leadership Conclave 2017, Mumbai.



Smart Cities India Awards 2016
by Exhibitions India Group,
New Delhi.



International Excellence Award-Leading IT infrastructure company of the year 2017,
by Brands Impact, Goa.



Innovation – New Initiatives in Infrastructure management,
by UBS Transformance, Bengaluru.



ChannelWorld Premier 100 Honoree 2017
by IDG Media, Mumbai.

NOTICE

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NOTICE IS HEREBY GIVEN THAT THE TWENTY THIRD ANNUAL GENERAL MEETING OF ALLIED DIGITAL SERVICES LIMITED WILL BE HELD ON WEDNESDAY, SEPTEMBER 20, 2017 AT 04:00 P.M., AT WALCHAND HIRACHAND HALL, 4TH FLOOR, IMC BUILDING, INDIAN MERCHANT CHAMBER MARG, CHURCHGATE, MUMBAI-400020 TO TRANSACT THE FOLLOWING BUSINESS:

=====

ORDINARY BUSINESS:

1. To consider and adopt:
 - the audited financial statements of the Company for the financial year ended March 31, 2017 along with the reports of the Board of Directors and the Auditors thereon; and
 - the audited consolidated financial statement of the Company and its subsidiaries for the financial year ended March 31, 2017 along with the report of the Auditors thereon.
2. To appoint a Director in place of Mr. Prakash Dhanji Shah (DIN: 00189842), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment;
3. To ratify the appointment of M/s. Shah & Taparia, Chartered Accountants (Firm Registration Number 109463W), as Statutory Auditors of the Company to hold office from conclusion of ensuing Annual General Meeting and till conclusion of the next Annual General Meeting.

SPECIAL BUSINESS:

4. To appoint Mr. Paresh Bipinchandra Shah (DIN:05117129) as Executive Director & Chief Executive Officer and to consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the said Act and based on recommendation of the Nomination and Remuneration Committee, the consent of the Company be and is hereby accorded to the appointment of Mr. Paresh Bipinchandra Shah (DIN: 05117129) as an Executive Director & Chief Executive Officer of the Company for a period of 3 years with effect from November 05, 2016 to November 04, 2019, on a remuneration not exceeding ₹ 11.96 Lakhs per annum and that the such Director shall also be entitled for the perquisites as per the details given in explanatory statement.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary the remuneration and perquisites, as specified aforesaid, to the extent as may be considered appropriate and necessary by the Board of Directors in mutual consultation with Mr. Paresh Bipinchandra Shah, Executive Director & Chief Executive Officer and further authorised to take all such actions and do all such things as may be deemed necessary, desirable and expedient for giving effect to the above resolution.

RESOLVED FURTHER THAT in case if the Company has no profits or profits are inadequate, the aforesaid remuneration by way of salary, perquisites, allowances, incentives etc. shall be treated as minimum remuneration payable to Mr. Paresh Bipinchandra Shah, Executive Director & Chief Executive Officer, subject to the approval of Central Government and/or other concerned authorities, if any.”

Notes:

- a. The respective Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item No. 4 of the accompanying Notice are annexed hereto. The relevant details as required under Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 (SS-2) on General Meetings of issued by the Council of the Institute of Company Secretaries of India and approved by the Central Government, person seeking re-appointment as Director is also annexed.
- b. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company.**

In order that the appointment of a proxy is effective, the instrument appointing a proxy must be received at the Registered Office of the Company not later than FORTY-EIGHT hours before the commencement of the meeting.