



**We bring "SMART" in every sphere of life**



Artificial Intelligence | Big Data Analytics | IoT | Cloud Services | Mobility | Cyber Security

**Annual Report 2017-18**

## Corporate Information:

### Board of Directors:

Mr. Nitin D. Shah  
Mr. Prakash D. Shah  
Prof. Venugopal R. Iyengar  
Dr. Shrikant N. Parikh  
Ms. Shubhada K. Jahagirdar

Chairman & Managing Director  
Whole-time Director  
Independent Director  
Independent Director  
Independent Director – CSR

### Key Managerial Personnel:

Mr. Paresh Shah  
Mr. Gopal Tiwari  
Ms. Neha Bagla

Chief Executive Officer  
Chief Financial Officer  
Company Secretary & Compliance Officer

### Statutory Auditors:

#### M/s. Shah & Taparia

B-502, Business Square,  
Solitaire Corporate Park,  
Chakala Junction, Andheri Kurla Road,  
Andheri East, Mumbai - 400 093.

### Internal Auditors:

#### M/s. Satya Prakash Natani & Co.

505, Goyal Trade Center  
Sona Cinema,  
Borivali East,  
Mumbai - 400 066.

### Secretarial Auditors:

#### M/s. Rathi & Associates

A/303 3<sup>rd</sup> Floor Prathamesh,  
11/12 Senapati Bapat Marg,  
Raghuvanshi Mill Compound,  
Lower Parel, Mumbai – 400 013.

### Registrar & Share Transfer Agent:

#### M/s Link Intime India Private Limited

C 101, 247 Park,  
LBS Marg,  
Vikhroli West,  
Mumbai – 400 083.

### Key Bankers:

Kotak Mahindra Bank  
Barclays Bank

### Registered office:

Premises No 13A, 13<sup>th</sup> Floor,  
Earnest House, Backbay Reclamation,  
NCPA Road, Block No III,  
Nariman Point, Mumbai – 400 021  
CIN: L72200MH1995PLC085488  
Tel : 022 66816400, Fax: 022 2282 2030  
Email: investors@allieddigital.net  
Website: www.allieddigital.net

## CONTENTS

Particulars	Page No.
Chairman's Message	1
Management Speak	3
Awards & Accolades	6
Notice of AGM	10
Boards' Report	22
Management Discussion & Analysis Report	53
Corporate Governance Report	58
Auditor's Report on Standalone Financial Statements	78
Standalone Financial Statements	84
Auditor's Report on Consolidated Financial Statements	114
Consolidated Financial Statements	118
Proxy Form, Attendance Slip & Route Map	141



#### Ladies and Gentlemen,

It gives me great pleasure to welcome you to the 24<sup>th</sup> Annual General Meeting of your Company.

With the US economy recovering and expected to grow at 2-2.5 percent, US Companies are expected to increase their spend on technology. As per a report published by Gartner, overall IT spend is likely to go up by 4-4.5 per cent this year. The same is likely to result in better prospects for Indian IT companies in 2018.

#### Digital Growth

Digital work for all big companies is growing in double digits.

As per industry sources overall yearly Global IT spend is around \$3.7 trillion. Of that, one-third is IT services. So there is still a lot of spending happening on the legacy side, which goes into maintenance and building some core applications. That has not gone away.

The incremental spending is happening in the area of digitalization, wherein companies are building capabilities, trying to play to the ecosystem and go to the clients. IT industry is changing dynamically and rapidly. The changes in the last 3 years equals possibly the changes in the 30 years prior to that.

#### Safe & Smart Cities

More than 54 percent of the world's population resides in urban areas today. By 2050, this number is expected to be 66 percent. Urbanization is associated with improved education, access to healthcare and social and financial mobility. As digital technologies become more sophisticated, it's clear to see why society would want to be quick to use digital technology in creative ways. This fourth industrial age isn't limited to the private sector, it's enveloping the public sector too. And its pace has the potential to change the way we work and live.

Most cities started their journey toward becoming smart cities with government digitization efforts that focused on benefiting constituents. The ability to show immediate results through improved efficiencies has always been a key driver for further investment. But with the advent of the Internet of Things and sensor technology, as well as machine learning and advanced analytics, truly smart cities are being born.

These advancements aren't just for the metropolitan cities of the world. The public and private sector – partnered together – can transform our personal lives and communities.

As the Internet of Things enables cities to measure more, the amount of available data will grow immensely. To maximize value from this data, cities can create a common data platform which can be leveraged by all its stakeholders (public, corporates, start-ups). These integrative, holistic solutions break down the silos that often exist between functions. For many groups, such as emergency and incident response teams, shared data can mean the difference with critical response times.

So whether investments are made in transportation and traffic management, citizen experience or public safety and health, opportunities are abound for new technologies in the public sector. Solutions that foster citizen participation, public-private collaboration and grass roots innovation, not only create a superior experience for citizens, but also invite more business to the locale. More investment by business can lead to more innovation. It is exciting to see how the new digital era allows us all to re-imagine both citizen and consumer experiences that can only help improve the world we share.

#### Your Company

Allied Digital is at the forefront of the Safe and Smart City movement and to provide e-commerce, e-governance, e-education, e-healthcare solutions to its clients using new age technologies like Artificial Intelligence, IoT and Machine learning. We are moving with Government of India vision of Digital India.

Traditional outsourcing business is changing. Customers are looking for partners to transform their business by bringing innovation, automation & digital transformation. We anticipated this changing business need early enough and transformed our business model from people centric businesses to service centric approach. Our competence in emerging technologies like Artificial Intelligence, IoT, Data Analytics, Mobility & Cloud is helping our clients transform Digitally. Today we are truly a global architect in Digital Transformation for B2G (Business to Government) and B2E (Business to Enterprise) customers by bringing innovation and transformation in business. We firmly believe in the dictum of “small term pain for long term gain” due to transformation and are poised for exponential growth.

Our progress has been appreciated and has resulted in several awards being given to your company (see details on page 8)

Our path breaking and first of its kind Pune Safe City project initiated in 2015 is breaking new records. We have achieved zero camera downtime. Recently we have conducted pilot which are a first of its kind in the world. These pilot tests have integrated Variable Messaging Displays (VMDs) and show estimated travel time to citizens of the city to make informed travel decisions. This was part of POC done with TOMTOM, and truly a first of its kind.

We offer world class automated Infrastructure Management Services (IMS) to many international clients in USA, UK and 40 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.

Our focus also remains on Cyber security offerings where threats are growing manifold and we have created new innovative models 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.

We see a great future in Business data and analytics. Home automation is another area which is poised for growth with smart devices taking over repetitive tasks.

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 Limited. We can proudly state that we have zero attrition in our core Management team.

As part of our ongoing process 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.

#### **Future outlook**

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.

We are committed to be a partner in building a new, vibrant and Digital India with our energy and sharp focus on the future.

With warm regards,

**Nitin Shah**

Chairman and Managing Director.





**Whole-Time Director**  
**Mr. Prakash Shah**

The Global Servicing market in India continues to grow at a higher pace compared to IT-BPM Industry. India has been one of the leading destinations in the world enjoying a substantial market share of the US Global Services sourcing business.. The Industry has led to the economic transformation of the country and altered the perception of India in the Global Economy. India's cost competitiveness in providing IT services, (the cost saving of up to 50-60 percent over source) is the mainstay of its unique selling proposition. In the Global Markets, India has become a hub for its Digital Capabilities housing around 75 percent of Global Digital Talent. India is the top most off-shoring destination for the IT companies across the world. The same is a result of proving its capabilities in delivering both on-shore and off-shore services to Global Clients.

We believe the time has come for our country to leverage the existing technology tools to develop new smart cities and transform existing ones and unleash their true potential as centers of opportunity.

This has opened a huge business opportunity for your Company.in India. Your Company has already successfully executed one of the Safe City and has been achieved more than 97 percent uptime during operations and maintenances. Your Company has also built capabilities for Smart City Solutions and the experience of executing Safe City as well. This we believe is a great head start advantage over our competitors.

During the year 2017-18, your company achieved a consolidated total Income of ₹ 228.94 Crores as against ₹ 217.24 Crores for previous year. The same translates to a moderate growth of about 5%. In a competitive market, the Company has still managed to maintain the EBITDA margin at 21%. The Company has made significant efforts on right sizing the balance sheet. The Company entered into an arrangement with State Bank of India and the entire dues of SBI were repaid, by assignment of the same to Kotak Mahindra Bank. As part of the restructuring the Company has saved a considerable amount payable towards interest and other charges to SBI. The same has resulted in more than doubling of PBT (₹19.97 crores) and PAT (₹ 10.94 crores), as compared to the previous year.

During the year, the overdue statutory liabilities have been reduced considerably and we expect the balance statutory liabilities to be cleared soon. Further, the Management is pleased to inform that the overall debts of the company has been reduced considerably during the previous year and the Company is taking all reasonable steps to become a debt free organization in the near future, thus enhancing the profitability to a great extent.

In the coming years as a continuous efforts the management strives to implement better financial discipline and corporate governance across the organization, in order to achieve a healthier overall performance.

With Best Wishes

**Prakash Shah**

Whole-time Director



Hello Investors,

A busy but successful year has gone by. Our global revenues increased. We have added customers in the US and India. From the finance perspective, it has been a wonderful year. We have been able to successfully reduce our debts and also showcase improved governance. It has also been a year of learning, as we have been constantly introspecting ourselves and fine tuning our operations and sales. We have become more focused in our offerings for services and solutions. Our innovation journey has reached new frontiers. In all, a positive year with improvement across various parameters that only gives us more confidence.

We have started witnessing an improvement in the India economy. The US markets have shown great growth last year,

and we believe the same will sustain during the same. With innovation, we have further improved our NOC, SOC and released a new version of ADiTaaS. We have got ourselves certified as a CMMI level 3 company. Our smart city division has been knocking on many opportunities. Lastly, our new IoT practice is shaping up big time into new innovative solutions in Smart Cities as well as across Agriculture and other key verticals. Our cloud business is getting new traction. In all, we are very confident on delivering state of the art transformative solutions to businesses and have raised our benchmarks in service delivery through sharpened skill sets via training and automation.

When I look back, I feel “the short pain, long gain” approach with introspection and inherent transformation steps taken by the management in last 2-3 years have inculcated into a improved focus, readiness and positive outcome for the Company.

Our goal now is to focus primarily on

- customer acquisitions,
- concentrate on target markets,
- more business from existing customer base and
- develop new solutions in IoT.

We have undertaken major initiative to improve our visibility, communication and focus on technology. We look forward to this opportunity as a threshold for further growth. We will continue in our endeavor with the same motto of “Passion, Teamwork and Innovation”, of course, managing customer’s IT with Commitment..

With Best Wishes

**Paresh Shah**

Chief Executive Officer



With the successful completion of 10 quarters of the Pune City Surveillance Project having uptime exceeding 98%, your company has reaffirmed its position as a leading Master Systems Integrator in the country that delivers on promise.

The Duration of Smart City Mission – key program of the Prime Minister- is for five years: 2015 to 2020. Though the first lot of 20 cities out of 100 was selected on January 1<sup>st</sup>, 2016 the remaining 79 lots were released over a period of two years with the last lot of 9 cities being released in January 2018. It typically takes 15 to 18 Months after floating of the RFP to appoint a Project Management Consultant and setting up of Special Purpose Vehicle. After floating the RFP the process takes further 3 to 4 months due to pre-bid meetings, queries, subsequent corrigendum and finally bid evaluation and award of contract. Therefore, from the time a City is selected under the Smart City Program to the time the contract for the project is awarded it usually takes around 21 months. In some cases, the RFPs are scrapped due to insufficient or unqualified bids that delays the process still further.

With the general elections in India slated in 2019, we have witnessed a spurt in the release of RFPs for Smart Cities by

various State Governments. This has caused overlapping dates for bid submission that puts enormous pressure on the bidders to meet the deadline.

Your Company has participated in Smart City RFPs on its own and as well as in Consortium with some large organizations due to collaborative nature of such projects. However, some of the bids could not be finalized on account of the reasons stated above and some of them are under evaluation and the results awaited.

The Ministry of Electronics and Information Technology has announced the IoT policy to create a \$15 billion IoT industry in India by 2020. Your company has initiated a program to leverage on this opportunity by creating a team that specialises on the IoT Technology based solutions that have strong traction in Smart City projects and Digital India concepts in the country.

IoT has the potential to transform our use of technology such as in Smart Homes / Spaces, Health Care, mobility, smart devices, energy meters and Security. It will also drive growth through innovation in business for manufacturing, service industries and retail.

IoT is an emerging technology and its application in various spheres of life is being discovered that has led to fragmented development. Your company has aligned with some of the leading international organizations who are actively involved in developing this technology and are currently working in India on some large opportunities to ensure their place in this exciting and potentially rewarding field. Through this alignment, your company will be developing solutions and tools that will address the need of the industry and help in customer acquisition.

The initiative in Smart City and IoT of your company has potential for long term sustained business as the contract are generally for 5 years. During this period there is an assured business from the customer through scaling up of the solution and possible replication at other locations.

With warm regards,

**Jawahar Ali**  
Chief Executive Officer - ISG.



## Allied Digital CMD invited by Taiwan Govt. as Keynote speaker for Smart City Summit 2018

Allied Digital CMD - Mr. Nitin Shah was invited as Keynote speaker for the 2018 Smart City Summit and Expo held in Taipei, Taiwan. Ministry of commerce, Government of Taiwan had invited him for the speech on 30th March 2018 during conference on India Smart City initiatives.



## Allied Digital at 'Magnetic Maharashtra Convergence 2018' exhibition

Allied Digital was present at 'Magnetic Maharashtra Convergence 2018' event at MMRDA, BKC, Bandra, Mumbai between 19th and 23rd February where we showcase IoT enabled Smart Farming.





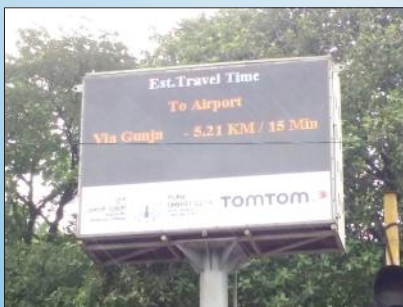
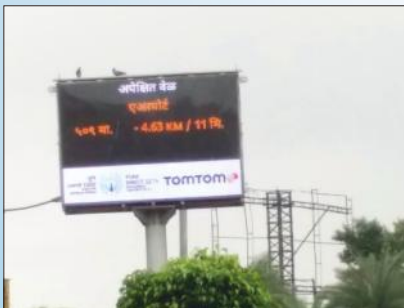
## Allied Digital: Software Development appraised at CMMI Level 3

Allied Digital has been appraised at Level 3 of the CMMI Institute's Capability Maturity Model Integration (CMMI)®. The appraisal was performed by Equalitas Certifications Limited. CMMI is a capability improvement framework that provides organizations with the essential elements of effective processes that ultimately improve their performance.

An appraisal at maturity level 3 indicates the organization is performing at a "defined" level. At this level, processes are well characterized and understood, and are described in standards, procedures, tools and methods. The organization's set of standard processes, which is the basis for maturity level 3, is established and improved over time.



## ALLIED DIGITAL - REAL TIME TRAFFIC INFORMATION SYSTEMS



Allied Digital is India's leading Master System Integrator and has delivered the first of its kind Pune Safe City project to the country in August 2015. Amongst many firsts in the country we have added another feather to the cap. Please see actual pictures taken of estimated travel time displayed on Variable Messaging Displays installed by PSCDC as part of POC carried out by ADSL and TOMTOM.

This is the first of its kind integration in the world which is done by Allied Digital. The innovation showcases our prowess in the smart city domain. The achievement has been appreciated by Jonathan Americo - Product Manager at TOMTOM and in his words "The product is quite recent and this was the first concrete example of this type of integration". We are continuously striving towards innovation and are the frontrunners in offering world class services to our customers.

# Allied Digital - Prestigious awards won

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.



**Excellence & Leadership in Outsourcing** by Asia Outsourcing, Mumbai.



**Contribution towards Digital Disruption** by Economic Times, Mumbai.



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



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



**India's Most Trusted Brand 2017** by IBC infomedia, Mumbai.



**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 2018** by IDG Media, Mumbai.