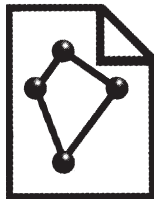

***Fifteenth
Annual Report
2009-2010***



Datanet Systems Limited

DIRECTORS

G H VISWESWARA
Chief Executive Officer and Managing Director

H K NANJUNDA SWAMY

H V GOWTHAMA

SUDHIR PRAKASH

B R GANESH

DR. TEJ SHARMA

SHANKAR JAGANATHAN

CHIEF FINANCIAL OFFICER

Smt Yashoda Srinivas

AUDITORS

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

BANKERS

BANK OF BARODA, BYRASANDRA BRANCH, BANGALORE

REGISTERED OFFICE

NO. 23/57, 2ND FLOOR
41ST CROSS, EAST END 'C' MAIN ROAD
JAYANAGAR 9TH BLOCK
BANGALORE - 560 069

Chairman's Statement

Dear shareholder,

The company started the year with good hopes due to the expected large-scale deployment of our software by Department of Posts, Government of India (DOP). After several negotiations and many meetings, DOP finally signed an agreement with the company for a certain amount of Annual Maintenance Contract (AMC) and for supply of specific number of software licenses.

The company was hopeful that based on this arrangement with DOP and assured income and renewal of AMC on better terms for the fiscal 2010-11 would make the prospects of the company look up. Unfortunately, it was given to understand that DOP suffered an unexpected budget cut due to recession towards the end of the fiscal year 2009-10 and could not fulfill nearly 50% of the agreed terms of the contract. Company's efforts in getting DOP's firm commitments for the year 2010-11 did not yield good results. This created a serious problem for the company with regard to financial and other resources, DOP being company's main customer.

In view of a precarious position being faced by the company, company was constrained urgently to consider other corporate actions to protect shareholders interests and arrest further drain on networth. Board of Directors started exploring various options including possibility of merger, acquisition, corporate restructuring etc., on a priority basis.

As you are aware by now, the directors approved a Scheme of Arrangement (SOA) as permitted by the provisions of Companies Act, 1956 with a reputed unlisted public limited company which is presently under scrutiny with statutory authorities. Your directors are hopeful that at the end of this exercise, shareholders will stand to benefit in the long run.

In closing, I would like to record here our gratitude to the investors for your patience and continued support.

Place : Bangalore

Date : 26th August 2010

Chairman

NOTICE

Notice is hereby given that the **Fifteenth Annual General Meeting of Datanet Systems Limited** will be held on Thursday, the 30th day of September 2010 at 4:30 P.M at "Rohini", Hotel Ajantha, No. 22A, M G Road, Bangalore – 560 001 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March 2010 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 Sri H K Nanjunda Swamy who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Sri H V Gowthama who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Sri B R Ganesh, 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.
6. To consider and if thought fit, to pass with or without modification, the following **ORDINARY RESOLUTION** :

"RESOLVED THAT Sri Shankar Jaganathan who was appointed as an Additional Director of the company on 8th May 2010 and who, in terms of Section 260 of the Companies Act, 1956 , holds office upto the date of the Annual General Meeting , and in respect of whom the Company has received notice from a member under Section 257 of the Companies Act, 1956 , signifying his intention to propose him as a candidate for the office of the Director , be and is hereby appointed a Director of the Company".

By Order of the Board

Bangalore
26th August 2010

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 24.09.2010 to 30.09.2010 (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.

All documents referred to in the accompanying Notice are open for inspection at the registered office of the company during office hours on all working days upto the date of the AGM. The 15th annual report dispatched to the members contains the agenda matters to be taken during the meeting. Full annual report is available at our website and can also be obtained on demand from the Registered Office.
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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the items of Special Business at item 6.

Item No. 6

The Board of Directors of the Company at its meeting held on 8th May 2010 appointed Sri Shankar Jaganathan as an additional director. The company has received a notice in writing from a member proposing the candidature of Sri Shankar Jaganathan for the office of a director under the provisions of Section 257 of the Companies Act, 1956.

Sri Shankar Jaganathan, aged 50 years, is a Chartered Accountant and Law Graduate. He has varied experience in Corporate, academic and social sectors. He worked with Wipro Limited for 18 years. He was Corporate Treasurer for the period from 1995 to 2003. He also headed the Technology Initiative Program and Academic and Pedagogy function in Azim Premji Foundation from 2003 to 2006.

He is currently practicing as a Management Consultant and focused in research, writing and teaching. He is the author of the book Corporate Disclosures 1553-2007, published by Routledge.

The directors feel that the appointment of Sri Shankar Jaganathan having experience in corporate planning, investor relations, treasury and accounting functions would be in the best interest of the company and therefore recommend the resolution for members' approval. None of the directors of the company other than Sri Shankar Jaganathan is concerned or interested in this resolution.

Additional Information

Sri H K Nanjunda Swamy, aged 81 years, is B.E.(Civil) from Mysore University. He is the promoter director of the company. He has over 59 years of diverse experience in Civil Engineering. He was a visiting professor in Bangalore University from 1978 to 1983. He is the recipient of various awards and distinctions for his contribution in his chosen field. He is also the founder President of Sir M Visvesvaraya Co-operative Bank Ltd. He is Chairman of Mysore Stoneware Pipes and Potteries Ltd. He is a member of Audit Committee, Share Transfer Committee, and Chairman of Investors' Grievance Committee of the company.

Sri H V Gowthama aged 62 years is Chartered Accountant by profession. He is having more than 34 years of experience in his profession. He is Managing Partner of Gowthama & Company, Chartered Accountants. He is a Director in Kamerad News Agencies Pvt. Ltd., Digico India Pvt Ltd., Vertex Electronics Ltd., Koteshwara Co-op bank Ltd. He is the Chairman of the Audit and Share Transfer Committees, member of the Investors' Grievance and Compensation Committees of the Company.

Sri B R Ganesh aged 49 years is an Electronics Engineer and Director of Westech Electronic India Pvt Ltd and Team Tantra Pvt Ltd. He has worked as Director in Analog Device Inc. India Operations. In 1995, he established Electronics Trading Company known as Team Technology, which subsequently had joint collaboration with Singapore based Westech Electronics. In 2000, he established a 100% Export Oriented Electronics Socket assembly unit in collaboration with a Korean Company. He is a member of Audit Committee, Investors' Grievance and Compensation Committees of the company.

DIRECTORS' REPORT

Your Directors present the 15th Annual Report and the audited accounts of your Company for the year ended 31st March 2010.

Financial Highlights

	(Rs. in lakhs)	
	2009-10	2008-09
Sales and Services	34.14	18.84
Other Income	21.47	12.31
Total Income	55.61	31.15
Profit / (Loss) Before Depreciation, Interest & Taxes (PBDIT)	(59.62)	(71.39)
Interest	0.08	0.19
Depreciation	3.91	2.14
Profit / (Loss) Before Tax	(63.61)	(73.72)
Provision for Tax	0.00	0.00
Net profit / (loss) before exceptional item	(63.61)	(73.72)
Profit on sale of investments	0.00	25.00
Net profit/(loss) after exceptional item	(63.61)	(48.72)
Earnings Per Share		
Equity shares, par value Rs. 10/-each		
Basic/Diluted (Rs. per share)		
Before exceptional item	(0.51)	(0.59)
After exceptional item	(0.51)	(0.39)

Performance

During the year under review, income by way of sales and service increased by Rs. 15.31 lakhs. i.e. by 81% as compared to the sale and service income of 2008-09 .

One of customers of the company could not meet the commitments of the order before the end of the fiscal 2009-10. Hence, in spite of company's projections, 2009-10 did not result in a year of profit.

However, every effort was made to cut all possible expenses and the company could survive in spite of its poor financial and other resources.

To arrest further erosion of networth resulting from decline in business of the company, company is considering various options available to it under present circumstances.

Outlook

Matter on senior management's efforts in restructuring your company is available else where in this annual report. With this, directors are of the opinion that further erosion of net worth could be arrested and benefit of the listing status of the company can be enjoyed.

As the shareholders are already aware, the Directors have approved a Scheme of Arrangement, the highlights of which are as below:

1. Reduce existing 12,601,300 equity shares of Rs. 10/- each to new 790,993 equity shares of Rs. 10/- each. i.e. after reduction, one new equity share for every 15 existing shares. This is necessitated due to erosion in networth resulting from accumulated losses of the company.
2. Acquisition of Managed Printing Solutions division of M/S WeP Solutions India Limited, an unlisted public limited company by issue of 10,471,681 new equity shares of the company to the shareholders of the WeP Solutions India Limited
3. April 1, 2010 being the appointed date for the Scheme of Arrangement.

Directors

Dr. A Prabhakar, one of the key promoters and founder of the company resigned as director with effect from 4th March 2010

Sri Shankar Jaganathan, eminent Chartered Accountant was appointed as director with effect from 8th May 2010.

Sri H K Nanjunda Swamy, Sri H V Gowthama and Sri B R Ganesh 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, 2010.

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 not carried out any research activity during the year under review in view of limited resources available at its disposal.

Subsidiary Company

As on 31st March 2010, company has no subsidiary. Hence requirement of reporting the statement pursuant to Section 212 of the Companies Act, 1956 and other statutory financial statements of a subsidiary does not arise.

Employee Stock Option Plan

As per Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 the details of the Employees Stock Option Plan during financial year 2009-10 i.e. as on 31st March 2010 are as below :

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	Nil
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
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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 2010, 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 profits 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 2010 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 2010, the appropriateness of which the auditors are unable to comment on in the absence of significant progress in the performance of the company, your directors are confident that the restructuring of your company will give better benefits to the shareholders in the long run.

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.

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 31.03.2010, the employee strength of your company stood at 6.

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
26th August 2010

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 0.58 lakhs (previous year Rs 0.98 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 Research and Development (R&D). The two key areas it has chosen are Business process management & smart cards, with applications particularly for financial service 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 and resources it already had. This resulted in our focusing on one of our largest customers, 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. Going forward, we had expected this opportunity to bring even bigger revenues.

However, as stated elsewhere in this report, the non-fulfillment of committed purchases by Department of Posts (DOP) due to unexpected budget cuts faced by them in the last quarter completely reversed the situation for the company, causing concern about future business prospects. Accordingly the Board of Directors seriously considered various options including Mergers and acquisition. A Scheme of Arrangement (SOA) has now been approved by the Board and submitted to Bombay Stock Exchange for scrutiny and approval. Through various statutory announcements, shareholders would come to know about the progress in this respect.

Segment wise and Product wise performance

During the year ended 31st March 2010, company's operations were predominantly in updating & supplying the postal banking product, development/tuning of Simputer and smart card based solutions, which is the segment of financial services.

Outlook

With finalisation of a Scheme of Arrangement with a public limited company, Directors believe that the future holds promise for the shareholders.

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

During the financial year 2009-10, the available manpower providing the required stability and continuity was commensurate with the operations of the company. Training for the personnel has been provided on a need basis. Relations on the industrial front remained cordial.

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 2010,* the Board comprised of 6 directors as under:

- ❖ One Whole Time directors i.e. Managing Director.
- ❖ One Promoter director who is non-executive. Other promoter, non-executive director and founder of Datanet Systems Limited resigned towards the end of financial year 2009-10.
- ❖ Four non-executive independent Directors.

*Sri. Shankar Jaganathan was appointed as Additional Director with effect from 8th May 2010.

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 at least 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 2009-10, 6 meetings of the Board were held on 20.04.2009, 26.06.2009, 27.07.2009, 30.10.2009, 29.01.1010 and 20.03.2010. The Company’s last Annual General Meeting was held on 24.09.2009.

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	Independent and non-executive	Director	2	No
Tej Sharma	Independent and non-executive	Director	0	No
B R Ganesh	Independent and non-executive	Director	4	Yes
G H Visweswara	Executive Director	CEO and Managing Director	6	Yes
H V Gowthama	Independent and non executive	Director	5	Yes

* Resigned with effect from 4th March 2010. No. of board meetings held till the date of resignation -5

A brief profile of Sri H K Nanjunda Swamy, Sri H V Gowthama and Sri B R Ganesh 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 2009-10, the Audit Committee meetings were held on 26.06.2009, 27.07.2009, 30.10.2009 and 29.01.2010.

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	3
Sudhir Prakash	4	1
H K Nanjunda Swamy	4	4

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 31.03.2010 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	789,800	284,113	1,073,913	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 2009-10 amounting to Rs. 4,000/-

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 31.03.2010, 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/Sri H V Gowthama – Chairman*

Mr. G H Visweswara

Mr.H K Nanjunda Swamy

* Dr. Prabhakar was Chairman till 4th March 2010
(i.e. the date of his resignation)

Sri H V Gowthama with effect from 20th March 2010

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. The Compensation committee.

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

*Resigned with effect from 4th March 2010

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
2008-09	Hotel Ajantha Paradise Pvt. Ltd., Bangalore	24.09.2009	9.30 A.M.
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.

9. Postal Ballots:

There have been no ordinary or special resolutions passed by the company through postal ballot for the year ended 31st March 2010 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 "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.

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.

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 May 31**

* for the financial year 2009-10

** Audited Financial Results

12.2 Annual General Meeting and Dividend Information

Board Meeting for consideration of accounts	: 28th May 2010
Posting of Annual Report	: By 4th September 2010
Book Closure date	: 24.09.2009 to 30.09.2010
Last date for receiving proxy	: 28th September 2010
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)

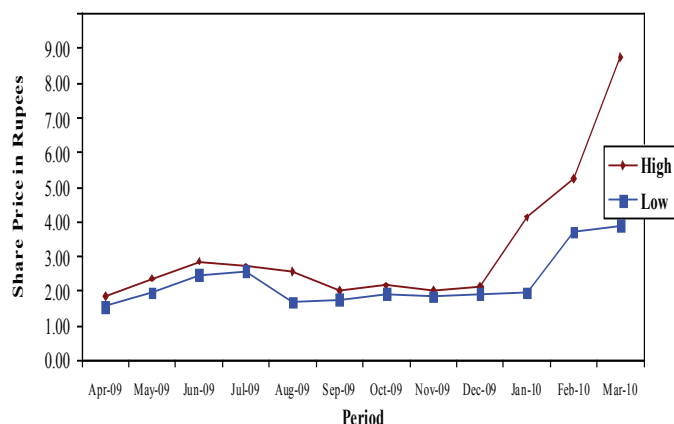
Partly Paid Up : IN9434B01019 (NSDL and CDSL)

Listing fee for financial year 2010-11 has been paid.

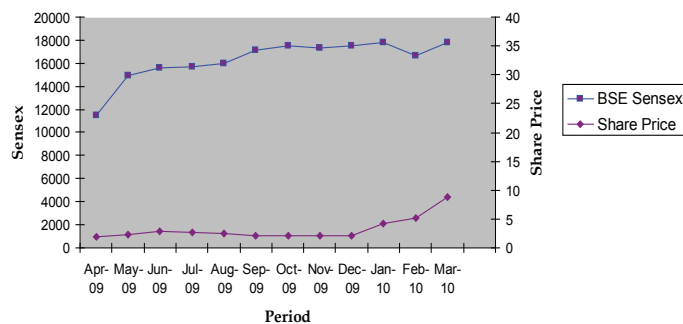
12.4 Market Price Data

Months	Bombay Stock Exchange (BSE)		
	High (Rs.)	Low (Rs.)	Volume (Nos.)
April 2009	1.86	1.55	4,155
May	2.36	1.95	2,500
June	2.86	2.47	4,150
July	2.70	2.57	210
August	2.57	1.68	3,904
September	2.02	1.76	6,039
October	2.15	1.92	8,700
November	2.03	1.85	1,931
December	2.10	1.91	18,102
January 2010	4.13	1.95	36,761
February	5.23	3.70	48,421
March	8.76	3.88	177,426

Share Price (BSE) in 2009-10



Datanet in BSE 2009-10



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 2009-10 is as follows:

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

12.7 Details of complaints / queries received during the year 2009-10

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, 2010

Holding (No. of shares)	No. of share holders	Percentage of share holders	No. of shares held	Percentage of share holding
Less than 500	1146	66.20	262229	2.01
501 - 1000	267	15.42	240174	1.89
1001 - 2000	104	6.01	172052	1.34
2001 - 3000	64	3.70	146236	1.30
3001 - 4000	8	0.46	25609	0.23
4001 - 5000	20	1.16	86529	0.77
5001 - 10000	45	2.60	286134	2.67
10001 and above	77	4.45	11382337	89.79
TOTAL	1731	100.00	12601300	100.00

12.9 Shareholding pattern as on 31st March 2010 (only one class i.e. equity)

Sl.No.	Category	No. of Holders	No. of shares held	Percentage
A. Shareholding of Promoter and Promoter Group@				
1.	Indian			
a.	Indians/Hindu Undivided family	*9	1,680,230	13.33
b.	Central Government/State Governments(s)	-	-	-
c.	Bodies Corporate	1	251,965	2.00
d.	Financial Institutions/Banks	-	-	-
e.	Any other	-	-	-
Sub Total (A) (1)		10	1,932,195	15.33
2. Foreign				
a.	Individuals (Non Resident Individuals/ Foreign Individuals)	-	-	-
b.	Bodies Corporate	-	-	-
c.	Institutions	-	-	-
d.	Any other	-	-	-
Sub Total (A) (2)		-	-	0.00
Total shareholding of promoter and promoter group (A)=(A)(1)+(A)(2)				
		10	1,932,195	15.33
B. Public Shareholding				
1. Institutions				
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	-	-	-
Sub Total (B) (1)		0	0	-
2. Non Institutions				
a.	Bodies Corporate	64	4,741,202	37.62
b.	Individuals			
i.	Individuals shareholders holding nominal sharecapital upto Rs. 1 Lakh	1569	1,118,696	8.87
ii.	Individuals shareholders holding nominal sharecapital in excess of Rs. 1 Lakh	42	2,302,044	18.27
iii.	Any other			
i)	Clearing member	12	31,100	0.27
ii)	Hindu Undivided families	25	193,285	1.53
iii)	Non Resident Indians	8	1,546,378	12.27
ii)	Trust - Datanet Employees Welfare Trust	1	736,400	5.84
Sub Total (B) (2)		1721	10,669,105	84.67
Total Public Shareholding (B)=(B)(1)+(B)(2)				
		1721	10,669,105	84.67
Total (A)+(B)				
		1731	12,601,300	100

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

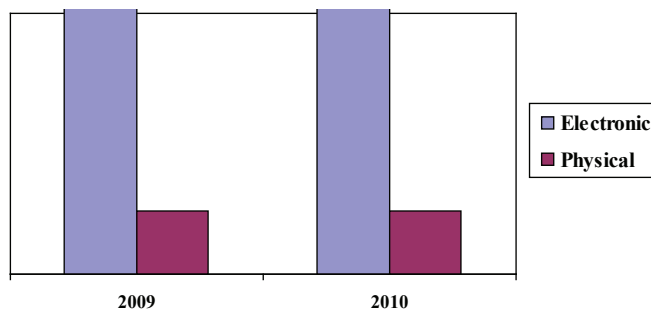
Grand Total (A)+(B)+(C)	1731	12,601,300	100
--------------------------------	-------------	-------------------	------------

* Including one promoter whose shareholding as on 31st March 2010 is Nil

Note:

Total foreign holding in number of shares and percentage shareholding is 1,546,378 and 12.27% 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.



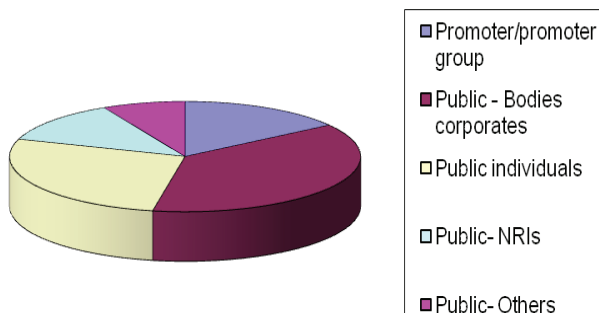
12.11 Address for Correspondence

No. 23/57,2nd Floor,
41st Cross, East End 'C' Main Road,
Jayanagar 9th Block,
Bangalore 560 069
Telefax : +(91) (80)2678 4748
Email: yashoda@datanetsystems ltd.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

Share Holding Pattern As on 31-3-2010



12.10 Dematerialisation of shares

Trading of shares of the company is under compulsory electronic mode. As on 31.03.2010, 10,196,301 equity shares of the company representing 80.91% of the total subscribed capital of the company were dematerialised.

Particulars	As on 31.03.2010		As on 31.03.2009	
	No. of shares	% of holding	No. of shares	% of holding
Physical	2404999	19.09	2406299	19.09
Electronic	10196301	80.91	10195001	80.91
TOTAL	12601300	100.00		100.00

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 2010 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
26th August 2010

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*

26th August 2010

26th August 2010

To
The Members of Datanet Systems Limited
23/57, 1st Floor
41st Cross, east End 'C' Main road,
Jayanagar 9th Block,
Bangalore – 560 069

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 2010, 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

Firm Regn No. 0058305

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

Firm Regn No. 0058305

Place : Bangalore
Date : 26th August 2010

Auditors' Report to the Members of Datanet Systems Limited

We have audited the attached Balance Sheet of **DATANET SYSTEMS LIMITED** as at March 31, 2010, 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. 16 and 17 on Schedule N to the accounts regarding the preparation of accounts on a going concern basis despite the erosion of networth as at 31st March 2010, the appropriateness of which we are unable to comment on in the absence of significant progress in the performance of the company.
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, 2010, 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, 2010;
 - 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)
Partner

Place : Bangalore
Date : May 28, 2010

Membership No. 203926
Firm Regn No. 0058305

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) We are of the opinion that the Company's internal audit system needs to be strengthened to make it commensurate with the size, 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 2010 is Rs. NIL. The Company has not paid penal damages and interest on late remittances and it is found that the same will be payable on demand.
- (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, 2010. The company has incurred cash losses during the current financial year ended March 31, 2010 and also in the immediately preceding financial year ended on 31st March 2009.
- (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

Place : Bangalore
Date : May 28, 2010

Membership No. 203926
Firm Regn No. 0058305

DATANET SYSTEMS LIMITED**BALANCE SHEET AS AT 31ST MARCH 2010**

	Schedule	As at 31.03.2010		As at 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' funds :					
Share capital	A	125,925,500		125,925,500	
Reserves and surplus	B	8,399,000	134,324,500	8,399,000	134,324,500
Unsecured loans	C		-		100,000
Total			134,324,500		134,424,500
APPLICATION OF FUNDS					
Fixed Assets :					
Gross block	D	1,992,247		7,567,678	
Less: Depreciation		1,738,323		6,995,511	
Net block			253,924		572,167
Current assets, loans & advances :					
Inventories	E	27,490		6,490,319	
Sundry debtors		420,637		598,113	
Cash & bank balances		24,131		165,478	
Loans & advances		7,821,413		8,100,854	
		8,293,671		15,354,764	
Less: Current liabilities & provisions :					
Current liabilities	F	4,543,329		6,071,885	
Provisions		610,240		-	
		5,153,569		6,071,885	
Net current assets			3,140,102		9,282,879
Miscellaneous expenditure (to the extent not written off or adjusted)			-		-
Profit & loss account			130,930,474		124,569,454
Total			134,324,500		134,424,500
Significant accounting policies	M				
Notes on accounts	N				

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, 28th May, 2010

G H Visweswara
Managing Director

H V Gowthama
Director

Bangalore, 28th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	2009-10 Rupees	2008-09 Rupees
INCOME			
Sales & services	G	3,414,910	1,884,445
Other income	H	2,147,092	1,230,770
		5,562,002	3,115,215
EXPENDITURE			
Manufacturing & operating expenses	I	6,562,338	4,425,039
Staff expenses	J	3,276,994	3,187,684
Selling & administration expenses	K	1,684,366	2,641,512
Interest	L	8,103	19,103
Depreciation and obsolescence		391,221	214,108
		11,923,022	10,487,446
Profit / (Loss) before income tax		(6,361,020)	(7,372,231)
Provision for income tax		-	-
Net Profit / (Loss) before exceptional item		(6,361,020)	(7,372,231)
Profit on sale of investments		-	2,500,000
Net Profit / (Loss) after exceptional item		(6,361,020)	(4,872,231)
Profit / (Loss) brought forward from previous year		(124,569,454)	(119,697,223)
Profit / (Loss) carried to Balance Sheet		(130,930,474)	(124,569,454)
Earnings Per Share - Basic /Diluted (of face value of Rs. 10/- each)			
Before exceptional item		(0.51)	(0.59)
After exceptional item		(0.51)	(0.39)
Significant accounting policies	M		
Notes on accounts	N		

As per our report attached
CGS & Co.
Chartered Accountants

A.R. Valisha Shakeel
Partner

Membership No. 203926
Bangalore, 28th May, 2010

G H Visweswara
Managing Director

H V Gowthama
Director

Bangalore, 28th May, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	Year 2009-10 Rs.	Year 2008-09 Rs.
A. Cash flow from operating activities		
Net profit/ (loss) before tax and extraordinary item	(6,361,020)	(7,372,231)
Adjustments for :		
Depreciation	391,221	214,108
Operating profit / (loss) before working capital changes	(5,969,799)	(7,158,123)
Adjustments for :		
Decrease / (Increase) in sundry debtors	177,476	1,280,350
Decrease in loans and advances	97,658	318,342
Decrease in inventories	6,462,829	4,324,055
Increase / (decrease) in current liabilities and provisions	(918,316)	(3,791,678)
Cash from operations	(150,152)	(5,027,054)
Income taxes	181,782	(111,930)
Net cash from / (used in) operating activities	31,630	(5,138,984)
B. Cash flow from investing activities		
(Purchase) of fixed assets	(72,977)	(14,040)
Proceeds on disposal of fixed assets	-	105,261
Proceeds from sale of investments	-	5,000,000
Net cash from / (used in) investing activities	(72,977)	5,091,221
C. Cash flow from financing activities		
Proceeds from / (repayment of) amount borrowed from directors/others (net)	(100,000)	3,000
Net cash from / (used in) financing activities	(100,000)	3,000
Net (decrease)/ increase in cash and cash equivalents during the year	(141,347)	(44,763)
Cash and equivalents at the beginning of the year	165,478	210,241
Cash and cash equivalents at the end of the year	24,131	165,478

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, 28th May, 2010

G H Visweswara
Managing Director

H V Gowthama
Director

Bangalore, 28th May, 2010

DATANET SYSTEMS LIMITED

SCHEDULE FORMING PART OF ACCOUNTS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
--	--	-------------------------------

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** 126,013,000

Less : 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 and others - 100,000

-

100,000

Schedule - D

Fixed Assets

	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2009 Rupees	Additions during the year Rupees	Deletions during the year Rupees	As at 31.03.2010 Rupees	As at 01.04.2009 Rupees	For the year Rupees	On deletions during the year Rupees	As at 31.03.2010 Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Computers	5,480,793	66,348	4,267,661	1,279,480	5,335,647	115,717	4,267,661	1,183,703	95,777	145,146
Office Equipments	1,943,164	6,629	1,342,552	607,241	1,523,188	271,839	1,342,552	452,475	154,766	419,976
Electrical Installations	5,582	-	-	5,582	5,577	-	-	5,577	5	5
Furniture & Fixtures	138,139	-	38,195	99,944	131,099	3,665	38,196	96,568	3,376	7,040
Total	7,567,678	72,977	5,648,408	1,992,247	6,995,511	391,221	5,648,409	1,738,323	253,924	572,167
Previous year	9,089,477	14,040	1,535,839	7,567,678	8,211,981	214,108	1,430,578	6,995,511	572,167	

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

	As at 31.03.2010		As at 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
<u>SCHEDULE - E</u>				
<u>Current Assets, Loans and Advances</u>				
<u>Current Assets :</u>				
Inventories :				
Subsystems for system integration and components		27,490		6,490,319
Sundry debtors :				
Unsecured				
Outstanding for more than six months :				
considered good	—		272,863	
considered doubtful	—		—	
			<u>272,863</u>	
Other debts				
considered good	420,637		325,250	
	420,637		<u>598,113</u>	
Less : Provision for doubtful debts	—		—	
		420,637		598,113
Cash & bank balances :				
Cash on hand	2,603		5,761	
Balance with scheduled banks :				
on current accounts	21,528		159,717	
On deposit with bank	—		—	
(including interest accrued thereon)		24,131		165,478
<u>Loans & Advances :</u>				
Unsecured				
considered good :				
Advances recoverable in cash or in kind or for value to be received		7,821,413		8,100,854
		8,293,671		<u>15,354,764</u>

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

	As at 31.03.2010		As at 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
Schedule - F				
Current Liabilities and Provisions				
Current liabilities :				
Sundry creditors				
Due to : Micro and small enterprises	—	—	—	—
Other than micro and small enterprises	1,708,536		3,428,124	
	1,708,536		3,428,124	
Due to directors	2,834,793		2,643,761	
		4,543,329		6,071,885
Provisions :				
Provision for gratuity		610,240		—
		5,153,569		6,071,885

	2009-10		2008-09	
	Rupees	Rupees	Rupees	Rupees
Schedule - G				
Sales & Services				
Software and products	2,498,838		922,990	
Service income	916,072		961,455	
		3,414,910		1,884,445
		3,414,910		1,884,445

Schedule - H**Other Income**

Interest income				
On deposits with banks		-		833
Others		23,987		-
(Tax deducted at source Rs Nil, previous year Rs.Nil).				
Miscellaneous income		126,700		110,200
Credit balances written back		1,996,405		1,119,737
		2,147,092		1,230,770

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

	2009-10		2008-09	
	Rupees	Rupees	Rupees	Rupees
Schedule - I				
Manufacturing and Operating Expenses				
System support, operating and maintenance		99,509		100,984
Add/(Less) : Decrease/(Increase) in Manufactured/traded stock : *				
Opening stock				
Subsystems for system integration	6,490,319		10,814,374	
Less : Closing stock :				
Subsystems for system integration	27,490		6,490,319	
		6,462,829		4,324,055
* includes Rs. 6,087,500/- provided for obsolescence of subsystems during year ended 31/03/2010 . (Previous year Rs.4,324,055/-)				
		6,562,338		4,425,039

Schedule - J**Staff Expenses**

Salaries and other benefits	2,444,541		2,920,800	
Contribution to Provident and other funds	798,208		237,423	
Staff welfare expenses	34,245		29,461	
	3,276,994		3,187,684	

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

	2009-10 Rupees	2008-09 Rupees
Schedule - K		
Selling and Administration Expenses		
Rent	309,000	899,428
Rates & taxes	108,415	75,832
Insurance	-	9,045
Travelling & conveyance	51,582	41,614
Communication expenses	93,477	165,885
Office Maintenance	84,759	88,456
Audit fees	40,000	40,000
Security expenses	85,319	134,509
Printing & Stationery	43,262	45,743
Professional and consultancy charges	204,030	265,050
Advertisement	215,430	148,260
Warranty support	-	32,986
Bad debts and advances written off	193,867	296,448
Miscellaneous expenses	255,225	398,256
	<u>1,684,366</u>	<u>2,641,512</u>

Schedule - L**Interest**

Interest on fixed loan	-	-
Interest - others	8,103	19,103
	<u>8,103</u>	<u>19,103</u>

SCHEDULE FORMING PART OF ACCOUNTS (Contd.)**Schedule - M****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.

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the asset can be measured reliably.

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

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. Wherever rates are not prescribed, the depreciation is charged at a rate which amortises the asset value over its useful life.

Depreciation charge for impaired assets is adjusted in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

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 upto 31st March 2004 and to profit and loss account for transactions/conversion occurred thereafter.
- ii) Profit & loss account in other cases.

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

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. Provisions, contingent liabilities and assets :

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of past event,
- b) a probable outflow of resources is expected to settle the obligation, and
- c) the amount of the obligation can be reliably estimated.

Contingent liability is disclosed in case of

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation
- b) a present obligation arising from past events, when no reliable estimate is possible
- c) a possible obligation arising from past events where the probability of outflow of resources is not remote

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

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 relating to unabsorbed depreciation / business losses/losses under the head " capital gains" 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.

Other 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 - N

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 2010 out of granted options of 300,000 (previous year 156,000). Options exercised during the year nil (previous year nil) and options lapsed during the year ended 31st March 2010 nil (previous year nil). Options available for further vesting as on 31st March 2010 - 476,400 (previous year 476,400)
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 31.03.2010 at Rs. 365.51 lakhs (increased by Rs.17.99 lakhs during the year ended 31st March 2010) has not been recognized in the accounts as a prudent measure.

	2009-10	2008-09	
	Rupees	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	789,800	861,600	
Contribution to provident and other funds	284,113	63,597	
Total	1,073,913	925,197	
9. Auditor's remuneration charged to accounts:			
Audit fees including service tax	44,120	44,120	
Certification and other works	15,000	15,000	
10. Earnings Per Share (EPS) computed in accordance with Accounting Standard 20			
Basic / Diluted			
Profit / (Loss) after tax as per accounts	A	(6,361,020)	(4,872,231)
Number of shares issued (Weighted average no.)	B	12,592,550	12,592,550
Earnings per Share (after exceptional item) (of nominal value of equity share of Rs. 10/- each)	A / B	(0.51)	(0.39)

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&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 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.
17. Loans and advances include Rs.7,364,000/- (towards 736,400 option @ Rs. 10/-) being loan given to Datanet Employees Welfare Trust ('Trust') , formed for the benefit of its employees, for purchase of equity shares in the company (Previous year Rs. 7,364,000/-).

The advance amount is represented by balance number of equity shares originally allotted to the Trust at par value.

As on 31/03/2010, 476,400 options are available for further vesting in future and for recovery of the loan against exercise .In addition, 260,000 options which were vested and in force with the employees as on 31/03/2010, upon exercise of which the loan is recoverable from such employees.

Recorded amounts of other assets reasonably represent their fair value.

18. The company has taken leased premises under cancelable operating leases. The rental expenditure in respect of operating leases was Rs.309,000/- (previous year Rs. 899,428/-) Contingent rents recognized in the Profit and Loss account is Rs. Nil (previous year Rs. Nil
19. Disclosures of related party transactions:

i. List of related parties

Sl.No.	Name of the Related party	Relationship
1	Dr.A.Prabhakar*	Chairman
2	G.H.Visweswara	Whole Time Director
3	H K Nanjunda Swamy	Director
4	B R Ganesh	Director
5	Sudhir Prakash	Director
6	Tej Sharma	Director
7	H V Gowthama	Director

* resigned as director with effect from 04.03.2010.

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

	2009-10	2008-09
	Rupees	Rupees
ii. Transactions with key management personnel.		
1 Remuneration to Directors	1,038,834	931,736
2 Sitting fees to directors	4,000	8,000
3 Loan from directors	300,000	235,000
	As at	As at
	31.03.2010	31.3.2009
iii. Amounts due to related parties		
1. Remuneration/expenses to Directors	2,834,793	2,643,761
2. Loan from a director	-	100,000
	2,834,793	3,216,083

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

Quantitative Details	2009-10		2008-09			
	Qty.	Unit	Value(Rs.)	Qty.	Unit	Value(Rs.)
a) <u>Opening Stock</u>						
Subsystems for system integration		Lot	6,490,319	Lot		10,814,374
b) <u>Purchases</u>						
Subsystems for system integration		Lot	—	Lot		—
c) <u>Closing Stock</u>						
Subsystems for system integration		Lot	27,490	Lot		6,490,319
d) <u>Sales :</u>						
Software			2,498,838			922,990
Subsystems for system integration		Lot	—	Lot		—
Service income			916,072			961,455
			3,414,910			1,884,445

SCHEDULE FORMING PART OF ACCOUNTS (Contd.)

Schedule - N

Notes on Accounts - Contd.,

21 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

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 Registration No.

0	8	-	2	5	6	1	7
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 State Code

0	8
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 Balance Sheet Date

3	1	0	3	1	0
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 Date Month Year

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

Public Issue	Rights Issue																		
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						N	I	L											
						N	I	L											
Bonus Issue	Private Placement																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
						N	I	L											
						N	I	L											

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

Total Liabilities	Total Assets																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>3</td><td>4</td><td>3</td><td>2</td><td>4</td></tr></table>			1	3	4	3	2	4	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>3</td><td>4</td><td>3</td><td>2</td><td>4</td></tr></table>			1	3	4	3	2	4
		1	3	4	3	2	4										
		1	3	4	3	2	4										

Sources of Funds

Paid-Up Capital	Reserves and Surplus																		
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		1	2	5	9	2	5												
				8	3	9	9												
Secured Loans	Unsecured Loans																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
						N	I	L											
						N	I	L											

Application of Funds

Net Fixed Assets	Investments																			
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						2	5	3												
						N	I	L												
Net Current Assets	Misc. Expenditure																			
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						3	1	4	0											
						N	I	L												
Accumulated Losses																				
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						1	3	0	9	3	0									

IV Performance of Company (Amount in Rs. Thousands)

	Turnover (including other income)	Total Expenditure																					
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>5</td><td>5</td><td>6</td><td>2</td></tr></table>							5	5	6	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>1</td><td>9</td><td>2</td><td>3</td></tr></table>							1	1	9	2	3
						5	5	6	2														
						1	1	9	2	3													
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>+</td><td>-</td></tr></table> ✓	+	-	Profit/Loss Before Tax	Profit/Loss After Tax																			
+	-																						
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>6</td><td>3</td><td>6</td><td>1</td></tr></table>							6	3	6	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>6</td><td>3</td><td>6</td><td>1</td></tr></table>							6	3	6	1	
						6	3	6	1														
						6	3	6	1														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>+</td><td>-</td></tr></table> ✓	+	-	Earnings Per Share in Rs.	Dividend rate %																			
+	-																						
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						0	.	5	1														
-	-	-																					

V Generic Names of Principal Products / Services of Company

(as per monetary terms)

Item code

8	5	2	4	9	0	0	4
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 Product Description

C	O	M	P	U	T	E	R
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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, 28th May, 2010

G H Visweswara
 Managing Director

H V Gowthama
 Director

Bangalore, 28th May, 2010



Datamet Systems Limited

Regd. Office: No. 23/57, 2nd Floor, 41st Cross, East End 'C' Main Road, Jayanagar
9th Block, Bangalore - 560 069, India.

Ph/ Fax : +(91) (80) 2678 4748 e-Mail : yashoda@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 Fifteenth Annual General Meeting of the company to be held on 30th September
2010 at Hotel Ajantha, No. 22-A, Mahatma Gandhi Road, Bangalore 560 001 at 4.30 P.M.

Signature :

Date :

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



Datamet Systems Limited

Regd. Office: No. 23/57, 2nd Floor, 41st Cross, East End 'C' Main Road, Jayanagar
9th Block, Bangalore - 560 069, India.

Ph/ Fax : +(91) (80) 2678 4748 e-Mail : yashoda@datanetsystemsLtd.com

ATTENDANCE SLIP

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

15th Annual General Meeting

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

I hereby record my presence at the Fifteenth Annual General Meeting of the company held at Rohini, Hotel Ajantha, No.
22-A, Mahatma Gandhi Road, Bangalore 560 001 on 30th September 2010 at 4.30 P.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 :



Datanet Systems Limited

No. 23/57, 2nd Floor, 41st Cross, East End 'C' Main Road,
Jayanagar 9th Block, Bangalore - 560 069