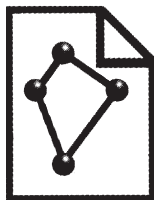


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***Fourteenth  
Annual Report  
2008-2009***

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***Datanet Systems Limited***



**DIRECTORS**

DR. A PRABHAKAR  
Chairman

G H VISWESWARA  
Chief Executive Officer and Managing Director

H K NANJUNDA SWAMY

SUDHIR PRAKASH

B R GANESH

TEJ SHARMA

H V GOWTHAMA

---

**CHIEF FINANCIAL OFFICER**

Yashoda Srinivas

---

**AUDITORS**

M/s. CGS & Co., CHARTERED ACCOUNTANTS, BANGALORE

---

**BANKERS**

BANK OF BARODA, BYRASANDRA BRANCH, BANGALORE

---

**REGISTERED OFFICE**

I FLOOR, NO. 513  
8TH CROSS, 6TH A MAIN  
J.P. NAGAR III PHASE  
BANGALORE - 560 078

## Chairman's Statement

Dear shareholder,

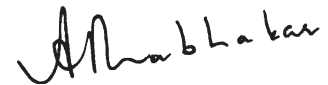
*The company has unfortunately incurred a marginal loss, in real terms. The recessionary conditions during the year have also contributed to unsuccessful attempts at achieving growth. Still the company has managed to survive with good hopes of growth in the next year. I request you to join me in congratulating the executive management, and employees at all levels, for their grit and dedication, which made this happen.*

*Your company now has strengthened the smart card & banking solutions with more functionality. The banking software developed exclusively for Department of Posts has been deployed in nearly 9000 Post Offices and will continue to grow in this fiscal.*

*With the above products, we expect to be able to continue with the good work, and emerge strongly in the years to come.*

*In closing, I thank you for your patience and your continuing support.*

*Place: Bangalore  
Date: 27th July 2009*



*Dr. A Prabhakar  
Chairman*

**NOTICE**

Notice is hereby given that the **Fourteenth Annual General Meeting of Datanet Systems Limited** will be held on Thursday, the 24th day of September 2009 at 9:30 A.M at "Rohini", Hotel Ajantha Paradise Pvt. Ltd., at 22-A, Mahatma Gandhi Road, Bangalore – 560 001 to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the audited Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Dr. A Prabhakar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Sri Sudhir Prakash who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Dr. Tej Sharma , who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/S CGS & Co. , Chartered Accountants as Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and to authorize the Board to fix their remuneration.

By Order of the Board

Bangalore  
27th July 2009

**Mr. G H Visweswara**  
*Managing Director*

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and share transfer books will remain closed from 18.09.2009 to 24.09.2009 (both days inclusive).
3. Members are requested to bring duly filled Attendance Slip and hand over the same at the entrance of the Meeting Hall.
4. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
5. Members are requested to notify any change in their address immediately to our Registrars and Share Transfer Agent viz., Cameo Corporate Services Limited, "Subramanian Building" V Floor, No.1, Club House Road, Chennai – 600 002.
6. Members holding shares in physical form are requested to dematerialise the shares to electronic form to facilitate faster transfer and avoid rejections for bad deliveries. The share certificates may be sent directly to our Registrar and Share Transfer Agent, Cameo Corporate Services Limited.

## **Additional Information**

Dr. A Prabhakar is the Founder - Chairman – Promoter of the company.

Dr. Prabhakar, aged 70 years has done his BE, ME and Ph.D from the Indian Institute of Science, Bangalore. He did Post Doctoral research at Manchester Univ, UK. Later he successfully guided five Ph.Ds while working at Indian Telephone Industries Ltd (ITI Ltd.) on varied technical topics.

He worked at IIT, Delhi for six years as Asst. Professor, before joining ITI R&D in 1974, as Deputy Chief Engineer. He went on to become the Director on the Board of ITI Ltd, and left the organization in 1995. After this, he started Datanet Systems Ltd in 1995.

He headed several departments in the R&D division of ITI Ltd., during his tenure, and spearheaded several new product developments and personally contributed to these based on intense research. The areas were as wide ranging as CAD of electronics systems, transmission systems for communications, VLSI design & fabrication, hybrid micro circuit and thin film design & fabrication, set up of VLSI fabrication infrastructure, reliability & quality assurance etc. He was Director (Production) also for a short period.

Since starting Datanet, he has once again been the fountainhead of new ideas in all technologies such as Business Process Management, Smart cards, POS Terminals, Banking processes etc.

He has served actively on many high level expert technical committees set up by the company and the Govt. Of India. He has been a very active participant in many professional societies and is one of the founders

of the VLSI society of India. He has played a key role in conceiving & promoting the Smart Card Expo (conducted by SCAFI) which is now a major event in India and in founding Smart Card Forum Of India.

He has an unbroken record of continued product innovation for many decades and has headed many professional organizations.

He is the Chairman of the Board and Chairman of Share Transfer and Compensation Committees of the company.

Dr. Tej Sharma, aged about 62 years, holds MS Degree in Engineering and MBA in Management. He is the founder of Microsystems Technologies, LLC (MTL), a company based in United States. MTL is involved in Microelectronics and IT Industry. He has worked in management capacity at Massachusetts Institute of Technology, Polaroid and Solid State Scientific. He has been on the Board of the company since August 1998.

Mr. Sudhir Prakash, aged about 60 years is B. Sc. (Hons) , PGDM . He has more than 30 years of work experience in tea cultivation and manufacture of tea. His specialized skills are in the filed of finance, taxation, administration and strategic planning. He is a director on the Boards of Arihant Solvex Ltd., Darshanlal Anand Prakash & Sons Pvt Ltd., DLX Ltd., Haileyburia Tea Estates Ltd., Kanak Projects Ltd., Sonitpur Solvex Pvt Ltd., S.M.Herbals Ltd. Techno Finance Ltd., Precision Warps & Flyers Pvt Ltd. SPBP Tea (India) Ltd and North East Builders Pvt Ltd. He is a member of the Audit Committee of the Company. He has been on the Board of the company since July 1998.

**DIRECTORS' REPORT**

Your Directors present the 14th Annual Report and the audited accounts of your Company for the year ended 31st March 2009.

**Financial Highlights**

	(Rs. in lakhs)	
	2008-09	2007-08
Sales and Services	<b>18.84</b>	58.79
Other Income	<b>12.31</b>	30.08
Total Income	<b>31.15</b>	88.87
Profit / (Loss) Before Depreciation, Interest & Taxes (PBDIT)	<b>(71.39)</b>	10.47
Interest	<b>0.19</b>	0.15
Depreciation	<b>2.14</b>	3.41
Profit / (Loss) Before Tax	<b>(73.72)</b>	6.91
Provision for Tax	<b>0.00</b>	0.00
Net profit / (loss) before exceptional item	<b>(73.72)</b>	6.91
Profit on sale of investments	<b>25.00</b>	0.00
Net profit/(loss) after exceptional item	<b>(48.72)</b>	6.91
Earnings Per Share		
Equity shares, par value Rs. 10/-each		
Basic/Diluted (Rs. per share)		
Before exceptional item	<b>(0.59)</b>	0.05
After exceptional item	<b>(0.39)</b>	0.05

**Performance**

During the year under review, though the company's revenues decreased, company could sustain in spite of limited cash flow, meeting all its statutory liabilities. The amount realized by selling of investment in wholly owned subsidiary also helped in sustaining.

Your company is making all the efforts to revive the business with the objective of increasing shareholders value. The business prospects in hand will definitely help in improving the networth of the company in the years to come.

**Outlook**

The outlook is hopeful on account of the following developments:

- (i) One of our successful software products for Department of Posts is continuing its large-scale deployment along with need for support for product enhancements.
- (ii) Our smart card technologies are also showing positive signs of bringing some revenues.
- (iii) Successfully managing with tight control on expenses and optimum deployment of resources.

**Directors**

Dr. A Prabhakar, Sri Sudhir Prakash and Dr. Tej Sharma retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. A brief profile of these directors is given in the Notice of the Annual General Meeting.

**Dividends**

The Board has not recommended any dividend for the year ended March 31, 2009.

**Corporate Governance**

Your company adheres to all the mandatory recommendations laid down by the Stock Exchanges. A report on Corporate Governance is provided in this Report. The Auditors Certificate on compliance with the standards also forms part of this Annual Report.

**Depository System**

Equity shares of your company are compulsorily tradable in dematerialised form. Your company has signed agreements with National Securities Depository Limited and Central Depository Services (India) Limited for dematerialisation of its equity shares. Your company also offers the provision of transfer cum dematerialisation of shares.

**Public Deposits**

Your Company has not accepted any deposits from the public during the year under review.

**Research & Development**

The company has carried out R&D in Architecture of applications using smart cards.

**Subsidiary Company**

Datanet eCommerce Services Limited (DESL) was set up as a wholly owned subsidiary of Datanet Systems Limited. DESL was set up to do the business of providing services. There being no major breakthrough in its business, the company decided to sell off its investment. During the year under review, the company sold the investments (100%) to raise resources required for its sustenance. The entire sale consideration was received during the year ended 31st March 2009

Since the investments were sold during the year ended 31st March 2009, as on Balance sheet date, Datanet eCommerce Services Ltd is no longer subsidiary of the company. Hence statement pursuant to Section 212 of the Companies Act, 1956 and other statutory financial statements of Datanet eCommerce Services Ltd were not appended.

**Employee Stock Option Plan**

Out of 300,000 options granted as per Phase II of the Employees Stock Option Scheme of 1999-2000 (ESOS), 78,000 options were vested during the year. No options were exercised during the year. Options lapsed during the year NIL and options in force (vested) as on 31st March 2009 is 156,000.

The details of the Employees Stock Option Plan required are being provided as per Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 for the year ended 31st March 2009 are as under:

Options granted (as per Datanet ESOP PH II)	3,00,000 Options, each convertible into an equity share of Rs. 10/- each
The pricing formula	The price fixed for these options is Rs.10/- being the face value of shares and the amount paid by the Trust while purchasing the shares of the company.
Options vested during the year	78,000
Options exercised during the year	Nil
Options lapsed during the year	Nil
Total Number of shares arising out of exercise of options	Nil
Variations of terms of options	Not Applicable
Money realised by exercise of options	Nil
Total number of options in vested and in force	156,000
Employee wise details of options granted to :	
i) Senior Management	Sri. G H Visweswara - 125000 Smt. Yashoda Srinivas - 75000 Sri. Ravichandran - 40000 Smt. Shylaja - 20000
ii) Employees holding 5% or more of the total number of options granted.	Sri. G H Visweswara Smt. Yashoda Srinivas Sri. Ravichandran Smt. Shylaja
iii) Employees who were issued shares equal to or exceeding 1% of the issued capital	Nil
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with International Accounting Standard (IAS) 33	Not Applicable

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- In the preparation of the annual accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper examination relating to material departures;
- The directors have selected such accounting policies and applied them consistently except where otherwise stated in the notes on accounts 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 losses of the company for the year under review;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the accounts for the financial year ended 31st March 2009 on a 'going concern' basis.

**Observations and remarks in the Audit report**

With regard to observation regarding preparation of accounts on a going concern basis despite the erosion of net worth as at 31st March 2009, the appropriateness of which the auditors are unable to comment on in the absence of significant progress in business plan, your directors are confident that the company will turn around during fiscal 2009-10. Company's senior management team is working hard in this direction.

With regard to observation about accumulated losses, year's cash losses, delay and irregularity in remittance of statutory dues, the same are statements of facts. With the expected business prospects during the current fiscal (2009-10), the company is confident of overcoming the present situation. Every effort is being made to improve the top and bottom lines in the future so as to ensure wiping out the losses progressively.

**Auditors**

Auditors M/s CGS & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**Personnel**

There are no employees drawing remuneration in excess of limits specified in Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.



**Human Resources**

Employee relations remained cordial during the year. Your directors take this opportunity to record their appreciation for the contribution of all employees of your company during the year. As on 31.03.2009, the employee strength of your company stood at 10.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings / Outgo**

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure to this report.

**Acknowledgements**

Your directors take this opportunity to thank all the investors, vendors, customers, banks and the governmental authorities for their support. Your Directors wish to place on record their appreciation for the commitment and significant contribution made by the employees at all levels.

For and on behalf of the Board of Directors

Bangalore

Date : 27th July 2009

**G H Visweswara**

*Managing Director*

**Annexure to Directors' Report**

Information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

**A. Conservation of Energy**

The company's operations are not energy intensive. Adequate measures have been taken to reduce energy consumption by using energy efficient computers with latest technologies.

The expenditure on account of power amounting to Rs 0.98 lakhs (previous year Rs 1.21 lakhs) is reasonable.

**B. Foreign Exchange Earnings and Outgo**

During the year earning in foreign exchange is Rs. Nil (previous year Rs. Nil).

Outgo on account of foreign currency during the year was Rs Nil (previous year Rs. Nil)

## **Management Discussion and Analysis**

### **Industry Structure and Developments**

From its inception the company was focused on developing technology platforms and application software products based on in-house R&D. The two key areas it has chosen are Business process management & smart cards, with applications particularly for financial segment.

India's software industry has largely been services oriented rather than being product based. The company has therefore been one of the few to be working at the high end of value chain. The marketing focus had been predominantly within India. Hence Datanet needs to be compared with Indian companies in pure product development space, selling to Indian customers.

### **Opportunities and Threats**

Due to availability of limited resources during the year, the company had to focus on getting the best out of the technologies, products, customers & resources it already had. This resulted in our focusing on one of our largest customers, which also has a huge future potential, viz Department of Posts. The savings bank computerization software that we had custom-built for them was deployed by them on a relatively large-scale. This has turned out to be a reasonably good opportunity. Going forward, we expect this opportunity to bring even bigger revenues.

We have been developing powerful & generic software for micro finance sector using the portable device – Simputer and smart card. As micro finance is becoming a big business, we expect this product also to create a good opportunity & generate revenues.

We have pursued other opportunities for the smart card solutions and a few small opportunities have come our way. We expect these opportunities to enlarge in near future.

On the negative side, lack of financial strength has & would result in slow growth prospects.

### **Segment wise and Product wise performance**

During the year ended 31st March 2009, company's operations were predominantly in updating & supplying the postal banking product, development/tuning of Simputer and smart card based solutions for potentially big applications and in services rendered to existing customers of financial service segment.

### **Outlook**

With the re-emergence of Department of Posts (DOP) as a customer, interest in our smart card based solutions, we believe the outlook for next year is positive.

### **Risks and Concerns**

The company has been able to keep the development efforts towards new products going with adequate success. The financial situation has improved only marginally, despite very tight control on expenditure and skillful management of available resources. Still the company has continued to operate and has met its development and service commitments to customers. The risks and concerns have been reduced, compared to the previous year.

### **Internal Control Systems and their adequacy**

The company has adequate internal control procedures for the purchase of components, stores, plant and machinery (computer peripherals) equipment and other similar assets and for the sale of goods, commensurate with its current scale of operations.

### **Discussion of financial performance with respect to operational performance**

The company took several measures to cut costs, make best use of available resources, and avoid holding unwanted / unproductive resources. Considering this, the relative performance has been satisfactory.

### **Developments in human resources / industrial relations front, including number of people employed**

At the end of financial year 2008-09, the manpower strength was 10 (of which 5 key persons have been with the company for more than 10 years, providing the required stability and continuity) as against 10 as on 31.03.2008. Your company has taken care to retain / employ persons with appropriate skill levels for the corresponding jobs, resulting in a cost and performance effective strategy. Furthermore, challenging and high quality of work have never been compromised. Innovation continues to be the dominant theme. Training for the personnel have been provided on a need basis.

**REPORT ON CORPORATE GOVERNANCE**

**1. Company’s Philosophy**

Corporate Governance is the roadmap which guides and directs the Board of Directors to govern the affairs of the company in a manner most beneficial to all the Shareholders, the Creditors, the Government and the Society at large. Your Company firmly believes in and consistently follows good corporate governance practices. The fundamental objective of Datanet’s corporate governance is transparency and accountability to all its shareholders. Corporate Governance assumes a great deal of importance in the business life of Datanet.

**Code of conduct :**

The Managing Director is responsible for overall management of the company. The Chairman is Non executive.

Senior Management team makes periodic presentations to the Board based on their responsibilities.

**2. Board of Directors**

The company’s policy is to have an appropriate mix of executive and independent directors. The overall management of the company’s business is the primary responsibility of the Board.

As on 31st March 2009, the Board comprised of 7 directors as under:

- ❖ One Whole Time directors i.e. Managing Director.
- ❖ Two Promoter directors who are non-executive.
- ❖ Four Non executive independent Directors.

Board meetings are usually held at the registered office of the company at Bangalore. The agenda of the Board meeting is sent to the directors well in advance. The Board meets atleast once in a quarter to review the quarterly results and other items of the agenda and additional meetings are also convened when required. During the Financial Year 2008-09, 6 meetings of the Board were held on 19.04.2008, 16.06.2008, 19.07.2008, 20.10.2008, 24.10.2008 and 22.01.2009. The Company’s last Annual General Meeting was held on 18.09.2008.

The details of composition, Directors’ attendance and other particulars are as under:

Name of the Director	Category	Designation	No. of Meetings attended	Attendance at last AGM
Dr. A Prabhakar	Promoter and non-executive Director	Chairman	5	Yes
H K Nanjunda Swamy	Promoter and non-executive Director	Director	6	Yes
Sudhir Prakash* *including attendance by alternate director	Independent and non-executive	Director	3	No
Tej Sharma	Independent and non-executive	Director	0	No
B R Ganesh	Independent and non-executive	Director	2	Yes
G H Visweswara	Executive Director	CEO and Managing Director	6	Yes
H V Gowthama	Independent and non executive	Director	6	Yes

A brief profile of Dr. A Prabhakar , Sri Sudhir Prakash and Dr. Tej Sharma who retire by rotation and are eligible for re-election, are given in the notice of the ensuing Annual General Meeting .

The company has an Audit Committee, a Shareholders’ / Investors’ Grievances Committee and Share Transfer Committee.

**3. Audit Committee**

As a measure of good corporate governance, an Audit Committee has been constituted consisting of independent directors. The terms of reference include –

1. Oversee the Company’s financial reporting process and disclosure of its financial information to ensure

that the financial statements are correct, sufficient and credible.

2. Review the adequacy of internal control systems, internal audit reports and their compliance thereof.
3. Recommend the appointment of statutory auditors, fixation of audit fee and approval for payment for other services.
4. Review with management the quarterly and annual financial statements before submission to the Board.

Composition of the Committee:

Mr. H V Gowthama , Chairman

Mr. B R Ganesh

Mr. Sudhir Prakash

Mr. H K Nanjunda Swamy

During the Financial Year 2008-09, the Audit Committee meetings were held on 19.04.2008, 19.07.2008, 20.10.2008 and 22.01.2009.

Meetings and attendance during the year are as below:

Members	No. of meetings held	No. of meetings attended
H V Gowthama	4	4
B R Ganesh	4	1
Sudhir Prakash*	4	2
H K Nanjunda Swamy	4	4

\* including attendance by alternate director

**4. Remuneration of Directors:**

The Company has constituted its Remuneration (Compensation) Committee. The committee recommends the appointment/ reappointment of Whole Time Directors including Managing Director . The details of terms of reappointment of these directors have been given in the Annual Report relating to the year of appointment. The Committee is also responsible for administering our Employees Stock Option Scheme and recommends the granting/ reviewing of options to the eligible employees under the plan.

Details of remuneration charged to accounts for the financial year ended 31.03.2009 are as under:

Whole Time Directors

Name	Salary and Allowances (Rs.)	Contribution to Provident and Other Fund (Rs.)	Total (Rs.)	Stock Options granted (Nos.)
G H Visweswara	861,600	70,136	931,736	125,000

Sri. G H Visweswara is under contract of employment with the company. No severance fee is payable to him. Notice period for termination of appointment of Managing/Whole-time Directors is three months, on either side.

The stock options were granted at par to Sri. G H Visweswara as per Employees Stock Option Scheme .

Non Whole Time Directors

Sitting fees were paid to the non-whole time directors during the year 2008-09 amounting to Rs. 8,000/-

**5. Shareholders' / Investors' Grievance Committee:**

To facilitate prompt redressal of investors' complaints and to strengthen investor relations, an Investors' Grievance Committee has been constituted. The Committee looks into redressal of investors' grievances pertaining to transfer of shares, dematerialisation of shares, non-receipt of share certificates and other related issues.

Composition of the Committee:

Mr. H K Nanjunda Swamy, Chairman

Mr. B R Ganesh

Mr. H V Gowthama

As on 31.03.2009, there were no outstanding complaints or shares pending for transfer.

**6. Share Transfer Committee:**

A Share Transfer Committee has been constituted to approve the share transfers, transmission, split, consolidation, issue of new certificates, rematerialisation of shares, etc. The Committee meets as often as required.

Composition of the Committee:

Dr. A. Prabhakar - Chairman

Mr. G H Visweswara

Mr.H K Nanjunda Swamy

Meetings were held as often as required. During the Financial Year 2008-09, the committee met once on 11.12.2008

Meetings and attendance during the year are as below:

Members	Status	Meetings held	Meetings attended
Dr A Prabhakar	Chairman	1	1
G H Vishweswara	Member	1	1
HK Nanjunda Swamy	Member	1	0

**7. Compensation Committee**

The company has implemented the Employees Stock Option Scheme (ESOS). In order to select the employees, who are eligible to participate in the ESOS and to offer such employees the company's stocks, a Compensation Committee was formed. The Compensation Committee comprises the following members.

Name of the Members	Status
Dr. A Prabhakar	Chairman
Sri. B R Ganesh	Member
Sri. H V Gowthama	Member
Sri. G H Visweswara	Member

The Compensation committee has the authority and discretion on matters specified by SEBI in this respect.

**8. General Body Meeting**

Details of last three Annual General Meeting (AGM):

Year	Venue	Date	Time
2007-08	Hotel Ajantha Paradise Pvt. Ltd., Bangalore	18.09.2008	9.30 A.M.
2006-07	Hotel Ajantha Paradise Pvt. Ltd., Bangalore	26.07.2007	9.30 A.M.
2005-06	Hotel Ajantha Paradise Pvt. Ltd., Bangalore	29.09.2006	9.00 A.M.

**9. Postal Ballots:**

There have been no ordinary or special resolutions passed by the company through postal ballot for the year ended 31st March 2009 as required under the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

**10. Disclosures**

There are no materially significant related party transactions with the company's promoters, directors, the management and their relatives that may have potential conflict with the interest of the company at large.

There were no instances of non-compliance by the company nor have any penalties, strictures been imposed on them by Stock Exchanges or SEBI or any other statutory authority during the last year on any matter related to capital market.

**11. Means of Communication**

11.1 The company's quarterly and annual financial results in the proforma prescribed by the stock exchanges are approved and taken on record by the Board within the prescribed time frame and sent forthwith to all Stock Exchanges in which the company's shares are listed. The financial results were published in national newspaper "Business Line"/ "Financial Express", and "Samyukta Karnataka" in vernacular (Kannada) newspaper.

11.2. Information about the company in general, its financial results and other information including official press releases can be accessed at the company's website [www.datanetsystems.com](http://www.datanetsystems.com).

11.3. SEBI is in the process of stipulating electronic filing of quarterly results, shareholding pattern, etc. by all listed companies. on its website. These statements can be accessed at the website [www.corpfiling.co.in](http://www.corpfiling.co.in).

The company is manually filing the required information.

11.4. The Management Discussion and Analysis forms part of the Annual Report.

11.5. CEO/CFO certification forms part of this annual report

11.6. Auditors' report on compliance of provisions of corporate governance forms part of this annual report

**12. General Shareholder Information**

12.1 The company's financial year begins on April 1 and ends on March 31 each year.

Division of Financial Calendar		Declaration of Unaudited Results	
1st Quarter	- April 1 to June 30	1st Quarter	- By July 31
2nd Quarter	- July 1 to September 30	2nd Quarter	- By October 31
3rd Quarter	- October 1 to December 31	3rd Quarter	- By January 31
4th Quarter	- January 1 to March 31	4th Quarter	- By June 30*

\* Audited Financial Results

**12.2 Annual General Meeting and Dividend Information**

Board Meeting for consideration of accounts	: 26th June 2009
Posting of Annual Report	: By 24th August 2009
Book Closure date	: 18.09.2009 to 24.09.2009
Last date for receiving proxy	: 22nd September 2009
Payment of Dividend	: Nil

**12.3 Listing Details**

Company's equity shares continue to be listed in Bombay Stock Exchange Limited (BSE).

Name	Address	Stock Code
Bombay Stock Exchange Ltd	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	For Demat Segment - 532373 For Normal Segment - 32373

International Securities Identification Number (ISIN)

Fully Paid Up : INE434B01011 (NSDL and CDSL)  
Partly Paid Up : IN9434B01019 (NSDL and CDSL)

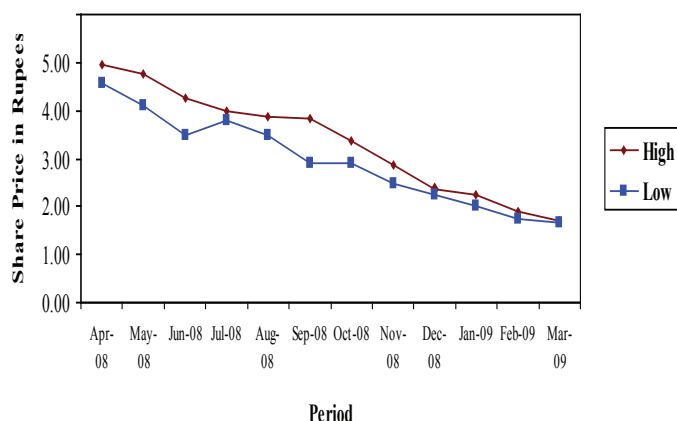
Listing fee for financial year 2009-10 has been paid.

**12.4 Market Price Data**

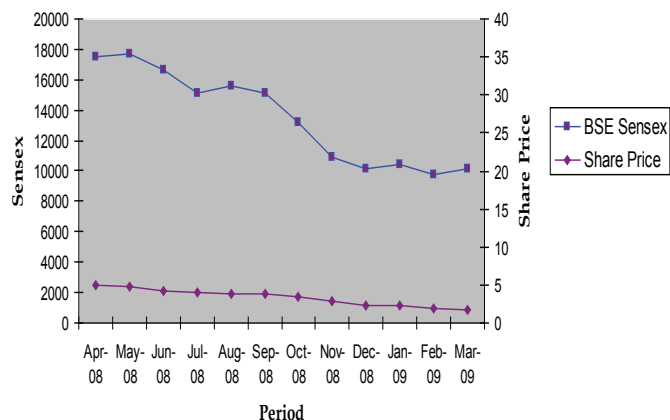
Months	Bombay Stock Exchange (BSE)		
	High (Rs.)	Low (Rs.)	Volume (Nos.)
April 2008	4.95	4.55	3399
May	4.75	4.12	1250
June	4.25	3.48	7509
July	4.00	3.81	600
August	3.89	3.50	1282
September	3.85	2.90	7681
October	3.36	2.91	1545
November	2.86	2.47	901
December	2.35	2.24	106634
January 2009	2.25	2.00	1201
February	1.91	1.73	30075
March	1.70	1.65	26847

Source : [www.bseindia.com](http://www.bseindia.com)

**Share Price (BSE) in 2008-09**



**Datanet in BSE 2008-09**



**12.5 Registrars and Transfer Agents**

Share transfers in physical form and other communication regarding share certificates, change in address etc., may be addressed to :

Cameo Corporate Services Limited  
"Subramanian Building" V Floor  
No.1, Club House Road  
Chennai - 600 002.

**12.6 Share Transfer System**

Shares sent for physical transfer are generally registered and returned within 15 days from the date of receipt if the documents are clear in all respects. Cameo Corporate Services Limited is the Registrar and Transfer agents of the company. The powers of share transfer are delegated to Share Transfer Committee. The Share Transfer Committee meets as often as required.

# DATANET SYSTEMS LIMITED

The total number of shares received for transfer, transmission, split, rematerialisation in physical form during the year 2008-09 is as follows:

Particulars	Number of shares		
	Received	Accepted	Rejected
Transfer of shares	200	200	Nil
Transmission of shares	Nil	Nil	Nil
Rematerialisation of shares	Nil	Nil	Nil

## 12.7 Details of complaints / queries received during the year 2008-09

Name of queries /complaints	Received	Resolved	Unresolved
Non receipt of share certificates / fully paid stickers, refund orders, allotment letters, stock invest	Nil	Nil	Nil
Non receipt of share certificates	Nil	Nil	Nil
Letters from SEBI / Stock Exchanges	Nil	Nil	Nil

## 12.8 Distribution of shareholdings according to number of shares held as on March 31, 2009

Holding (No. of shares)	No. of share holders	Percentage of share holders	No. of shares held	Percentage of share holding
Less than 500	1157	66.86	262229	2.07
501 – 1000	268	15.47	240174	1.93
1001 – 2000	108	6.24	172052	1.40
2001 – 3000	57	3.29	146236	1.17
3001 – 4000	7	0.40	25609	0.26
4001 – 5000	18	1.04	86529	0.65
5001 – 10000	38	2.20	286134	2.20
10001 and above	78	4.50	11382337	90.32
<b>TOTAL</b>	<b>1731</b>	<b>100.00</b>	<b>12601300</b>	<b>100.00</b>

## 12.9 Shareholding pattern as on 31st March 2009.

Sl.No.Category	No. of Holders	No. of shares held	Percentage
<b>A. Shareholding of Promoter and Promoter Group*</b>			
1. Indian			
a. Indians/Hindu Undivided family	9	2,969,940	23.57
b. Central Government/State Governments(s)	-	-	-
c. Bodies Corporate	1	251,965	2.00
d. Financial Institutions/Banks	-	-	-
e. Any other	-	-	-
<b>Sub Total (A) (1)</b>	<b>10</b>	<b>3,221,905</b>	<b>25.57</b>
<b>2. Foreign</b>			
a. Individuals (Non Resident Individuals/ Foreign Individuals)	-	-	-
b. Bodies Corporate	-	-	-
c. Institutions	-	-	-
d. Any other	-	-	-
<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
<b>Total shareholding of promoter and promoter group (A)=(A)(1)+(A)(2)</b>			
	<b>10</b>	<b>3,221,905</b>	<b>25.57</b>
<b>B. Public Shareholding</b>			
<b>1. Institutions</b>			
a. Mutual Funds/UTI	-	-	-
b. Financial Institutions/Banks	-	-	-
c. Central Government/State Governments(s)	-	-	-
d. Venture Capital Funds	-	-	-
e. Insurance Companies	-	-	-
f. Foreign Institutional Investors	-	-	-
g. Foreign Venture capital Investors	-	-	-
h. Any other	-	-	-
<b>Sub Total (B) (1)</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>2. Non Institutions</b>			
a. Bodies Corporate	68	3,469,362	27.53
b. Individuals			
I. Individuals shareholders holding nominal sharecapital upto Rs. 1 Lakh	1573	1,091,907	8.66
II. Individuals shareholders holding nominal sharecapital in excess of Rs. 1 Lakh	43	2,341,087	18.58
III Any other			
i) Clearing member	3	4,200	0.03
ii) Hindu Undivided families	24	188,933	1.50
iii) Non Resident Indians	9	1,547,506	12.28
ii) Trust - Datanet Employees Welfare Trust	1	736,400	5.84
<b>Sub Total (B) (2)</b>	<b>1721</b>	<b>9,379,395</b>	<b>74.43</b>
<b>Total Public Shareholding (B)=(B)(1)+(B) (2)</b>			
	<b>1721</b>	<b>9,379,395</b>	<b>74.43</b>
<b>Total (A)+(B)</b>			
	<b>1731</b>	<b>12,601,300</b>	<b>100</b>

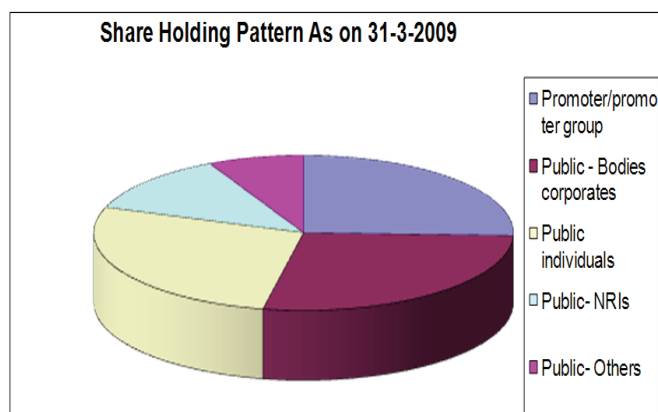
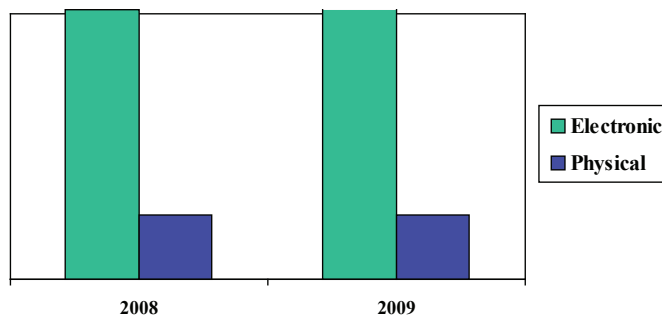
**C. Shares held by Custodians and against which depository receipts have been issued**

<b>Grand Total (A)+(B)+(C)</b>	<b>1731</b>	<b>12,601,300</b>	<b>100</b>
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Note:

Total foreign holding in number of shares and percentage shareholding is 1,547,506 and 12.28% respectively. The Company has not issued any ADRs or GDRs. The foreign shareholding consists of holdings by NRIs and other foreign nationals only.

\*As defined in Regulation 2(h) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The promoters' holding shall include all entities in the promoters' group – individual or body corporate and as defined in Regulation 2(e) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.



**12.10 Dematerialisation of shares**

Trading of shares of the company is under compulsory electronic mode. As on 31.03.2009, 10,195,001 equity shares of the company representing 80.91% of the total subscribed capital of the company were dematerialised.

Particulars	As on 31.03.2009		As on 31.03.2008	
	No. of shares	% of holding	No. of shares	% of holding
Physical	2406299	19.09	2428749	19.27
Electronic	10195001	80.91	10172551	80.73
<b>TOTAL</b>	<b>12601300</b>	<b>100.00</b>	<b>12601300</b>	<b>100.00</b>

**12.11 Address for Correspondence**

I Floor, No. 513,  
8th Cross, 6th A Main,  
J.P.Nagar 3rd Phase  
Bangalore – 560 078  
Tel: +(91) (80)2658 7597/2658 7598 , Extn. : 27  
Fax: +(91) (80) 2658 7598  
Email: yashoda@datanetsystemsLtd.com

Share transfer in physical form and other communication regarding share certificates, change of address etc., should be sent to our Registrar and Transfer Agents at the following address:

Cameo Corporate Services Limited  
"Subramanian Building" V Floor  
No.1, Club House Road  
Chennai – 600 002.  
Tel: +(91) (044) 28460390  
Fax: +(91) (044) 28460129  
E-mail: cameosys@satyam.net.in

**Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification**

We, G H Visweswara, Chief Executive Officer & Managing Director and Yashoda Srinivas, Chief Financial Officer to the best of our knowledge and belief, certify that :

- (a) We have reviewed balance sheet and profit and loss account for the year ended 31st March 2009 and all its schedules and notes on accounts, as well as the cash flow statement and directors' report and to the best of our knowledge and belief report that :



- (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 are responsible for establishing and maintaining internal controls for financial reporting and 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 we have taken proper steps to rectify these deficiencies.
- (d) We have disclosed to the auditors and the Audit Committee
- (i) significant changes in internal control over financial reporting during the year ;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

- (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**G H Visweswara**  
*Chief Executive Officer  
& Managing Director*

**Yashoda Srinivas**  
*Chief Financial Officer*

Bangalore  
27th July 2009

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**Declaration by Chief Executive Officer for affirmation of compliance of code of conduct :**

I, G H Visweswara, Chief Executive Officer and Managing Director, hereby affirm that all the members of the Board and Senior management have complied with the code of conduct of the company.

Sri G H Visweswara  
*Chief Executive Officer  
& Managing Director*

27th July 2009

27th July 2009

To  
The Members of  
Datanet Systems Limited  
I Floor, No. 513,  
8th Cross, 6th A Main,  
J P Nagar III Phase,  
Bangalore – 560 078

**AUDITORS' REPORT ON CORPORATE GOVERNANCE**

We have reviewed the implementation of Corporate Governance procedure by Datanet Systems Limited for the year ended on 31st March 2009, as stipulated in the listing agreement in Clause 49 of Bombay Stock Exchange Limited.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to the procedure and implementation thereof, adopted by the Company, for ensuring such compliance and is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us, the company has complied with the requirements of Corporate Governance as stipulated in the above mentioned listing agreement. We further state that as per the records of the company, there are no investor grievances pending.

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

**CGS & Co.***Chartered Accountants***A. R. Valisha Shakeel**

PARTNER

Membership No. 203926

**AUDITORS REPORT ON EMPLOYEES STOCK OPTION SCHEME**

The Board of Directors  
Datanet Systems Limited  
BANGALORE

We have examined the books of account and other relevant records and based on the information and explanations given to us, we certify that in our opinion, the company has implemented the employees stock option scheme in accordance with SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolution of the company in extra-ordinary general meeting of the share holders held on 18th February 2000.

**CGS & Co.***Chartered Accountants***A. R. Valisha Shakeel**

PARTNER

Membership No. 203926

**Auditors' Report to the Members of Datanet Systems Limited**

We have audited the attached Balance Sheet of **DATANET SYSTEMS LIMITED** as at March 31, 2009, the Profit and Loss account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of section 227 of the Companies Act, 1956, we report as under:

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Attention is drawn to Note no. 17 on Schedule O to the accounts regarding the preparation of accounts on a going concern basis despite the erosion of net worth as at 31st March 2009, the appropriateness of which we are unable to comment on in the absence of significant progress in business plan.
3. Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit subject to our comments in paragraph 2.

- (b) In our opinion, proper books of account as required by law have been maintained by the Company, so far as it appears from our examination of those books of accounts.
- (c) The financial statements dealt with by this report are in agreement with the books of account.
- (d) In our opinion the aforesaid financial statement dealt with by this report comply with the Accounting standards issued by the Institute of Chartered Accountants of India referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from directors of the Company as at March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is prima facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 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 accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
  - ii) in the case of the Profit and Loss account, of the loss for the year ended on that date; and
  - iii) in the case of Cash Flow statement of the cash flows for the year ended on that date.

**For CGS & Co.**  
*Chartered Accountants*  
**(A.R. Valisha Shakeel)**

Place : Bangalore

Date : 26th June, 2009

*Partner*

Membership No. 203926

**Annexure to the Auditors' Report**

(Referred to in paragraph 1 of our report of even date)

In terms of the information and explanations 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:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the Management during the year. We have been informed that no material discrepancies were noticed on such verification and there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and nature of its business.
- (c) Fixed assets disposed off during the year were not substantial and hence reporting under clause 4 (i) (c) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (ii) (a) The inventory has been physically verified during the year by the management at reasonable intervals.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and books records were not material; however the same have been properly dealt with the books of accounts.
- (iii) (a) The company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- As the company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Act, reporting under clause 4 (iii) (b), (c) and (d) of Companies (Auditors' Report) Order, 2003 is not applicable.
- (iv) 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 nature of its business for the purchase of inventory and fixed assets and for the sale of software and other products. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) (a) According to the information and explanations given to us we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- As there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956, reporting under clause 4 (v) (b) of Companies (Auditors' Report) Order, 2003 does not arise.
- (vi) The Company has not accepted / renewed any deposits from the public during the year.
- (vii) The Company has an Internal audit system commensurate with its size and nature of its business.
- (viii) As informed to us maintenance of cost records has not been prescribed for the operations of the company by the Central Government under clause (d) of sub-section (1) of the Section 209 of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not been regular in depositing undisputed statutory dues including Provident Fund, Income-tax(TDS) and Service Tax applicable to it during the year with appropriate authorities. The undisputed dues which are payable for a period of more than six months from the date they became payable as at 31st March 2009 is Rs. NIL.
- (b) According to the information and explanations given to us, there are no amounts in respect of income tax, customs duty, wealth tax, cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) The accumulated losses of the Company exceed fifty percent of its networth as at March 31, 2009. The company has incurred cash losses during the current financial year ended March 31, 2009 and also in the immediately preceding financial year ended on 31st March 2008.
- (xi) In our opinion and according to the information and explanation given to us, the company has not borrowed funds from any financial institutions or banks and has not issued any debentures.
- (xii) According to the information and explanations given by the management, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given by the management, the Company is not dealing or trading in shares, securities, debentures & other investments.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanation given to us, the company has not taken any term loan.
- (xvii) According to the information and explanations given to us and on overall examination of the Financial Statements of the Company, we report that no funds raised on short term basis have been used for long term investment. The company has not raised any funds on long term basis.
- (xviii) The company has not made any preferential allotment of shares to parties or companies to be covered in

the register maintained under Section 301 of the Companies Act, 1956 and hence reporting under clause 4 (xviii) of Companies (Auditors' Report) Order, 2003 does not arise.

- (xix) The Company did not have outstanding debentures during the year. Accordingly, no securities have been created.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given by the management, no fraud on or by the Company has been noticed or reported during the year.

**For CGS & Co.**  
*Chartered Accountants*

**(A.R. Valisha Shakeel)**  
*Partner*  
Membership No. 203926

Place : Bangalore  
Date : 26th June 2009

**BALANCE SHEET AS AT 31ST MARCH 2009**

	Schedule	As at 31.03.2009		As at 31.03.2008	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
Shareholders' funds :					
Share capital	A	<b>125,925,500</b>		125,925,500	
Reserves and surplus	B	<b>8,399,000</b>		8,399,000	
Unsecured loans	C	<b>100,000</b>		97,000	
Total		<b>134,424,500</b>		<b>134,421,500</b>	
<b>APPLICATION OF FUNDS</b>					
Fixed Assets :					
Gross block	D	<b>7,567,678</b>		9,089,477	
Less: Depreciation		<b>6,995,511</b>		8,211,981	
Net block		<b>572,167</b>		877,496	
Investments	E	—		2,500,000	
Current assets, loans & advances :					
Inventories	F	<b>6,490,319</b>		10,814,374	
Sundry debtors		<b>598,113</b>		1,878,463	
Cash & bank balances		<b>165,478</b>		210,241	
Loans & advances		<b>8,100,854</b>		8,307,266	
		<b>15,354,764</b>		21,210,344	
Less: Current liabilities & provisions :					
Current liabilities	G	<b>6,071,885</b>		9,863,563	
Provisions		—		—	
		<b>6,071,885</b>		9,863,563	
Net current assets		<b>9,282,879</b>		11,346,781	
Miscellaneous expenditure ( to the extent not written off or adjusted)		—		—	
Profit & loss account		<b>124,569,454</b>		119,697,223	
Total		<b>134,424,500</b>		<b>134,421,500</b>	
Significant accounting policies	N				
Notes on accounts	O				

The schedules referred to above and the notes attached form an integral part of the Balance Sheet

As per our report attached  
**CGS & Co.**  
Chartered Accountants

**A.R. Valisha Shakeel**  
Partner

Membership No. 203926  
Bangalore, 26th June, 2009

**G H Visweswara**  
Managing Director

**H V Gowthama**  
Director

Bangalore, 26th June, 2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Schedule	2008-09 Rupees	2007-08 Rupees
<b>INCOME</b>			
Sales & services	H	<b>1,884,445</b>	5,879,647
Other income	I	<b>1,230,770</b>	3,007,928
		<b>3,115,215</b>	<b>8,887,575</b>
<b>EXPENDITURE</b>			
Manufacturing & operating expenses	J	<b>4,425,039</b>	93,507
Staff expenses	K	<b>3,187,684</b>	3,910,088
Selling & administration expenses	L	<b>2,641,512</b>	3,836,568
Interest	M	<b>19,103</b>	15,624
Depreciation and obsolescence		<b>214,108</b>	340,761
		<b>10,487,446</b>	<b>8,196,548</b>
Profit / (Loss) before income tax		<b>(7,372,231)</b>	691,027
Provision for income tax		—	—
Net Profit / (Loss) before exceptional item		<b>(7,372,231)</b>	691,027
Profit on sale of investments ( refer note no. 16)		<b>2,500,000</b>	—
Net Profit / (Loss) after exceptional item		<b>(4,872,231)</b>	691,027
Profit / (Loss) brought forward from previous year		<b>(119,697,223)</b>	(120,388,250)
Profit / (Loss) carried to Balance Sheet		<b>(124,569,454)</b>	(119,697,223)
Earnings Per Share - Basic /Diluted			
Before exceptional item		<b>(0.59)</b>	0.05
After exceptional item		<b>(0.39)</b>	0.05
Significant accounting policies	N		
Notes on accounts	O		

As per our report attached  
**CGS & Co.**  
Chartered Accountants

**A.R. Valisha Shakeel**  
Partner

Membership No. 203926  
Bangalore, 26th June, 2009

**G H Visweswara**  
Managing Director

**H V Gowthama**  
Director

Bangalore, 26th June, 2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

	Year 2008-09 Rs.	Year 2007-08 Rs.
<b>A. Cash flow from operating activities</b>		
Net profit/ (loss) before tax and extraordinary item	(7,372,231)	691,027
Adjustments for :		
Depreciation	214,108	340,761
<b>Operating profit / (loss) before working capital changes</b>	<b>(7,158,123)</b>	1,031,788
Adjustments for :		
Decrease / (Increase) in sundry debtors	1,280,350	122,509
Decrease in loans and advances	318,342	91,901
Decrease in inventories	4,324,055	27,501
Increase / (decrease) in current liabilities and provisions	(3,791,678)	(2,892,810)
<b>Cash from / ( used in ) operations</b>	<b>(5,027,054)</b>	(1,619,111)
Income taxes paid	(111,930)	(260,683)
<b>Net cash from / (used in ) operating activities</b>	<b>(5,138,984)</b>	(1,879,794)
<b>B. Cash flow from investing activities</b>		
(Purchase) of fixed assets	(14,040)	(120,557)
Proceeds on disposal of fixed assets	105,261	30,196
Proceeds from sale of investments	5,000,000	—
<b>Net cash from / (used in ) investing activities</b>	<b>5,091,221</b>	(90,361)
<b>C. Cash flow from financing activities</b>		
Proceeds from/ (repayment of) amount borrowed from directors (net)	3,000	(275,000)
<b>Net cash from / ( used in) financing activities</b>	<b>3,000</b>	(275,000)
Net (decrease)/ increase in cash and cash equivalents during the year	(44,763)	(2,245,155)
Cash and equivalents at the beginning of the year	210,241	2,455,396
<b>Cash and cash equivalents at the end of the year</b>	<b>165,478</b>	210,241

## Notes :

1. Cash flow statement has been prepared following the indirect method.
2. Cash and cash equivalents represents cash and bank balances only.
3. Previous year's figures have been regrouped/reclassified wherever necessary

As per our report attached  
**CGS & Co.**  
Chartered Accountants

**A.R. Valisha Shakeel**  
Partner

Membership No. 203926  
Bangalore, 26th June, 2009

**G H Visweswara**  
Managing Director

**H V Gowthama**  
Director

Bangalore, 26th June, 2009



**DATANET SYSTEMS LIMITED****SCHEDULE FORMING PART OF ACCOUNTS**

	<b>As at 31.03.2009 Rupees</b>	<b>As at 31.03.2008 Rupees</b>
--	--	--

**Schedule - A****Share Capital**

Authorised :

15,000,000 Equity shares of Rs.10/- each **150,000,000** 150,000,000

Issued and subscribed and paidup:

12,601,300 Equity shares of Rs.10/- each **126,013,000** 126,013,000Less : Allotment money in arrears **87,500** 87,500**125,925,500** **125,925,500****Schedule - B****Reserves and Surplus**Subsidy from Government of Karnataka **899,000** 899,000

Securities premium account

As per last balance sheet **7,500,000** 7,500,000**8,399,000** **8,399,000****Schedule - C****Unsecured Loans**

Other loans and advances

From director **100,000** 97,000**100,000** **97,000**

**DATANET SYSTEMS LIMITED****SCHEDULE FORMING PART OF ACCOUNTS (Contd.)****Schedule - D****Fixed Assets**

	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2008 Rupees	Additions during the year Rupees	Deletions during the year Rupees	As at <b>31.03.2009</b> Rupees	As at 01.04.2008 Rupees	For the year Rupees	On deletions during the year Rupees	As at <b>31.03.2009</b> Rupees	As at <b>31.03.2009</b> Rupees	As at 31.03.2008 Rupees
Computers	5,480,793	—	—	<b>5,480,793</b>	5,238,899	96,748	—	<b>5,335,647</b>	<b>145,146</b>	241,894
Office Equipments	1,933,399	14,040	4,275	<b>1,943,164</b>	1,440,214	87,249	4,275	<b>1,523,188</b>	<b>419,976</b>	493,185
Electrical Installations	19,480	—	13,898	<b>5,582</b>	19,465	10	13,898	<b>5,577</b>	<b>5</b>	15
Furniture & Fixtures	360,970	—	222,831	<b>138,139</b>	335,719	18,211	222,831	<b>131,099</b>	<b>7,040</b>	25,251
Vehicles	1,294,835	—	1,294,835	—	1,177,684	11,890	1,189,574	—	—	117,151
<b>Total</b>	<b>9,089,477</b>	<b>14,040</b>	<b>1,535,839</b>	<b>7,567,678</b>	<b>8,211,981</b>	<b>214,108</b>	<b>1,430,578</b>	<b>6,995,511</b>	<b>572,167</b>	<b>877,496</b>
Previous year	9,232,596	120,557	263,676	<b>9,089,477</b>	8,104,700	340,761	233,480	<b>8,211,981</b>	<b>877,496</b>	

**As at  
31.03.2009  
Rupees**

As at  
31.03.2008  
Rupees

**Schedule - E****Investments**

Long term investments at cost (Unquoted)

Fully paid equity shares of Datanet eCommerce Services Limited, a wholly owned subsidiary

250,000 equity shares of Rs. 10/- each

(Refer Note No. 16)

	—	2,500,000
	—	2,500,000
	—	2,500,000

**DATANET SYSTEMS LIMITED****SCHEDULE FORMING PART OF ACCOUNTS (Contd.)**

	<b>As at 31.03.2009</b>		<b>As at 31.03.2008</b>	
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b><u>SCHEDULE - F</u></b>				
<b><u>Current Assets, Loans and Advances</u></b>				
<b><u>Current Assets :</u></b>				
<b>Inventories :</b>				
Subsystems for system integration and components		<b>6,490,319</b>		10,814,374
<b>Sundry debtors :</b>				
Unsecured				
Outstanding for more than six months :				
considered good		<b>272,863</b>		1,304,807
considered doubtful		—		—
		<b>272,863</b>		1,304,807
Other debts				
considered good		<b>325,250</b>		573,656
		<b>598,113</b>		1,878,463
Less : Provision for doubtful debts		—		—
		<b>598,113</b>		1,878,463
Cash & bank balances :				
Cash on hand		<b>5,761</b>		5,141
Balance with scheduled banks :				
on current accounts		<b>159,717</b>		205,100
		<b>165,478</b>		210,241
<b><u>Loans &amp; Advances :</u></b>				
Unsecured				
considered good :				
Advances recoverable in cash or in kind or for value to be received		<b>8,100,854</b>		8,307,266
		<b>15,354,764</b>		21,210,344

**DATANET SYSTEMS LIMITED****SCHEDULE FORMING PART OF ACCOUNTS (Contd.)**

	As at 31.03.2009		As at 31.03.2008	
	Rupees	Rupees	Rupees	Rupees
<b>Schedule - G</b>				
<b>Current Liabilities and Provisions</b>				
<b>Current liabilities :</b>				
Sundry creditors				
Due to : Small Scale Industries	—	—	—	—
Others	<b>3,428,124</b>		4,237,809	
	<b>3,428,124</b>		4,237,809	
Due to subsidiary company	—		3,216,083	
Due to directors	<b>2,643,761</b>		2,409,671	
		<b>6,071,885</b>		9,863,563
Provisions :		—		—
		<b>6,071,885</b>		<b>9,863,563</b>

	2008-09		2007-08	
	Rupees	Rupees	Rupees	Rupees
<b>Schedule - H</b>				
<b>Sales &amp; Services</b>				
Software and products		<b>922,990</b>		1,803,199
Service income		<b>961,455</b>		4,076,448
		<b>1,884,445</b>		<b>5,879,647</b>

**Schedule - I****Other Income**

Interest income (Tax deducted at source Rs Nil, previous year Rs.Nil).		<b>833</b>		1,340
Miscellaneous income		<b>110,200</b>		692,453
Credit balances written back		<b>1,119,737</b>		2,314,135
		<b>1,230,770</b>		<b>3,007,928</b>

**DATANET SYSTEMS LIMITED****SCHEDULE FORMING PART OF ACCOUNTS (Contd.)**

	<b>2008-09</b>		2007-08	
	<b>Rupees</b>	<b>Rupees</b>	Rupees	Rupees
<b>Schedule - J</b>				
<b>Manufacturing and Operating Expenses</b>				
System support and maintenance		<b>100,984</b>		66,006
Add/(Less) : Decrease/(Increase) in Manufactured/traded stock :				
Opening stock				
Subsystems for system integration	<b>10,814,374</b>		10,841,875	
Less : Closing stock				
Subsystems for system integration	<b>6,490,319</b>		<b>10,814,374</b>	
		<b>4,324,055</b>		27,501
		<b>4,425,039</b>		<b>93,507</b>

**Schedule - K****Staff Expenses**

Salaries and other benefits		<b>2,920,800</b>		3,585,361
Contribution to Provident and other funds		<b>237,423</b>		278,817
Staff welfare expenses		<b>29,461</b>		45,910
		<b>3,187,684</b>		<b>3,910,088</b>

**DATANET SYSTEMS LIMITED****SCHEDULE FORMING PART OF ACCOUNTS (Contd.)**

	<b>2008-09</b>	2007-08
	<b>Rupees</b>	Rupees
<b><u>Schedule - L</u></b>		
<b><u>Selling and Administration Expenses</u></b>		
Rent	<b>899,428</b>	575,409
Rates & taxes	<b>75,832</b>	108,333
Insurance	<b>9,045</b>	13,173
Travelling & conveyance	<b>41,614</b>	65,350
Communication expenses	<b>165,885</b>	168,373
Power & fuel	<b>97,533</b>	121,458
Office Maintenance	<b>88,456</b>	113,335
Selling expenses	<b>40,501</b>	65,652
Audit fees	<b>40,000</b>	40,000
Security expenses	<b>134,509</b>	167,996
Printing & Stationery	<b>45,743</b>	46,393
Professional and consultancy charges	<b>265,050</b>	244,500
Advertisement	<b>148,260</b>	120,145
Warranty support	<b>32,986</b>	869,243
Bad debts and advances written off	<b>296,448</b>	873,214
Miscellaneous expenses	<b>260,222</b>	243,994
	<b><u>2,641,512</u></b>	<b><u>3,836,568</u></b>

**Schedule - M****Interest**

Interest on fixed loan	—	—
Interest - others	<b>19,103</b>	15,624
	<b><u>19,103</u></b>	<b><u>15,624</u></b>

**SCHEDULE FORMING PART OF ACCOUNTS** (Contd.)**Schedule - N****Significant Accounting Policies****1. Basis of Accounting :**

- a) The accounts have been prepared using historical cost convention and on the basis of going concern, and is made in accordance with the provisions of section 211(3C) and the other provisions of the Companies Act, 1956, with revenues recognised and expenses accounted on accrual, including for committed obligations.

These financial statements have been prepared in conformity with Generally Accepted Accounting Principles, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

- b) Where changes in presentation are made, comparative figures for the previous year are regrouped accordingly.

**2. Fixed Assets :**

Fixed assets are capitalised at acquisition cost including directly attributable costs such as freight, insurance and specific installation charges for bringing the asset to its present condition for use.

Pre-operative expenses incurred upto the date of commencement of commercial operations are capitalised.

**3. Investments :**

Long term Investments are valued at cost.

**4. Inventories :**

Inventories are valued at lower of cost or replacement value after providing for obsolescence and damages as below:

Raw materials & components	: weighted average cost
Finished goods	: at lower of cost including appropriate production overheads or net realisable value
Traded goods	: at cost on FIFO basis

**5. Depreciation :**

Depreciation is provided on Written Down Value (WDV) method at the rates and in the manner specified in Schedule XIV of the Companies Act , 1956.

**6. Foreign Currency Transactions :**

Foreign currency transactions are recorded at the rates prevailing on the date of transaction and adjusted to the rates prevailing on the date of settlement during the accounting year.

Current assets & liabilities remaining unsettled at the close of the accounting year are converted at the contracted rate or year end rate as applicable.

The exchange differences on settlement/conversion are adjusted to :

- i) Cost of fixed assets, if the foreign currency liability relates to fixed assets.
- ii) Profit & loss account in other cases.

**7. Retirement Benefits :**

Contributions to provident fund are paid as per the provisions of the Employees Provident Fund and Miscellaneous Act, 1952.

Provision for gratuity, based on actuarial valuation, is funded with Life Insurance Corporation of India.

**SCHEDULE FORMING PART OF ACCOUNTS** (Contd.)

**8. Contingencies and events occurring after the Balance Sheet date :**

Accounting for contingencies (gain or loss) arising out of contractual obligations are made only on the basis of mutual acceptance.

Events occurring after the date of Balance Sheet are considered upto the date of approval of the accounts by the Board of Directors, where material.

**9. Revenue recognition :**

Revenue is recognised on the basis of despatch of systems and completion of services.

**10. Deferred revenue expenditure :**

Deferred revenue expenditure incurred on the development of new products are written off over a period of three years from the year of commercial exploitation of the product.

**11. Borrowing costs :**

Borrowing costs incurred in connection with borrowing of funds for the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use/sale are capitalised as part of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**12 Taxes on Income**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance of the provisions of the Income Tax Act, 1961 , and based on expected outcome of assessments/appeals.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted on the balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.



**SCHEDULE FORMING PART OF ACCOUNTS** (Contd.)**Schedule - O****Notes on Accounts**

1. As implementation under Phase II of the Employees Stock Option Scheme of 1999-2000 (ESOS), 156,000 options were vested as on 31st March 2009 out of granted options of 300,000 (previous year 78,000). Options exercised during the year nil (previous year nil) and options lapsed as on 31.3.2009 is 40,000 (previous year 40,000).
2. Estimated amount of contracts remaining to be executed on capital account (net of advance) is Rs. Nil (previous year Rs. Nil)
3. a) There is no income tax liability for the year as per the normal / Section 115JB computation under the provisions of the Income tax Act, 1961  
b) No provision for wealth tax has been made, as there is no taxable wealth under the provisions of the Wealth Tax Act, 1957.
4. In accordance with the mandatory Accounting Standard-22 "Accounting for taxes on Income", the deferred tax asset in respect of timing difference arising mainly on account of unabsorbed depreciation and business loss estimated upto 31.03.2009 at Rs. 347.52 lakhs (increased by Rs.4.01 lakhs during the year ended 31st March 2009) has not been recognized in the accounts as a prudent measure.

	<b>2008-09</b>	2007-08
	<b>Rupees</b>	Rupees
5. Value of Imports (on C.I.F. basis)		
Subsystems and components	—	—
Capital Goods	—	—
6. Earnings in Foreign exchange		
FOB value of exports	—	—
7. Exchange gain / (loss) relating to :		
a) purchase of fixed assets adjusted in the carrying cost of the fixed assets:	—	—
b) charged to revenue (net)		
8. Managerial remuneration charged to accounts		
Salary and other allowances	<b>861,600</b>	861,600
Contribution to provident and other funds	<b>70,136</b>	63,597
Total	<b>931,736</b>	925,197
9. Auditor's remuneration charged to accounts:		
Audit fees including service tax	<b>44,120</b>	44,944
Certification and other works	<b>15,000</b>	15,000
10. Earnings Per Share (EPS) computed in accordance with Accounting Standard 20		
Basic / Diluted		
Profit / (Loss) after tax as per accounts	A <b>(4,872,231)</b>	691,027
Number of shares issued (Weighted average no.)	B <b>12,592,550</b>	12,592,550
Earnings per Share	A / B <b>(0.39)</b>	0.05

**SCHEDULE FORMING PART OF ACCOUNTS** (Contd.)

11. Service income includes income from software services, customisation and annual maintenance contracts.
12. Sundry debtors, Sundry creditors and Loans & advances of certain parties balances are subject to confirmation.
13. The Company does not owe any sum to any Small Scale Industrial undertaking.
14. The company is engaged in the development of computer software solutions and rendering related services. Hence quantitative information as required under paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956 is not furnished.
15. The company's operations presently are predominantly in Financial service segment . Hence reporting of segment details does not arise.
16. The company sold its 100% investments in wholly owned subsidiary i.e Datanet eCommerce Services Limited during the year ended 31st March 2009 for a consideration of Rs. 50 lakhs. As per the terms of sale, the amount due to subsidiary Rs. 34 lakhs was repaid. Entire consideration was received during the year. Capital gain arising out of the transaction is set off against current business losses of the company as per the provisions of Income Tax Act, 1961.
17. The financial statements do not include any adjustments relating to recoverability and classification of recorded asset amounts , or to amounts and classification of liabilities that may be necessary if the company is unable to continue as a going concern.
18. Loans and advances include Rs.7,364,000/- being loan given to Datanet Employees Welfare Trust, formed for the benefit of its employees, for purchase of equity shares in the company (Previous year Rs. 7,364,000/-). The company is in the process of changing its focus to globally marketable products resulting in a competitive marketable technology. In view of this , in the opinion of the management, the above advance is recoverable in full out of the proceeds receivable from the employees on exercise of the options granted under the Employees Stock Option Scheme.
19. The company has taken two commercial premises under cancellable operating leases. These agreements are normally renewed on expiry. The rental expenditure in respect of operating leases was Rs.899,428/- (previous year Rs. 575,409/-) Contingent rents recognized in the Profit and Loss account is Rs. Nil (previous year Rs. Nil
20. Disclosures of related party transactions:

- i. List of related parties

<b>Sl.No.</b>	<b>Name of the Related party</b>	<b>Relationship</b>
1	M/s. Datanet eCommerce Services Limited	Wholly owned subsidiary
2	Dr.A.Prabhakar	Chairman
3	G.H.Visweswara	Whole Time Director
4	H K Nanjunda Swamy	Director
5	B R Ganesh	Director
6	Sudhir Prakash	Director
7	Tej Sharma	Director
8	H V Gowthama	Director

Mr. Nikhil Prakash resigned as alternate director during the year.

# DATANET SYSTEMS LIMITED

## SCHEDULE FORMING PART OF ACCOUNTS (Contd.)

	<b>2008-09*</b> <b>Rupees</b>	2007-08 Rupees
ii. Details of transactions with subsidiary *till the date of sale of investments in the subsidiary		
1 Cost of services	<b>90,000</b>	360,000
2 Advances received	<b>3,400,000</b>	3,216,083
3 Consideration received	<b>5,000,000</b>	—
4 Advances repaid	<b>3,400,000</b>	—
iii. Transactions with key management personnel.		
1 Remuneration to Directors	<b>931,736</b>	925,197
2 Sitting fees to directors	<b>8,000</b>	29,000
3 Loan from directors	<b>235,000</b>	—
	<b>As at</b>	As at
	<b>31.03.2009</b>	31.3.2008
iv. Amounts due to related parties		
1. Remuneration/expenses to Directors	<b>2,643,761</b>	2,409,671
2. Loan from a director	<b>100,000</b>	97,000
3. Advances received	—	3,216,083
	<b>2,743,761</b>	5,722,754

21. Additional information required to be disclosed pursuant to Part II of Schedule VI of the Companies Act, 1956 to the extent applicable.

Quantitative Details	2008-09			2007-08		
	Qty.	Unit	Value(Rs.)	Qty.	Unit	Value(Rs.)
<b>a) Opening Stock</b>						
Subsystems for system integration		<b>Lot</b>	<b>10,841,374</b>		Lot	10,841,875
<b>b) Purchases</b>						
Subsystems for system integration		<b>Lot</b>	—		Lot	—
<b>c) Closing Stock</b>						
Subsystems for system integration		<b>Lot</b>	<b>6,490,319</b>		Lot	10,814,374
<b>d) Sales :</b>						
Software			<b>922,990</b>			1,803,199
Service income			<b>961,455</b>			4,076,448
			<b>1,884,445</b>			5,879,647

# DATANET SYSTEMS LIMITED

## SCHEDULE FORMING PART OF ACCOUNTS (Contd.)

### Schedule - O

#### Notes on Accounts - Contd.,

#### 20 Additional information as required under Part IV of Schedule VI of the Companies Act, 1956

#### I Balance Sheet Abstract and Company's General Business Profile

Registration Details

CIN

L 8 5 1 1 0 K A 1 9 9 5 P L C 0 2 5 6 1 7

Registration No.

0 8 - 2 5 6 1 7

State Code 0 8

Balance Sheet Date

3 1 0 3 0 9

Date Month Year

#### II Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue

0 0 0 0 0 N I L

Rights Issue

0 0 0 0 0 N I L

Bonus Issue

0 0 0 0 0 N I L

Private Placement

0 0 0 0 0 N I L

#### III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

0 0 1 3 4 4 2 4

Total Assets

0 0 1 3 4 4 2 4

#### Sources of Funds

Paid-Up Capital

0 0 1 2 5 9 2 5

Reserves and Surplus

0 0 0 0 8 3 9 9

Secured Loans

0 0 0 0 0 N I L

Unsecured Loans

0 0 0 0 0 1 0 0

#### Application of Funds

Net Fixed Assets

0 0 0 0 0 5 7 2

Investments

0 0 0 0 0 N I L

Net Current Assets

0 0 0 0 0 9 2 8 3

Misc. Expenditure

0 0 0 0 0 N I L

Accumulated Losses

0 0 1 2 4 5 6 9

#### IV Performance of Company (Amount in Rs. Thousands)

Turnover (including other income)

0 0 0 0 0 3 1 1 5

Total Expenditure

0 0 0 0 0 1 0 4 8 7

Profit on sale of investments

0 0 0 0 0 2 5 0 0

+ -

✓

Profit/Loss Before Tax

0 0 0 0 0 4 8 7 2

+ -

✓

Profit/Loss After Tax

0 0 0 0 0 4 8 7 2

+ -

✓

Earnings Per Share in Rs.

0 0 0 0 0 0 . 3 9

Dividend rate %

- - -

#### V Generic Names of Principal Products / Services of Company

(as per monetary terms)

Item code

8 5 2 4 9 0 0 4

Product Description

C O M P U T E R

S O F T W A R E

As per our report attached

**CGS & Co.**

Chartered Accountants

**A.R. Valisha Shakeel**

Partner

Membership No. 203926

Bangalore, 26th June, 2009

**G H Visweswara**

Managing Director

**H V Gowthama**

Director

Bangalore, 26th June, 2009



# Datanet Systems Limited

Regd. Office : I Floor, No. 513, 8th Cross, 6th A Main,  
J.P. Nagar III Phase, Bangalore - 560 078. India  
Ph : +(91) (80) 2658 7597, Fax : +(91) (80) 2658 7598 E-mail : mktg@datanetsystemsLtd.com

## PROXY FORM

Reg. Folio No.:	No. of shares held :
*DP ID No. :	
* Client ID No. :	

\* Applicable for members holding shares in electronic form

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member / Members of the above mentioned company hereby appoint \_\_\_\_\_ as my / our proxy to attend and vote for me/ us on my / our behalf at the Fourteenth Annual General Meeting of the company to be held on 24th September 2009 at "Rohini", Hotel Ajantha Paradise Pvt. Ltd., 22-A, Mahatma Gandhi Road, Bangalore - 560 001 at 9.30 A.M.

Signature :

Date :

**NOTE :** Proxy form must reach the Company's Registered Office at least 48 hours before the meeting.



# Datanet Systems Limited

Regd. Office : I Floor, No. 513, 8th Cross, 6th A Main,  
J.P. Nagar III Phase, Bangalore - 560 078. India  
Ph : +(91) (80) 2658 7597, Fax : +(91) (80) 2658 7598 E-mail : mktg@datanetsystemsLtd.com

## ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)

14th Annual General Meeting

I certify that I am a member / proxy for the member of the company.

I hereby record my presence at the Fourteenth Annual General Meeting of the company held at "Rohini", Hotel Ajantha Paradise Pvt. Ltd., 22-A, Mahatma Gandhi Road, Bangalore - 560 001 on 24th September, 2009 at 9.30 A.M.

Full name of the Member (In Block Letters) : \_\_\_\_\_

Reg. Folio No. : \_\_\_\_\_ No. of shares held : \_\_\_\_\_

Client ID : \_\_\_\_\_

DP ID No. : \_\_\_\_\_

Full name of Proxy (In Block Letters) : \_\_\_\_\_

Member's/Proxy's Signature : \_\_\_\_\_

BOOK-POST

*If undelivered please return to :*



***Datamet Systems Limited***

I Floor, No. 513, 8th Cross, 6th A Main,  
J.P. Nagar III Phase, Bangalore - 560 078. India