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### Registered Office

Unit No. 117 – 120, SDF 4  
SEEPZ, Andheri (East)  
Mumbai – 400 096  
Tel: +91 (22) 6102 0501 – 0504  
Fax: +91 (22) 2829 1673

### Corporate Office

Knowledge Centre, Street No. 17  
MIDC, Andheri (East)  
Mumbai – 400 093  
Tel: +91 (22) 6102 0000 – 0009  
Fax: +91 (22) 2834 3669

### Registrar & Share Transfer Agents

Datamatics Financial Services Limited  
Plot No. B-5, MIDC,  
Part B, Cross Lane,  
Andheri (East) Mumbai – 400 093  
Ph No. 91-22-6671 2237  
Fax No. 91-22-6671 8204  
Email: depository@dfssl.com

### Vice President – Legal & Company Secretary

Divya Kumat

### Auditors

Kanu Doshi Associates

### Solicitors

Crawford Bayley & Co.

### Bankers

State Bank of India  
HDFC Bank Limited  
ICICI Bank Limited



**Dr. Lalit S. Kanodia**  
Chairman

## Letter to the Shareholders

I am delighted to share with you the financial results of Datamatics Global Services Limited, for the first time after its consolidation, with our other Group Companies and divisions. The Company now offers both software and BPO services under one single umbrella.

Consolidated revenues for the year ended 31 March 2009 was Rs 3001.47 million, while consolidated net profit stood at Rs 275.35 million. Basic earning per share (of Rs 5.00) as on 31 March 2009 was Rs 4.32. These figures cannot be compared with the previous year when we reported the results of the erstwhile Datamatics Technologies Limited (our BPO operations). To give you a perspective of the value created for you as investors, our revenue for year ended 31 March 2008 was Rs 1443.87 million, our net profit was Rs 91.94 million and the earning per share was Rs 2.26.

The past Financial year 2008-09 has been a challenging year due to the global economic situation. Since your

Company is primarily engaged in the export of Software and BPO services, and its markets are primarily U.S.A. and Europe, we have naturally been affected. There have been pricing and margin pressures. Clients have reduced IT spends and protectionism in some countries is growing. Despite these challenges, your Company has done well.

Some of the reasons for the good performance of the Company have been the merger of our Companies, which has reduced the common overhead expenses. We have rationalized our manpower. Our drive on increasing automation and increasing productivity has yielded results. Last but not the least, the weakening Rupee has helped. Our Six Sigma and Process improvement initiatives have yielded commendable financial benefits. Our Process Re-Engineering Cell continues to deliver innovative solutions, improving productivity, reducing errors and making the entire organization more efficient.

Besides our existing delivery centres in Mumbai, Chennai and Detroit, our newest Delivery Centre of Excellence in Nashik is maturing. The headcount as of 31 March 2009 in Nashik was 514.

Your Company has been engaged in R&D related to the design, development and marketing of Technology solutions for information and document processing for over 5 years. These solutions are based on Artificial Intelligence and have resulted in a suite of software, acronymed i-Q.

i-Q has been implemented in over 50 projects in our BPO business and has resulted in gains of both productivity and accuracy. These suite of programs have been launched as both, a product and service offering, worldwide. Our platform-based software developed with reusable components and agile processes used in our software export business complement i-Q. Customers have increasingly expressed their need to streamline the number of their development partners. In keeping with this need, our Company has begun developing and marketing end-to-end solutions.

As you are aware, our Company had won the Asia Pacific Quality Award, in 2007 in the services sector, and remains the only Company in India to have won this Award. I am pleased to inform you that our customers, both existing and new, have expressed a high level of satisfaction on the quality of our services, as well as the efficiency in your Company.

Quality is a key determinant in today's competitive world and it is quality that differentiates us from our competition.

I am certain that our initiatives in terms of technology, efficiency and quality will pay rich dividends going forward. The concerted action of all Governments around the world to overcome the world's economic conditions will yield results soon. I am confident that both exports and the domestic market will vigorously grow once again after we surmount the present economic problems that the world is witnessing. Your Company is well equipped in terms of all resources, Human, Technical and Financial to quickly address all growth opportunities in future.

**Dr. Lalit S. Kanodia**  
Ph.D. MIT, USA | Chairman

## Board of Directors



**Left to Right:** Vidur V. Bhogilal, Executive Director & CFO; R. K. Saraswat, Director; Shahzaad S. Dalal, Director; Dr. Lalit S. Kanodia, Chairman & Whole Time Director; Habil F. Khorakiwala, Director; Sudhir C. Deshpande, Director; Sameer L. Kanodia, Executive Director; Rahul L. Kanodia, Vice Chairman & CEO



‘ The global economy is going through a churn. Such circumstances create an excellent opportunity for businesses to examine all their processes and make them more efficient. It also forces companies to improve the range and depth of their services to their customers.

We believe that much of our future growth will stem from innovation, wherein research and development will create valuable intellectual property that will meet our customers’ increasing demand. The Company has already copyrighted and trademarked several such software products developed by it. We are also now in a position to seize greater market share and mindshare in several verticals and geographies, as we have completed the amalgamation exercise of our IT and BPO operations, which enables us to offer composite services.

**Dr Lalit S. Kanodia**, Chairman

‘ Our approach has always been and will continue to be customer-centric with a clear objective of delivering value to all our stakeholders. We intend to add to our portfolio many more value-added, highly-effective solutions by leveraging technology and domain expertise across all lines of business. We will continue our focus on profitability and growth, and positioning Datamatics as a technology partner of choice for global customers with a high growth trajectory.

**Rahul L. Kanodia**, Vice Chairman & Chief Executive Officer



‘ This has been an important year for the Datamatics Group. We took the significant step of consolidating our IT and BPO operations worldwide thereby strategically improving our market positioning. Amongst other benefits, this consolidation helped us in leveraging synergies, removing common overheads and more efficiently managing infrastructure, resulting in considerably improved financial performance. Also, our prudent forex management strategies based on the depreciating India rupee enhanced the bottom line. The Company will continue to focus on good corporate governance and is constantly striving to adopt the best practices.

**Vidur V. Bhogilal**, Executive Director & Chief Financial Officer

‘ Datamatics’ Delivery Centre of Excellence at Nashik has emerged as a significant element in the organization’s growth strategy. We have developed core competence and reaped the benefits of economies of scale at the Centre. We have more than 55,000 square feet of office space at our disposal, which can accommodate more than 2,000 people under one roof. Our customers have consistently given projects delivered from the Centre very high ratings.

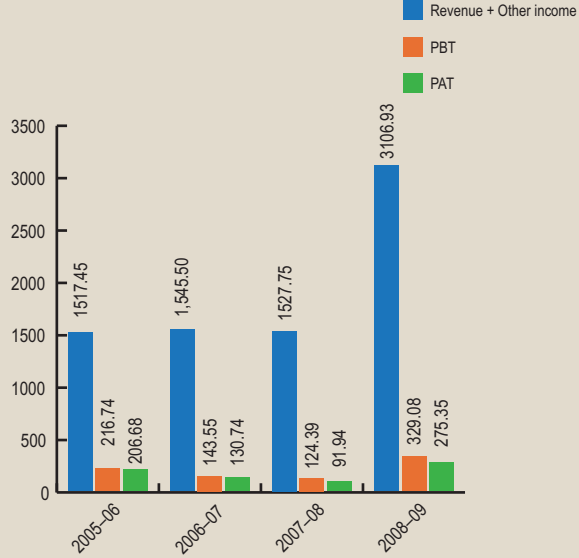
**Sameer L. Kanodia**, Executive Director



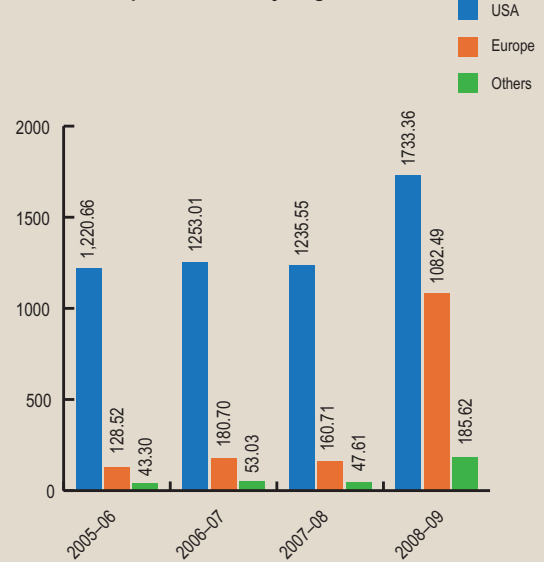
# Financial Highlights

## Consolidated

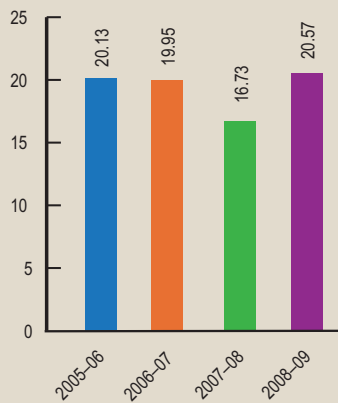
Revenue + Other income / PBT / PAT



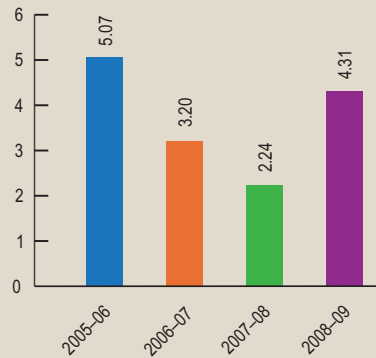
Breakup of Revenue by Region



Operating Profit as % to Operating Revenue

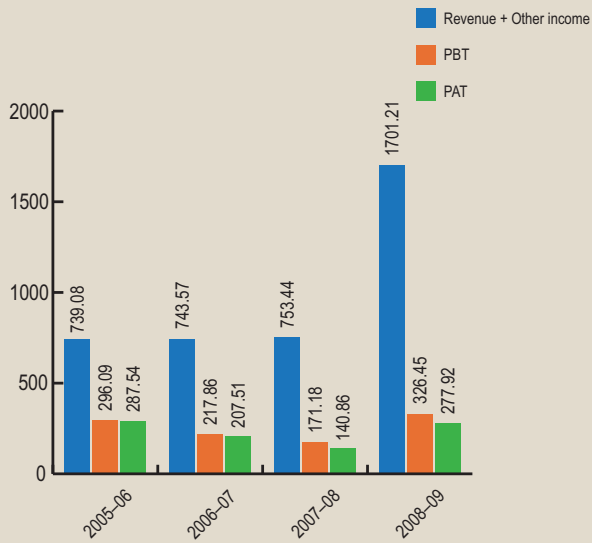


EPS (diluted)

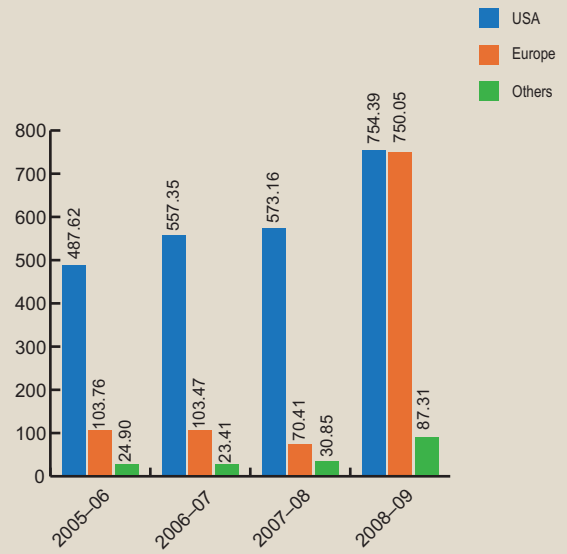


## Standalone

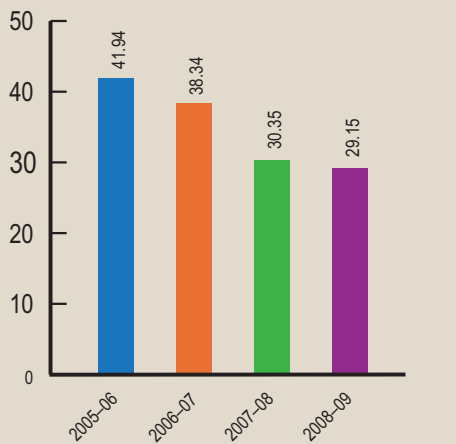
Revenue + Other income / PBT / PAT



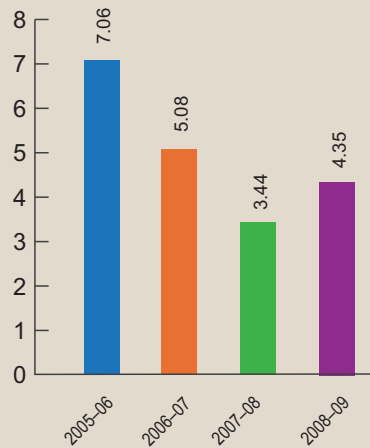
Breakup of Revenue by Region



Operating Profit as % to Operating Revenue



EPS (diluted)



# Present Business

## Who We Are

Datamatics Global Services Limited is a global provider of intelligent, value-driven technology and business solutions. These solutions span IT consulting, business process transformation, off-the-shelf technology solutions and customized software services. They leverage our Company's proven expertise in developing technology to drive business efficiency and productivity.

Product innovation, IP-creation and technology collaboration form the core of our Company's positioning as a 'one-stop-solution provider'. Our Company has built up strong teams of Business Analysts, Technology Architects, Delivery Experts, Quality Specialists and Marketing and Pre-sales Professionals. These teams are geared up to provide solutions that are based on technology platforms that deliver competitive advantage to our customers.

## Solutions Driven by Artificial Intelligence

Our domain and technology experts have integrated Artificial intelligence (AI) into many of the solutions that our Company currently markets. For instance, AI has given i-Q<sup>®</sup>, our path-breaking, intelligent information processing solution, the capability to think like a human being, giving the software intelligence and intuition. Besides AI, i-Q<sup>®</sup> also conducts tree search and is capable of pattern recognition, automatic learning, displaying confidence level of information located, auto correction, and has Heuristics in hundreds of its components.

This success is being replicated across the organization, and solutions with similar features have already been launched during the past year: i-Mask<sup>®</sup>, i-Mark<sup>®</sup>, i-Cat<sup>™</sup>, i-Pub<sup>™</sup> and i-Clinic<sup>™</sup>.

MobileServe<sup>™</sup>, a web-based application for developing surveys on handheld devices, has been tested and found to be highly-effective. Built on the latest technology, MobileServe<sup>™</sup> gives

customers the power to conduct surveys using a range of mobile phones and PDA platforms.

## Fulfilling Needs for Efficiency & Productivity

With customers increasingly demanding solutions to improve operational efficiency, faster go-to-market, higher employee productivity and maximized customer satisfaction, our Company has focused on developing solutions to meet these market needs. Dartanium<sup>™</sup> and e-Payables Manager<sup>®</sup> are two such solutions. Dartanium<sup>™</sup> is a high-productivity automation framework for web testing. Similarly, e-Payables Manager<sup>®</sup> is a configurable Web-based workflow system specifically configured to cater to various Accounts Payable Functions. It is widely used by our customers including many Fortune 100 companies. Its flexibility has helped many of our customers in their initiatives to bring automation, visibility and agility to their Accounts Payable process.

Our Company has emerged as a leader in niche areas like embedded engineering and telecommunications, having developed solutions for ticketing, toll and parking applications. Such solutions have components that help manage user profiles better, and systems to maintain inventory and issue tickets, smart cards and discount coupons, and to configure vehicle type, tariff and concessions, etc.

Customers worldwide have been reaping the benefits of the investments made by our Company and exhibit increasing interest in the areas of artificial intelligence and the development of technology solutions that drive business efficiency. Datamatics Global Services Limited is committed to its philosophy of delivering value through technology and will continue to focus on creating innovative technology solutions. We continue to be driven by our vision "To be a World Class Organization Admired for Consistently Delivering Superior Business Value".

### *Vision*

*To be a World Class Organization  
Admired for Consistently Delivering  
Superior Business Value*

### *Mission*

*We will Win by  
Excelling in Execution  
and by Ensuring  
Total Customer Satisfaction*



## DIRECTORS' REPORT

Your Directors take pleasure in presenting the Twenty First Annual Report together with the Audited Accounts of your Company for the Financial Year ended March 31, 2009.

### FINANCIAL RESULTS

Your Company's operating performance for the year ended March 31, 2009 as compared to the previous financial year ended March 31, 2008 is summarized below:

	(Rupees in Millions) Consolidated		(Rupees in Millions) Standalone	
	2008-09	2007-08	2008-09	2007-08
Gross Income	3106.93	1527.75	1701.21	753.44
Profit before tax	329.08	124.39	326.45	171.18
Less: Provision for Taxation	53.90	39.39	48.53	30.26
Profit after tax	275.18	91.99	277.91	140.91
Dividend on - Equity Shares (Including Dividend Tax)	0.03	—	0.03	—
Proposed Dividend on Equity Shares (Including Dividend Tax)				
Dividend Tax)	86.15	35.73	86.16	35.73
Dividend on - Preference Shares (Including Dividend Tax)	20.72	—	20.73	—
Balance brought forward from the previous year	18.75	12.53	287.82	232.68
Surplus carried to Balance Sheet including General Reserve	187.18	68.75	458.82	337.82

### DIVIDEND

Your directors recommend final dividend of Rs. 1.25 per share to be appropriated from the profits of the financial year 2008-2009.

### TRANSFER TO RESERVES

The Company has transferred Rs. 50 million to the General Reserve out of the amounts available for appropriations. An amount of Rs. 408.22 million is proposed to be retained in the Profit and Loss Account.

### BUSINESS

During the year under review, on a standalone basis, your Company generated revenues including other income of Rs. 1701.21 million compared to previous year's revenue including other income of Rs. 753.44 million. The consolidated revenue including other income also increased to Rs. 3106.93 million compared to Rs. 1527.75 million in FY 2007-2008. The standalone profit after tax increased to Rs. 277.91 million against the previous years' profit after tax of Rs. 140.91 million. Similarly, the consolidated profits after tax have increased to Rs. 275.18 million showing growth of approximately 199.12% compared to last financial year. The overall increase in the standalone and consolidated revenues is primarily due to amalgamation of other companies in the Datamatics group as elaborated later in this report and also due to rupee depreciating against US dollar combined with prudent forex management by the Company.

### DATAMATICS DELIVERY CENTRE OF EXCELLENCE, NASHIK

The success and capabilities of the Datamatics Delivery Centre of Excellence, Nashik, was underlined this year as it saw repeat business

and commendations from customers. The projects delivered from the Centre met 100% of their time and quality objectives, and were managed seamlessly by teams based at the Centre, Mumbai and Livonia, USA.

The Centre added another 19,000 square feet of space to its existing 36,000 square feet, taking the total seating capacity to nearly 1,500. During the year, it also received the ISO 27001 certification for meeting information security and management systems standards. The Company has contracted to purchase additional premises comprising of about 23,000 sq. ft area located adjoining the existing premises. Housed in "Suyojit Datamatics Knowledge Centre" on the Mumbai-Nashik highway, the Centre was first set up when Datamatics identified the potential of Nashik as a growing city with modern infrastructure. Nashik is strategically located, merely 180 kilometers or a 3-hour drive from Mumbai or Pune. Nashik has been an excellent choice, not only due to its proximity to Mumbai, but also due to the quality of its educational institutes and the availability of excellent infrastructure.

Your Company has been on a look out for purchase of land in Nashik, for Campus. Few options have been identified and your Company is optimistic about finalizing the property for Campus at Nashik.

### INVESTMENT IN OVERSEAS SUBSIDIARIES

Your Company has business transactions across the Globe and has subsidiaries in USA - Datamatics Global Services Inc., in UK - Datamatics Technologies UK Limited & Datamatics Infotech Limited, in Germany - Datamatics Global Services GmbH, in Australia - Datamatics Global Services Pty Limited, in Mauritius - Datamatics Global Technologies

Limited, in Switzerland, Datamatics Global Technologies AG and in India - Datamatics Software Services Limited. The Indian subsidiary i.e. Datamatics Software Services Limited, primarily has domestic operations.

The Company has made investments worth Rs. 735,365,940 in its overseas subsidiaries. During the year under review, your Company infused initial capital of Rs. 2,524,875 in Datamatics Global Technologies Limited and Rs. 2,255,000 in Datamatics Global Technologies AG.

This year your Company's German operations improved. Revenues rose from 88.35 million to 167.48 million with a growth of 89% during the year under review.

The Company made profits of Rs. 6,765,273/- against previous year's loss of Rs. 13,601,954/- from its German operations. The Company's US operations also improved significantly this year.

**MERGER**

During the year under review, the following significant events took place amongst the Datamatics Group of Companies. The Scheme of Arrangement was sanctioned by the Hon'ble High Court of Judicature at Bombay vide Order dated December 12, 2008 comprising of various stages:

**(A) Merger of Datamatics Limited (DL) group companies.**

Pursuant to the Scheme of Arrangement, Sameer Microtronics Private Limited merged into Bellona Infotech Private Limited followed by merger of Bellona Infotech Private Limited into Datamatics Limited. Subsequently Datamatics Limited and Datamatics Intercon Limited merged with and into Datamatics Global Services Limited [Formerly known as Datamatics Technologies Limited]. The Appointed Date is April 01, 2008 and the Effective Date is December 29, 2008.

Key details of the said Merger are summarized as below:

Share Exchange Ratio	<ul style="list-style-type: none"> <li>i. 1.21 Equity Shares of Rs. 5/- each of the Company for every 1 Equity Share of Rs. 10/- each of DL.</li> <li>ii. 1 Preference Share of Rs. 10/- each of the Company for every 1 Preference Share of Rs. 10/- each of DL.</li> <li>iii. 1 Preference Share of Rs. 10/- each of the Company for every 1 Preference Share of Rs. 10/- each of DL.</li> </ul>
Record Date for issue of Equity Shares	January 25, 2009.

No. of new Equity & Preference Shares of the Company issued to the Members of DL.	<ul style="list-style-type: none"> <li>i. 18,150,000 Equity Shares of Rs. 5/- each fully paid.</li> <li>ii. 1,400,000 8% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid (with fixed tenure).</li> <li>iii. 1,000,000 8% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid (without fixed tenure).</li> </ul>
No. of new Preference Shares of the Company issued to the Preference Shareholders of DL.	2,700,000 8% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid (without fixed tenure).

**(B) Merger of the Export Division [post merger] of Datamatics Software Services Limited (DSSL) with and into the Company**

The Export Division of Datamatics Software Services Limited got de-merged from Datamatics Software Services Limited and the same was merged with and into the Company. The Demerger was sanctioned by the Hon'ble High Court of Judicature at Bombay vide Order dated December 12, 2008. The Appointed Date is April 01, 2008 and the Effective Date is December 29, 2008.

Key details of the said Demerger are summarized as below:

Share Exchange Ratio	1 Preference Share of Rs. 10/- each of the Company for every 1 Preference Share of Rs. 10/- each of Demerged DSSL.
No. of Preference Shares of the Company issued to the Preference Shareholders of Demerged DSSL.	<ul style="list-style-type: none"> <li>i. 3,600,000 8% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid (without fixed tenure).</li> <li>ii. 11,950,000 9% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid (without fixed tenure).</li> </ul>

**CHANGE IN THE NAME OF THE COMPANY**

As a part of the aforementioned Scheme of Arrangement, the name of the Company was changed to Datamatics Global Services Limited with effect from January 17, 2009.

**SUBSIDIARY COMPANIES**

**(A) Indian Subsidiaries**

During the year under review, Datamatics Softworld Limited (DSL) (Indian subsidiary of the Company) along with Datamatics Software Solutions Limited (DSSOL) got merged with and into Demerged Datamatics Software Services Limited (Demerged DSSL).

The said merger was sanctioned by the Hon'ble High Court of Judicature at Bombay vide Order dated December 12, 2008.

The Appointed Date is April 01, 2008 and the Effective Date is December 29, 2008.

Key details of the said Merger are summarized as below:

No. of new Equity Shares of Demerged DSSL issued to the Members of DSL.	1,000 Equity Shares of Rs. 10/- each fully paid.
Share Exchange Ratio (Preference Shares)	1 Preference Share of Rs. 10/- each of Demerged DSSL for every 1 Preference Share of Rs. 10/- each of DSSOL.
No. of new Preference Shares of Demerged DSSL issued to the Preference Shareholders of DSSOL.	350,000 8% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid.

As a consequence of the aforesaid merger, Datamatics Software Services Limited is now a subsidiary of the Company.

Post amalgamation, the subscribed, issued and paid up preference share capital of Datamatics Software Services Limited comprising of 3,600,000 8% Redeemable Non-Cumulative Preference Shares of Rs.10/- each fully paid and 11,950,000 9% Redeemable Non-Cumulative Preference Shares of Rs.10/- each fully paid up aggregating to Rs. 155,500,000/- (Rupees Fifteen Crores Fifty Five Lakhs Only) is reduced on account of cancellation to "Nil".

## (B) Foreign Subsidiaries

Consequent to the merger amongst the Datamatics Group of Companies in India, the foreign subsidiaries of erstwhile Datamatics Limited viz. Datamatics Infotech Inc., Datamatics America Inc., Datamatics Infotech Limited and Datamatics Australia Pty Limited became the subsidiaries of the Company.

During the year under review, Datamatics Infotech Inc. and Datamatics America Inc. merged with and into Datamatics Technologies, Inc with effect from April 01, 2009. The name of Datamatics Technologies Inc. was changed to Datamatics Global Services Inc.

The Company has also changed the name of its other two foreign subsidiaries; viz Datamatics Technologies GmbH to Datamatics Global Services GmbH and Datamatics Australia Pty Limited to Datamatics Global Services Pty Limited.

The Company has received an exemption from the Central Government under Section 212(8) of the Companies Act, 1956 with regard to attaching of the Balance Sheet, Profit and Loss Account and other documents of the subsidiaries for the year ended March 31, 2009. The accounts of the subsidiaries will be made available for inspection by any member of the Company

at its registered office and also at the registered office of the concerned subsidiaries. The accounts of the subsidiary companies will be made available to the members upon receipt of request from them. The summary of the key financials of the Company's subsidiaries are included in this annual report.

## OVERSEAS EXPANSION

As part of expanding our geographical footprint, the Company has set up two (2) wholly owned subsidiaries viz. Datamatics Global Technologies Limited in Mauritius and Datamatics Global Technologies AG in Switzerland.

The said merger and the aforesaid incorporation of two (2) wholly owned subsidiaries have resulted in an increase in the foreign subsidiaries of the Company. The Company has the following foreign subsidiaries as on March 31, 2009:

1. Datamatics Technologies Inc.(US)\*
2. Datamatics America Inc.(US)\*
3. Datamatics Infotech Inc.(US)\*
4. Datamatics Technologies UK Limited (UK).
5. Datamatics Infotech Limited (UK).
6. Datamatics Global Services GmbH (Germany).
7. Datamatics Global Services Pty Limited (Australia).
8. Datamatics Global Technologies Limited (Mauritius).
9. Datamatics Global Technologies AG (Switzerland).

\* Datamatics America Inc. and Datamatics Infotech Inc. have amalgamated with and into Datamatics Technologies Inc, and Datamatics Technologies Inc, is renamed as Datamatics Global Services Inc. with effect from April 1, 2009.

## JOINT VENTURE

Datamatics Limited (erstwhile) had entered into a Joint Venture Agreement for Telecom business with Cybercom Group Europe AB, a Sweden company and incorporated a Joint Venture Company in India, namely Cybercom Datamatics Information Solutions Limited. Similarly, it had also entered into a Joint Venture Agreement for SAP Business Opportunities with Yash Technologies Private Limited, an Indian company and incorporated a Joint Venture Company in India, namely Datamatics Yash Technologies Private Limited.

As a result of the merger of erstwhile Datamatics Limited with and into Datamatics Global Services Limited, Datamatics Global Services Limited is now the Joint Venture partner of the abovementioned Joint Venture Companies.

## IPO FUND UTILIZATION

The Company has raised Rs. 935 Million during its IPO in 2004. During the FY 2007-2008 and FY 2008-2009, the Company has capitalized property at Nashik, i.e, Datamatics Delivery Centre of Excellence at Nashik and also incurred expenses on the Infrastructure development for the same. The commercial production at Nashik was commenced during the last

financial year. The expenses incurred for Corporate purposes amount also include advance against capital expenditure of Rs.30,634,000/- (P.Y. Rs. 37,814,943/-) and the investments of Rs. 4,779,875/- made in subsidiaries incorporated in Mauritius and Switzerland.

ISMS-certified offices of your Company are located in Mumbai (MIDC and SEEPZ-SEZ, Andheri - East), Chennai, Nasik, Livonia and Burlington (USA).

Particulars	(Rs. in million)		
	Proposed utilization of funds as stated in prospectus	Actual utilization of funds as on March 31, 2009	Balance amount available
Investment in subsidiaries & Associates	146	146	Nil
Repayment of Secured Loans	99	65	34
Investment in Fixed Assets	47	47	Nil
Corporate purposes including strategic initiatives and acquisitions	568	207	361
Issue expenses	75	61	14
<b>Total</b>	<b>935</b>	<b>526</b>	<b>409</b>

## CERTIFICATIONS

The Company has received the following certifications during the year 2008-2009:

### 1) ISMS Certifications

#### a) ISO 9001:2000

ISO 9001:2000 specifies requirements for a quality management system where an organization needs to demonstrate its ability to consistently provide product that meets customer and applicable regulatory requirements, and aims to enhance customer satisfaction through effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable regulatory requirements.

The ISO 9001:2000 certification proves that Datamatics Global Services Limited's quality management system meets these requirements. The certificate is awarded by DNV (Det Norske Veritas), an international independent company doing ISO certifications worldwide, via 300 offices in about 100 countries.

Your Company received its ISO 9001:2000 after a rigorous and extensive external audit process across the organization. This was first such audit after the software and BPO divisions completed their amalgamation.

#### b) ISO 27001

Your Company received its ISO 27001 Information Security Management Security Certificate this year. The Certificate is awarded by the STQC IT Certification Services, which functions under the Ministry of Communications and Information Technology, Government of India.

The certificate is a proof that your Company has established and maintains an information security management system that fulfills the requirements of the standard.

### 2) SAS 70

Your Company's Finance & Accounting services are certified for Statement on Auditing Standards (SAS) No. 70 (SAS 70) by the American Institute of Certified Public Accountants (AICPA). The certification represents the in-depth audits carried out by an outsourcing services provider of the control objectives for the client organization.

### 3) Learning & Development

Over 20 professionals were certified as Project Management Professionals (PMP) by the Project Management Institute, USA, in the past year. PMP-certified professionals are well-versed in tools and techniques required to contribute to the quality, efficiency and business results across the organization. Apart from this, hundreds of professionals successfully completed and received certifications such as Information Technology Infrastructure Library (ITIL) V 3.0, Sun Certified Java Programmer (SCJP) 5.0, HP Quick Test Professional 9.2, Microsoft Certified Technical Specialist, PRINCE 2 Practitioner and Executive Coaching Certification.

During the year, the organization's Learning & Development team designed and delivered various programmes to meet the training needs of professionals right from a trainee software engineer to the President. Such continuous training has created professionals who are trained on the latest technologies, tools and techniques, and who work as a highly-cohesive, coordinated team to meet the organization's vision and mission.

## QUALITY

### 1) Six Sigma Initiative

The vigor of the previous year continued in doing Productivity and Performance improvements through Six Sigma Initiatives.

The initiative takes under its cap all productivity improvements using the Six Sigma methodology, as well as using any other methodology, and also Quick Hit projects, which are Kaizen type of improvements. In all 73 Six Sigma and 373 Quick Hit projects were completed this year. 410 new employees underwent the Basic Six Sigma course. An overall ROI of Rs. 8.09 crores was achieved from Six Sigma & Quick Hit projects completed in this & the previous year, counting the benefit of projects for 12 months from their completion.

## 2) Metrics

Your Company introduced the concept of measuring Delivery Index for each Line of Business and each Support Department as well. The Quality of all deliverables was monitored on a regular basis and feedback given to the Department Heads. Similarly the Schedule and the Efforts were tracked. Having devised a measurement system for all of these we could give precise feedback. This has improved our performance and productivity.

## PROCESS ENGINEERING

Process engineering and innovation are major focus areas at Datamatics Global Services Limited. This focus has been the driver behind the organization pioneering new processes. Our clients have recognized the contribution of these innovations as being crucial to improving their productivity, efficiency and profitability.

Year 2008-09 was a landmark year for our organization as we received an unprecedented seven copyrights registrations for solutions developed in-house – i-Q, CrossRoads, e-Payables Manager, i-Mark, One Stop Solution (OSS), PRISM and Panagon P-8 Data Migration Tool. The copyright registration for these products is in perpetuity.

Among the innovations launched this year, our Process Engineering (PE) Cell conceptualized, designed and developed i-Q, a revolutionary solution that assures an entirely new way of processing documents. Since its launch, the PE Cell has been investing efforts in enhancing the solution and creating tailor-made, off-the-shelf versions of i-Q for various industries like logistics, airlines, pharmaceuticals, retail, financial services and market research. i-Q is unique as it is based on fuzzy logic and artificial intelligence. It is extremely accurate and fast, and feedback received from our clients have far exceeded expectations.

The internal BPO and software projects have been receiving a major boost in turnaround times, productivity and efficiency through solutions developed by the Software Support Group. Through the efforts of this team, many of the organization-wide functions have been automated saving costs and efforts.

Significantly, a SAP-based human capital management module went live, improving operational efficiency.

Various other solutions, which are currently in pilot phase, have been planned for roll-out in the coming quarters.

## SHARE CAPITAL

As a consequence of the merger, as explained above, the Authorized Share Capital of the Company has increased from Rs. 390,000,000/- to Rs. 800,000,000/-.

As on March 31, 2009, Paid-up Share Capital of the Company is Rs. 501,071,685/- divided into 58,914,337 equity shares of Rs. 5/- each fully paid up, 8% 1,400,000 preference shares of Rs. 10/- each fully paid-up with fixed tenure, 8% 7,300,000 preference shares of Rs. 10/- each fully paid-up without fixed tenure and 9% 11,950,000 preference shares of Rs. 10/- each fully paid-up without fixed tenure.

## DIRECTORS

Mr. R. K. Saraswat and Mr. Shahzaad Dalal retire by rotation and being eligible offer themselves for reappointment.

Prof. Dr. Uday Salunkhe, resigned from the position of Director of the Company w.e.f. January 29, 2009. The Board expressed its gratitude and acknowledged the valuable services provided by him during his tenure as Director of the Company.

## AUDITORS

M/s. Kanu Doshi Associates, Chartered Accountants, Mumbai, hold office until the conclusion of the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if reappointed.

## INFORMATION ON AUDITORS' OBSERVATIONS:

Observation of the Auditors in point no (vi) of the Auditor's Report regarding non-provisioning for diminution in the value of investments in the subsidiaries has been adequately explained in note 22 of Notes to the Accounts. However, it further clarified that though the net worth of these overseas subsidiaries has declined, the management is confident of turning around the subsidiaries. While the operations of the US subsidiary have improved significantly, the operations of the German subsidiary have been turned around. Hence it is decided not to make any provision for diminution in the value of investment made in the overseas subsidiaries.

## AUDIT COMMITTEE

The present Audit Committee of the Board comprises of Mr. R. K. Saraswat, Mr. Sudhir Deshpande and Mr. Shahzaad Dalal. Mr. R. K. Saraswat is the Chairman of the Committee.

## DISCLOSURE UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956

### I. CONSERVATION OF ENERGY:

The information required in connection with conservation of energy, under section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, the Directors furnish herein below the required additional information:

- (a) Conservation of Energy - Our Company being in IT & ITeS industry, our operations are not energy intensive. Adequate measures have been taken to conserve energy.
- (b) There were no additional investments and proposals if any, being implemented for reduction of consumption of energy as the nature of your Company's operations entails a very low level of energy consumption.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods - N.A.
- (d) Total energy consumption and energy consumption per unit of production - N.A.

**FORM-A: FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

- A. Power and fuel consumption: NIL
- B. Consumption per unit of production: NIL

**II. TECHNOLOGY ABSORPTION**

Every effort is made by the Company to update the technological skills of its technical staff in order to ensure that they possess adequate skills to enable them to service the Company's clients.

**FORM-B: FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION ETC.,**

- I Research and Development: Your Company is predominantly a service provider and therefore has not set up a formal R&D unit. However, it has developed software tools and products in its existing delivery setup.
- II Technology Absorption, Adaptation and Innovation: Your Company has not imported any technology during the year under review other than purchase of software.

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- 1. Earnings in Foreign Exchange during the year: Rs. 1592.05 million.
- II. Foreign Exchange outgo during the year: Rs. 172.69 million.

**CORPORATE GOVERNANCE**

A Report on Corporate Governance together with a certificate from the Auditors of the Company forms part of the Annual Report.

**EMPLOYEES STOCK OPTION (ESOP)**

The Company has obtained approval from the shareholders and the stock exchanges for Datamatics Technologies Limited - General Employees Stock Option Plan, 2007 and Datamatics Technologies Limited - Key Employees Stock Option Plan, 2007. The Company

has also obtained In-principal approvals from BSE and NSE for the said schemes. The Company has not yet identified the employees to whom these schemes shall be applicable.

**DETAILS OF GRANTS UNDER ESOP AS ON MARCH 31, 2009**

The details of the Employee Stock Option Plan required to be provided as per clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are as provided in **Annexure "A"** to this report.

**HUMAN RESOURCES MANAGEMENT**

We believe that people are the most valuable asset of the Company as they contribute individually as well as collectively to the achievement of business objectives. Your company's endeavor is to provide suitable work environment that encourages positive attitude and superior performance. Human Resource policies of the Company though business focused, are employee friendly, clear and concise, thereby providing employees with appropriate opportunities to grow professionally as well as personally.

The global manpower strength of your Company including its subsidiaries in the USA, UK, Australia and Germany as on March 31, 2009 was 2,611.

Some of the areas that the Human Resource Management function has been consistently focusing upon are as follows:

**EMPLOYEE RELATIONS**

Maintenance of a cordial and supportive environment is a prerequisite for the smooth functioning of any organization. This requires the management and the employees to fully understand and respect each other. Acting as a link between these two important entities, the role of the dedicated 'employee relations' team is to build a healthy environment which is conducive to performance. On an ongoing basis, this team identifies and recommends to the management, necessary measures to maintain a positive climate and improve performance levels. Involving the organization as a whole in several fun & joy activities in the name of 'Josh', this team ensures that the activities in the organization add to the productivity and morale of the work force in the entity.

**CULTURE**

We believe that each of our employees has the necessary potential to take the organization to the next level. Our work culture revolves around developing leadership qualities among employees since we believe that this is the key to superior performance of teams. Particularly during 2008-09, the organization took up the initiative to build its next level of leadership through a focused training program for all the potential leaders. Our Company constantly attempts to improve interpersonal relationship with its employees on an ongoing basis through transparency and involving them in the growth of the organization. The Company encourages its leaders to opt for outbound training programs which are often successful in creating performing teams and improving team motivational levels.

## TRAINING & DEVELOPMENT

The Learning and Development [L&D] department constantly strives for the development and growth of its employees. Training needs are identified based on the current level of knowledge and skills vis-à-vis skill required for the job. These needs are met through training programs published through the Calendar as well as various other sources like open workshops, seminars, webinars etc. L&D maintains online individual development record for each employee and the training effectiveness measurement is done through the feedback obtained by the supervisor/s on improvements observed on the job.

L&D encourages knowledge sharing and inter-department support by organising internal training programs. This helps in improving internal training capability of the organization and save training cost. Your Company strongly believes that such an approach will provide a mutually - beneficial win-win growth opportunity for the Company and its employees. With all the above, your Company has completed 93,926 training person hours, during the year 2008-2009.

## REWARDS AND RECOGNITION

The Rewards and Recognition policy comprising both monetary and non-monetary benefits, helps sharpen the winning edge of individuals and teams, thus stimulating a culture of high performance. We therefore constantly seek, groom, nurture, facilitate and suitably reward and recognize individuals and teams who make significant contribution to the business growth.

Spot Awards and Employees of the Month Awards recognize instant yet significant achievements and special contributions by individuals and teams. Apart from these, we also conduct the Annual Awards programme to recognize excellent and consistent performance at various levels. During this programme, employees who have served the organization for long durations are also felicitated for their loyalty.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company has recognized the underutilized potential of the educated and skilled physically-challenged professionals. Such individuals have shown a tremendous zeal to learn and are highly motivated to succeed against all odds. Your Company has provided such individuals an opportunity to contribute to the organization's growth while ensuring that they too benefit through the Knowledge Associates (KA) programme.

Your Company has tied up with a non-governmental organization called NASSEOH (National Society for Equal Opportunities for the Physically Handicapped) and Amar Seva Sangam where nearly 60 physically-challenged individuals work as Knowledge Associates in the Outsourcing Management Team. Apart from these, nearly 20 KAs work from home.

Through the KA programme, your Company has provided such individuals the satisfaction of being financially independent, thus improving their status in the society. The programme is tailor-

made for individuals who cannot commit themselves to full-time employment or travel any distance to the place of work.

Your Company has also enabled the NGOs to provide opportunities for the physically-challenged by donating PCs to facilitate their IT set up. Trainers from the organization visit the NGOs and homes of the KAs to conduct training and feedback sessions. In some instances, a mentor co-coordinator is stationed at the NGO for 3-6 months to co-ordinate training & hardware setup.

As professionals, your Company treats the physically-challenged KAs at par with other employees, while ensuring the project managers take extra care and show empathy while managing these KAs.

## PARTICULARS OF EMPLOYEES

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, forms a part of this Report. However, in pursuance of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report is being sent to all the shareholders of the Company, excluding the aforesaid information and the said particulars are made available at the registered office of the Company. Members interested in obtaining such particulars may write to the Company Secretary at the corporate office of the Company.

## ACCEPTANCE OF FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year.

During the year, Datamatics Limited [erstwhile] merged with Datamatics Global Services Limited. As a result, the fixed deposits of erstwhile Datamatics Limited were prepaid. There are no unclaimed fixed deposits as on March 31, 2009.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, it is hereby stated that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of the Company for that period;
3. the Directors have 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 your Company and for preventing and detecting fraud and other irregularities; and
4. the Directors have prepared the annual accounts on a going concern basis.

**ACKNOWLEDGEMENTS**

The Directors thank the Company's customers, suppliers, bankers, financial institutions, Central and State Government and shareholders for their consistent support to the Company. The Directors also sincerely acknowledge the significant contribution made by all the employees for their dedicated services to the Company.

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Place: Mumbai

Date: June 8, 2009

**Annexure "A"**

**The details of Employees Stock Options Plan required to be provided as per Clause 12 of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2009:**

Particulars	General ESOP 2005	Key ESOP 2006
Options Granted	238,000	180,000
Pricing Formula	Latest available closing price prior to the date of the meeting of the Board of Directors/Committee in which options are granted. Option Grant date March 30, 2007 i.e. Closing price of March 29, 2007 Rs. 52.10/-	Exercise price of the options is Rs. 5/- per share
Options Vested	119,000	90,000
Options exercised	NIL	47,500
Total number of share arising as a result of exercise of options	NIL	47,500
Options lapsed	121,200	92,500
Variations of terms of options	NIL	NIL
Money realized by exercise of options	NIL	Rs. 237,500
Total number of options in force	116,800	87,500

The Company has calculated the employee compensation cost using fair value of options.

Under Key ESOP 2006, weighted-average exercise is Rs. 5/-and weighted-average fare value of option is Rs. 52.1/-.

**Key Employee Stock Option Plan 2006**

Options under the Key Employee Stock Option Plan 2006 were granted in the meeting of the Compensation Committee held on March 30, 2007.

Sr. No.	Name of the Director or Key Managerial Personnel	No. of options granted
1	Anand Mahurkar	30,000
2	Sunil Dixit	15,000
3	Prashant Prabhu	10,000
4	T N Radhakrishna	15000
5	Suman Pai	10,000
6	Dr. Prasad Ramanathan	10,000
7	Dalbiri Viridi	10,000
8	Viswanath Rolla	10,000

Sr. No.	Name of the Director or Key Managerial Personnel	No. of options granted
9	Hemant Garg	10,000
10	Greg Yaklin	10,000
11	R Subramanian	5,000
12	Divya Kumart	5,000
13	Babu Thoppil	5,000
14	T N Ganesh	5,000
15	Rajesh Agarwal	5,000
16	Avinash Sankhe	5,000
17	Jitesh Gor	5,000
18	Manish Savla	5,000
19	Ravi Gidwani	5000
20	Jinesh Shah	5000
	TOTAL	180,000

**General Employee Stock Option Plan 2005**

Options under the General Employee Stock Option Plan 2006 were granted in the meeting of the Compensation Committee held on March 30, 2007.



Sr. No.	Name of the Director or key managerial personnel	No. of options granted
1	R. V. S. Reddy	10,000
2	Rajib Choudhuri	10,000
3	Pankaj Parikh	10,000
4	Richard Renehan	10,000
5	Vishal Bhavsar	10,000
6	Srinivasan Krishnamoorthy	10,000
7	Krishan Moorjani	7,000
8	Neelesh S. Sali	7,000
9	Ajay Singh	7,000
10	Manish Soota	7,000
11	Manoj Ratnaparkhe	7,000
12	Jitendra Kotian	7,000
13	Thomas Boucher	7,000
14	Kathleen Postler	7,000
15	Kathleen Shear	7,000
16	Milan Desai	7,000
17	Sheila Kearney	7,000
18	Steven Peters	7,000
19	Clifford Bugdalski	7,000
20	Cheryl Miles	7,000
21	Rakesh Tiwari	5,000
22	Shantanu Rege	5,000
23	Shalini Koshy	5,000
24	Judeline Fernandes	5,000
25	Balasaheb Ware	5,000
26	Shilpa Udeshi	5,000
27	Gangadhar Thalla	5,000

Sr. No.	Name of the Director or key managerial personnel	No. of options granted
28	Mihir Selarka	5,000
29	Anup Gandhi	5,000
30	Ajay Nathial	5,000
31	Lakshmi Iyer	5,000
32	Masood Ameen	5,000
33	Paulette Kneip	5,000
34	Margaret Colantuno	5,000
35	Rallapally Surya Narayan	5,000
36	Rosanne Lemanek	5,000
	<b>TOTAL</b>	<b>238,000</b>

The Company has not granted any fresh options to senior managerial personnel under Key Employee Stock Option Plan 2006 and General Employee Stock Option Plan 2005 during the current year.

- i. Any other employees who receive a grant in any one year of option amounting to 5% or more of option granted during the year - NIL
- ii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant - NIL
- iii. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20 'Earning Per Share' – Rs. 4.35.

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Place: Mumbai

Date: June 8, 2009

# REPORT ON CORPORATE GOVERNANCE

## 1. Company's Philosophy on Corporate Governance:

For Datamatics, Corporate Governance stands for responsible and value creating management and control of the Company. The Company's policies and practices are not only consistent with the statutory requirements but also underline our commitment to operate in the best interest of the stakeholders in order to build an environment of trust and confidence among all components having conflicting as well as competing interest. Your Company firmly believes that good Corporate Governance is essential for the long-term growth of the Company.

We are committed to maintain highest standards of ethical behavior and strive persistently to manage the Company in accordance with the fundamental principles of trusteeship, transparency, accountability and integrity. Your Company's policy on Corporate Governance envisages these principles in the conduct of the Company's business and its affairs vis-à-vis its employees, shareholders, bankers, government etc.

## 2. Board of Directors

The Board of Directors is the apex body which monitors the overall functioning of the Company. It defines the Company's policies and oversees its implementation. The Board has constituted various committees to facilitate the decision making process in an informed and efficient manner.

The Board comprises of experts from diverse fields and professions. The current strength of the Board is eight (8) directors. The Board has an optimum combination of Executive and Non-Executive Directors, which is in conformity with the requirement of Clause 49 of the Listing Agreement in this regard.

## Board Composition

Particulars	Composition of the Board		Minimum Requirement as per Clause 49
	No. of Directors	% of Total Directors	
Non-Executive Directors	4	50	50%
Executive Directors	4	50	—
<b>Total</b>	<b>8</b>	<b>—</b>	<b>—</b>

## Board Meetings

The Board meetings are held at least once in every quarter. The Board meetings are generally held at Mumbai. The dates of the Board Meetings are fixed well in advance and intimated to the Board members so as to enable the directors to plan their schedule accordingly. The agenda papers are circulated to the directors well in advance before the meeting. The agenda items are comprehensive and informative in nature to facilitate deliberations and appropriate decisions at the Board Meeting. On selective items detailed presentations / information is shared with the Board.

Seven (7) Board Meetings were held during the financial year ended March 31, 2009, and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held are as follows:

May 29, 2008; June 25, 2008; July 28, 2008; September 30, 2008; October 24, 2008; January 29, 2009 and March 20, 2009.

The composition as on date, the changes during the year under review, number of meetings attended and Directorships / Committee Memberships of the Directors in other companies are as follows:

Name	Designation	Category	Attendance		Other Directorships*	\$ Other Committee Memberships	Committees' Chairmanships
			Board Meeting	Last AGM			
Dr. Lalit S. Kanodia	Chairman & Whole time Director	Promoter Executive	7	Yes	3	Nil	Nil
Mr. Rahul L. Kanodia	Vice Chairman & CEO	Non-Independent Executive	6	Yes	2	Nil	Nil
Mr. Vidur V. Bhogilal	Executive Director & CFO	Non-Independent Executive	7	Yes	1	Nil	Nil
Mr. Sameer L. Kanodia	Whole Time Director	Non-Independent Executive	6	Yes	Nil	Nil	Nil
Mr. R. K. Saraswat	Director	Independent Non-Executive	7	Yes	2	1	1
Mr. Shahzaad S. Dalal	Director	Independent Non-Executive	4	No	13	8	5
Mr. Sudhir C. Deshpande	Director	Independent Non-Executive	5	Yes	Nil	Nil	Nil
Mr. Habil F. Khorakiwala	Director	Independent Non-Executive	2	No	6	Nil	Nil
Prof Dr. Uday N. Salunkhe**	Director	Independent Non-Executive	3	No	Nil	Nil	Nil

\* Alternate directorship, directorship in private limited companies, foreign companies and membership in governing councils, chambers and other bodies not included.

\$ Only membership in Audit Committee and Shareholders Grievance Committee included

\*\* Prof. Dr. Uday N. Salunkhe resigned from the position of Director w.e.f January 29, 2009.

None of the director on the Board is member on more than 10 Committees or Chairman of more than 5 committees across the companies in which he is a director. All the directors have made requisite disclosure regarding directorship(s) / Committee position(s) occupied by them in other companies.

#### Code of Conduct:

The Company has laid down a "Datamatics - Code of Conduct" for the members of the Board of Directors and the Senior Management. All the Board members and Senior Management personnel have affirmed compliance with the code for the year 2008-2009. A declaration to this effect signed by the CEO is given in this report. Annual affirmation of compliance with the Code have been made by the directors and senior management of the Company. The Code has also been posted on the Company's website, www.datamatics.com.

The CEO & CFO have certified to the Board with reference to the financial statement and other matters as required under clause 49 of the listing agreement.

#### Policy on Prohibition of Insider Trading:

The Company has in place the Code of Conduct for Prevention of Insider Trading to comply with relevant regulations laid down by SEBI. Accordingly the Company announces closure of Trading Windows, free period, declaration of prohibited period etc. The Company has designed a reporting system to prevent insider trading by designated employees and takes quarterly and annual disclosure from the designated employees as mentioned in the Insider Trading Policy.

#### Appointment/Re-appointment of Directors

The Directors who retire by rotation and who are eligible for re-appointment or newly appointed are:

##### i) Mr. R. K. Saraswat

Mr. R. K. Saraswat is a graduate in Commerce and a Fellow of The Institute of Chartered Accountants of India. He has over 35 years of experience in finance & accounts. Prior to his retirement from Datamatics Limited as Director (Finance), he was the President of S. M. Dyechem Limited and Senior Vice President of Grasim, where he was engaged in setting up their Mangalore Refinery Project.

Other Directorships:

1. Priya Limited
2. Datamatics Software Services Limited

##### ii) Mr. Shazaad Dalal

Mr. Shazaad Dalal is Vice Chairman, IL&FS Investment Managers Ltd (IIML), one of India's leading Private Equity Fund Managers with US\$ 2.5 billion under management. The private equity funds managed by IIML have a wide canvas across

sectors in infrastructure such as telecom, transport, power and oil and gas as well as emerging areas in real estate, technology, retail, life sciences and consumer services. Mr. Dalal currently leads a highly competent team of 40 professionals involved in managing over 95 investments. Mr. Dalal is also on the Boards of various companies to guide their growth plans and other strategic developments. Overall, Mr. Dalal assumes greater responsibility towards the crafting of exits through a range of diverse methods, including IPO's and strategic sales.

Prior to this, Mr. Dalal was Chief Executive Officer of the Asset Management Business of IL&FS. Within the IL&FS Group he has undertaken various responsibilities including overall planning and raising of resources for IL&FS, its group companies and other IL&FS sponsored infrastructure projects. Mr. Dalal has also headed the initiative for large value structured finance/ transactions in leasing, project finance and privatizations.

Mr. Dalal is a Management Graduate from USA.

Other directorships:

Sr. No.	Name of the Company
1.	IL&FS Investment Managers Limited
2.	IL&FS Financial Services Limited
3.	Bharat Serums & Vaccines Limited
4.	Indraprastha Gas Limited
5.	Shoppers' Stop Limited
6.	IPF Online Limited
7.	IL&FS Transportation Networks Limited
8.	IBN 18 Broadcast Limited
9.	ABG Shipyard Limited
10.	ETL Infrastructure Services Limited
11.	DEN Networks Limited
12.	Ansal Township Infrastructure Limited
13.	IL&FS Energy Development Company Limited

Alternate directorship, directorship in private limited companies and membership in governing councils, chambers and other bodies not included.

### 3. Audit Committee

The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

The Audit Committee comprises of three (3) Non Executive Independent Directors viz: (1) Mr. R. K. Saraswat, (2) Mr. Shazaad S. Dalal and (3) Mr. Sudhir C. Deshpande. Ms. Divya Kumart, Vice President – Legal & Company Secretary acts as the secretary of the Audit Committee.

The Audit Committee meetings are attended by invitation by the Chief Executive Officer, Chief Financial Officer and

representatives of the Statutory Auditors and internal auditors of the Company.

During the financial year ended March 31, 2009, four (4) Audit Committee meetings were held respectively on May 29, 2008, July 28, 2008, October 24, 2008 and January 29, 2009. The number of meetings attended by each member are as follows:

Committee Members	Designation	No. of Meetings attended
Mr. R. K. Saraswat	Chairman	4
Mr. Shahzaad Dalal	Member	2
Mr. Sudhir Deshpande	Member	4

The role of the Audit Committee is to monitor and provide effective supervision of the Company's financial reporting process with a view to ensure that the financial statements are accurate, sufficient and credible.

The terms of reference of the Audit Committee as defined by the Board are:

- a. The scope of the Audit Committee includes:
  - i. Review of financial statements before they are submitted to the Board for adoption.
  - ii. Recommending the appointment or removal of statutory auditors, fixation of audit fees and approval for payment for other services provided by the auditors.
  - iii. Review of quarterly, half yearly and yearly financial statements before they are presented to the Board, focusing inter alia upon –
    - Accounting Policies and any changes thereto.
    - Ensuring compliance with the Accounting Standards.
    - Compliance with the laws, rules, regulations and notifications issued by the Stock Exchanges and other regulatory authorities relating to the preparation and disclosure of financial statements.
    - Significant issues arising out of audit.
    - The going concern assumption.
    - Major accounting entries based upon exercise of judgment by the management.
    - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large.
- b. Review with the management, auditors the adequacy of internal control systems.

- c. Discussions with the Statutory Auditors on matters relating to internal controls, periodic financial statements and any significant findings and follow up thereon.
- d. Discussion with the Statutory Auditors before commencement of the audit, nature and scope of audit, as well as post audit discussion to ascertain any area of concern.
- e. Review of the Company's financial and risk management policies.
- f. Examine reasons for default in payment of interest and repayment of principal amounts to depositors and debenture holders, payment of dividend, payments to creditors and payment of all statutory dues within the prescribed time period.
- g. Investigating the reasons for substantial defaults, if any, in the payment to the depositors, shareholders (in case of non-payment of declared dividends), and creditors.
- h. Review of utilization of IPO proceeds and indicate material deviations, if any, from the object stated in the offer document.

#### 4. Remuneration/Compensation Committee

The Remuneration / Compensation Committee of the Board comprise of three (3) directors of the Company, of which two are independent directors and one is non-independent. Mr. Sudhir C. Deshpande (Independent Director) is the Chairman of this Committee. The other members of the Committee are Dr. Lalit S. Kanodia (Non-independent) and Mr. Shahzaad S. Dalal (Independent Director).

The Committee has been entrusted with the following responsibilities:

1. All matters relating to the compensation (including annual increments and revision in salary) payable by the Company to the senior executives in the Company's grade M 11\* and above as also the remuneration payable to the Directors.
2. Appointment and transfers of employees in the Company's grade M11\* and above shall require approval of the committee.
3. Administration of ESOP schemes of the Company and allotment of shares under the ESOP schemes.

\*With effect from May 20, 2009, the appointment and transfers of employees falling in the category M12 and above shall be approved by the Compensation Committee.

During the year ended March 31, 2009, five remuneration/compensation committee meetings were held viz. May 29, 2008, July 28, 2008, September 09, 2008, September 30, 2008 and January 29, 2009. The numbers of meetings attended by each member were as follows:

Committee Members	Designation	No. of Meetings attended
Mr. Sudhir C. Deshpande	Chairman	6
Dr. Lalit S. Kanodia	Member	7
Mr. Shahzaad S. Dalal	Member	4
Prof Dr. Uday N. Salunkhe*	Member	5

\*Prof. Dr. Uday N. Salunkhe resigned from the position of Director of the Company w.e.f January 29, 2009.

#### Non-Executive Directors

The Company paid sitting fees of Rs. 10,000/- per Board meeting and Rs. 5,000/- per Audit Committee meeting to the Non-Executive Directors of the Company. Apart from the sitting fees, the Company also pays commission to all Non-Executive Directors within the limits prescribed under the Companies Act, 1956 and as approved by the shareholders. The shareholders in their Annual General Meeting held on June 28, 2005 have approved the limit of 0.25% of the net profits of the Company computed in the manner laid down in Section 198 read with Sections 349 and 350 of the Companies Act, 1956 to be paid as commission to all the Non-Executive Directors of the Company. The total commission payable for the financial year ended March 31, 2009 amounted to Rs. 720,000/- and was paid as under:-

Name of Director	Commission (Rs.)
Mr. Shahzaad S. Dalal	170,000
Mr. Sudhir C. Deshpande	150,000
Mr. R. K. Saraswat	200,000
Mr. Habil F. Khorakiwala	100,000
Prof Dr. Uday N. Salunkhe	100,000

Details of the number of shares held by all the non-executive directors of the Company as on March 31, 2009:

Name of the Director	No. of equity shares held (As on March 31, 2009)
Mr. Shahzaad S. Dalal	2,000
Mr. R. K. Saraswat	1,000
Mr. Sudhir C. Deshpande	Nil
Mr. Habil F. Khorakiwala	Nil
Prof Dr. Uday N. Salunkhe*	Nil

\*Resigned with effect from January 29, 2009.

No convertible instruments/employee stock options have been granted by the Company to the Non-Executive Directors of the Company.

#### Executive Directors

##### Dr. Lalit S. Kanodia

Dr. Lalit S. Kanodia was appointed as a Whole-time Director of the Company effective May 16, 2005 for a period of five (5) years. Dr. Lalit S. Kanodia being a promoter of the Company is not eligible to participate in the employee stock option schemes of the Company.

##### Mr. Rahul L. Kanodia

Mr. Rahul L. Kanodia was appointed as the Vice Chairman & CEO of the Company for a period of five (5) years effective February 22, 2007. He is not eligible to participate in the employee stock option scheme of the Company.

##### Mr. Vidur V. Bhogilal

Mr. Vidur V. Bhogilal was re-appointed as an Executive Director & CFO of the Company for a period of five (5) years effective May 12, 2008 and the appointment was approved by the shareholders at the Annual General Meeting held on September 30, 2008. He is not eligible to participate in the employee stock option scheme of the Company.

##### Mr. Sameer L. Kanodia

Mr. Sameer L. Kanodia was appointed as an Executive Director of the Company for a period of five (5) years effective January 30, 2008 and the appointment was approved by the shareholders at the Annual General Meeting held on September 30, 2008. He is not eligible to participate in the employee stock option scheme of the Company.

Following are the details of the remuneration paid to the Executive Directors of the Company during the year ended March 31, 2009:

(Amount in Rupees)

Particulars	Dr. Lalit S. Kanodia	Mr. Rahul L. Kanodia	Mr. Vidur V. Bhogilal	Mr. Sameer Kanodia
Salary	2,368,764	5,187,376	3,910,345	1,653,600
Estimated monetary value of perquisites	519,765	406,013	463,040	307,270
Commission*	135,000	135,000	—	—
Incentives	—	—	1,500,000	398,000
PF Allowance	216,000	280,968	229,824	86,400
<b>Total</b>	<b>3,239,529</b>	<b>6,009,357</b>	<b>6,103,209</b>	<b>2,445,270</b>

\*Commission relates to the financial year ended March 31, 2009, which was paid during the year 2009-2010.

#### 5. Shareholders' Grievance Committee / Share Transfer Committee

The Board has constituted a Shareholder's Grievance Committee, consisting of two (2) non-executive, independent directors - Mr. R. K. Saraswat and Mr. Sudhir C. Deshpande. Mr. R. K. Saraswat is the Chairman of the Committee. Ms. Divya Kumat is the Compliance officer and she can be contacted at the following address:

Knowledge Center, Plot No. 58,  
Street No. 17, M.I.D.C.,  
Andheri (E), Mumbai 400 093.  
Tel No. +91 022 6102 0198  
Fax: +91 022 6697 1161  
Email Id: divya\_kumat@datamaticstech.com

During the year ended March 31, 2009 the Company received 119 complaints/requests. None were pending as on March 31, 2009.

The Committee inter alia, approves transfer and transmission of shares, issue of duplicate share certificates, non receipt of dividend, Annual Report, Notice etc. The Committee oversees performance of the Registrar and Transfer Agent of the Company. The Company met five (5) times during the year under review.

## 6. General Body Meetings

### Annual General Meetings

- a. Location, time and date where last three (3) Annual General Meetings were held are given below:

Financial Year	Date	Time	Venue
2005-06	July 26, 2006	11.30 a.m.	Knowledge Center, Plot No. 58, MIDC, Andheri (E), Mumbai 400 093.
2006-07	September 28, 2007	11.00 a.m.	Knowledge Center, Plot No. 58, MIDC, Andheri (E), Mumbai 400 093.
2007-08	September 30, 2008	11.00 a.m.	Knowledge Center, Plot No. 58, MIDC, Andheri (E), Mumbai 400 093.

- b. The following Special Resolutions were passed at the previous three Annual General Meetings:

1. AGM held on June 26, 2006: -
  - (i) Resolution for revising the remuneration of Mr. Sameer L. Kanodia, who is a relative of Dr. Lalit S. Kanodia, Mrs. Asha L. Kanodia and Mr. Vidur V. Bhogilal, Directors of the Company.
2. AGM held on September 28, 2007:-
  - (i) Resolution for alteration of Articles of Association for modifying clause 109(a). The name of Mrs. Asha L. Kanodia as a permanent director of the Company was replaced by the name of Dr. Lalit S. Kanodia.
  - (ii) Resolution for revision in commission payable to non-executive directors.
  - (iii) Resolutions for approving Datamatics Key Employee Stock Option Plan 2007 and General Employee Stock Option Plan 2007 for the employees of Datamatics Technologies Limited and its subsidiaries.

3. AGM held on September 30, 2008:-

- (i) Resolution for variation in the utilization of the IPO proceeds.

The special resolutions moved at all the above meetings were passed on a show of hands by the shareholders present at the meeting and not by postal ballot. No special resolution is proposed to be conducted by postal ballot.

- (c) During the year under review the Company conducted the following Court Convened Meetings on 30th September, 2008 as per instruction of Hon'ble High Court, Mumbai for approval of the Scheme of Arrangement.

- Court Convened meeting of Equity Shareholders
- Court Convened Meeting of Creditors

## 7. Management Discussion & Analysis Report

The Management Discussion & Analysis Report for the year ended March 31, 2009 is published separately in this Report.

## 8. Other Disclosures

Related party transactions, utilisation of proceeds of public issue have been disclosed in the annual report.

The Company has complied with all the statutory formalities.

The Company has a Risk Management Policy covering Risk Assessment & Minimization procedure.

## 9. Means of Communication

Financial Results and Notices:

The quarterly unaudited results of the Company are announced within a month from the end of the respective quarter and the audited financial results are announced within three months from the end of financial year. The results are published in The Free Press Journal and Navshakti. The financial results are displayed on the Company's website - [www.datamatics.com](http://www.datamatics.com).

The Company publishes notices of the Board Meeting and the Annual General Meeting in one English Newspaper and one Marathi Newspaper. It also publishes record date and book closure dates in the said newspaper circulating in the city.

### News Releases:

The Company issues news releases on significant corporate decisions/ activities and posts them on its web site.

### Web Site:

The Company's website [www.datamatics.com](http://www.datamatics.com) provides a separate section for investors where relevant shareholders information is available. The Annual Reports of the Company are available on the website in a user friendly and downloadable form.

**Annual Report:**

The Annual Report is circulated to the members. The Management Discussion and Analysis Report and Corporate Governance Report form part of the Annual Report.

**Corporate Filings with Stock Exchanges:**

The Company is regular in filing of various reports, certificates, intimations, etc to the Bombay Stock Exchange Limited and National Stock Exchange of India. This includes filing of audited and unaudited results, shareholding pattern, Corporate Governance Report, intimation of Board Meeting/ general meeting and its proceedings.

**Investor Service:**

The Company has appointed Datamatics Financial Services Limited as a Registrar and Transfer Agent who are also authorized to take care of investors' complaints. The secretarial department also assists in resolving various investor complaints. The Company has created a separate e-mail id investors@datamaticstech.com exclusively for the investors to communicate their grievances to the Company.

**10. General Shareholders' information****(A) Annual General Meeting**

Date and Time : September 15, 2009 at 11:00 a.m.  
Venue : Knowledge Centre, Plot No. 58, Street no. 17, MIDC, Andheri (E), Mumbai 400 093

**(B) Financial year:**

The Company follows April - March as its financial year. The results for every quarter beginning from April will be declared within the time period prescribed under the Listing Agreement.

**(C) Book Closure Date:**

September 11, 2009 to September 15, 2009 (both days inclusive)

**(D) Dividend Disclosure:****a. Announcement of dividend:**

The Board of Directors have proposed a final dividend of Rs. 1.25 per share subject to the approval of the shareholders at the Annual General Meeting.

**b. Mode of payment and date of payment:**

Final dividend shall be remitted through Electronic Clearing Service (ECS) at approved locations, in cases where ECS details are available with the Company and in all other cases, through warrants

payable at par. These warrants shall be valid for a period of 90 days. On expiry of the validity period of the said warrants, the same may be sent to the Company's Corporate Office at the following address for revalidation:

Knowledge Centre, Plot No. 58, Street No. 17, M.I.D.C., Andheri (E), Mumbai- 400 093.

The said dividend, if approved will be paid within the statutory period of 30 days from the date of transfer to dividend account.

**(E) Unpaid/ Unclaimed Dividend and unclaimed Fixed Deposits**

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956.

Shareholders of the Company who have not received or encashed their dividend warrants for the financial years, as mentioned below, are requested to claim the unpaid / unclaimed dividend from the Company before its transfer to the above mentioned Fund:

Year of Declaration	Date of Declaration	Interim/ Final	Percentage of Dividend	Date of Transfer to IEPF
2002-2003	September 25, 2003	Final	10%	October 22, 2010
2003-2004	June 24, 2004	Final	20%	July 22, 2011
2004-2005	January 27, 2005	Interim	25%	January 25, 2012
2004-2005	June 28, 2005	Final	25%	July 25, 2012
2005-2006	October 26, 2005	Interim	25%	November 23, 2012
2005-2006	July 26, 2006	Final	25%	August 23, 2013
2006-2007	March 23, 2007	Interim	30%	April 20, 2014
2007-2008	September 30, 2008	Final	15%	October 28, 2015

Pursuant to the Scheme of Arrangement all Fixed Deposits invited and accepted by erstwhile Datamatics Limited were transferred to the Company. The Company has made prepayment of the same. There are no unclaimed Fixed Deposits as on March 31, 2009.

**(F) Listing on Stock Exchanges:**

The Company's shares are listed on the Bombay Stock Exchange Limited, and the National Stock Exchange of India Limited. The Company has paid the listing fees to both the stock exchanges for the year 2008-2009.

**(G) Corporate Identity Number (CIN):**

Pursuant to the Scheme of Arrangement, the Company has changed its name from 'Datamatics Technologies Limited' to 'Datamatics Global Services Limited'. The new CIN of the Company after the said change in name is L72200MH1987PLC045205. All stakeholders are requested to take note of it.

**(H) Stock Code/Symbol**

BSE - 532528, DATAMGLOB

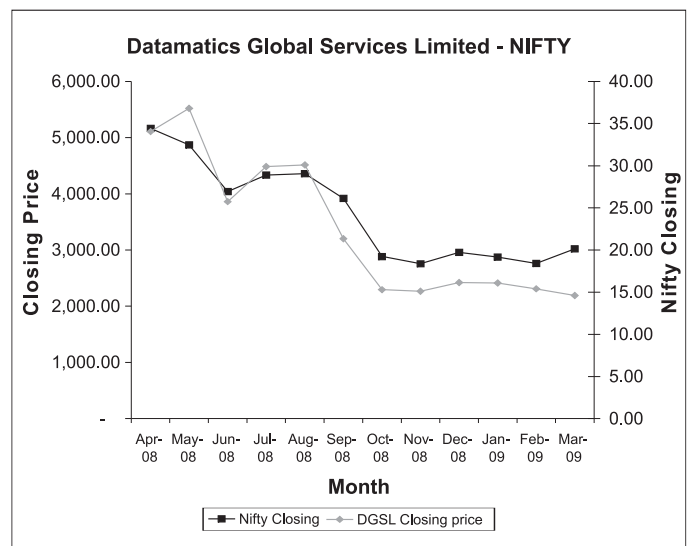
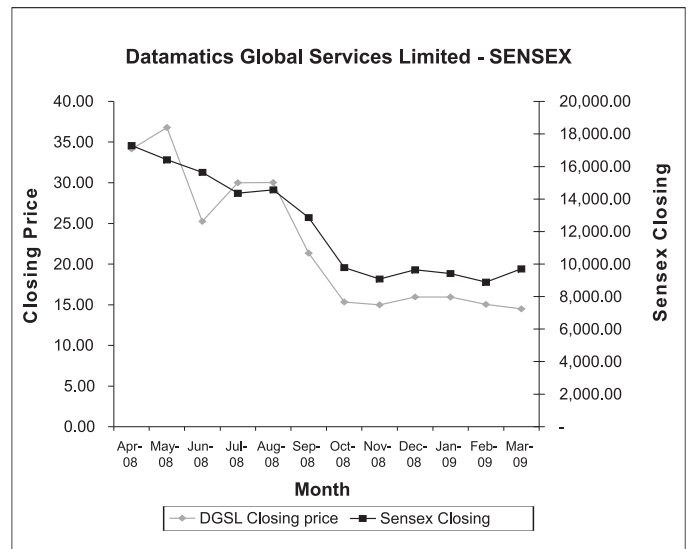
NSE: DATAMATICS EQ

**(I) Market price data:**

Month	BSE Prices		NSE Prices	
	High Price	Low Price	High Price	Low Price
April-08	36.50	26.40	36.50	25.10
May-08	38.25	26.15	38.80	30.30
June-08	37.70	25.00	37.70	25.00
July-08	34.40	23.50	35.00	20.30
August-08	38.90	28.60	38.90	29.00
September-08	30.80	18.65	31.00	18.30
October-08	22.75	11.00	23.40	11.10
November-08	17.25	13.65	17.30	13.15
December-08	18.30	14.25	18.90	14.35
January-09	18.40	12.25	17.85	13.50
February-09	17.25	13.15	17.45	13.25
March-09	15.60	13.50	16.50	13.10

Relative movement chart

The chart below gives the relative movement of the Company's shares and BSE & NSE relative to the closing price. The period covered is April 2008 to March 2009.



**(J) Group Companies & persons coming within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969):**

The following persons / group companies constitute the Datamatics Group as per the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), which exercises, or is established to be in a position to exercise control, directly or indirectly over the Company:

Dr. Lalit Surajmal Kanodia

Mrs. Asha Lalit Kanodia

Smt. Chandravati S Kanodia



Mr. Rahul L. Kanodia  
 Mrs. Priyadarshini R. Kanodia  
 Mr. Sameer Lalit Kanodia  
 Mrs. Anju S. Kanodia  
 Master Vikramaditya R. Kanodia  
 Master Anantveer R. Kanodia  
 Miss Mahika S. Kanodia  
 Miss Samaira S. Kanodia  
 Mr. Aditya Dalmia  
 Mrs. Aneesha A. Dalmia  
 Mr. Vidur V. Bhogilal  
 Mrs. Amrita V Bhogilal  
 Datascan Services  
 Datamatics Staffing Services  
 Rahul L. Kanodia (HUF)  
 Lalit S. Kanodia (HUF)  
 Yogendra Surajmal Kanodia [HUF]  
 Vikrant Trust  
 Delta Infosolutions Private Limited  
 Datamatics Software Services Limited  
 Anemone Management Consultancy Services Private Limited  
 Datamatics Applied DSP Private Limited  
 Datamatics Corporation Private Limited  
 Datamatics Management Services Private Limited  
 Latasha Consultancy Services Private Limited  
 Datamatics Yash Technologies Private Limited  
 Cybercom Datamatics Information Solutions Limited  
 Datamatics Financial Software Services Limited  
 Nishant Securities Private Limited  
 Datamatics Direct Marketing Private Limited  
 Datamatics Global Services Inc.  
 Datamatics Technologies UK Limited  
 Datamatics Infotech Limited  
 Datamatics Global Services GmbH  
 Datamatics Global Services Pty Limited  
 Datamatics Global Technologies Limited  
 Datamatics Global Technologies AG

The above disclosure has been made, inter alia, for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Acquisition of Shares & Takeovers) Regulations, 1997.

**(K) Registrars and Share Transfer Agents**

Datamatics Financial Services Limited  
 Plot No. B-5, MIDC,  
 Part B Cross Lane,  
 Andheri (East), Mumbai 400 093.  
 Ph No. 91-22-6671 2001  
 Fax No. 91-22-2821 3404

**(L) Share Transfer System**

The Company has appointed Datamatics Financial Services Limited as the Registrars and Share Transfer Agent. The shares lodged for physical transfer / transmission / transposition are registered within the prescribed time period if the documents are complete in all respects. The shares in dematerialized form are admitted for trading with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**(M) Category wise distribution of equity shares as on March 31, 2009:**

Category	No. of shares	Percentage Holding
Promoters	35,851,920	60.8543
Mutual Funds	625,932	1.0624
Banks & Insurance Companies	188,690	0.3203
Private Corporate Bodies	2,287,867	3.8834
Indian Public	19,584,049	33.2416
NRIs/OCBs/ Foreign Nationals	375,879	0.6380
<b>Total</b>	<b>58,914,337*</b>	<b>100.0000</b>

\* The total number of equity shares i.e. 58,914,337 includes 18,150,000 equity shares issued pursuant to the Scheme of Arrangement by the Company to the shareholders of erstwhile Datamatics Limited.

Distribution of shareholding as on March 31, 2009:

Share holding of nominal value	Share Holders		Share Amount	
	Rs.	Number	Rs.	% to total
Upto 5,000	20,262	93.69	19,474,010	6.61
5,001-10,000	705	3.26	5,458,115	1.85
10,001-20,000	315	1.46	4,605,195	1.56
20,001-30,000	133	0.61	3,312,885	1.12
30,001-40,000	49	0.23	1,708,475	0.58
40,001-50,000	43	0.20	2,007,535	0.68
50,001-100,000	61	0.28	4,124,160	1.40
100,001 and above	59	0.27	253,881,310	86.19
<b>Total</b>	<b>21,627</b>	<b>100.00</b>	<b>294,571,685</b>	<b>100.00</b>

**(N) Dematerialization of shares and liquidity**

About 95.65 % shares were held in dematerialized form as on March 31, 2009.

**(O) Corporate Actions:**

Shares issued during the year:

Consequent to the Scheme of Arrangement with the group companies, the Company has issued and allotted 18,150,000 equity shares to the shareholders of erstwhile

Datamatics Limited in the ratio of 1.21:1. The said shares have been listed on BSE and NSE.

The Company has also allotted following preference shares:

- To the preference shareholders of erstwhile Datamatics Limited:
  - 14,00,000 8% redeemable non cumulative preference shares of Rs. 10/- each with fixed tenure;
  - 1,00,000 8% redeemable non cumulative preference shares of Rs. 10/- each without a fixed tenure; and
- To the preference shareholders of erstwhile Datamatics Intercon Limited:  
2,70,000 8% redeemable non cumulative preference shares of Rs. 10/- each without a fixed tenure.
- To the preference shareholders of Demerged Datamatics Software Services Limited:
  - 3,60,000 8% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid (without fixed tenure); and
  - 11,95,000 9% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid (without fixed tenure).

**(P) Workplace Locations:**

The Company's facilities are located at:

**Mumbai:**

Datamatics Global Services Limited.

- Unit No. 110,117-120, SDF IV, SEEPZ, Andheri (E), Mumbai - 400 096, India.
- Unit No. 155, SDF V, SEEPZ, Andheri (E), Mumbai 400 096, India.
- Units No. 172, 189, 190A, 190B & 190C, SDF VI, SEEPZ, Andheri (E), Mumbai 400 096, India.
- Knowledge Center, Plot No. 58, Street No. 17, MIDC, Andheri (E), Mumbai - 400 093, India.

## Report of Auditors on Corporate Governance

To the Members of Datamatics Global Services Limited

We have examined the compliance of conditions of Corporate Governance by Datamatics Global Services Limited ("the Company") for the year ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It 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 according to the explanation given to us and the representations made by the Directors

**Chennai:**

Datamatics Global Services Limited.  
Crompton House,  
3 M.G.R. Salai (K.H. Road),  
Nungrambakkam, Chennai – 600 034, India.

**Nasik:**

Datamatics Global Services Limited  
Suyojit IT Park, Suyojit Commercial Complex,  
Survey No. 804, Second & Third Floor, Unit No. S-1 to S-3  
Nashik Mumbai Highway,  
Nashik - 422 002.

**(Q) Address for Investor Correspondence:**

For any assistance regarding dematerialization of shares, share transfer, transmission, change of address, non-receipt of dividend or any other query relating to shares, please write to:

Datamatics Financial Services Limited  
Plot No. A 16 & 17, MIDC,  
Plart B Cross Lane,  
Andheri (East) Mumbai 400 093.  
Ph No. 91-22-6671 2001  
Fax No. 91-22-6671 2011  
E-mail: depository@dfssl.com

For general correspondence:  
Datamatics Global Services Limited  
Knowledge Center, Plot No. 58,  
Street No. 17, MIDC, Andheri (East),  
Mumbai 400 093.  
Tel: 91-22-6102 0000  
Fax: 91-22-2834 3669  
E-mail: investors@datamaticstech.com

**Declaration regarding code of conduct by CEO**

I hereby declare that all the members of the Board and the senior management personnel of Datamatics Global Services Limited have affirmed compliance with the Datamatics Code of Conduct.

Place: - Mumbai

Date: - June 08, 2009

Rahul L. Kanodia

Vice Chairman & Chief Executive Officer

and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances as at March 31, 2009 are pending for a period exceeding one month against the Company as per the records as per the records maintained by the share registrar and reviewed by the Board.

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

For Kanu Doshi Associates  
Chartered Accountants

Mihir Hindocha

Partner

Membership No. 112766

Place: Mumbai

Date: June 08, 2009.

# MANAGEMENT DISCUSSION AND ANALYSIS

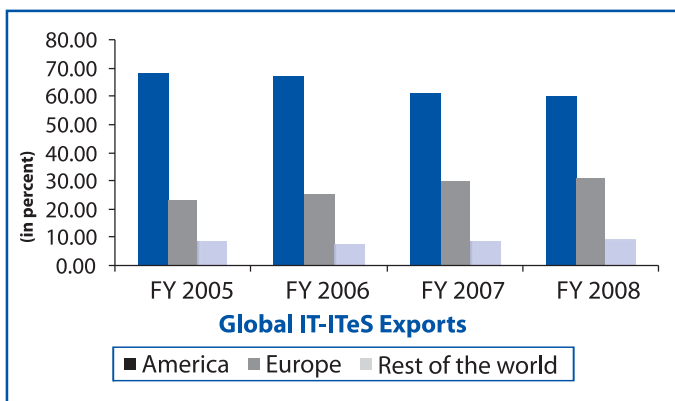
Your Company began IT business in 1980's with BPO services and today we provide a comprehensive range of services, such as end-to-end BPO and IT solutions spanning consulting, technology architectures and business process management. It builds customized solutions for industry verticals like Banking and Finance, Insurance, Manufacturing, Online Retail, Research, Healthcare, Government, Not-for-Profit / Charitable Organizations, Telecom, Transportation, Hospitality, Energy and others. Your Company also provides software services including Enterprise Architecture Consulting, Application Development and Maintenance, Independent Validation Services, Enterprise Application Services, Product Management and Embedded Systems.

## Industry Structure and Developments

### Global:

During the year, the share of Indian providers went up to 65-70 per cent. MNCs however, continued to tap opportunities into the industry and strengthened their Indian delivery centers during 2008. Globally, while the US and UK remain the dominant markets for IT-ITeS exports where US with 60 percent share remains the largest export market for Indian IT-BPO services, revenues from newer markets are growing rapidly. According to NASSCOM, IT-BPO services (including software products) touched USD 967 billion, and registered a growth of 6.3 percent in 2008, underscoring its increasing importance. Worldwide BPO spending in 2008 grew by 12 percent, which was the highest among all the segments. Within IT-BPO outsourcing emerged as a key driver. It is observed that there are shifts in regional spending, as emerging markets such as Central and Eastern Europe, Middle East, Africa, Latin America, and Asia Pacific (excluding Japan) have increased their share. It is also observed that the industry footprint is steadily expanding.

Analysts estimates that the global market for BPO will exceed USD 400 billion in 2013, of which USD 80 billion will be offshorable.



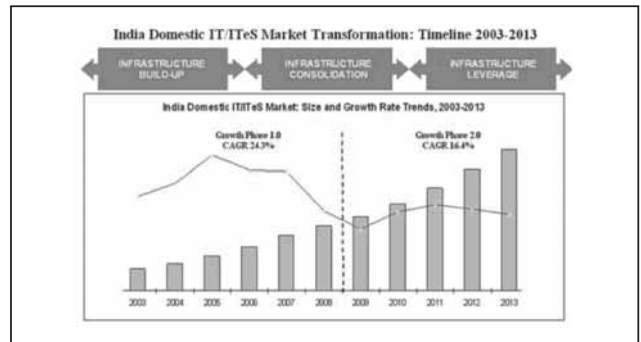
Source: Indian IT-BPO Industry 2009: Nasscom Analysis

### India

According to NASSCOM Strategic Review Report 2009, the Indian IT-BPO industry is estimated to achieve revenues of USD 71.7 billion in FY2009, with the IT software and services industry accounting for USD 60 billion of revenues. As a proportion of national GDP, the sector revenues grew from 1.2 percent in FY1998 to an estimated 5.8 percent in FY2009. The net value-added by this sector, to the economy, was estimated at 3.5-4.1 percent for FY2009. Domestic IT services estimated to grow by 20 percent in FY2009, driven by increased acceptance of IT as a growth enabler, and a competitive tool for Indian corporations looking to compete in an increasingly globalized environment.

The global ICT market intelligence firm, International Data Corporation India predicts that the growth phase (Growth phase 2.0) in the domestic Indian IT/ITeS market will quite different from the earlier phase. Growth Phase 1.0 (2003-08), during which the domestic market witnessed unprecedented growth, nearly tripling the market size from Rs. 34,000 crore in 2003 to Rs.1,01,031 crore in 2008, a CAGR of over 24%.

IDC's report "India Domestic IT/ITeS Market Top 10 Predictions for 2009" states that Growth Phase 2.0 will leverage the IT infrastructure, developed and consolidated during Growth Phase 1.0. Growth Phase 2.0, expected to evolve 2009 onwards, which will be built on the back of new and innovative services sought by consumers and enterprises alike.

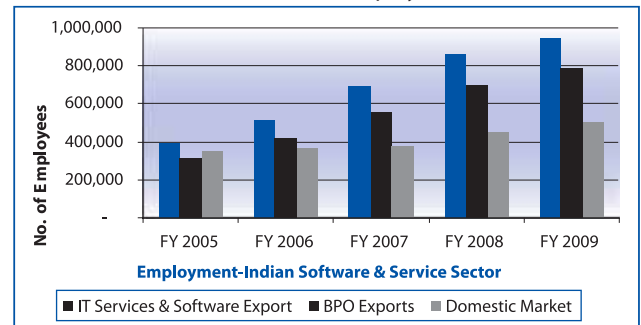


Source: India Domestic IT/ITeS Market Top 10 Predictions for 2009

According to the predictions made by International Data Corporation, India will continue to lead with 11.4% growth in domestic IT spending projected for 2009.

### Employment

During this period, direct employment was expected to reach nearly 2.23 million, an addition of 226,000 employees.



Source: Indian IT-BPO Industry 2009: Nasscom Analysis

### Opportunities and Threats

The global slowdown being impacted by the current crisis in their financial sectors and input costs rising in India due to the inflationary effect of a growth economy is a concern for our Industry. The major revenues of our Company are from US and some of our customers are in the Banking, Finance, Securities and Insurance segment. Your Company is also facing price reduction pressure from its customers in the wake of global slowdown.

There are also positive changes with the domestic market opening up and more and more companies becoming global. The opportunities to partner with Indian multinationals in the aviation, hospitality, financial services, pharma and media space are now encouraging domains for Indian software firms to capitalize on. The areas of work are becoming increasingly high-end even in the domestic market and there is ample scope to develop solutions and Intellectual Property that can find their way into the global market. Your Company is expanding and has incorporated two wholly owned subsidiaries in Mauritius and Switzerland for its product business.

The major challenges which exist today include low employment of skilled personnel, adequate infrastructure, favourable policies and competition from other low cost countries. Low employability of existing talent with only 10-15% employable graduates in business services and 26% of employable engineers in technology services continues to be a major bottleneck. Infrastructure development is largely constrained to few cities, which contribute more than 95% of India's exports and development of tier 2/3 cities has not taken off in a planned manner. The lack of a supportive fiscal environment with a long-term policy framework is also leading to competition from other low-cost countries including China, Philippines and from Eastern Europe with potential erosion of the India opportunity.

### Risk Assessment

The Company has already implemented a comprehensive Enterprise Risk Management Policy, which aims at assessing and controlling risk through a clearly defined framework. This framework is largely based on the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

### Internal Control System

The Company has in place adequate systems of internal controls, which commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization, and ensuring compliance of corporate policies. The Company has a well defined process for delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long-term business plans have been laid down.

The Company has appointed Internal Auditor firm to carry out the internal audit of the Company's activities. The audit is based on an Internal Audit Plan, which is reviewed each year in consultation with the Statutory Auditors and the Audit Committee.

### Quality & Other Certifications

Quality has played an extremely critical role, setting the direction for not only the operations and delivery but also in its people, customer interface and day-to-day routine administrative tasks.

Your Company is the first company in the world to guarantee 99.997% accuracy level in Data Capture, the first Information Technology company in the world to reach PCMM Level 5 and among the first few to reach SEI CMM Level 5.

Your Company is certified as ISO 27001 for information security. This certification includes the US locations, bringing all the Indian and US offices under the umbrella of Information Security.

The Quality Policy of Datamatics Global Services Limited is "We will ensure total customer satisfaction through efficient execution and maturing processes, with the complete involvement of our employees, partners & customers."

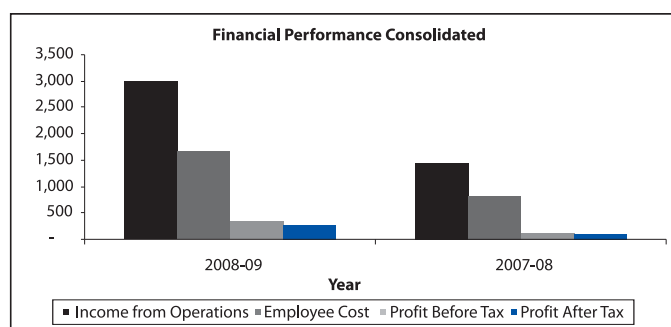
Your Company is the first Indian organisation in Services Category to have won the International Asia Pacific Quality Award 2007, whereby your Company was evaluated on seven elements: Leadership, Strategic Planning Customer and Market Focus, Measurement, Analysis and Knowledge Management, Human Resource Focus, Process Management and Business Results.

### Six Sigma Initiatives

This initiative was started as part of the strategy to make your Company a productive, high performance, cost effective organization. Basic Training and White Belt Training Programs were extensively conducted for the employees. During the year under review, your Company completed 73 Six Sigma and 373 Quick Hit projects.

### Discussion on Financial & Operational performance for the year 2008-09

The Share Capital of the Company increased to Rs. 501.07 million from Rs. 203.58 million. During the year the Company issued 47,500 equity shares under the ESOP Scheme 2006. Pursuant to Scheme of Arrangement, the Company has allotted 18,150,000 equity shares of Rs. 5/- each, 1,400,000 8% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each with a fixed tenure, 7,300,000 8% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each without a fixed tenure and 11,950,000 9% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each without a fixed tenure. The Reserves and Surplus were Rs. 2559.42 million in the current year as against Rs. 2290.89 million in the previous year.



This year, your Company's consolidated revenues stood at Rs. 3001.47 million compared to Rs. 1443.87 million in the previous year. Consolidated other income for the year was at Rs. 105.46 million compared to Rs. 83.88 million in the previous year. Consolidated profits before tax for this year were at Rs. 329.08 million as compared to Rs. 124.39 million in the previous year. During the year under review, there is a growth of 108 % in top line as well as the bottom-line of 161% this year. The overall growth in the revenues is mainly due to the merger of Datamatics Group Companies. The bottom-line received a significant boost due to the cost reduction initiatives, synergies of the merger and the Prudent forex management by the Company with the aid of depreciating rupees against US dollar.

The Company's other income also increased due to efficient treasury management boosted by attractive interest rates in the market.

The Company's share in the Joint Ventures viz. Cybercom Datamatics Information Solutions Limited and Datamatics Yash Technologies Private Limited were Rs. 71 million and Rs. 34.5 million of revenue and profit before tax respectively.

The Company set its footprints in Mauritius and Switzerland by incorporating its wholly owned subsidiaries in those geographies. Our Company's German subsidiary reflected a growth of 89% in revenue over the previous year, and thus turned profitable during the year. Our U. S. operations also through various measures improved their performance and managed to breakeven. The Company's

geographical revenue exposure received a significant balancing boost due to the merger. US is yielding 55% of total revenue [previous year 86%]. Europe 34% and ROW 11% of the consolidated revenues of the Company.

There has been an overall increase in all the assets and liabilities primarily due to the Amalgamation and therefore the figures for the corresponding previous period are not strictly comparable.

The Sundry Debtors increased to Rs. 635.69 million in the current year as against Rs. 493.10 million in the previous year. The Net Current Assets increased to Rs. 875.36 million in the current year as against Rs. 476.97 million in the previous year.

Post merger with Datamatics Limited which was one of the leading information technology (IT) company offering software solutions in numerous areas including, application management, product management and customized product implementation in ERP (Enterprise Resource planning), CRM (Customer Relationship Management) and SCM (Supply Chain Management). Your Company is now providing value-added industry solutions in manufacturing, transportation, telecom, banking, finance, insurance, retail and government institutions.

#### Material Developments in Human Resources

Datamatics takes pride in nurturing 2478 employees globally. For further details regarding material developments in Human Resources, please refer to the Directors' Report.

#### Cautionary Statement

This report describing the Company's activities, projections about the future, estimates, assumptions with regard to global economic conditions and government policies, etc., may contain certain forward looking statements based upon the information available with the Company. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

## Auditors' Report on Consolidated Financial Statements of Datamatics Global Services Limited (formerly known as Datamatics Technologies Limited) and its subsidiaries

### To the Board of Directors of

#### DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED)

- We have audited the attached Consolidated Balance Sheet of DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED the Company) and its Subsidiaries (the Company and its Subsidiaries constitute "the group") as at March 31, 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- The financial statements of subsidiary Datamatics Software Services Limited, which reflect total asset of Rs. 906.88 Lacs as at March 31, 2009, total revenues of Rs. 973.41 Lacs for the year then ended, have been audited by us.
- We further report that in respect of the following subsidiaries, we did not carry out the audit. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of the other auditors. The details of assets and revenue in respect of the said subsidiaries are given below:

Name of the Subsidiary	Total Assets	Total Revenue
Datamatics Technologies Inc.	Rs. 273,848,935/-	Rs.1,028,387,309/-
Datamatics Technologies GmbH	Rs. 42,791,460/-	Rs.167,706,918/-
Datamatics Technologies U.K. Ltd.	Rs.11,211,532/-	Rs.11,302,151/-
Datamatics Infotech Inc.	Rs. 14,115,226/-	Rs. NIL
Datamatics America Inc.	Rs. 38,951,827/-	Rs. 197,149,249/-
Datamatics Australia Pty Ltd.	Rs. 2,314,161/-	Rs. 3,229,459/-
Datamatics Infotech Ltd.	Rs. 57,672,712/-	Rs. 233,375,176/-

- We further report that in respect of the following subsidiaries and joint ventures whose financial statements are based on unaudited financial information and as certified by the management on which we have relied for the purpose of our examination of the consolidated financial statements. The details of Assets and Revenue in respect of the said subsidiaries and share of joint ventures are given below:

Name of the Subsidiary/Joint Venture	Total Assets	Total Revenue
Datamatics Global Technologies Ltd. (Subsidiary)	Rs. 2,755,997/-	Rs. NIL
Datamatics Global Technologies AG (Subsidiary)	Rs. 2,225,500/-	Rs. NIL
Datamatics Yash Technologies Pvt. Ltd. (Joint Venture – 49.90%)	Rs. 42,212/-	Rs. NIL
Cybercom Datamatics Information Solutions Ltd. (Joint Venture – 50%)	Rs. 62,947,896/-	Rs. 73,793,389/-

- As explained in Note No. 6 and 9 of Schedule 'O', the treatment of reserves on amalgamation in accordance with the requirements of Amalgamation Scheme approved by the Hon'ble High Court, Mumbai. And there has been change in accounting policy for fixed assets and related depreciation / amortisation on it.
- We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21- "Consolidated Financial Statements" and Accounting Standard 27- "Financial Reporting of Interests in joint Ventures" prescribed by the Central Government under Section 211(3C) of the Companies Act, 1956 and on the basis of the separate audited financial statement of the parent Company and its subsidiaries and the unaudited financial statement of the subsidiaries and joint ventures included in the consolidated financial statements.

8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the information and explanations given to us and read with Significant Accounting Policies and with other notes thereon, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Consolidated Balance Sheet, of the state of the affairs of the group as at March 31, 2009;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

For **Kanu Doshi Associates**  
Chartered Accountants

Place: Mumbai  
Date: June 8, 2009

**Arati Parmar**  
Partner  
Mem. No.: 102888

# Consolidated Balance Sheet

	Schedule	March 31, 2009 Rupees	March 31, 2008 Rupees
<b>SOURCES OF FUNDS</b>			
Shareholders Funds			
Share Capital	<b>A</b>	<b>504,571,685</b>	203,584,185
Reserves and Surplus	<b>B</b>	<b>1,974,560,542</b>	1,670,567,559
		<b>2,479,132,227</b>	1,874,151,744
Loan Funds	<b>C</b>		
Secured Loans		<b>90,927,644</b>	—
Deferred Tax Liability (Net)		<b>16,556,909</b>	33,050,418
		<b>2,586,616,780</b>	1,907,202,162
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
Gross Block	<b>D</b>	<b>1,290,895,122</b>	635,780,400
Less: Accumulated Depreciation		<b>489,633,349</b>	270,982,476
Net Block		<b>801,261,773</b>	364,797,924
Capital Work-in-Progress		<b>38,860,375</b>	37,814,943
Investments	<b>E</b>	<b>871,124,975</b>	1,027,619,106
Current Assets, Loans and Advances			
a) Interest accrued on Investments		<b>2,978,813</b>	2,706,817
b) Sundry Debtors	<b>F</b>	<b>635,694,890</b>	493,102,780
c) Cash and Bank Balance	<b>G</b>	<b>212,599,738</b>	54,028,553
d) Loans and Advances	<b>H</b>	<b>574,127,704</b>	127,550,992
		<b>1,425,401,145</b>	677,389,142
Less: Current Liabilities and Provisions	<b>I</b>		
a) Current Liabilities		<b>390,919,192</b>	142,887,124
b) Provisions		<b>159,112,295</b>	57,531,829
		<b>550,031,487</b>	200,418,953
Net Current Assets		<b>875,369,658</b>	476,970,189
		<b>2,586,616,780</b>	1,907,202,162
Significant Accounting Policies	<b>N</b>		
Notes to Accounts	<b>O</b>		

The Schedules referred to above and the Notes thereon form integral part of this Balance Sheet

As per attached report of even date

For and on behalf of the Board

For Kanu Doshi Associates  
Chartered Accountants

Dr. Lalit S. Kanodia  
Chairman

R. K. Saraswat  
Director

Arati Parmar  
Partner  
Membership No. 102888

Divya Kumat  
Vice President - Legal  
& Company Secretary

Vidur Bhogilal  
Executive Director &  
Chief Financial Officer

Rahul Kanodia  
Vice Chairman & CEO

Place : Mumbai  
Dated : June 8, 2009



# Consolidated Profit and Loss Account

	Schedule	For 2008-09 Rupees	For 2007-08 Rupees
<b>INCOME</b>			
Income from Operations		<b>3,001,467,513</b>	1,443,870,716
Other Income	<b>J</b>	<b>105,460,038</b>	83,880,150
		<b>3,106,927,551</b>	<b>1,527,750,866</b>
<b>EXPENDITURE</b>			
Purchase of IT Products and Licenses		<b>11,525,546</b>	20,399,912
(Increase)/decrease in stock in trade		—	7,387,049
Operational Expenses	<b>K</b>	<b>2,372,640,816</b>	1,175,416,289
Administration and Other Overheads	<b>L</b>	<b>300,128,924</b>	142,877,734
Interest	<b>M</b>	<b>7,359,104</b>	656,195
Depreciation and Amortisation		<b>86,232,634</b>	55,370,182
		<b>2,777,887,024</b>	<b>1,402,107,361</b>
		<b>329,040,527</b>	125,643,505
Exchange Fluctuation on Consolidation		<b>39,987</b>	(1,250,037)
Prior period Income/(exp)		—	—
Profit/(Loss) before Tax		<b>329,080,514</b>	124,393,468
Provision for Income Tax and Wealth Tax		<b>39,754,893</b>	21,185,560
Provision for Deferred Tax		<b>6,471,239</b>	8,592,598
Provision for Fringe Benefit Tax		<b>7,672,283</b>	2,618,000
Profit/(Loss) after Tax		<b>275,182,101</b>	91,997,310
Tax Adjustment of earlier years		<b>162,977</b>	(56,615)
Profit/(Loss) after Tax		<b>275,345,078</b>	91,940,695
Balance brought forward from last year		<b>18,748,792</b>	12,535,595
Amount Available for Appropriations		<b>294,093,870</b>	104,476,290
<b>APPROPRIATIONS :</b>			
Final Dividend on Equity Shares (F.Y. 2007-08)		<b>26,250</b>	—
Tax on Final Dividend (F.Y. 2007-08)		<b>4,462</b>	—
Proposed Dividend on Equity Shares		<b>73,642,921</b>	30,537,628
Tax on Dividend		<b>12,515,614</b>	5,189,870
Dividend on Preference Shares		<b>17,715,000</b>	—
Tax on Preference Dividend		<b>3,010,664</b>	—
Transfer to General Reserve		<b>50,000,000</b>	50,000,000
Amount Carried Forward		<b>137,178,959</b>	18,748,792
		<b>294,093,871</b>	<b>104,476,290</b>
Earnings per share (Face Value Rs. 5 each) in Rs.			
Basic		<b>4.32</b>	2.26
Diluted		<b>4.31</b>	2.24
(Refer Note No. 13 of Schedule 'O')			
Significant Accounting Policies	<b>N</b>		
Notes to Accounts	<b>O</b>		

The Schedules referred to above and the Notes thereon form integral part of this Profit and Loss Account

As per attached report of even date

For and on behalf of the Board

For Kanu Doshi Associates  
Chartered Accountants

Dr. Lalit S. Kanodia  
Chairman

R. K. Saraswat  
Director

Arati Parmar  
Partner  
Membership No. 102888

Divya Kumat  
Vice President - Legal  
& Company Secretary

Vidur Bhogilal  
Executive Director &  
Chief Financial Officer

Rahul Kanodia  
Vice Chairman & CEO

Place : Mumbai  
Dated : June 8, 2009

## Schedules forming part of the Consolidated Financial Statements

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED		
100,000,000 ( P.Y. 48,000,000 ) Equity shares of Rs. 5/- each .	<b>500,000,000</b>	240,000,000
30,000,000 ( P.Y. 30,000,000 ) Redeemable Preference Shares of Rs 10/- (P.Y. Rs. 5/-) each.	<b>300,000,000</b>	150,000,000
	<b>800,000,000</b>	390,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
58,914,337 (P.Y. 40,716,837) Equity Shares of Rs. 5/- each fully paid up.	<b>294,571,685</b>	203,584,185
1,400,000 (P.Y. Nil) 8% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (fixed tenure) (Refer Note no. 4 below)	<b>14,000,000</b>	—
7,300,000 (P.Y. Nil) 8% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (without fixed tenure) (Refer Note no. 5 below)	<b>73,000,000</b>	—
11,950,000 (P.Y. Nil) 9% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (without fixed tenure) (Refer Note no. 5 below)	<b>119,500,000</b>	—
350,000 (P.Y. Nil) 8% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each (Refer Note no. 5 below)	<b>3,500,000</b>	—
(Refer Note No. 5 & 6, of Schedule 'O')		
	<b>504,571,685</b>	203,584,185

### Note:

- Before the merger, out of the above, 28,480,000 (P.Y. 28,480,000) Equity Shares of Rs. 5/- each have been allotted as fully paid Bonus Shares by capitalisation of General Reserve and Share Premium
- Employee Stock Option Scheme - (Refer Note No. 11 in Schedule 'O')
- Pursuant to the Scheme of Arrangement and / or Amalgamation approved by the Hon'ble High Court of Bombay, the Board had allotted 18,150,000 equity shares of Rs. 5/- each and 20,650,000 Preference shares at Rs. 10/- each on January 29, 2009 without consideration being received in cash.  
Company's application with the stamp authority for availing substantial exemption on stamp duty payable on issue of Share Certificates is under process, pending which company has not issued equity share certificates.  
Company Law Board has already granted extension under section 113 of Companies Act, 1956 for issue of share certificate.  
Accordingly the difference between the regular stamp duty and stamp duty after availing exemption has been disclosed in Note no. 2 of schedule 'O' under the head "Contingent Liability".
- All the above 8%, redeemable Non-cumulative Preference Shares which are with fixed tenure are redeemable at par on or before completion of 7 years from the date of allotment.
- All the above 8%, 7,650,000 (out of which 7,300,000 are without Fixed tenure) Redeemable Non-cumulative Preference Shares and 9%, 11,950,000 (without fixed tenure) Redeemable Non-cumulative Preference Shares which are redeemable at par on or before completion of 20 years from the date of allotment.

## Schedules forming part of the Consolidated Financial Statements

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE 'B'</b>		
<b>Reserves and Surplus</b>		
<b>CAPITAL RESERVE</b>		
Balance as per last Balance Sheet	3,524,880	3,524,880
	<b>3,524,880</b>	<b>3,524,880</b>
<b>CAPITAL REDEMPTION RESERVE</b>		
Balance as per last Balance Sheet	37,781,250	37,781,250
	<b>37,781,250</b>	<b>37,781,250</b>
<b>SHARE PREMIUM</b>		
Balance as per last Balance Sheet	1,076,192,967	1,076,192,967
Add: Received on issue of Equity shares during the year	2,237,250	
	<b>1,078,430,217</b>	<b>1,076,192,967</b>
<b>EMPLOYEE STOCK OPTION OUTSTANDING</b>		
Employee Stock Option Outstanding	1,884,000	—
Less: Deferred Employee Compensation (Refer Note No. 11 in Schedule 'O')	<b>(1,884,000)</b>	—
	<b>—</b>	<b>—</b>
<b>FOREIGN EXCHANGE FLUCTUATION RESERVE</b>		
Balance as per last Balance Sheet	(6,664,343)	(5,089,427)
Add/(Less): - Exchange Fluctuation for Current Year	16,346,274	(1,574,916)
	<b>9,681,929</b>	<b>(6,664,343)</b>
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	540,984,013	490,984,013
Add: Transferred From Profit & loss during the year	50,000,000	50,000,000
Add/(Less) : As per the Scheme of Amalgamation and / or Arrangement (net)	98,709,809	-
Group share in Joint Venture (Net) (Refer Note No. 6 in Schedule 'O')	18,269,485	-
	<b>707,963,307</b>	<b>540,984,013</b>
Surplus in Profit and Loss Account	106,659,553	18,748,792
Group share in Joint Venture in surplus in Profit and Loss Account	30,519,406	-
<b>TOTAL</b>	<b>1,974,560,542</b>	<b>1,670,567,559</b>
<b>SCHEDULE 'C'</b>		
<b>LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
<b>From Banks</b>		
Vehicle Loan (Repayable within one year Rs. 583,615 (P. Y. Nil))	583,615	—
Working Capital Loan Cash / Packing Credit	90,344,029	—
	<b>90,927,644</b>	<b>—</b>
1. Working Capital loan from State Bank of India (SBI) is secured by way of a first charge by hypothecation of Current Assets and by way of a second charge on the Company's fixed assets (Computers, Servers, Cars, Furniture & Fixtures) also Lien on Term Deposit of Rs. 62.71 lacs and also by personal guarantee of Chairman of the company.		
2. Working Capital loan from Standard Chartered Bank is secured by way of Pari passu Charge on hypothecation of Book Debts and Movable Fixed Assets of the Company both past and present.		
3. Vehicle loan from SBI is secured by hypothecation of the vehicles acquired through the same loan.		

## Schedules forming part of the Consolidated Financial Statements

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE 'D'</b>		
<b>FIXED ASSETS</b>		
Land	391,128,846	76,263,694
Buildings	124,232,387	93,850,846
Leasehold Improvements	10,734,689	3,702,233
Machinery & Equipment	143,596,051	107,308,925
Vehicles	21,550,038	7,835,960
Furniture & Fixtures	121,473,068	74,003,557
Computer Equipments	288,942,908	156,008,422
<b>INTANGIBLE ASSETS:</b>		
Computer Software		
Internal developed software	18,800,386	16,867,658
Other software	161,060,536	99,750,402
Other Intangible Assets	69,458	188,703
Group share in Joint Venture	9,306,756	—
Total Gross Block	1,290,895,123	635,780,400
<b>Less: Accumulated Depreciation and Amortisation</b>		
Building	11,319,727	18,500,158
Leasehold Improvements	6,368,355	2,637,599
Machinery & Equipment	65,035,773	43,524,878
Vehicles	8,614,439	2,266,159
Furniture & Fixtures	53,119,641	30,160,148
Computer Equipments	197,318,418	87,032,774
<b>Intangible Assets:</b>		
Computer Software		
Internal developed software	18,800,386	15,109,073
Other software	125,320,987	71,605,773
Other Intangible Assets	47,878	145,916
Group Share in Joint Venture	3,686,746	—
Total Depreciation	489,633,349	270,982,476
Net Fixed Assets	801,261,774	364,797,924
The above details are compiled from the data / record available with the Parent Company.		

### SCHEDULE ' E'

#### INVESTMENTS (AT COST)

##### Long Term Investments

##### UNQUOTED (Non - Trade)

###### Investment in Bonds

6,580 ( P.Y. Nil ) 5.50 % Rural Electrification Bonds of Rs. 10,000 each (Above Bonds are with benefits under section 54 EC of Income Tax Act, 1961 for Long Term Capital Gain)

65,800,000

65,800,000

###### Investments in Debentures

10 (P.Y. 125,000) debentures of Rs. 1,000,000 (P. Y. Rs. 100) each of Edelweiss Securities Pvt. Ltd.

10,100,000

12,750,000

500,000 (P.Y. 500,000) debentures of Rs. 100 each of DSP Merrill Lynch Capital Ltd.

50,750,000

50,750,000

20 (P.Y. Nil) debentures of Rs. 1,000,000 each of Barclays Investments and Loans (India) Ltd.

20,110,300

—

##### Current Investments (At Cost or Market Value, whichever is less)

Investments in Portfolio Management Services

Reliance Capital Asset Management Limited

(Refer Note no. 12 in Schedule 'O')

5,689,225

9,482,428

##### Long Term Investments

Unquoted (Non Trade) (In Other Companies)

3,500 (P.Y. 3,500) fully paid equity shares of Matrix Advisors (India) Pvt Limited of Rs. 10 each

175,000

175,000

Aggregate of Unquoted Investment ( Non Trade )

175,000

175,000

## Schedules forming part of the Consolidated Financial Statements

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>B. QUOTED (Non-Trade)</b>		
<b>In shares</b>		
a) 900 (P.Y. 900) fully paid Equity Shares of Rs. 10 each of Cybertech Ltd.	510,767	510,767
b) 3,660 (P.Y.1800) fully paid Equity Shares of Rs. 2 each of Wipro Ltd.	3,739,474	2,117,268
c) 5,000 (P.Y. Nil) fully paid Equity Shares of Re. 1 each of Vikas VSP Ltd.	552,950	—
 Current Investments (At Cost or Market Value, whichever is less)		
a) 56 (P.Y. Nil) fully paid Equity Shares of Dana Holding Corporation	155,223	—
b) 1,785 (P.Y. Nil) fully paid Equity Shares of Principal Financial Group	—	4,200,234
 <b>In units of Mutual Funds</b>		
Nil (P.Y. 2,135,355) Units of HDFC Mutual Funds	—	21,353,549
4,488,789 (P.Y. 14,154,748 ) Units of Prudential ICICI Mutual Funds	77,682,027	143,119,855
Nil (P.Y. 3,388,490) Units of JM Mutual Funds	—	36,146,975
5,279,007 (P.Y. 4,287,076 ) Units of Reliance Mutual Funds	91,552,189	62,917,308
Nil (P.Y. 6,500,234) Units of UTI Mutual Funds	—	65,002,336
7,019,058 (P.Y. Nil ) Units of IDFC Mutual Funds	81,107,765	—
8,413,405 (P.Y. Nil ) Units of Birla Mutual Funds	152,932,003	—
441,298 (P.Y. 709,213) Units of DSP Merrill Lynch Mutual Funds	4,895,757	10,616,445
Nil (P.Y. 6,153,056) Units of Kotak Mutual Funds	—	65,000,000
5,000,000 (P.Y. 3,035,265) Units of Religare Mutual Funds	50,000,000	30,352,650
Nil (P.Y. 2,500,000) Units of Principal Mutual Funds	—	25,000,000
1,198,201 (P.Y. 2,537,338) Units of Tata Mutual Funds	20,004,201	30,000,000
Nil (P.Y. 485,213) Units of Fidelity Equity Mutual Funds	—	4,824,469
2,000,000 (P.Y. 12,355,601) Units of Fortis Mutual Funds	20,000,000	129,805,584
27,455 (P.Y. 2,027,455) Units of Franklin India Mutual Funds	4,000,000	24,000,000
82,843 (P.Y. 5,082,843) Units of SBI Mutual Funds	2,291,671	52,291,671
61,365 (P.Y. 61,365) Units of Sundaram BNP Paribas Mutual Funds	4,992,962	4,992,962
97,181 (P.Y. Nil) Units of DWS Credit Opportunities Fund	1,000,000	—
 <b>Liquid Funds - Current Investment (At Cost or Market Value, whichever is less)</b>		
6,835,805 (P.Y. Nil) Units of Fortis Mutual Funds	89,294,722	—
1,223,076 (P.Y. Nil) Units of Kotak Mutual Funds	15,504,719	—
2,896 (P.Y. Nil) Units of DSP Merrill Lynch Mutual Funds	3,471,581	—
443,231 (P.Y. Nil) Units of Reliance Mutual Funds	9,507,476	—
Nil (P.Y. 6,956,365 ) Units of Birla Mutual Funds	—	165,630,879
3,440,575 (P.Y. 370,981)Units of DWS Mutual Funds	41,407,132	3,902,796
1,409,084 (P.Y. 641,758 ) Units of LIC Mutual Funds	19,108,747	6,875,930
Group share in Joint Venture	28,675,897	—
Aggregate of Quoted Investments	722,387,261	888,661,678
Less : Provision for dimunition in value	3,886,812	—
<b>TOTAL INVESTMENTS</b>	<b>871,124,975</b>	<b>1,027,619,106</b>
Market Value of Quoted Investment (Refer Note no. 6 in Schedule 'O')	<b>702,239,660</b>	912,299,585

Note: - Includes Rs. 41.12 Crores (P.Y. Rs. 50.55 Crores) of Unutilised Balance of IPO fund, invested in Mutual Funds

## Schedules forming part of the Consolidated Financial Statements

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE 'F'</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured		
Outstanding for a period exceeding six months		
Considered good	138,396,204	176,404,219
Considered doubtful	24,403,314	10,047,970
Others, considered good	484,414,217	316,698,561
	<b>647,213,735</b>	<b>503,150,750</b>
Less : Provision for Doubtful Debts	24,403,314	10,047,970
	<b>622,810,422</b>	<b>493,102,780</b>
Group share in Joint Venture	12,884,469	—
<b>TOTAL</b>	<b>635,694,890</b>	<b>493,102,780</b>
<b>SCHEDULE 'G'</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	1,880,179	167,205
Foreign Currency on hand	520,951	96,236
Balance with Banks		
In Current Accounts	84,537,525	35,267,315
In Fixed Deposit Accounts	102,320,037	10,679,187
In Margin Accounts *	11,957,193	5,368,674
In Exchange Earner's Foreign Currency Account	4,532,908	41,809
In Unclaimed Dividend Accounts	1,578,839	1,466,327
In Share Refund Accounts	941,800	941,800
Group share in Joint Venture	526,126	—
<b>TOTAL</b>	<b>212,599,738</b>	<b>54,028,553</b>
<b>SCHEDULE 'H'</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good for value to be received in Cash or in Kind, unless otherwise specified)		
Other Advances		
Considered good	20,710,275	6,914,678
Advance Payment of Income Tax (net of provision)	35,817,389	—
Advance Tax - FBT (net)	451,058	524,930
Deposits (Trade)	43,715,682	21,500,261
Interest Accrued	21,828,595	4,274,973
Other Receivables	452,623,181	94,336,150
Group share in Joint Venture	5,024,232	—
	<b>580,170,412</b>	<b>127,550,992</b>
Less : Provision for Bad & Doubtful Advances	6,042,708	—
<b>TOTAL</b>	<b>574,127,704</b>	<b>127,550,992</b>

## Schedules forming part of the Consolidated Financial Statements

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE 'I'</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
A. CURRENT LIABILITIES		
a. Sundry Creditors	79,364,972	39,759,597
b. Investor Education and Protection Fund (not due)		
– Unclaimed Dividend	1,446,445	1,335,055
– Unclaimed Maturity Deposit	210,899	—
– Share Application Money	941,800	941,800
c. Advance received from customer	14,205,214	1,917,110
d. Other Liabilities	151,398,601	53,851,006
Group share in Joint Venture	1,289,147	—
	<b>248,857,078</b>	97,804,568
Employees Liabilities	142,062,114	45,082,556
	<b>390,919,192</b>	142,887,124
B. PROVISIONS		
For Proposed Dividend on Equity Shares	73,642,921	30,537,628
For Tax on Equity Dividend	12,515,614	5,189,870
For Proposed Dividend on Preference Shares	17,715,000	—
For Tax on Preference Dividend	3,010,664	—
For Direct Tax	—	4,042,838
For Gratuity	27,813,963	7,026,715
For Leave Encashment	23,137,493	10,734,778
Group share in Joint Venture	1,276,639	—
<b>TOTAL</b>	<b>159,112,295</b>	57,531,829
* Out of the above Rs. 5,759,674 are marked as Lien for Guarantees issued by Banks on behalf of the Company and Rs. 6,270,927 is Lien against working capital loan.		
<b>SCHEDULE 'J'</b>		
<b>OTHER INCOME</b>		
Interest from banks & others	39,848,582	12,728,180
Dividend on Investments	603,072	10,469,341
Profit on Sale of Investments (Net)	61,691,860	59,518,705
Others	1,306,476	799,914
Exchange fluctuation (Net)	—	364,010
Group share in other income of Joint Venture	2,010,048	—
<b>TOTAL</b>	<b>105,460,038</b>	83,880,150
<b>SCHEDULE 'K'</b>		
<b>OPERATIONAL EXPENSES</b>		
Knowledge Associates / Vendor Charges	287,979,516	277,189,977
Consultancy Charges / Consumables	583,002	—
Electricity	45,728,932	26,210,384
Payments to and expenditure for employees		
a. Salaries, Wages, Bonus & allowances	1,503,899,386	726,261,545
b. Contribution to Provident Fund and other funds	82,052,561	29,166,423
c. Welfare Expenditure	37,569,420	20,571,359
d. Directors' Remuneration	34,513,404	34,200,085
Group share in Joint Venture in Payments to and expenditure for employees	25,181,742	—
Technical Fees	124,830,501	—
Travelling Expenses	211,279,957	46,567,553
Link Charges	15,749,665	15,248,963
Group share in Joint Venture	3,272,730	—
<b>TOTAL</b>	<b>2,372,640,816</b>	1,175,416,289

## Schedules forming part of the Consolidated Financial Statements

	For 2008-09 Rupees	For 2007-08 Rupees
<b>SCHEDULE 'L'</b>		
<b>ADMINISTRATION AND OTHER OVERHEADS</b>		
Rent	88,518,113	37,084,471
Rates and Taxes	2,876,128	1,226,204
Communication Expenses	21,544,760	15,290,273
Legal and Professional charges	31,585,139	12,593,070
Remuneration to Auditors	2,393,927	1,657,382
Repairs and Maintenance :		
– Building	1,924,271	5,050,151
– Plant & Machinery	13,496,074	5,860,684
– Others	18,945,687	11,944,066
Insurance Premium	11,327,097	5,939,664
Sales Commission and Marketing Expenses	20,309,728	—
Board Sitting Fees	260,000	195,000
Advertisement and Sales Promotion Expenses	2,378,330	1,815,074
Lease Rent and Hire Charges	894,328	2,871,544
Entertainment Expenses	5,212,918	911,917
Miscellaneous Expenses	17,823,557	11,571,771
Sundry Balances / Bad Debts / Preliminary Expenses Written Off (net)	1,002,354	3,224,760
Loss on Sale of Fixed Assets	296,736	845,680
Loss on Sale of Partnership	86,020	—
Provision for Bad & Doubtful debts	9,574,813	—
Exchange Fluctuation (net)	11,156,451	—
Bank & Other charges	5,792,408	1,253,602
Recruitment Expenses	7,459,104	6,815,394
Subscription Charges	2,260,389	625,808
Printing & Stationery	8,663,393	12,837,605
Photocopying Charges	596,766	473,589
Security Charges	4,334,036	2,790,025
Provision for dimunition in value of investments	413,975	—
Group share in Joint Venture	9,002,422	—
<b>TOTAL</b>	<b>300,128,924</b>	<b>142,877,734</b>
<b>SCHEDULE 'M'</b>		
<b>INTEREST</b>		
To Financial Institutions and Banks	5,103,873	—
To Others	2,255,231	656,195
<b>TOTAL</b>	<b>7,359,104</b>	<b>656,195</b>



## Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2009

### Schedule 'N'

#### Significant Accounting Policies

##### 1 Company Overview :

Datamatics Global Services Limited (DGSL) was incorporated on November 3, 1987 as Interface Software Resources Private Limited. The name of the company was changed to Datamatics Technologies Private Limited on December 18, 1992. On December 27, 1999, the company converted itself from a Private Limited Company into a Public Limited Company and the name of the Company was changed to Datamatics Technologies Limited on January 13, 2000. Pursuant to the approval of the Scheme of Arrangement and / or Amalgamation (Scheme) by the Hon'ble High Court of Judicature at Bombay vide its order dated December 12, 2008; the name of the Company was changed from "Datamatics Technologies Limited" to "Datamatics Global Services Limited" (DGSL) with effect from January 17, 2009. The effective date of the Scheme is December 29, 2008.

Datamatics Software Services Limited (DSSL) which was a subsidiary of Erstwhile Datamatics Limited (DL) (as all the equity shares of DSSL were owned by DL) has become a subsidiary of DGSL. In order to better manage the different areas of business that are currently being carried on under DSSL, the Export Division of DSSL as a going concern has been demerged from DSSL and merged with DGSL. Upon the demerger, the Demerged DSSL has been carrying on primarily the domestic business and continue to operate without the Export Division of DSSL. [Erstwhile] Datamatics Softworld Limited (former subsidiary of DGSL) and [Erstwhile] Datamatics Software Solutions Limited (former subsidiary of DL) merged into DSSL with effect from December 29, 2008.

DGSL owns 100% equity in Datamatics Technologies Inc, incorporated in USA, Datamatics Technologies GmbH, incorporated in Germany and Datamatics Technologies UK Limited, incorporated in United Kingdom. Upon the Scheme becoming effective, Datamatics Software Services Limited (DSSL), incorporated in India, Datamatics America Inc and Datamatics Infotech Inc, incorporated in USA, Datamatics Infotech Limited, incorporated in UK and Datamatics Global Services Pty Limited., incorporated in Australia have also become the subsidiaries of DGSL, Cybercom Information Solutions Limited and Datamatics Yash Technologies Private Limited have become Joint Ventures with effect from the appointed date, April 1, 2008.

During the year, DGSL invested in 100% equity share capital of new subsidiaries. CHF 50,000 (P.Y. Nil) in Datamatics Global Technologies AG, incorporated in Switzerland and USD 50,000 (P.Y. Nil) in Datamatics Global Technologies Limited, incorporated in Mauritius.

Datamatics is a global provider of intelligent, value-driven technology and business solutions. These solutions span IT consulting, business process transformation, off-the-shelf technology solutions and customized software services. Product innovation, IP-creation and technology collaboration form the core of our Company's positioning as a 'one-stop-solution provider.

##### 2 Principal accounting policies:

###### 2.1 Basis of preparation of financial statements:

The accompanying financial statements have been prepared under the historical cost convention and on the accrual basis of accounting except for certain Fixed Assets which are revalued and comply with the Accounting Standards (AS) as specified in the Companies (Accounting Standards) Rules 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS'). The preparation of the Consolidated financial statements in accordance with generally accepted accounting principles requires that management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of Consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates used in the preparation of the Consolidated financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

###### 2.2 Basis of Consolidation:

These Consolidated financial statements include the financial statements of Datamatics Global Services Limited and its subsidiaries and Joint Ventures. The subsidiaries and Joint Ventures considered in the consolidated financial statements as at March 31, 2009 and as at March 31, 2008 are summarized below:

## Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2009

### Schedule 'N' (Contd.)

#### Significant Accounting Policies (Contd.)

	2008-09		2007-08	
	Country of incorporation	% of shareholding	Country of incorporation	% of shareholding
<b>A) Name of the Subsidiary</b>				
Datamatics Technologies Inc.	USA	100	USA	100
Datamatics Technologies GmbH	Germany	100	Germany	100
Datamatics Technologies UK Ltd.	UK	100	UK	100
Datamatics Softworld Ltd.	—	—	India	100
Datamatics Software Services Ltd. (DSSL)	India	100	—	—
Datamatics America Inc. (DAI)	USA	100	—	—
Datamatics Infotech Ltd. (DIL)	UK	100	—	—
Datamatics Australia Pty Ltd. (DAPL)	Australia	100	—	—
Datamatics Infotech Inc (DII)	USA	100	—	—
Datamatics Global Technologies Ltd. (DGTL)	Mauritius	100	—	—
Datamatics Global Technologies AG (DGTAG)	Switzerland	100	—	—
<b>B) Name of Jointly Controlled Entity</b>				
Cybercom Datamatics Information Solutions Ltd. (CDIS)	India	50	—	—
Datamatics Yash Technologies Private Ltd. (DYTPL)	India	49.90	—	—

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by AS - 21 namely "Consolidated Financial Statements" and AS - 27 namely "Financial reporting of interests in Joint Ventures" respectively as specified in the Companies (Accounting Standards) Rules 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS') for the purpose of preparation and presentation of consolidated financial statements.

The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits in full. The amounts shown in respect of accumulated reserves comprises the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post acquisition increase/decrease in the relevant reserves/accumulated deficit of its subsidiaries.

The Parent Company and its Indian subsidiaries maintain their records and prepare their financial statement under the Historical Cost Convention except for certain Fixed Assets which are revalued, in accordance with generally accepted principle in India while the foreign subsidiaries maintain their records and prepare their financial statement in conformity with GAAP prevalent in their respective countries of domicile.

Consolidated financial statements has been prepared using uniform accounting policies for like transactions and other events in similar circumstances except in case of charge of depreciation on fixed assets and other insignificant items for which the accounting treatment is given on the basis of local laws applicable in the respective country, for which using uniform accounting policies for the purpose of consolidation is impracticable.

#### 2.3 Fixed Assets/Intangible Assets and Depreciation/Amortisation:

Fixed Assets are stated at acquisition cost, except for certain Fixed Assets which have been stated at revalued amounts as determined by approved independent valuer, less accumulated depreciation. Direct Costs are capitalised until the assets are ready to use and include financing costs relating to any specific borrowing attributable to the acquisition of fixed assets. Intangible assets consist of expenses incurred/paid for development and acquisition of computer software. The advances given for acquiring fixed assets are shown under Capital Work in Progress.

Depreciation is provided on Straight Line Method except for leasehold and freehold land by the Parent Company and its Indian Subsidiary as stated in the significant accounting policies forming integral part of the financial statement. Whereas the foreign subsidiaries have provided depreciation on methods and at the rates required / permissible by the local laws, so as to write off the assets over their estimated useful life. The aggregate Gross Block of Rs. 126,217,229 of foreign subsidiaries have charged depreciation at the rates other than those prescribed under Schedule XIV of the Companies Act, 1956. Intangible assets are amortised over a period

## Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2009

### Schedule ' N ' (Contd.)

#### Significant Accounting Policies (Contd.)

of three years for which the company expects the benefits to accrue except for Joint Ventures where it is amortised over 5 years. Leasehold Premises is being depreciated over 15 years.

#### 2.4 Goodwill / Capital Reserve :

The excess of cost to the Parent Company of its investment in subsidiaries over the Parent Company's portion of equity in the subsidiaries at the respective dates on which investments in subsidiaries were made, is recognized in the consolidated financial statements as goodwill. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

The Goodwill recorded in these consolidated financial statements has been written off in the year of acquisition/investment of/in subsidiary companies/associate against the general reserve.

#### 2.5 Leases:

Lease Rent Transactions:

Lease Rentals are accounted for on accrual basis as per the terms of the agreement.

#### 2.6 Revenue recognition:

Revenue from services is recognized based on time and material and billed to the clients as per the terms of the contract. In the case of fixed price contracts, revenue is recognized on periodical basis based on units executed and delivered.

Revenue/Income from sale of traded goods is recognized on dispatch of goods. Sales are exclusive of Taxes, wherever applicable.

Interest on deployment of funds is recognized on accrual basis. Dividend income is recognized on receipt. Profit on sale of investment is recognized on sale of investments.

Revenue from software development on a time-and-material basis is recognised based on software developed and billed on clients as per the terms of specific contracts and revenue in excess of billing on related services is recognised and classified as unbilled revenue.

Discount is recognised on Cash basis in accordance with the contractual term of the agreement with the customers.

#### 2.7 Employee Retirement Benefits:

In case of Parent Company and its Indian Subsidiary (a) Retirement benefit in the form of Company's contribution to Provident Fund, which is a defined contribution scheme, is charged to the Profit and Loss account on accrual basis. (b) Gratuity liability, which is a defined benefit scheme and Provision for Leave Encashment is accrued and provided for on the basis of an actuarial valuation made using Projected Unit Credit Method at the end of each financial year. Actuarial gains and losses are immediately taken to Profit and Loss account and are not deferred.

Foreign subsidiaries maintain a defined contribution retirement plan, which covers substantially all the employees of the foreign subsidiaries and qualifies as a deferred salary arrangement under laws of respective countries. The company matches employees' contributions at the discretion of the company.

#### 2.8 Foreign Currency Transactions:

Transactions in foreign currency are recorded at the rates of exchange prevailing on the date of the transactions.

Monetary items denominated in foreign currencies at the balance sheet date are translated at the balance sheet date rates.

Any income or expense on account of exchange difference either on settlement or on translation at the balance sheet date is recognized in Profit and Loss Account in the period in which it arises.

#### 2.9 Foreign Currency Translation :

The consolidated financial statements are reported in Indian rupees. The translation of the local currency of each foreign subsidiary within the Group into Indian rupees is performed in respect of assets and liabilities including fixed assets, depreciation and stock in trade using the exchange rate in effect at the balance sheet date and for revenue and expense items other than depreciation costs and stock in trade, using a monthly simple average exchange rate for the period.

Net exchange difference resulting from the above translation of financial statements of foreign subsidiaries is recognized in the consolidated profit and loss account.

## Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2009

### Schedule ' N ' (Contd.)

#### Significant Accounting Policies (Contd.)

Exchange Difference arising on investment in subsidiaries is recognized in Foreign Currency Fluctuation Reserve.

#### 2.10 Derivative Instruments and Hedge Accounting:

The Parent Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Such forward contracts are utilised against the inflow of funds under firm commitments and the profit/loss arising thereon is accounted in the year of settlement of forward contract. The Parent Company does not use the forward contract for speculative purposes.

#### 2.11 Investments:

Investments other than the current investments are valued at cost inclusive of all expenses incidental to their acquisition. Accordingly, all investments which are long term are carried at cost, and provision is made to recognize any decline, other than temporary, in the value of such Investments. The current investments are valued at cost or market price whichever is lower. Overseas Investments are carried at their original rupee cost.

#### 2.12 Taxation:

Provision for Current Income Tax is made after taking into consideration various benefits/exemption available under the laws of the respective countries.

#### 2.13 Deferred Tax:

In case of the Parent Company and its Indian subsidiary temporary differences between the tax basis and carrying values of assets and liabilities as on March 31, 2009 that reverses after the holiday period are recognized if they result in taxable amounts.

In case of foreign subsidiaries Deferred tax assets or liabilities are established at the enacted tax rates. Changes in the enacted rates are recognized in the period of enactment.

The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

Fringe Benefit Tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance Note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India.

#### 2.14 Borrowing Cost:

Interest accrued on term Loan for Acquiring Assets is capitalized till the date asset is put to use.

#### 2.15 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### 2.16 Earnings per share:

In determining earnings per share, the company considers the net profit after tax after reducing the preference dividend and tax thereon and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

#### 2.17 Employee Stock Option Scheme:

Employee Compensation in the form of stock options, granted under various schemes have been charged to Profit and Loss Account, based on Intrinsic value method, over the vesting period.

#### 2.18 Impairment of Assets:

At each balance sheet date, the Parent company assesses whether there is any indication that an assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and Value-in-Use. In assessing Value-in-use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

## Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2009

### Schedule 'O'

#### Notes to Accounts

#### 1 Contingent Liability:

These, if any, are disclosed in the notes to the accounts, Provision is made in the accounts if it becomes probable that an outflow of resources embodying benefits will be required to settle the obligation.

Contingent Liabilities to the extent not provided for:

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
(a) Details of guarantees and sureties outstanding as at:		
(i) Guarantees given by Banks to Sales Tax Authorities	—	5,000
(ii) Guarantees given by Banks to Embassy Centre	405,295	—
(iii) Guarantees given by Banks to the Customs Authority	989,250	706,250
(iv) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 84,398.70	4,650,000	4,650,000
(v) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 50,000	3,234,000	—
(vi) Surety given under Customs Act, 1962 for Other Company	—	3,031,000
(b) Disputed Income Tax Liability	12,545,357	8,975,128
(c) Sales Tax	229,000	—
(d) Others	5,549,736	329,500

#### 2 Capital and other commitments:

Estimated amount of contracts on capital account remaining to be executed and not provided for Rs. 20.50 Million (P.Y. Rs. 33.23 Million).

#### 3 Forward Contracts Outstanding as on 31.03.2009 is USD 2.85 million (P.Y. USD 6.30 million) (equivalent to Rs.129.55 million (P.Y. Rs. 252.63 million)). The foreign currency exposures that are not hedged by a derivative instrument or otherwise is Rs. 296.11 million (P.Y. Rs. 150 million).

#### 4 Segmental Information :

The Management information system of DGSL group identifies and operates in a single primary business segment. In the opinion of the management these activities are governed by the same set of risk and returns as per AS17 dealing with segmental reporting. Secondary segmental reporting is on the basis of geographical location of customers.

Performance of Business Segment is as follows:

	31.03.2009 (Rs. in 000's)	31.03.2008 (Rs. in 000's)
<b>Revenue</b>		
Sales	3,001,468	1,443,871
Segment result profit	223,620	40,513
Other Income	105,460	83,880
Direct Taxes	53,735	32,396
Profit from Ordinary Activities	275,345	91,997
Net Profit	275,345	91,997
<b>Other Segment Information</b>		
Capital Expenditure (Net)	109,988	96,717
Depreciation and Amortisation	86,233	55,370
Non Cash Expenses other than depreciation	13,228	2,635
<b>Particulars of Segment Assets and Liabilities</b>		
Segment Assets	1,677,650	981,000
Investments	871,125	1,027,619
Bank Deposits	114,277	16,048
Other Assets	473,596	82,954
<b>Total Assets</b>	<b>3,136,648</b>	<b>2,107,621</b>
Segment Liabilities	531,476	158,372
Other Liabilities	126,040	75,098
<b>Total Liabilities</b>	<b>657,516</b>	<b>233,470</b>

## Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2009

### Schedule 'O' (Contd.)

#### Notes to Accounts (Contd.)

##### Geographic Segment

Revenue attributable to the location of the customers is as follows:

(Rs. in 000's)

Geographic Location	31.03.2009	31.03.2008
USA	1,733,356	1,235,552
Europe	1,082,490	160,713
Others	185,622	47,606
<b>Total</b>	<b>3,001,468</b>	<b>1,443,871</b>

#### 5. Increases in Authorised Share Capital of the Company:

The authorised share capital of the Company has been increased from Rs. 390,000,000 (divided into 48,000,000 equity shares of Rs. 5/- each and 30,000,000 Preference shares of Rs. 5/- each) to Rs. 800,000,000 (Divided into 100,000,000 Equity shares of Rs. 5/- each and 30,000,000 Preference shares of Rs. 10/- each) under the Scheme of Arrangement and / or Amalgamation with under mentioned companies as sanctioned by the Hon'ble Court of Mumbai vide its order dated December 12, 2008. The effective date of the scheme is December 29, 2008.

The authorised share capital of DSSL has been increased from Rs. 158,500,000 (divided into 300,000 equity shares of Rs. 10/- each and 15,550,000 Preference shares of Rs. 10/- each) to Rs. 165,500,000 (divided into 1,000,000 Equity shares of Rs. 10/- each and 15,550,000 Preference shares of Rs. 10/- each).

#### 6. Scheme of Arrangement and / or Amalgamation

i) Pursuant to the Scheme of Arrangement and / or Amalgamation ("the Scheme") as approved by Hon'ble High Courts of Jurisdiction at Mumbai dated December 12, 2008, the following steps were carried out:

- Datamatics Limited (DL), Sameer Microtronics Pvt Limited (SMPL), Bellona Infotech Pvt Limited (BIPL) and Datamatics Intercon Limited (DIL) have been amalgamated with the Datamatics Technologies Limited (DTL),
- Demerger of Export Division of Datamatics Software Services Limited (DSSL) from DSSL and merger of the Export Division of the DSSL into DTL,
- Reduction in Preference Share Capital of the Demerged DSSL,
- Amalgamation of Datamatics Softworld Limited (DSL) and Datamatics Software Solutions Limited (DSSOL) into the Demerged DSSL. The Appointed date for the Scheme was April 1, 2008.

The Amalgamation has been accounted for under the 'Purchase Method' of accounting as prescribed by Accounting Standard 14 on 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India (ICAI).

(a) In accordance with Para 12.5 of the Scheme, the difference between the fair value of the net assets of the Transferor Companies transferred/vested to the Transferee Company over the face value of the New Equity Shares and Preference Shares issued by Transferee Company and after adjusting all the cost incidental to the Merger of the Transferor and the Transferee Company and adjusting the appreciation and/or diminution, if and to the extent considered appropriate by the board of directors in the value of certain assets and liabilities of Transferee company, have been credited to the General Reserve to the extent of Rs. 95,282,386/-.

In accordance with Clause 16 of the Scheme:

- (b) DGSL has issued 18,150,000 Equity shares of Rs. 5/- each fully paid to the Equity Shareholders of DL, whose names appear on the Register of Members on the Effective Date, in the Share Exchange Ratio of 1.21 fully paid equity share of the face value of Rs. 5/- each in DGSL for every 1 equity share of Rs. 10/- each held in DL. These equity shares rank pari passu with the existing equity of the company.
- (c) DGSL has issued 1,400,000, 8% Redeemable non cumulative Preference Shares of Rs. 10/- each fully paid with a fixed tenure and 1,000,000, 8% Redeemable non cumulative Preference Shares of Rs. 10/- each fully paid without any fixed tenure to the Preference Shareholders of DL in the ratio of 1 preference share in the exchange ratio of 1 preference share held in DL, whose names appear on the Register of Members on the Effective Date. These preference shares rank pari passu with the existing preference shares of the company.

## Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2009

### Schedule 'O' (Contd.)

#### Notes to Accounts (Contd.)

- (d) DGSL has issued 3,600,000 8 % Redeemable Non Cumulative Preference Shares of Rs. 10/- each fully paid, without any fixed tenure and 11,950,000, 9 % Redeemable Non Cumulative Preference Shares of Rs. 10/- each fully paid without any fixed tenure to the Preference Shareholders of DSSL in the ratio of 1 preference share in the exchange ratio of 1 preference share held in DSSL, whose names appear on the Register of Members on the Effective Date. These preference shares rank pari passu with the existing preference shares of the company.
- (e) DGSL has issued 2,700,000, 8 % Redeemable non cumulative Preference Shares of Rs. 10/- each fully paid without any fixed tenure to the Preference Shareholders of DIL in the ratio of 1 preference share in the exchange ratio of 1 preference share held in DIL, whose names appear on the Register of Members on the Effective Date. These preference shares rank pari passu with the existing preference shares of the company.
- (f) DSSL has issued to the Company 1,000 equity shares as per the Scheme for consideration other than cash.
- 7** The Company has changed its' accounting policy for Building. The asset is now bifurcated into building, freehold land, leasehold land and leasehold premises. Had the aforesaid change not been made, the profit after tax for the aforesaid period would have been lower by Rs. 22.63 lacs (as against reported figure of Rs. 2753.45 lacs) and consequently Reserves would have been lower by Rs. 22.63 lacs (as against reported figure of Rs. 25,594.16 lacs).
- 8** The figures of Joint Ventures namely Cybercom Datamatics Information Solutions Limited and Datamatics Yash Technologies Private Limited and two subsidiaries namely Datamatics Global Technologies AG and Datamatics Global Technologies Limited have been incorporated in the consolidated accounts based on the unaudited financials of respective subsidiaries and joint ventures.
- 9** During the year, on DSSL, DAI, DIL, DAPL, & DII becoming the subsidiaries of DGSL as per the scheme of arrangement and / or amalgamation the resultant goodwill of Rs. 995,340 has been charged to general reserve.

#### 10 Related party disclosures:

- (i) As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India the disclosures of Related Parties and transactions during the year as deemed in the Accounting Standard are given below:

<p>(A) Associate Companies and Joint Ventures</p> <p>Datamatics Financial Software Services Limited</p> <p>Cybercom Datamatics Information Solutions Limited</p> <p>Datamatics Yash Technologies Private Limited</p> <p>Datamatics Dataprocessors</p> <p>Datamatics Applied DSP Private Limited</p> <p>Anemone Management Consultancy Private Limited</p> <p>Datascan Services</p>	<p>(C) Relatives of Key Managerial Personnel</p> <p>Mr. Sameer Kanodia (P.Y. upto 30.01.08)</p> <p>Mrs. Asha Kanodia</p> <p>Mrs. Priyadarshini Kanodia</p> <p>Datamatics Staffing Services</p>
<p>(B) Key Managerial Personnel</p> <p>Dr. L. S. Kanodia.</p> <p>Mr. Rahul Kanodia</p> <p>Mr. Vidur Bhogilal</p> <p>Mr. Micheal Thuleweit</p> <p>Mr. Sameer Kanodia (P. Y. from 31.01.08)</p> <p>Mr. Anand Mahurkar (P. Y. upto 31.12.07)</p>	

## Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2009

### Schedule 'O' (Contd.)

#### Notes to Accounts (Contd.)

(ii) Details of transactions with the related parties stated in (i) above:

Nature of transaction	Refer to (i) A above		Refer to (i) B above		Refer to (i) C above	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
<b>Expenses Incurred by Related Parties</b>	<b>13,569,221</b>	—	—	—	—	—
<b>Expenses Incurred for Related Parties</b>	<b>1,202,439</b>	—	—	—	—	—
<b>Managerial Remuneration</b>	—	—	<b>28,007,803</b>	36,337,566	—	—
<b>Commission</b>	—	—	<b>5,785,600</b>	270,000	—	54,000
<b>Equity Shares issued</b>	—	—	<b>25,869,875</b>	—	<b>64,545,030</b>	—
<b>Proposed Dividend</b>	—	—	<b>6,557,959</b>	—	<b>16,169,443</b>	—
<b>Preference Shares issued</b>	<b>25,200,000</b>	—	—	—	—	—
<b>Preference Dividend</b>	<b>2,128,000</b>	—	—	—	—	—
<b>Sitting Fee</b>	—	—	—	—	—	20,000
<b>Salaries</b>	—	—	—	—	<b>270,300</b>	2,109,007
<b>Recruitment Expenses</b>	—	—	—	—	<b>380,361</b>	192,250
<b>Loans and Advances Refunded during the year</b>	<b>1,450,000</b>	—	—	—	—	—
<b>Payables</b>	—	—	<b>5,887,939</b>	270,000	—	54,000
<b>Receivables</b>	<b>100,000</b>	—	—	—	—	—

#### Note:

1) Related parties are being recognized / identified by the management and relied upon by the auditors.

### 11 Employee Stock Option Scheme (ESOP):

The Company has two ESOP Schemes in operation. They are:

#### A) General Employees Stock Option Plan, 2005 :

Under general Employee Stock Option Plan, 2005, 238,000 options were granted during the financial year 2006-07 and the first and second vesting period were falling till 31.03.09. Originally granted shares were revised to 116,800 (P.Y. 1,58,000) shares due to conditions which restrict the entitlement to the employees. Out of the shares vested, Nil shares (P.Y. Nil) were exercised and allotted.

#### B) Key Employees Stock Option Plan, 2006 :

Under the Key Employees Stock Option Plan, 2006, 180,000 options were granted during the financial year 2006-07 and the first vesting period falls during the current financial year. Originally granted shares were revised to 87,500 (P.Y. 115,000) shares due to conditions which restrict the entitlement to the employees. Out of the shares vested, 47,500 shares (P.Y. Nil) were exercised and allotted.

Accordingly equity share capital is Rs 294,571,685 (58,914,337 shares) (Refer Note No. 5 also).

12. Portfolio Management services are provided by the Portfolio Manager – Reliance Capital Asset Management Limited (RCAML) registered with SEBI vide registration No. INP000000423. The portfolio Manager is engaged in investing funds in accordance with SEBI (Portfolio Managers) Regulations, 1993 of its client – Datamatics Global Services Limited in Securities and providing portfolio management services to its clients.

RCAML has been appointed as the Portfolio Manager for managing the investments of its funds on a discretionary basis to avail of investment advisory and portfolio management services for the purpose of investment to be made in securities. RCAML also holds the Power of Attorney to hold investments in its name for investments made on behalf of company. Investments made by RCAML under the Portfolio Management Services are made in a pool account and therefore are not held in the name of the company.



## Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2009

### Schedule 'O' (Contd.)

#### Notes to Accounts (Contd.)

#### 13. Earning Per Share

The Components of basic and diluted earnings per share were as follows :

	As at 31.03.2009	As at 31.03.2008
a. Net Profit after Taxation (Rs.)	275,345,078	91,940,695
Less: Dividend on Preference Shares	(17,715,000)	—
Less: Tax on Preference Dividend	(3,010,664)	—
Profit attributable to equity shareholders	254,619,414	—
b. Weighted average number of Outstanding equity shares		
Considered for basic EPS	58,896,789	40,716,837
Add: Weighted number of Stock Options outstanding and allotted during the year	17,548	—
Add: Weighted number of stock options outstanding as on 31.03.2009	143,996	258,774
Considered for diluted EPS	59,058,333	40,975,611
c. Earnings per share (Nominal value per share Rs. 5 each)		
Basic (Rs.)	4.32	2.26
Diluted (Rs.)	4.31	2.24

#### 14. Leases:

Datamatics Global Services Limited have entered into operating lease arrangements for several premises and vehicles. The future minimum lease payments in respect of such non-cancellable operating leases of the company are summarized below:

	Amount in Rs.	
	March 31, 2009	March 31, 2008
Amount due not later than one year from the balance sheet date	17,015,559	17,211,615
Amount due in the period between one year and five years	21,852,564	13,650,915
Amount due later than five years	9,452,845	—

The Following Lease payments are recognized in Profit and Loss Account:

Lease Rent	88,518,113	37,084,471
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#### 15. Prior period Comparatives:

The financial results for the year under consideration are not comparable with that of the previous year as they include the financial results of subsidiaries and joint ventures of the transferor companies which were merged with the Company pursuant to the Scheme of Arrangement and / or Amalgamation with appointed date as April 1, 2008 and also two new subsidiaries. (Refer note no. 1 and 2.2 of "Schedule N" above) Previous year figures have been appropriately reclassified/recast, wherever necessary, to confirm to the current year's presentations.

#### 16. Figures are rounded off to the nearest rupees.

As per attached report of even date

For and on behalf of the Board

For Kanu Doshi Associates  
Chartered Accountants

Dr. Lalit S. Kanodia  
Chairman

R. K. Saraswat  
Director

Arati Parmar  
Partner  
Membership No. 102888

Divya Kumat  
Vice President - Legal  
& Company Secretary

Vidur Bhogilal  
Executive Director &  
Chief Financial Officer

Rahul Kanodia  
Vice Chairman & CEO

Place : Mumbai

Dated : June 8, 2009

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

	<b>2009 Rupees</b>	<b>2008 Rupees</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	<b>329,080,515</b>	125,643,506
Adjusted for:		
Exchange fluctuation on Translation	<b>(39,987)</b>	(1,250,037)
Depreciation and amortization	<b>86,232,634</b>	55,370,182
Interest Expenses	<b>7,359,104</b>	—
(Profit)/Loss on sale of Fixed Assets	<b>86,020</b>	845,680
(Profit)/Loss on sale of Partnership	<b>9,574,813</b>	—
Sundry Balances Written (back)/off	<b>1,002,354</b>	3,224,760
Interest Received	<b>(39,848,582)</b>	(12,728,180)
Dividend Received	<b>(603,072)</b>	(10,469,341)
(Profit)/Loss on sale of Investments	<b>(61,691,860)</b>	(59,518,705)
Provision for diminution in the value of investment	<b>413,975</b>	—
Employee Stock Option Expenses	<b>2,237,250</b>	(1,435,939)
Operating Profit before Working Capital Changes	<b>333,803,164</b>	99,681,926
Adjusted for:		
(Increase)/ Decrease in Sundry Debtors	<b>(81,443,791)</b>	(35,160,402)
(Increase)/ Decrease in Loans and Advances	<b>(257,306,612)</b>	(73,727,186)
(Increase)/ Decrease in Inventories	<b>—</b>	7,490,098
(Decrease)/ Increase in Current Liabilities	<b>155,997,539</b>	(42,596,946)
Cash Generated from Operations	<b>(182,752,864)</b>	(143,994,436)
Tax Paid	<b>63,911,202</b>	6,686,208
Net Cash From Operating Activities	<b>87,139,098</b>	(50,998,718)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Sale/(Purchase) of Fixed Assets	<b>(106,824,369)</b>	(129,036,490)
Exchange Fluctuation on Fixed Assets	<b>—</b>	9,664,814
Sale/(Purchase) of Investments	<b>184,068,550</b>	25,622,143
Interest on Fixed Deposit & Others	<b>39,848,582</b>	(1,574,916)
Payment towards acquisitions / Prior period expenses	<b>(17,019,534)</b>	12,728,180
Profit on sale of Investment	<b>61,691,860</b>	59,518,705
Dividend Received	<b>603,072</b>	10,469,341
Net Cash from Investing Activities	<b>162,368,159</b>	(12,608,223)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of share capital	<b>3,737,500</b>	—
Proceeds / (repayment) from Long Term Borrowings	<b>(23,710,239)</b>	—
Short Term Loan	<b>(8,951,000)</b>	—
Interest	<b>(7,359,104)</b>	—
Final Dividend Paid	<b>(30,563,878)</b>	—
Tax paid on dividend	<b>(5,194,332)</b>	—
Net Cash Flow from Financing Activities	<b>(72,041,053)</b>	—
Net Increase in Cash and Cash Equivalent during the Year	<b>177,466,204</b>	(63,606,941)
Less : Cash acquired upon merger	<b>18,895,020</b>	—
Cash and Cash equivalents as at beginning of the period	<b>54,028,554</b>	117,635,494
Cash and Cash equivalents as at the End of the period	<b>212,599,738</b>	54,028,553

For and on behalf of the Board

For Kanu Doshi Associates  
Chartered AccountantsDr. Lalit S. Kanodia  
ChairmanR. K. Saraswat  
DirectorArati Parmar  
Partner  
Membership No. 102888Divya Kumat  
Vice President - Legal  
& Company SecretaryVidur Bhogilal  
Executive Director &  
Chief Financial OfficerRahul Kanodia  
Vice Chairman & CEOPlace : Mumbai  
Dated : June 8, 2009

# Auditors' Report

## To The Members of

### **DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED)**

1. We have audited the attached Balance Sheet of DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED) as at March 31, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with the 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, according to the information and explanations given to us during the course of the audit and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) As explained in Note No. 7 of Schedule 'O', the treatment of reserves on amalgamation in accordance with the requirements of Amalgamation Scheme approved by the Hon'ble High Court, Mumbai. Having regard to the above, in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Companies (Accounting Standards) Rules, 2006 and / or the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (iv) On the basis of written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (v) The Company has an investment of Rs. 713,934,964 in four of its wholly owned subsidiaries and has also extended loans and advances of Rs. 123,521,020 to these subsidiaries. As discussed in Note No. 23 of Schedule O, the net worth of these subsidiaries has declined. These investments are for long term and of strategic nature. In view of this, we are unable to comment on whether provision, if any, for the diminution in the value of investments is required to be made.
  - (vi) As explained in Note No. 8 of Schedule 'O', there has been regarding the change in accounting policy for fixed assets and related depreciation / amortisation on it.
  - (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and the Note Nos. (iv), (vi) and (vii) above in particular and the other notes thereon in general, 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:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For **Kanu Doshi Associates**  
Chartered Accountants

**Arati Parmar**  
Partner

Mem. No.: 102888

Place: Mumbai  
Date: June 8, 2009

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our Report of even date on the accounts of **DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED)** for the year ended March 31, 2009)

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year. *As informed, material discrepancies were identified on such verification* and these have been properly dealt with in the books of accounts.
- (c) The Company has not disposed off a substantial part of the fixed assets during the year.
- (ii) There are no inventories hence this clause is not applicable.
- (iii) As informed to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence clauses (iii) (a) to (iii) (g) of paragraph 4 of the order are not applicable to the Company.
- (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 the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that section.
- (b) There was no transaction exceeding the value of five lakhs rupees in respect of any party covered in the relevant register
- (vi) During the year, the Company has not accepted any deposits from the public. As such, the compliance with directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. As per the information and explanations given to us, the Company has complied with directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA of the Companies Act, 1956 and the rules framed thereunder with regard to the repayment of deposits during the year.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and nature of its business.
- (viii) We have been informed that the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at March 31, 2009 for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues aggregating Rs. 70,30,164 pending before the appropriate authorities are as under:

Sr. No.	Name of the Statute	Nature of the dues	Forum where the dues is pending	Amount in Rs.
1	Income Tax Act, 1961	Income Tax	Appellate Tribunal	51,76,339
2	Income Tax Act, 1961	Income Tax	Commissioner of Income tax (Appeals)	18,53,825
			<b>Total</b>	<b>70,30,164</b>

- (x) The Company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investment and timely entries have generally been made therein. All shares, securities, debentures and other investment have been held by the Company in its own name except in respect of investments made under the Portfolio Management Scheme (PMS) as disclosed in Note No. 22 of Schedule 'O' of the accounts aggregating to Rs. 56,89,225. Further, the investments made under PMS by Reliance Capital Asset Management Ltd. were in a pool account, therefore those investments are not held by the Company in its own name.
- (xv) According to the information and explanations given to us and the record examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) On the basis of an overall examination of the Balance Sheet of the Company and according to the information and explanations given to us, in our opinion there are no funds raised on short-term basis, which have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued debentures during the financial year and hence, the question of creating securities in respect thereof does not arise.
- (xx) We have verified the end use of money raised by public issue as disclosed by the Management in Note no. 26 of Schedule 'O' to the Financial Statements.
- (xxi) On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the course of our audit.

For **Kanu Doshi Associates**  
Chartered Accountants

Place: Mumbai  
Date: June 8, 2009

**Arati Parmar**  
Partner  
Mem. No.: 102888

# Balance Sheet

	Schedule	March 31, 2009 Rupees	March 31, 2008 Rupees
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share Capital	<b>A</b>	<b>501,071,685</b>	203,584,185
Reserves and Surplus	<b>B</b>	<b>2,559,416,216</b>	2,290,891,681
		<b>3,060,487,901</b>	2,494,475,866
Loan Funds			
Secured Loans	<b>C</b>	<b>86,049,631</b>	—
Deferred Tax Liability (Net) (Refer Note no. 17 in Schedule 'O')		<b>16,556,909</b>	32,855,037
		<b>3,163,094,441</b>	2,527,330,903
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
Gross Block	<b>D</b>	<b>1,153,210,221</b>	543,024,286
Less : Accumulated Depreciation		<b>379,679,319</b>	197,803,204
Net Block		<b>773,530,902</b>	345,221,082
Capital Work in Progress		<b>25,834,000</b>	37,814,943
Investments	<b>E</b>	<b>1,587,069,595</b>	1,735,813,512
Current Assets, Loans and Advances			
a) Interest accrued on Investments		<b>2,978,813</b>	2,706,817
b) Sundry Debtors	<b>F</b>	<b>407,697,811</b>	392,276,104
c) Cash and Bank Balance	<b>G</b>	<b>136,253,126</b>	14,544,540
d) Loans and Advances	<b>H</b>	<b>629,138,320</b>	119,521,707
		<b>1,176,068,070</b>	529,049,168
Current Liabilities and Provisions			
a) Current Liabilities	<b>I</b>	<b>244,386,956</b>	60,795,415
b) Provisions		<b>155,021,170</b>	59,772,387
		<b>399,408,126</b>	120,567,802
Net Current Assets		<b>776,659,944</b>	408,481,366
		<b>3,163,094,441</b>	2,527,330,903
Significant Accounting Policies			
Notes to Accounts			
The Schedules referred to above and the Notes thereon form integral part of this Balance Sheet			

As per attached report of even date

For and on behalf of the Board

For Kanu Doshi Associates  
Chartered AccountantsDr. Lalit S. Kanodia  
ChairmanR. K. Saraswat  
DirectorArati Parmar  
Partner  
Membership No. 102888Divya Kumat  
Vice President - Legal  
& Company SecretaryVidur Bhogilal  
Executive Director &  
Chief Financial OfficerRahul Kanodia  
Vice Chairman & CEOPlace : Mumbai  
Dated : June 8, 2009

# Profit and Loss Account

	Schedule	For 2008-09 Rupees	For 2007-08 Rupees
<b>INCOME</b>			
Services:			
Export		1,591,750,853	674,423,635
Other Income	J	109,463,873	79,019,670
		<b>1,701,214,726</b>	<b>753,443,305</b>
<b>EXPENDITURE</b>			
Operational Expenses	K	1,127,710,976	470,565,419
Administration & Other Overheads	L	165,472,326	67,916,910
Interest	M	6,983,500	—
Depreciation and Amortisation		74,597,874	43,783,467
		<b>1,374,764,676</b>	<b>582,265,796</b>
Profit/(Loss) before Tax		<b>326,450,050</b>	171,177,508
Provision for Income Tax and Wealth Tax		34,712,000	19,151,000
Provision for Deferred Tax (Refer Note no. 17 in Schedule 'O')		6,471,239	8,535,244
Provision for Fringe Benefit Tax		7,347,000	2,578,000
Profit/(Loss) after Tax		<b>277,919,811</b>	140,913,264
Tax Adjustment of earlier years		—	(56,615)
Profit/(Loss) after Tax		<b>277,919,811</b>	140,856,649
Balance brought forward from last year		<b>287,817,610</b>	232,688,459
Amount Available for Appropriations		<b>565,737,421</b>	<b>373,545,108</b>
<b>APPROPRIATIONS :</b>			
Final Dividend on Equity Shares (F.Y. 2007-08)		26,250	—
Tax on Final Dividend (F.Y. 2007-08)		4,462	—
Proposed Dividend on Equity Shares		73,642,921	30,537,628
Tax on Equity Dividend		12,515,614	5,189,870
Dividend on Preference Shares		17,715,000	—
Tax on Preference Dividend		3,010,664	—
Transfer to General Reserve		50,000,000	50,000,000
Amount Carried Forward		<b>408,822,508</b>	287,817,610
		<b>565,737,421</b>	<b>373,545,108</b>
Earnings per share (Face Value Rs. 5 each) in Rs.			
Basic (Annualised)		<b>4.37</b>	3.46
Diluted (Annualised)		<b>4.35</b>	3.44
(Refer Note no. 16 in Schedule 'O')			
Significant Accounting Policies	N		
Notes to Accounts	O		

The Schedules referred to above and the Notes thereon form integral part of this Profit and Loss Account

As per attached report of even date

For and on behalf of the Board

For Kanu Doshi Associates  
Chartered Accountants

Dr. Lalit S. Kanodia  
Chairman

R. K. Saraswat  
Director

Arati Parmar  
Partner  
Membership No. 102888

Divya Kumat  
Vice President - Legal  
& Company Secretary

Vidur Bhogilal  
Executive Director &  
Chief Financial Officer

Rahul Kanodia  
Vice Chairman & CEO

Place : Mumbai

Dated : June 8, 2009

## Schedules forming part of Financial Statements

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED		
100,000,000 ( P.Y. 48,000,000 ) Equity shares of Rs. 5/- each	<b>500,000,000</b>	240,000,000
30,000,000 ( P.Y. 30,000,000 ) Redeemable Preference Shares of Rs. 10/- (P.Y. Rs. 5/-) each.	<b>300,000,000</b>	150,000,000
	<b>800,000,000</b>	<b>390,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
58,914,337 (P.Y. 40,716,837) Equity Shares of Rs. 5/- each fully paid-up	<b>294,571,685</b>	203,584,185
1,400,000 (P.Y. Nil) 8% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (fixed tenure) (Refer Note no. 4 below)	<b>14,000,000</b>	—
7,300,000 (P.Y. Nil) 8% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (without fixed tenure) (Refer Note no. 5 below)	<b>73,000,000</b>	—
11,950,000 (P.Y. Nil) 9% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (without fixed tenure) (Refer Note no. 5 below)	<b>119,500,000</b>	—
	<b>501,071,685</b>	<b>203,584,185</b>

(Refer note no. 6 and 7 in Schedule 'O')

### Notes:-

- Before the merger, out of the above, 28,480,000 ( P.Y. 28,480,000 ) Equity Shares of Rs. 5/- each have been allotted as fully paid Bonus Shares by capitalisation of General Reserve and Share Premium.
- Employee Stock Option Scheme (Refer Note no. 19 in Schedule 'O').
- Pursuant to the Scheme of Arrangement and / or Amalgamation approved by the Hon'ble High Court of Bombay, the Board had allotted 18,150,000 equity shares of Rs. 5/- each and 20,650,000 Preference shares at Rs. 10/- each on January 29, 2009 without consideration being received in cash  

Company's application with the stamp authority for availing substantial exemption on stamp duty payable on issue of Share Certificates is under process, pending which company has not issued equity share certificates.

Company Law Board has already granted extension under section 113 of Companies Act, 1956 for issue of share certificate.

Accordingly the difference between the regular stamp duty and stamp duty after availing exemption has been disclosed in Note no. 2 of schedule 'O' under the head "Contingent Liability".
- All the above 8% Redeemable Non-cumulative Preference Shares which are with fixed tenure are redeemable at par on or before completion of 7 years from the date of allotment.
- All the above 8%, 7,300,000 Redeemable Non-cumulative Preference Shares and 9%, 11,950,000 Redeemable Non-cumulative Preference Shares which are without fixed tenure are redeemable at par on or before completion of 20 years from the date of allotment.



## Schedules forming part of Financial Statements

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE 'B'</b>		
<b>RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
Balance as per last Balance Sheet	3,524,880	3,524,880
	<b>3,524,880</b>	<b>3,524,880</b>
<b>CAPITAL REDEMPTION RESERVE</b>		
Balance as per last Balance Sheet	37,781,250	37,781,250
	<b>37,781,250</b>	<b>37,781,250</b>
<b>SHARE PREMIUM</b>		
Balance as per last Balance Sheet	1,076,192,966	1,076,192,966
Add: Received on issue of Equity shares during the year	2,237,250	—
	<b>1,078,430,216</b>	<b>1,076,192,966</b>
<b>EMPLOYEE STOCK OPTION OUTSTANDING</b>		
Employee Stock Option Outstanding	1,884,000	—
Less: Deferred Employee Compensation (Refer Note no. 19 in Schedule 'O')	<b>(1,884,000)</b>	—
	<b>—</b>	<b>—</b>
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	885,574,975	835,574,975
Add/(Less) : Transferred from Profit and Loss Account	50,000,000	50,000,000
Add/(Less) : As per the Scheme of Arrangement and / or Amalgamation (net) (Refer Note no. 7 in Schedule 'O')	<b>95,282,387</b>	—
	<b>1,030,857,362</b>	<b>885,574,975</b>
Surplus in Profit and Loss Account	<b>408,822,508</b>	<b>287,817,610</b>
<b>TOTAL</b>	<b>2,559,416,216</b>	<b>2,290,891,681</b>
<b>SCHEDULE 'C'</b>		
<b>LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
From Banks		
Vehicle Loan (Repayable within one year Rs. 583,615 (P.Y. Rs. Nil))	583,615	—
Working Capital Loan		
Cash/Packing Credit	<b>85,466,016</b>	—
	<b>86,049,631</b>	<b>—</b>

- Working Capital loan from State Bank of India (SBI) is secured by way of a first charge by hypothecation of Current Assets and by way of a second charge on the Company's fixed assets (Computers, Servers, Cars, Furniture & Fixtures) also Lien on Term Deposit of Rs. 62.71 lacs and also by personal guarantee of Chairman of the company.
- Working Capital loan from Standard Chartered Bank is secured by way of Pari passu Charge on hypothecation of Book Debts and Movable Fixed Assets of the Company both past and present.
- Vehicle loan from SBI is secured by hypothecation of the vehicles acquired through the same loan.

## Schedules forming part of Financial Statements

SCHEDULE 'D'  
FIXED ASSET

ASSETS	GROSS AMOUNT		DEPRECIATION/AMORTISATION				NET AMOUNT		
	Opening Balance 1-Apr-2008	Effect as per Scheme of Arrangement / Addition / (Deletions) / Adjustments	Balance as on 31-Mar-2009	Opening Balance 1-Apr-2008	For the year	Effect as per Scheme of Arrangement / (Deletions) / Adjustments	Total as on 31-Mar-2009	W D V 31-Mar-2009	W D V 31-Mar-2008
LAND *	67,421,816	323,707,030	391,128,846	8,593,244	—	(8,593,244)	—	391,128,846	58,828,572
BUILDING	99,140,810	25,091,588	124,232,398	9,474,727	1,849,685	(4,682)	11,319,730	112,912,668	89,666,083
LEASEHOLD PREMISES	3,551,914	3,213,075	6,764,989	432,183	432,027	2,050,793	2,915,003	3,849,986	3,119,731
COMPUTER	123,524,204	113,669,609	237,193,813	61,683,260	24,219,219	73,289,486	159,191,965	78,001,848	61,840,944
AIR CONDITIONERS	16,328,341	11,758,096	28,086,437	4,758,783	1,274,980	2,345,822	8,379,585	19,706,852	11,569,558
ELECTRICAL FITTINGS	32,887,521	11,972,218	44,859,739	8,560,776	2,222,112	1,516,281	12,299,169	32,560,570	24,326,745
OFFICE EQUIPMENTS	25,651,818	(707,569)	24,944,249	7,770,491	1,953,332	(1,152,239)	8,571,584	16,372,665	17,881,327
VEHICLE	6,629,393	14,240,381	20,869,774	1,142,808	1,875,767	4,954,502	7,973,077	12,896,697	5,486,585
FURNITURE & FITTINGS	68,787,511	45,221,883	114,009,394	28,181,677	6,535,455	14,627,188	49,344,320	64,665,073	40,605,834
PLANT & MACHINERY	8,134,676	3,467,392	11,602,068	459,724	389,285	3,421,643	4,270,652	7,331,416	7,674,952
<b>INTANGIBLE ASSETS</b>									
COMPUTER SOFTWARE									
INTERNAL DEVELOPED SOFTWARE	9,563,000	—	9,563,000	7,804,415	1,758,585	—	9,563,000	—	1,758,585
OTHER SOFTWARE	81,403,282	58,552,232	139,955,514	58,941,116	32,087,427	14,822,691	105,851,234	34,104,281	22,462,166
<b>GRAND TOTAL</b>	<b>543,024,286</b>	<b>610,185,935</b>	<b>1,153,210,221</b>	<b>197,803,204</b>	<b>74,597,874</b>	<b>107,278,241</b>	<b>379,679,319</b>	<b>773,530,902</b>	<b>345,221,082</b>
PREVIOUS YEAR TOTAL	453,883,444	89,140,842	543,024,286	155,168,055	43,783,467	(1,148,315)	197,803,204	345,221,082	—

**Note:**

- (1) \* The above amount includes Freehold land of Rs. 51,271,714 and Leasehold land of Rs. 339,857,132
- (2) Refer Note no. 7 in Schedule 'O'
- (3) Gross Block includes Rs. 317,231,030 being the amount added on revaluation of Land, based on report issued by approved independent valuer.

## Schedules forming part of Financial Statements

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE ' E'</b>		
<b>INVESTMENTS (AT COST)</b>		
<b>Long Term Investments</b>		
<b>UNQUOTED (Non-Trade)</b>		
<i>Investments in Bonds</i>		
6,580 ( P.Y. 6,580 ) 5.50% Rural Electrification Bonds of Rs. 10,000 each (Above Bonds are with benefits under section 54EC of Income Tax Act, 1961 for Long Term Capital Gain)	<b>65,800,000</b>	65,800,000
<i>Investments in Debentures</i>		
10 (P.Y. 125,000) debentures of Rs. 1,000,000 (P. Y. Rs. 100) each of Edelweiss Securities Pvt. Ltd.	<b>10,100,000</b>	12,750,000
500,000 (P.Y. 500,000) debentures of Rs. 100 each of DSP Merrill Lynch Capital Ltd.	<b>50,750,000</b>	50,750,000
20 (P.Y. Nil) debentures of Rs. 1,000,000 each of Barclays Investments and Loans (India) Ltd.	<b>20,110,300</b>	—
<b>Current Investments (At Cost or Market Value, whichever is less)</b>		
<i>Investments in Portfolio Mangement Services **</i>		
Reliance Capital Asset Management Limited (Refer Note no. 22 in Schedule 'O')	<b>5,689,225</b>	9,482,428
<b>Long Term Investment</b>		
<b>A UNQUOTED (Trade)</b>		
<i>Investment in shares</i>		
<i>In Subsidiary Companies</i>		
Nil (P.Y. 50,000) fully paid equity shares of Datamatics Softworld Limited of Rs. 10 each	—	500,000
300,001 (P.Y. 300,001) fully paid equity shares of Datamatics Technologies UK Limited, a company incorporated in United Kingdom of Pound 1 each	<b>23,886,584</b>	23,886,584
1,000 (P.Y. 1,000) no par value fully paid common stock in Datamatics Technologies Inc., a company incorpoarated in USA.	<b>630,665,966</b>	630,665,966
30,000 (P.Y. Nil) fully paid common stock of Datamatics Infotech Inc., USA of USD 10 each	<b>13,377,000</b>	—
50,000 (P.Y. Nil) fully paid equity shares of Datamatics Australia Pty Ltd of AUD 1 each	<b>1,562,846</b>	—
20,000 (P.Y. Nil) fully paid equity shares of Datamatics Infotech Limited, UK of UKP 1 each	<b>1,711,255</b>	—
218,605 (P.Y. Nil) fully paid equity shares of Datamatics Software Services Limited of Rs.10 each	<b>2,040,324</b>	—
Share Capital held in Datamatics Technologies GmbH, a company incorporated in Germany	<b>57,342,090</b>	57,342,090
50,000 (P.Y. Nil) fully paid equity shares of Datamatics Global Technologies Limited, a company incorporated in Mauritius (Refer Note no. 20 in Schedule 'O')	<b>2,524,875</b>	—
50,000 (P.Y. Nil) fully paid equity shares of CHF 1 each of Datamatics Global Technologies AG, a company incorporated in Switzerland (Refer Note no. 20 in Schedule 'O')	<b>2,255,000</b>	—
<i>In Other Companies</i>		
<i>Unquoted (Non-Trade)</i>		
3,500 (P.Y. 3,500) fully paid equity shares of Matrix Advisors (India) Pvt Limited of Rs. 10 each	<b>175,000</b>	175,000
<i>Unquoted (Trade)</i>		
419,990 (P.Y. Nil) fully paid equity shares of Cybercom Datamatics Information Solutions Limited of Rs. 10 each	<b>4,199,900</b>	—
4,990 (P.Y. Nil) fully paid equity shares of Datamatics Yash Technologies Pvt. Ltd. of Rs. 10 each	<b>49,900</b>	—
616,000 (P.Y. Nil) fully paid 8% Redeemable Non-Cumulative Preference Shares of Cybercom Datamatics Information Solutions Limited of Rs. 10 each	<b>6,160,000</b>	—
<b>Aggregate value of Unquoted Investments</b>	<b>745,950,740</b>	712,569,640

## Schedules forming part of Financial Statements

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE ' E' (Contd.)</b>		
<b>B QUOTED (Non-Trade)</b>		
<b>In shares</b>		
a) 900 (P.Y. 900) fully paid Equity Shares of Rs. 10 each of Cybertech Ltd.	510,767	510,767
b) 3,660 (P.Y.1,800) fully paid Equity Shares of Rs. 2 each of Wipro Ltd.	3,739,474	2,117,268
c) 5,000 (P.Y. Nil) fully paid Equity Shares of Re. 1 each of Vikas WSP Ltd.	552,950	—
<b>In units of Mutual funds</b>		
Nil (P.Y. 2,135,355) Units of HDFC Mutual Funds	—	21,353,549
4,488,789 (P.Y. 14,154,748) Units of Prudential ICICI Mutual Funds	77,682,027	143,119,855
Nil (P.Y. 3,388,490) Units of JM Mutual Funds	—	36,146,975
5,279,007 (P.Y. 4,287,076) Units of Reliance Mutual Funds	91,552,189	62,917,308
Nil (P.Y. 6,500,234) Units of UTI Mutual Funds	—	65,002,336
7,019,058 (P.Y. Nil) Units of IDFC Mutual Funds	81,107,765	—
8,413,405 (P.Y. Nil) Units of Birla Mutual Funds	152,932,003	—
441,298 (P.Y. 709,213) Units of DSP Merrill Lynch Mutual Funds	4,895,757	10,616,445
Nil (P.Y. 6,153,056) Units of Kotak Mutual Funds	—	65,000,000
5,000,000 (P.Y. 3,035,265) Units of Religare Mutual Funds	50,000,000	30,352,650
Nil (P.Y. 2,500,000) Units of Principal Mutual Funds	—	25,000,000
1,198,201 (P.Y. 2,537,338) Units of Tata Mutual Funds	20,004,201	30,000,000
Nil (P.Y. 485,213) Units of Fidelity Equity Mutual Funds	—	4,824,469
2,000,000 (P.Y. 12,355,601) Units of Fortis Mutual Funds	20,000,000	129,805,584
27,455 (P.Y. 2,027,455) Units of Franklin India Mutual Funds	4,000,000	24,000,000
82,843 (P.Y. 5,082,843) Units of SBI Mutual Funds	2,291,671	52,291,671
61,365 (P.Y. 61,365) Units of Sundaram BNP Paribas Mutual Funds	4,992,962	4,992,962
<b>Liquid Funds - Current Investment (At Cost or Market Value, whichever is less)</b>		
6,835,805 (P.Y. Nil) Units of Fortis Mutual Funds	89,294,722	—
1,223,076 (P.Y. Nil) Units of Kotak Mutual Funds	15,504,719	—
2,896 (P.Y. Nil) Units of DSP Merrill Lynch Mutual Funds	3,471,581	—
443,231 (P.Y. Nil) Units of Reliance Mutual Funds	9,507,476	—
Nil (P.Y. 6,956,365) Units of Birla Mutual Funds	—	165,630,879
3,440,575 (P.Y. 370,981) Units of DWS Mutual Funds	41,407,132	3,902,796
1,409,084 (P.Y. 641,758) Units of LIC Mutual Funds	19,108,747	6,875,930
Aggregate of Quoted Investment	<b>692,556,142</b>	<b>884,461,444</b>
Less : Provision for diminution in value	<b>3,886,812</b>	—
<b>TOTAL INVESTMENTS</b>	<b>1,587,069,595</b>	<b>1,735,813,512</b>
Market Value of Quoted Investment (Refer Note no. 7 in Schedule 'O')	<b>672,157,353</b>	<b>908,099,359</b>
Note: - Includes Rs. 41.12 crores (P.Y. Rs. 50.55 crores) of Unutilised Balance of IPO fund, invested in Mutual Funds (Refer Note no. 26 in Schedule 'O')		
	<b>As at March 31, 2009 No. of units</b>	
	<b>7,511,110</b>	
	<b>36,862,655</b>	
	<b>11,747,134</b>	
	<b>37,881</b>	

Notes: -

- During the year, the company had purchased:
  - AIG
  - BIRLA
  - CANARA
  - DSP BLACKROCK

## Schedules forming part of Financial Statements

### SCHEDULE ' E' (Contd.)

	As at March 31, 2009 No. of units
(e) DWS	41,302,897
(f) EDELWEISS	9,902,461
(g) FORTIS	32,842,687
(h) HDFC	3,431,453
(i) HSBC	2,000,000
(j) ICICI	31,690,557
(k) IDFC	12,997,763
(l) KOTAK	35,512,819
(m) LIC	118,724,496
(n) RELIGARE	17,327,073
(o) PRINCIPAL	2,027,426
(p) RELIANCE	33,556,067
(q) SBI	6,333,000
(r) SUNDARAM	11,340,135
(s) TATA	3,499,542
(t) UTI	13,518,821
<b>2. During the year, the company had sold: -</b>	<b>No. of units</b>
(a) AIG	7,511,110
(b) BIRLA	35,405,614
(c) CANARA	11,747,134
(d) DSP BLACKROCK	302,900
(e) DWS	38,233,303
(f) EDELWEISS	9,902,461
(g) FIDELITY	485,213
(h) FORTIS	36,362,483
(i) HDFC	5,566,808
(j) HSBC	2,000,000
(k) ICICI	41,356,516
(l) IDFC	5,978,705
(m) JM	3,388,490
(n) KOTAK	40,442,800
(o) LIC	117,957,169
(p) RELIGARE	15,362,338
(q) PRINCIPAL	4,527,426
(r) RELIANCE	32,120,905
(s) SBI	11,333,000
(t) SUNDARAM	11,340,135
(u) TATA	4,838,679
(v) FRANKLIN TEMPLETON	2,000,000
(w) UTI	20,019,055
<b>** 3. During the year, the company had purchased under PMS Scheme:-</b>	<b>No. of shares</b>
(a) Bharti Tele-Venture Ltd.	201
(b) CCL Products India Ltd.	57
(c) HDFC Ltd.	81

## Schedules forming part of Financial Statements

### SCHEDULE ' E' (Contd.)

		As at March 31, 2009
		<b>No. of shares</b>
(d)	HPCL	1,058
(e)	HDFC Bank	193
(f)	Hitachi Home and Life Solutions Ltd.	2,249
(g)	House of Pearl Fashions Ltd.	761
(h)	Ipca Laboratories Ltd.	860
(i)	ITC Ltd.	1,135
(j)	Madhucon Projects Ltd.	334
(k)	Mphasis Ltd.	229
(l)	Nagarjuna Construction Company Ltd.	3,812
(m)	Orient Paper & Industries Ltd.	7,811
(n)	Rallis India Ltd.	1,072
(o)	Sankhya Infotech Ltd.	4,120
(p)	Unity Infraprojects Ltd.	1,103
		<b>No. of units</b>
(q)	Reliance Liquid Fund	122,308
		<b>No. of shares</b>
** 4.	During the year, the company had sold under PMS Scheme:	
(a)	Aksh Optifibre Ltd.	11,083
(b)	Asahi Songwon Colors Ltd.	3,507
(c)	Asain Granito India Ltd.	3,774
(d)	Aurionpro Solutions Ltd.	1,074
(e)	Balrampur Chini Mills Ltd.	3,586
(f)	Bata India Ltd.	1,560
(g)	House of Pearl Fashions Ltd.	761
(h)	Jindal Saw Pipe Ltd.	2,438
(i)	Madhucon Projects Ltd.	334
(j)	Nagarjuna Construction Company Ltd.	3,812
(k)	Nicco Corporation Ltd.	961
(l)	Orient Paper & Industries Ltd.	7,811
(m)	Pfizer Ltd.	14
(n)	Unity Infraprojects Ltd.	1,103
		<b>No. of units</b>
(o)	Reliance Liquid Fund	249,523
5.	During the year, the company has made the following investments: Datamatics Global Technologies AG (Refer Note no. 20 in Schedule 'O') Datamatics Global Technologies Ltd. (Refer Note no. 20 in Schedule 'O')	

## Schedules forming part of Financial Statements

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE 'F'</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured		
Outstanding for a period exceeding six months		
Considered Good	117,212,837	155,982,226
Considered Doubtful	10,742,548	8,377,283
Others, Considered Good	290,484,974	236,293,878
	<b>418,440,359</b>	<b>400,653,387</b>
Less : Provision for Doubtful Debts	10,742,548	8,377,283
<b>TOTAL</b>	<b>407,697,811</b>	<b>392,276,104</b>
(Refer Note no. 24 in Schedule 'O')		
<b>SCHEDULE 'G'</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	761,130	16,838
Cheques on Hand	3,804,177	—
Foreign Currency on Hand	520,951	96,236
Balance with Scheduled Banks		
In Current Accounts	9,836,091	4,897,017
In Fixed Deposit Accounts	102,320,037	1,715,839
In Margin Accounts *	11,957,193	5,368,674
In Exchange Earner's Foreign Currency Account	4,532,908	41,809
In Unclaimed Dividend Accounts	1,578,839	1,466,327
In Share Refund Accounts	941,800	941,800
<b>TOTAL</b>	<b>136,253,126</b>	<b>14,544,540</b>
<b>SCHEDULE 'H'</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good for value to be received in Cash or in Kind, unless otherwise specified)		
Loans and Advances to Subsidiaries (net) (Refer Note no. 18 and 25 in Schedule 'O')	132,153,982	13,973,395
Advance Payment of Tax (net of provision)	9,125,835	—
Advance Tax - FBT (net)	315,301	374,000
Deposits	27,342,058	19,215,291
Interest Accrued	21,828,595	—
Other Receivables	422,332,133	80,380,146
Other advances		
- Considered Doubtful	6,042,708	—
- Others, Considered Good	16,040,416	5,578,875
	<b>635,181,028</b>	<b>119,521,707</b>
Less: Provision for bad & doubtful advances	6,042,708	—
<b>TOTAL</b>	<b>629,138,320</b>	<b>119,521,707</b>

## Schedules forming part of Financial Statements

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE 'I'</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
a. Sundry Creditors		
– for Capital Goods	8,199,254	4,448,178
– for Vendors	2,908,655	3,321,999
– for Expenses (Refer Note no. 29 in Schedule 'O')	13,095,688	118,019
b. Advance received from Customer	12,297,506	1,786,124
c. Investor Education and Protection Fund (not due)		
– Unclaimed Dividend	1,446,445	1,335,055
– Unclaimed Interest on Fixed Deposit	210,899	—
– Share Application Money	941,800	941,800
d. Other Liabilities	72,212,678	7,673,290
	<b>111,312,925</b>	<b>19,624,465</b>
Employees Liabilities (Includes Rs. 5,785,600 (P.Y. 2,70,000) due as commission to Chairman, Managing Director and Whole time director) (Refer Note no. 21 in Schedule 'O')	<b>133,074,031</b>	<b>41,170,950</b>
<b>TOTAL</b>	<b>244,386,956</b>	<b>60,795,415</b>
<b>B. PROVISIONS</b>		
For Proposed Dividend on Equity Shares	73,642,921	30,537,628
For Tax on Equity Dividend	12,515,614	5,189,870
For Proposed Dividend on Preference Shares	17,715,000	—
For Tax on Preference Dividend	3,010,664	—
For Direct Taxes (Net)	—	6,672,634
For Gratuity	26,494,586	6,888,253
For Leave Encashment	21,642,385	10,484,002
<b>TOTAL</b>	<b>155,021,170</b>	<b>59,772,387</b>
* Out of the above Rs. 5,759,674 are marked as Lien for Guarantees issued by Banks on behalf of the Company and Rs. 6,270,927 is Lien against working capital loan (Refer Schedule 'C').		
<b>SCHEDULE 'J'</b>		
<b>OTHER INCOME</b>		
Interest from banks [TDS Rs. 222,501 (P.Y. Rs. 63,097)]	4,262,180	534,534
Interest from others [TDS Rs. 9,318,785 (P.Y. Rs. 687,720)]	42,043,459	11,264,731
Dividend on Investments - Non Trade (Trade Nil)	603,072	10,404,726
Profit on Sale of Investments - Non Trade (Net)	61,691,860	55,307,125
Exchange Fluctuation (Net)	—	364,011
Sundry Balances Written back (Net)	—	344,629
Miscellaneous Income	724,385	799,914
Bad Debt Recovery	138,917	—
<b>TOTAL</b>	<b>109,463,873</b>	<b>79,019,670</b>



## Schedules forming part of Financial Statements

	For 2008-09 Rupees	For 2007-08 Rupees
<b>SCHEDULE 'K'</b>		
<b>OPERATIONAL EXPENSES</b>		
Knowledge Associates / Vendor Charges	32,299,402	34,993,711
Consumables	583,002	—
Electricity	39,562,731	21,199,260
Payments to and expenditure for employees:		
a. Salaries, Wages, Bonus & allowances (Refer Note no. 19 in Schedule 'O')	769,548,935	332,095,829
b. Contribution to Provident Fund and other funds	31,868,374	11,085,966
c. Welfare Expenditure	28,523,102	14,870,393
d. Directors Remuneration (Refer Note no. 21 in Schedule 'O')	24,134,964	12,964,478
Technical Fees	19,558,521	—
Travelling Expenses	166,132,504	28,106,819
Link Charges	15,499,441	15,248,963
<b>TOTAL</b>	<b>1,127,710,976</b>	<b>470,565,419</b>
<b>SCHEDULE 'L'</b>		
<b>ADMINISTRATION AND OTHER OVERHEADS</b>		
Rent	43,057,220	15,710,137
Rates and Taxes	2,611,438	1,217,922
Communication Expenses	9,375,019	4,845,044
Legal and Professional charges	17,696,310	6,380,289
Remuneration to Auditors	1,231,837	873,193
Repairs and Maintenance :		
– Building	1,924,271	1,636,504
– Plant & Machinery	13,241,368	5,860,684
– Others	8,772,347	5,496,166
Insurance Premium	3,697,649	1,683,048
Sales Commission	17,353,594	—
Board Sitting Fees	260,000	195,000
Advertisement and Sales Promotion Expenses	1,675,702	701,128
Subscription Charges	1,885,646	625,806
Lease Rent & Hire Charges	762,984	1,140,896
Entertainment Expenses	1,599,835	898,778
Sundry Balances Written off (net)	14,217	—
Miscellaneous Expenses	8,803,920	6,009,450
Loss on Sale of Fixed Assets	296,736	845,680
Loss on Sale of Partnership	86,020	—
Bad Debts Written off	—	940,265
Exchange Fluctuation (net)	11,085,915	—
Bank & Other Charges	5,070,344	768,024
Recruitment Expenses	6,219,883	6,317,374
Printing & Stationery	3,574,933	2,507,908
Photocopying Charges	586,732	473,588
Security Charges	4,174,431	2,790,025
Provision for diminution in value of investments	413,975	—
<b>TOTAL</b>	<b>165,472,326</b>	<b>67,916,909</b>
<b>SCHEDULE 'M'</b>		
<b>INTEREST</b>		
To Financial Institutions and Banks	5,103,873	—
To Others	1,879,627	—
<b>TOTAL</b>	<b>6,983,500</b>	<b>—</b>

## Schedules forming part of Financial Statements for the year ended March 31, 2009

### Schedule ' N '

#### 1. Company Overview

Datamatics Global Services Limited (DGSL) was incorporated on November 3, 1987 as Interface Software Resources Private Limited. The name of the company was changed to Datamatics Technologies Private Limited on December 18, 1992. On December 27, 1999, the company converted itself from a Private Limited Company into a Public Limited Company and the name of the Company was changed to Datamatics Technologies Limited on January 13, 2000. Pursuant to the approval of the Scheme of Arrangement and / or Amalgamation (Scheme) by the Hon'ble High Court of Judicature at Bombay vide its order dated December 12, 2008; the name of the Company was changed from "Datamatics Technologies Limited" to "Datamatics Global Services Limited" (DGSL) with effect from January 17, 2009. The effective date of the Scheme is December 29, 2008.

Datamatics Software Services Limited (DSSL) which was a subsidiary of Erstwhile Datamatics Limited (DL) (as all the equity shares of DSSL were owned by DL) has become a subsidiary of DGSL. In order to better manage the different areas of business that are currently being carried on under DSSL, the Export Division of DSSL as a going concern has been demerged from DSSL and merged with DGSL. Upon the demerger, the Demerged DSSL has been carrying on primarily the domestic business and continue to operate without the Export Division of DSSL. [Erstwhile]Datamatics Softworld Limited (former subsidiary of DGSL) and [Erstwhile]Datamatics Software Solutions Limited (former subsidiary of DL) merged into DSSL with effect from December 29, 2008.

DGSL owns 100% equity in Datamatics Technologies Inc, incorporated in USA, Datamatics Technologies GmbH, incorporated in Germany and Datamatics Technologies UK Limited, incorporated in United Kingdom. Upon the Scheme becoming effective, Datamatics Software Services Limited (DSSL), incorporated in India, Datamatics America Inc and Datamatics Infotech Inc, incorporated in USA, Datamatics Infotech Limited, incorporated in UK and Datamatics Global Services Pty Limited, incorporated in Australia have also become the subsidiary of DGSL, Cybercom Datamatics Information Solutions Limited and Datamatics Yash Technologies Private Limited have become Joint Ventures with effect from the appointed date, April 1, 2008.

During the year, DGSL has invested in 100% equity share capital of new subsidiaries, Datamatics Global Technologies AG, incorporated in Switzerland and Datamatics Global Technologies Limited, incorporated in Mauritius.

Datamatics is a global provider of intelligent, value-driven technology and business solutions. These solutions span IT consulting, business process transformation, off-the-shelf technology solutions and customized software services. Product innovation, IP-creation and technology collaboration form the core of our Company's positioning as a 'one-stop-solution provider.

#### 2. Significant Accounting Policies

##### I. System of Accounting:

The accounts have been prepared on the basis of Going Concern concept and under the historical cost convention except for certain Fixed Assets which are revalued. The Company adopts accrual basis in preparation of its accounts to comply in all material aspects with applicable accounting principles generally accepted in India, the Accounting Standards as specified in the Companies (Accounting Standards) Rules 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS') and the relevant provisions of the Companies Act, 1956, to the extent applicable.

##### II. Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of the assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results get materialized.

##### III. Revenue Recognition:

Revenue from services is recognized based on time and material and billed to the clients as per the terms of the contract. In the case of fixed price contracts, revenue is recognized on periodical basis based on units executed and delivered.

Revenue/Income from sale of traded goods is recognized on dispatch of goods. Sales are exclusive of taxes, wherever applicable.

Interest on deployment of funds is recognized on accrual basis. Dividend income is recognized on receipt. Profit on sale of investment is recognized on sale of investments.

##### IV. Valuation of Fixed and Intangible Assets:

Fixed Assets are valued at cost, except for certain Fixed Assets which have been stated at revalued amounts as determined by

## Schedules forming part of Financial Statements for the year ended March 31, 2009

### Schedule 'N' (Contd.)

#### Significant Accounting Policies (Contd.)

approved independent valuer, after reducing accumulated depreciation until the date of the balance sheet. Direct Costs are capitalised until the assets are ready to use and include financing costs relating to any specific borrowing attributable to the acquisition of fixed assets. Intangible assets consists of expenses incurred/paid for development and acquisition of computer software. The advances given for acquiring fixed assets are shown under Capital Work in Progress.

#### V. Depreciation and amortization:

Depreciation on fixed assets is provided on straight-line basis except for leasehold and freehold land at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Individual assets cost of which doesn't exceed Rs. 5,000/- each are depreciated in full in the year of purchase. Intangible assets including internally developed intangible assets are amortized over a period of three years for which the company expects the benefits to accrue. Leasehold Premises is being depreciated over 15 years.

#### VI. Valuation of Inventories:

Traded goods are valued at cost or net realizable value, whichever is lower.

#### VII. Investments:

##### Investment in Subsidiary Companies and Joint Ventures:

Investments in Subsidiary companies and Joint Ventures are valued at cost inclusive of all expenses incidental to their acquisition. The dividends, if any, declared by such subsidiaries and Joint Ventures are recognised as income. The decline if any, other than of a temporary nature in value of such investments arising as a result of losses is adequately provided for in the accounts.

##### Other Investments:

Investments other than the current investments are valued at cost inclusive of all expenses incidental to their acquisition. Accordingly, all investments which are long term are carried at cost, and provision is made to recognize any decline, other than temporary, in the value of such Investments. The current investments are valued at cost or market price whichever is lower.

Overseas Investments are carried at their original rupee cost.

#### VIII. Retirement and Other Employee Benefits:

Retirement benefit in the form of Company's contribution to Provident Fund, which is a defined contribution scheme, is charged to the Profit and Loss Account on accrual basis.

Gratuity liability, which is a defined benefit scheme and Provision for Leave Encashment is accrued and provided for on the basis of an actuarial valuation made using Projected Unit Credit Method at the end of each financial year.

Actuarial gains and losses are immediately taken to Profit and Loss Account and are not deferred.

#### IX. Leave Travel Allowances:

Encashment of Leave Travel Allowances is accounted on cash basis.

#### X. Foreign Currency Transactions:

- (i) Transactions in foreign currency are recorded at the rates of exchange prevailing at the date of the transactions.
- (ii) Monetary items denominated in foreign currencies at the balance sheet date are translated at the balance sheet date rates.
- (iii) Any income or expense on account of exchange difference either on settlement or on translation at the balance sheet date is recognized in Profit and Loss Account in the year in which it arises.

#### XI. Derivative Instruments and Hedge Accounting:

The Company uses foreign currency forward contracts to hedge it's risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Such forward contracts are utilised against the inflow of funds under firm commitments and the profit/loss arising thereon is accounted in the year of settlement of forward contract. The Company does not use the forward contract for speculative purposes.

#### XII. Lease Rent Transactions:

Lease Rentals are accounted for on accrual basis as per the terms of the agreement. Lease transactions in respect of all assets leased after April 1, 2001 are classified as either finance lease or operating lease as the case may be in accordance with AS 19 issued by The Institute of Chartered Accountants of India and the accounting treatment and disclosure given/made as prescribed therein.

## Schedules forming part of Financial Statements for the year ended March 31, 2009

### Schedule 'N' (Contd.)

#### Significant Accounting Policies (Contd.)

##### XIII. Taxation:

Current Income tax expense comprises taxes on income from operations in India. Income tax payable in India is determined in accordance with the provision of Income Tax Act, 1961.

The Company comprises of business units established under the Software Technology Park Scheme & Special Economic Zones Act. These units enjoy a tax holiday as per rules framed under the above schemes and as per the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefit in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period.

The difference that result between the profit considered for income taxes and the profit as per the financial statement are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the difference that originate in one accounting period and reverse in another based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

Fringe Benefit Tax is recognised in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance Note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India.

##### XIV. Borrowing Cost:

Interest accrued on Term Loan for acquiring assets is capitalised till the date the assets are put to use.

##### XV. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

##### XVI. Earnings per share:

In determining earnings per share, the company considers the net profit after tax after reducing the preference dividend and tax thereon and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

##### XVII. Employee Stock Option Scheme:

Employee Compensation in the form of stock options, granted under various schemes have been charged to Profit and Loss Account, based on Intrinsic value method, over the vesting period.

##### XVIII. Impairment of Assets:

The carrying value of assets is reviewed for impairment, when events or changes in circumstance indicate that the carrying values may not be recoverable. In addition, at each balance sheet date, the Company assesses whether there is any indication that an assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and Value-in-Use. In assessing Value-in-Use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

##### XIX. Imports:

Custom Duty is provided for on clearance of goods from bonded warehouse.

## Schedules forming part of Financial Statements for the year ended March 31, 2009

### Schedule 'O'

#### NOTES TO THE ACCOUNTS

1. Export of services include Loss of Rs. 0.51 million (P.Y. Loss of Rs 7.03 million) towards difference in the rate due to exchange fluctuation on realization of exports/revaluation of debtors at the end of the year.

**2. Contingent Liability:**

These, if any, are disclosed in the notes to the accounts, Provision is made in the accounts if it becomes probable that an outflow of resources embodying benefits will be required to settle the obligation.

**Contingent Liabilities to the extent not provided for:**

	31.03.2009 (Rs.)	31.03.2008 (Rs.)
<b>(a) Details of guarantees and sureties outstanding as at</b>		
(i) Guarantees given by Banks to Sales Tax Authority	—	5,000
(ii) Guarantees given by Banks to Embassy Centre	405,295	—
(iii) Guarantees given by Banks to the Customs Authority	989,250	706,250
(iv) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 84,398.70	4,650,000	4,650,000
(v) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 50,000	3,234,000	—
(vi) Surety given under Customs Act, 1962 for Other Company	—	3,031,000
<b>(b) Disputed Income Tax Liability</b>	<b>12,545,357</b>	<b>8,975,128</b>
<b>(c) Sales Tax</b>	<b>229,000</b>	<b>—</b>
<b>(d) Others</b>	<b>5,549,736</b>	<b>329,500</b>

**3. Capital and other commitments:**

Estimated amount of contracts on capital account remaining to be executed and not provided for Rs. 20.50 million (P.Y. Rs. 33.23 million).

4. Forward Contracts Outstanding as on 31.03.2009 is USD 2.85 million (P.Y. USD 6.30 million) (equivalent to Rs.129.55 million (P.Y. Rs. 252.63 million)). The foreign currency exposures that are not hedged by a derivative instrument or otherwise is Rs. 296.11 million (P.Y. Rs. 150 million).

**5. Auditor's remuneration includes:**

Audit Fees	684,690	450,000
For Taxation Matters	—	70,000
Certification/Others	519,328	340,476
Out of Pocket Expenses	27,819	12,717
	<b>1,231,837</b>	<b>873,193</b>

**6. Increase in Authorised Share Capital of the Company :**

The authorised share capital of the Company has been increased from Rs. 390,000,000 (divided into 48,000,000 Equity Shares of Rs. 5/- each and 30,000,000 Preference Shares of Rs. 5/- each) to Rs. 800,000,000 (Divided into 100,000,000 Equity Shares of Rs. 5/- each and 30,000,000 Preference Shares of Rs. 10/- each) under the Scheme of arrangement and / or Amalgamation with under mentioned companies as sanctioned by the Hon'ble Court of Mumbai vide its order dated December 12, 2008. The effective date of the scheme is December 29, 2008.

**7. Schemes of Arrangement and / or Amalgamation:**

- i) Pursuant to the Scheme of Arrangement and / or Amalgamation ("the Scheme") as approved by Hon'ble High Courts of Jurisdiction at Mumbai dated December 12, 2008, the following steps were carried out.
- Datamatics Limited (DL), Sameer Microtronics Pvt Limited (SMPL), Bellona Infotech Pvt Limited (BIPL) and Datamatics Intercon Limited (DIL) have been amalgamated with the Datamatics Technologies Limited (DTL),
  - Demerger of Export Division of Datamatics Software Services Limited (DSSL) from DSSL and merger of the Export Division of the DSSL into DTL,
  - Reduction in Preference Share Capital of the Demerged DSSL,
  - Amalgamation of Datamatics Softworld Limited (DSL) and Datamatics Software Solutions Limited (DSSOL) into the Demerged DSSL. The Appointed date for the Scheme was April 1, 2008.

The Amalgamation has been accounted for under the 'Purchase Method' of accounting as prescribed by Accounting Standard 14 on 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India (ICAI).

## Schedules forming part of Financial Statements for the year ended March 31, 2009

### Schedule 'O' (Contd.)

#### NOTES TO THE ACCOUNTS (Contd.)

- a) In accordance with Para 12.5 of the Scheme, the difference between the fair value of the net assets of the Transferor Companies transferred/vested to the Transferee Company over the face value of the New Equity Shares and Preference Shares issued by Transferee Company and after adjusting all the cost incidental to the Merger of the Transferor and the Transferee Company and adjusting the appreciation and/or diminution, if and to the extent considered appropriate by the board of directors in the value of certain assets and liabilities of Transferee company, have been credited to the General Reserve to the extent of Rs. 95,282,386/-
- In accordance with Clause 16 of the Scheme:
- b) DGSL has issued 18,150,000 Equity shares of Rs. 5/- each fully paid to the Equity Shareholders of DL, whose names appear on the Register of Members on the Effective Date, in the Share Exchange Ratio of 1.21 fully paid equity share of the face value of Rs. 5/- each in DGSL for every 1 equity share of Rs. 10/- each held in DL. These equity shares rank pari passu with the existing equity of the company.
- c) DGSL has issued 1,400,000, 8% Redeemable non cumulative Preference Shares of Rs. 10/- each fully paid with a fixed tenure and 1,000,000, 8% Redeemable non cumulative Preference Shares of Rs. 10/- each fully paid without any fixed tenure to the Preference Shareholders of DL in the ratio of 1 preference share in the exchange ratio of 1 preference share held in DL, whose names appear on the Register of Members on the Effective Date. These preference shares rank pari passu with the existing preference shares of the company.
- d) DGSL has issued 3,600,000, 8% Redeemable Non Cumulative Preference Shares of Rs. 10/- each fully paid, without any fixed tenure and 11,950,000, 9% Redeemable Non Cumulative Preference Shares of Rs. 10/- each fully paid without any fixed tenure to the Preference Shareholders of DSSL in the ratio of 1 preference share in the exchange ratio of 1 preference share held in DSSL, whose names appear on the Register of Members on the Effective Date. These preference shares rank pari passu with the existing preference shares of the company.
- e) DGSL has issued 2,700,000, 8% Redeemable non cumulative Preference Shares of Rs. 10/- each fully paid without any fixed tenure to the Preference Shareholders of DIL in the ratio of 1 preference share in the exchange ratio of 1 preference share held in DIL, whose names appear on the Register of Members on the Effective Date. These preference shares rank pari passu with the existing preference shares of the company.
- f) DSSL has issued to the Company 1,000 equity shares as per the Scheme for consideration other than cash.
- 8 The Company has changed its' accounting policy for Building. The asset is now bifurcated into building, freehold land, leasehold land and leasehold premises. Had the aforesaid change not been made, the profit after tax for the aforesaid period would have been lower by Rs. 22.63 lacs (as against reported figure of Rs. 2779.20 lacs) and consequently Reserves would have been lower by Rs. 22.63 lacs (as against reported figure of Rs. 19,745.61 lacs).
- 9 Additional Information pursuant to the provisions of Part II of Schedule VI of the Companies Act 1956 (Wherever applicable)

	2009 (Rs. In 000's)	2008 (Rs. In 000's)
(i) FOB Value of Exports of ITES/BPO Segment	1,591,751	674,424
(ii) Income in foreign currency – Interest	296	301
(iii) Expenditure in foreign currency (on accrual basis)		
CIF value of Import of capital goods	9,151	8,156
Commission	17,354	—
Foreign Travel	121,819	11,028
Others	24,368	2,208
<b>Total</b>	<b>172,692</b>	<b>21,392</b>
Net dividend remitted in foreign exchange		
No. of Non-resident Shareholders	104	118
No. of equity shares held on which dividend was due	363,029	500,793
The year to which the dividend relates	2007-08	2006-07
Amount remitted in dollar (\$)	\$3,847.63	\$9,536.46

## Schedules forming part of Financial Statements for the year ended March 31, 2009

### Schedule 'O' (Contd.)

#### NOTES TO THE ACCOUNTS (Contd.)

10. In the opinion of the Company, the Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business. The provision for all known Liabilities and for Depreciation is adequate and not in excess of the amount reasonably necessary.

11. The company has received confirmations from few debtors and for majority of loans and advances. Remaining debtors, creditors and loans and advances are subject to confirmation and reconciliation if any.

#### 12. Employee Benefits

Defined Benefit Plans:

	2008-09	2007-08
		(Rs.)
<b>I. Expenses recognised during the year ended 31st March, 2009</b>		
1. Current Service Cost	8,644,171	1,440,082
2. Interest Cost	2,780,866	414,072
3. Actuarial Losses/(Gains)	(8,884,425)	3,400,510
<b>Total Expenses</b>	<b>2,540,612</b>	<b>5,254,664</b>
<b>II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2009</b>		
1. Present value of defined benefit obligation	26,494,586	6,888,253
2. Net Asset/(Liability)	(26,494,586)	(6,888,253)
<b>III. Recognition of Net Asset/(Liability) recognised in the Balance Sheet during the year ended 31st March, 2009</b>		
1. Net Asset/(Liability) at the beginning of the year	28,279,344	5,838,055
2. Expenses as per I above	2,540,612	5,254,664
3. Employer contributions	4,325,370	4,204,466
Net Asset/(Liability) at the end of the year	<b>26,494,586</b>	<b>6,888,253</b>
<b>IV. Actuarial Assumption</b>		
1. Discount Rate	7.75%	8.00%
2. Salary Escalation	3.50%	3.50%
3. Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

#### Note:

a. Provision towards liability for Leave Encashment made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value liability is Rs. 21,642,385 (P.Y. Rs. 10,484,002) based upon following assumptions:

	2008-09	2007-08
<b>Discount Rate</b>	<b>7.75%</b>	8.00%
<b>Salary Escalation</b>	<b>3.50%</b>	3.50%

## Schedules forming part of Financial Statements for the year ended March 31, 2009

### Schedule 'O' (Contd.)

#### NOTES TO THE ACCOUNTS (Contd.)

13. The Management information system of the company identifies and operates in a single primary business segment. In the opinion of the management these activities are governed by the same set of risk and returns as per AS17 dealing with segmental reporting. All the assets of the company are located in India and hence secondary segmental reporting is on the basis of the geographical location of customers

Performance of Business Segment is as follows:

	<b>(31.03.2009)</b> <b>(Rs. in 000's)</b>	(31.03.2008) (Rs. in 000's)
<b>Revenue</b>		
Sale to external customers	<b>1,591,751</b>	674,424
Segment result profit	<b>216,986</b>	92,158
Other Income	<b>109,464</b>	79,020
Direct Taxes	<b>48,530</b>	30,264
Profit from Ordinary Activities	<b>277,920</b>	140,913
Net Profit	<b>277,920</b>	140,913
<b>Other Segment Information</b>		
Capital Expenditure	<b>100,386</b>	91,630
Depreciation and amortization	<b>74,598</b>	43,783
Non Cash Expenses other than depreciation	<b>2,634</b>	5
<b>Particulars of Segment Assets and Liabilities:</b>		
Segment Assets	<b>1,301,953</b>	815,683
Investments	<b>1,587,070</b>	1,735,814
Bank Deposits	<b>114,277</b>	7,085
Other Assets	<b>559,203</b>	89,318
<b>Total Assets</b>	<b>3,562,503</b>	2,647,900
Segment Liabilities	<b>375,974</b>	75,891
Other Liabilities	<b>126,040</b>	77,532
<b>Total Liabilities</b>	<b>502,015</b>	<b>153,423</b>

#### Geographic Segment

Revenue attributable to the location of the customers is as follows

<b>USA</b>	<b>754,392</b>	573,160
<b>Europe</b>	<b>750,052</b>	70,405
<b>Others</b>	<b>87,306</b>	30,858
<b>Total</b>	<b>1,591,751</b>	674,424

Fixed assets in India used in the company's business or liabilities contracted in India cannot be identified to any geographical segment as the fixed assets and services are used interchangeably between geographical segments and a meaningful segregation is not possible.



## Schedules forming part of Financial Statements for the year ended March 31, 2009

### Schedule 'O' (Contd.)

#### NOTES TO THE ACCOUNTS (Contd.)

#### 14. Related party disclosures:

(i) As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India the disclosures of Related Parties and transactions during the year as deemed in the Accounting Standard are given below:

- |   |   |
|---|---|
| <p>(A) Subsidiary Companies:</p> <ul style="list-style-type: none"> <li>Datamatics Technologies Inc.</li> <li>Datamatics Technologies GmbH.</li> <li>Datamatics Technologies UK Limited</li> <li>Datamatics Software Services Limited</li> <li>Datamatics Global Technologies Limited</li> <li>Datamatics Global Technologies AG</li> <li>Datamatics America Inc.</li> <li>Datamatics Infotech Limited</li> <li>Datamatics Australia Pty Limited</li> <li>Datamatics Infotech Inc.</li> </ul> | <p>(C) Key Managerial Personnel</p> <ul style="list-style-type: none"> <li>Dr. L. S. Kanodia.</li> <li>Mr. Rahul Kanodia</li> <li>Mr. Vidur Bhogilal</li> <li>Mr. Sameer Kanodia (P.Y. from 31.01.08)</li> </ul>                                |
| <p>(B) Associate Companies and Joint Ventures:</p> <ul style="list-style-type: none"> <li>Datamatics Financial Software Services Limited</li> <li>Cybercom Datamatics Information Solutions Limited</li> <li>Datamatics Yash Technologies Private Limited</li> <li>Datamatics Dataprocessors</li> <li>Datamatics Applied DSP Private Limited</li> <li>Anemone Management Consultancy Private Limited</li> <li>Datascan Services</li> </ul>  | <p>(D) Relatives of Key Managerial Personnel</p> <ul style="list-style-type: none"> <li>Mr. Sameer Kanodia (P.Y. upto 30.01.08)</li> <li>Mrs. Asha Kanodia</li> <li>Mrs. Priyadarshini Kanodia</li> <li>Datamatics Staffing Services</li> </ul> |

(ii) Details of transactions with the related parties stated in (i) above:

Nature of transaction	Refer to (i) A above		Refer to (i) B above		Refer to (i) C above		Refer to (i) D above	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Sales								
Technical Services	392,264,939	349,989,464	—	—	—	—	—	—
Expenses Incurred by Related Parties	3,901,929	4,448,301	13,569,221	—	—	—	—	—
Expenses Incurred for Related Parties	23,853,285	3,516,298	1,202,439	—	—	—	—	—
Managerial Remuneration	—	—	—	—	17,629,364	12,370,478	—	—
Commission	—	—	—	—	5,785,600	270,000	—	54,000
Equity Shares issued	—	—	—	—	25,869,875	—	64,545,030	—
Proposed Dividend	—	—	—	—	6,557,959	—	16,169,443	—
Preference Shares issued	—	—	25,200,000	—	—	—	—	—
Preference Dividend	—	—	2,128,000	—	—	—	—	—
Sitting Fee	—	—	—	—	—	—	—	20,000
Salaries	—	—	—	—	—	—	270,300	2,109,007
Recruitment Expenses	—	—	—	—	—	—	380,361	192,250
Interest income	6,951,001	301,278	—	—	—	—	—	—
Loans and Advances Refunded during the year	24,733,147	18,305,659	1,450,000	—	—	—	—	—
Loans and Advances Given during the year	48,290,732	10,564,506	—	—	—	—	—	—
Investment in Equity Shares	4,779,875	81,245,790	—	—	—	—	—	—
Payables	—	—	—	—	5,887,939	270,000	—	54,000
Receivables	253,990,296	174,180,368	100,000	—	—	—	—	—

Note:

1) Related parties are being recognized/identified by the management and relied upon by the auditors.

## Schedules forming part of Financial Statements for the year ended March 31, 2009

### Schedule 'O' (Contd.)

#### NOTES TO THE ACCOUNTS (Contd.)

15. The Company has entered into operating lease arrangements for several premises and vehicles. The future minimum lease payments in respect of such non-cancellable operating leases are summarized below:

	Amount in Rs.	
	March 31, 2009	March 31, 2008
Amount due not later than one year from the balance sheet date	5,756,760	1,314,090
Amount due in the period between one year and five years	15,698,623	4,010,675
Amount due later than five years	—	—

The Following Lease payments are recognized in Profit and Loss Account:

Lease Rent	43,057,220	15,710,137
------------	------------	------------

#### 16. Earning Per Share

The Components of basic and diluted earnings per share were as follows:

	As of 31.03.2009	As of 31.03.2008
(a) Net Profit after taxation (Rs.)	277,919,811	140,856,649
Less: Dividend on Preference Shares	(17,715,000)	—
Less: Tax on Preference Dividend	(3,010,664)	—
Profit attributable to equity shareholders	257,194,147	140,856,649
(b) Weighted average number of outstanding equity shares		
Considered for basic EPS including shares allotted pursuant to the scheme	58,896,789	40,716,837
Add: Weighted number of Stock Options allotted during the year	17,548	—
Add: Weighted number of Stock Options outstanding as on 31.03.2009	143,996	258,774
Considered for diluted EPS	59,058,333	40,975,611
(c) Earnings per share (Nominal value per share Rs. 5 each)		
Basic (Rs.)	4.37	3.46
Diluted (Rs.)	4.35	3.44

As per para 18 of AS 20 - EPS "Equity Shares issued as part of consideration in an amalgamation in the nature of purchase are included in the weighted average number of shares as of the date of acquisition because transferee incorporates the results of the operations of the transferor into its statement of profit from the date of acquisition.

#### 17. Deferred Tax:

- (i) During the year ended 31st March 2009, the company has recognized deferred tax liability of Rs. 6,471,239 in the Profit and Loss Account.
- (ii) The break up of deferred tax assets and liabilities as at 31st March 2009 is as under:

Deferred Tax Liability/(Asset)	Amounts (In Rs.)			
	As at 31.03.2009	Credit / (Charge)	Transferred under the Schemes	As at 31.03.2008
Others	(16,473,317)	(4,520,483)	(15,227,395)	(5,766,405)
Provision for Doubtful debts	(3,651,391)	—	(737,784)	(2,913,607)
Timing difference on account of Depreciation	36,681,618	(1,950,756)	(6,804,188)	41,535,050
Net deferred tax liability/(Asset)	16,556,909	(6,471,239)	(22,769,367)	32,855,037

Deferred Tax Asset pertaining to carried forward business losses of transferor companies under the Scheme has not been recognised as per the Accounting Standard 22.

## Schedules forming part of Financial Statements for the year ended March 31, 2009

### Schedule 'O' (Contd.)

#### NOTES TO THE ACCOUNTS (Contd.)

18. The Company had provided Working Capital Loan of Euro 100,000 to its subsidiary Datamatics Technologies GmbH at a variable interest rate of 1% above the LIBOR rate, and of Rs. 114,428,947 to its subsidiary Datamatics Software Services Limited at a variable interest rate of 8%.

#### 19. Employee Stock Option Scheme (ESOP):

The Company has two ESOP Schemes in operation. They are:

##### A) General Employees Stock Option Plan, 2005:

Under General Employee Stock Option Plan, 2005, 238,000 options were granted during the financial year 2006-07 and the first and second vesting period were falling till 31.03.09. Originally granted shares were revised to 116,800 (P.Y. 1,58,000) shares due to conditions which restrict the entitlement to the employees. Out of the shares vested, Nil shares (P.Y. Nil) were exercised and allotted.

##### B) Key Employees Stock Option Plan, 2006:

Under the Key Employees Stock Option Plan, 2006, 180,000 options were granted during the financial year 2006-07 and the first vesting period falls during the current financial year. Originally granted shares were revised to 87,500 (P.Y. 115,000) shares due to conditions which restrict the entitlement to the employees. Out of the shares vested, 47,500 shares (P.Y. Nil) were exercised and allotted.

Accordingly equity share capital is Rs. 294,571,685 (58,914,337 shares) (Refer Note No. 6 also).

The Finance Act, 2007 has introduced Fringe Benefit Tax (FBT) on employee stock options. The Difference between the fair value of the underlying share on the date vesting and the exercise price paid by the employee is subject to FBT. The Company's obligation to pay FBT arise only upon the exercise of stock options, hence the FBT liability has been recorded at the time of exercise of options. And as the same is not recovered from the employee, the same has impacted the Profit and Loss Account.

20. During the year, the company invested in equity share capital of new subsidiaries. CHF 50,000 (P.Y. Nil) in Datamatics Global Technologies AG, incorporated in Switzerland and USD 50,000 (P.Y. Nil) in Datamatics Global Technologies Limited, incorporated in Mauritius.

21. Managerial Remuneration under Section 198 of the Companies Act, 1956 paid or payable during the year, to the directors is as under:

	<b>31.03.2009</b>	31.03.2008
	<b>(Rs.)</b>	(Rs.)
Salaries and Allowances **	<b>15,978,277</b>	11,041,103
Commission Payable *	<b>6,505,600</b>	594,000
Approximate money value of perquisites and benefits	<b>1,651,087</b>	1,329,375
<b>Total</b>	<b>24,134,964</b>	12,964,478

\* The amount of commission payable includes Rs. 720,000 payable to non-wholetime directors.

\*\* Since the employee wise break up of liabilities on account of retirement schemes based on actuarial valuation is not ascertainable, the amount relatable to Directors could not be included in above.

Statement of Computation of Net Profit under Section 198(1) of the Companies Act, 1956.

		<b>2009</b>
		<b>(Rs.)</b>
Profit before Tax as per Profit and Loss Account		<b>326,450,050</b>
Add: Directors Remuneration paid/provided	<b>24,134,964</b>	
Loss on sale of Partnership firm	<b>86,020</b>	
Loss on sale of Fixed Assets	<b>296,736</b>	<b>24,517,720</b>
Less: Profit on Sale of Investments		<b>61,691,860</b>
Net Profit in accordance with Section 198(1)/349		<b>289,275,910</b>
Maximum remuneration payable, subject to the overall ceiling of Sections 198 and 309		
To Whole time Directors @ 10% of Profit computed above		<b>28,927,591</b>
To Other Directors @ 1% of Profit computed above		<b>2,892,759</b>

## Schedules forming part of Financial Statements for the year ended March 31, 2009

### Schedule 'O' (Contd.)

#### NOTES TO THE ACCOUNTS (Contd.)

22. Portfolio Management services are provided by the Portfolio Manager – Reliance Capital Asset Management Limited (RCAML) registered with SEBI vide registration No.INP000000423. The portfolio Manager is engaged in investing funds in accordance with SEBI (Portfolio Managers) Regulations, 1993 of its client – Datamatics Global Services Limited in Securities and providing portfolio management services to its clients.

RCAML has been appointed as the Portfolio Manager for managing the investments of its funds on a discretionary basis to avail of investment advisory and portfolio management services for the purpose of investment to be made in securities. RCAML also holds the Power of Attorney to hold investments in its name for investments made on behalf of company. Investments made by RCAML under the Portfolio Management Services are made in a pool account and therefore are not held in the name of the company.

23. The Company has Rs. 123,521,020 (P.Y. 6,541,832) as outstanding Loans and Advances (Refer Note 25 below) and Rs. 713,934,964 (P.Y. 711,894,640) as investment in four of its 100% subsidiaries at the year end. The net worth of these subsidiaries has declined. The Company has assured Financial Support. These investments are for long term and are of strategic nature. As the management is confident of turning around the subsidiaries in the near future provision for diminution in the value, if at all required, is not made.

24. Sundry Debtors includes the following due from subsidiaries:

	Balance Outstanding as on 31.03.2009	Maximum amount outstanding during the year	Balance Outstanding as on 31.03.2008	Maximum amount outstanding during the year
Datamatics Technologies Inc.	109,615,208	153,903,571	138,912,253	188,608,853
Datamatics Technologies GmbH	12,018,433	25,402,426	21,294,719	21,294,719
Datamatics Technologies UK Ltd.	—	1,560,985	—	20,779,464
Datamatics America Inc	202,672	1,491,970	—	—
<b>TOTAL</b>	<b>121,836,313</b>	<b>182,358,951</b>	160,206,973	230,683,036

25. Loans and advances to Subsidiaries consist of follows:

	Balance Outstanding as on 31.03.2009	Maximum amount outstanding during the year	Balance Outstanding as on 31.03.2008	Maximum amount outstanding during the year
Datamatics Technologies UK Ltd.	—	381,010	—	5,827,128
Datamatics Technologies Inc.	977,266	4,425,466	27,622	3,901,527
Datamatics Technologies GmbH	6,988,594	8,087,736	6,514,210	6,514,210
Datamatics Software Services Ltd (P.Y. Datamatics Softworld Ltd.)	115,555,160	122,606,329	7,431,563	13,019,650
Datamatics Infotech Ltd.	8,632,963	12,854,700	—	—
<b>TOTAL</b>	<b>132,153,982</b>	<b>148,355,241</b>	13,973,395	29,262,515

26. IPO funds raised and utilized till date

Rs in 000's

Description	31.03.2009	31.03.2008
Funds Raised	935,000	935,000
Funds Utilized		
Expenses Relating to IPO	60,865	60,865
Investment in Subsidiaries (Refer Note No. 20 in Schedule 'O')	146,000	146,000
Repayment of Secured Loans	64,738	64,738
Investment in Fixed Assets	47,000	47,000
Corporate purposes including strategic initiatives and acquisitions **	205,157	110,856
<b>TOTAL</b>	<b>523,760</b>	429,459
Balance unutilized (Invested in Mutual Funds)	411,240	505,541

\*\* During the previous year and current year, the Company has capitalised property at Nashik and its Infrastructure development cost. The commercial production at Nashik was commenced during the last financial year. The above amount includes advance against capital expenditure of Rs. 25,834,000 (P.Y. 37,814,943). The investment of Rs. 4,779,875 made in subsidiaries at Mauritius and Switzerland is also included above.

## Schedules forming part of Financial Statements for the year ended March 31, 2009

### Schedule 'O' (Contd.)

#### NOTES TO THE ACCOUNTS (Contd.)

27. The name of the company has been changed from "Datamatics Technologies Limited" to "Datamatics Global Services Limited" on 17th January, 2009.

28. Particulars of Investments in Joint Ventures & Partnership Firms:

	2008-09	2007-08
<b>1. Cybercom Datamatics Information Solutions Limited:</b>		
a) Equity Share Capital	4,199,900	—
b) Preference share Capital	6,160,000	—
(Proportion of Interest)		
i) Datamatics Global Services Limited	50%	—
ii) Cybercom Group Europe AB	50%	—
<b>2. Datamatics Yash Technologies Private Limited:</b>		
a) Equity Share Capital	49900	—
(Proportion of Interest)		
i) Datamatics Global Services Limited	49.90%	—
ii) Yash Technologies Private Limited	49.90%	—

Interest in the Assets, Liabilities, Income and Expenses with respect to Jointly Controlled Entities.

	2008-09	2007-08
<b>A) Assets :</b>		
a) Fixed Assets ( Net Block) :	5,620,010	—
Capital Work-in-Progress	10,258,875	—
b) Investments	28,675,897	—
c) Current Assets, Loans and advances:		
Sundry Debtors	12,884,469	—
Cash and Bank Balances	526,126	—
Loan and Advances	5,024,232	—
<b>B) Liabilities :</b>		
1) Current Liabilities and Provisions :		
Liabilities	2,514,679	—
Provisions	1,276,639	—
<b>C) Reserves and Surplus</b>	48,788,891	—
<b>D) Income :</b>		
a) Sales and Export Incentives	71,783,338	—
b) Other Income	2,010,048	—
<b>E) Expenditure :</b>		
a) Employee Costs	25,181,742	—
b) Administrative, Selling and Other Expenses	12,275,152	—
c) Depreciation	1,821,919	—
d) Provision for Taxation	3,995,173	—

3) Datamatics Dataprocessor, a partnership wherein Erstwhile SMPL (now amalgamated with DGSL) was partner has been dissolved on September 18, 2008. The respective share of profits have distributed to the partners.

**Schedule 'O' (Contd.)**

**NOTES TO THE ACCOUNTS (Contd.)**

**29.** The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure regarding:

- a) Principal amount due and the interest due thereon outstanding to suppliers as at the end of the accounting year;
- b) Interest paid during the year;
- c) Interest payable at the end of the accounting year;
- d) Interest accrued and unpaid at the end of the accounting year, has not been provided.

**30.** Prior period comparative:

The financial results for the year under consideration are not comparable with that of the previous year as they include the financial results of erstwhile SMPL, BIPL, DL, DIL and Export Unit of DSSL (the Transferor company) which were merged with the Company pursuant to the Scheme of Arrangement and / or Amalgamation with appointed date as April 1, 2008. Previous year figures have been appropriately reclassified/recast, wherever necessary, to confirm to the current year's presentations.

**31.** Figures are rounded off to the nearest rupees.

As per attached report of even date		For and on behalf of the Board	
For Kanu Doshi Associates Chartered Accountants		Dr. Lalit S. Kanodia Chairman	R. K. Saraswat Director
Arati Parmar Partner Membership No. 102888	Divya Kumat Vice President - Legal & Company Secretary	Vidur Bhogilal Executive Director & Chief Financial Officer	Rahul Kanodia Vice Chairman & CEO
Place : Mumbai			
Dated : June 8, 2009			

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

	<b>2009 Rupees</b>	<b>2008 Rupees</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	<b>326,450,052</b>	171,177,508
Adjusted for:		
Depreciation and amortization	<b>74,597,874</b>	43,783,467
Interest Expenses	<b>6,983,500</b>	—
(Profit)/Loss on sale of Fixed Assets	<b>296,736</b>	845,680
(Profit)/Loss on sale of Partnership	<b>86,020</b>	—
Sundry Balances Written (back)/off	<b>14,217</b>	(344,629)
Interest Received	<b>(46,305,639)</b>	(11,799,265)
Dividend Received	<b>(603,072)</b>	(10,404,726)
(Profit)/Loss on sale of Investments	<b>(61,691,860)</b>	(55,307,123)
Provision for diminution in the value of investment	<b>413,975</b>	—
Employee Stock Option Expenses	<b>2,237,250</b>	(1,435,939)
Operating Profit before Working Capital Changes	<b>302,479,051</b>	136,514,973
Adjusted for:		
(Increase)/Decrease in Sundry Debtors	<b>31,371,267</b>	26,658,320
(Increase)/Decrease in Loans and Advances	<b>(334,033,062)</b>	(61,540,327)
(Decrease)/Increase in Current Liabilities	<b>89,927,924</b>	(45,325,815)
Cash Generated from Operations	<b>89,745,182</b>	56,307,151
Tax Paid	<b>48,756,058</b>	6,111,037
Net Cash From Operating Activities	<b>40,989,124</b>	50,196,114
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Sale/(Purchase) of Fixed Assets	<b>(88,241,427)</b>	(123,949,785)
Sale/(Purchase) of Investments	<b>176,318,336</b>	(55,623,647)
Interest on Fixed Deposit & Others	<b>46,305,639</b>	11,799,265
Payment towards acquisitions/Prior period expenses	<b>(17,019,534)</b>	—
Profit on sale of Investment	<b>61,691,860</b>	55,307,123
Dividend Received	<b>603,072</b>	10,404,724
Net Cash from Investing Activities	<b>179,657,946</b>	(102,062,320)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of share capital	<b>237,500</b>	—
Proceeds/(repayment) from Long Term Borrowings	<b>(28,588,252)</b>	—
Short Term Loan	<b>(8,951,000)</b>	—
Interest	<b>(6,983,500)</b>	—
Final Dividend paid	<b>(30,563,878)</b>	—
Tax paid on dividend	<b>(5,194,334)</b>	—
Net Cash Flow from Financing Activities	<b>(80,043,464)</b>	—
Net Increase in Cash and Cash Equivalent during the Year	<b>140,603,606</b>	(51,866,204)
Less: Cash acquired upon merger	<b>18,895,020</b>	—
Cash and Cash equivalents as at beginning of the period	<b>14,544,540</b>	66,410,744
Cash and Cash equivalents as at the End of the period	<b>136,253,126</b>	14,544,540

For Kanu Doshi Associates  
Chartered Accountants

Arati Parmar  
Partner  
Membership No. 102888

Place : Mumbai  
Dated : June 8, 2009

Divya Kumat  
Vice President - Legal  
& Company Secretary

Dr. Lalit S. Kanodia  
Chairman

Vidur Bhogilal  
Executive Director &  
Chief Financial Officer

For and on behalf of the Board  
R. .K. Saraswat  
Director

Rahul Kanodia  
Vice Chairman & CEO

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

### I Registration Details

Registration No.	45205
State Code	11
Balance Sheet Date	3/31/2009

### II Capital Raised during the year

Public Issue (including premium)	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement on Preferential allotment basis	NIL

### III Position of Mobilisation and Deployment of Funds

Total Liabilities	3,163,094,441
Total Assets	3,163,094,441
<b>a. Sources of Funds</b>	
Paid up Capital	501,071,685
Reserves and Surplus	2,559,416,216
Secured Loans	86,049,631
Unsecured Loans	—
Deferred Tax Liability	16,556,909
<b>b. Application of Funds</b>	
Net Fixed Assets	799,364,902
Net Current Assets	776,659,944
Investments	1,587,069,595

### IV Performance of the Company

Turnover	1,591,750,853
Other Income	109,463,873
Total Expenditure	1,374,764,676
Profit Before Tax	326,450,049
Profit After Tax	277,919,811
Earning Per Share	
Basic	4.37
Diluted	4.35
Dividend %	25%

### V Generic Names of Two Principal Products of the Company (as per monetary terms)

Item Code No. ( ITC ) Code	8524.9
Description	Computer Software

For and on behalf of the Board

	Dr. Lalit S. Kanodia Chairman	R. K. Saraswat Director
Divya Kumat Vice President - Legal & Company Secretary	Vidur Bhogilal Executive Director & Chief Financial Officer	Rahul Kanodia Vice Chairman & CEO

Place : Mumbai  
Dated : June 8, 2009



## Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

Name of the Subsidiary Company	Datamatics Technologies Inc	Datamatics Technologies UK Limited	Datamatics Technologies GmbH	Datamatics Software Services Limited	Datamatics Infotech Limited	Datamatics Australia Pty Limited	Datamatics Infotech Inc	Datamatics Global Technologies Limited	Datamatics Global Technologies AG
1. Financial Year of the Company	31-03-2009	31-03-2009	31-03-2009	31-03-2009	31-03-2009	31-03-2009	31-03-2009	31-03-2009	31-03-2009
2. Shares of the Subsidiary Company held by Datamatics Global Services Limited	1,000 Common Stock	300,001 Ordinary Shares	Nil	218,605 equity shares	20,000 Ordinary Shares	50,000 equity shares	30,000 Common Stock	50,000 Ordinary Shares	50,000 Ordinary Shares
a. Number	100%	100%	100%	100%	100%	100%	100%	100%	100%
b. Extent of Holding									
3. The Net aggregate amount of the subsidiaries Profit/(Loss) so far as it concerns the members of the Holding Company and is not dealt within the Company accounts.	USD (136,980)	GBP (82,735)	Euro 100,226	INR (21,900,682)	GBP 27,519	AUD 27,780	USD (5,740)	USD (3,402)	Nil
a. For the Financial year/period since it became subsidiary									
b. For the previous financial years of subsidiaries since it became the Holding Company's Subsidiary	USD (46,43,259)	GBP (215,544)	Euro (958,605)	Nil	Nil	Nil	Nil	Nil	Nil
4. The Net aggregate amount of the subsidiaries Profit/(Loss) so far as it concerns the members of the Holding Company and is dealt within the Company accounts.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a. For the Financial year/period since it became subsidiary									
b. For the previous financial years of Subsidiaries since it became the Holding Company's Subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note: Section 212(5) of the Companies Act, 1956 is not applicable as the accounting year of the Holding Company and Subsidiaries are the same.

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

R. K. Saraswat  
Director

Divya Kumat  
Vice President - Legal  
& Company Secretary

Vidur Bhogilal  
Executive Director &  
Chief Financial Officer

Rahul Kanodia  
Vice Chairman & CEO

Place : Mumbai

Dated : June 8, 2009

## Financial Details of the Subsidiary Companies for the Year Ended March 31, 2009

	Datamatics Technologies Inc	Datamatics Technologies GmbH	Datamatics Technologies UK Limited	Datamatics Software Services Limited	Datamatics Infotech Limited	Datamatics Australia Pty Limited	Datamatics Infotech Inc	Datamatics Global Technologies Limited	Datamatics Global Technologies AG
Closing Exchange rate against Indian Rupee as on March 31, 2009	50.71	67.50	74.47	—	74.47	34.86	50.71	50.71	44.51
(a) Paid up capital	1,413,226,949	70,875,000	22,341,074	5,686,050	1,489,400	1,743,000	15,213,000	2,535,500	2,225,500
(b) Reserves	(1,322,918,138)	(57,940,556)	(22,212,838)	(48,713,432)	12,963,447	(180,925)	(1,143,413)	(172,506)	—
(c) Total Assets	273,848,935	42,791,460	11,211,532	90,688,281	57,672,712	2,314,161	14,115,226	2,755,997	2,225,500
(d) Total Liability	183,540,123	29,857,016	11,083,296	133,715,663	43,219,865	752,086	45,639	393,003	—
(e) Details of Investment (except in case of investment in the subsidiaries)	155,223	—	—	1,000,100	—	—	—	—	—
(f) Turnover	1,028,387,309	167,479,649	11,166,788	96,711,251	233,266,590	3,227,220	—	—	—
(g) Profit/(Loss) before taxation	(6,946,195)	6,765,273	(6,161,276)	(21,670,572)	3,008,528	968,339	(291,079)	(172,506)	—
(h) Provision for taxation	—	—	—	230,110	959,106	—	—	—	—
(i) Profit/(Loss) after taxation	(6,946,195)	6,765,273	(6,161,276)	(21,900,682)	2,049,422	968,339	(291,079)	(172,506)	—
(j) Proposed dividend	—	—	—	—	—	—	—	—	—

For and on behalf of the Board

R. K. Saraswat  
DirectorDr. Lalit S. Kanodia  
ChairmanVidur Bhogilal  
Executive Director &  
Chief Financial OfficerDivya Kumat  
Vice President - Legal  
& Company SecretaryPlace : Mumbai  
Dated : June 8, 2009

## The Year at a Glance

Rs. in Million

	Consolidated		
	Current Year	Previous Year	Growth (%)
For the year			
Operating Revenue	<b>3,001.47</b>	1,443.87	107.88
Total revenue	<b>3,106.93</b>	1,527.75	103.37
Operating Profit	<b>617.30</b>	241.51	155.60
Operating Profit % Revenue	<b>20.57</b>	16.73	-
Profit before tax	<b>329.08</b>	124.39	164.55
PBT as % to Total revenue	<b>10.59</b>	8.14	-
PAT	<b>275.35</b>	92.00	199.30
PAT as % to Total revenue	<b>8.86</b>	6.02	-
<b>Earnings per share</b>			
Basic	<b>4.32</b>	2.26	91.45
Diluted	<b>4.31</b>	2.24	92.14
Dividend per share	<b>1.25</b>	0.75	66.67
Dividend amount including tax	<b>86.16</b>	35.73	141.15
Average net worth	<b>2176.64</b>	1847.55	17.81
PAT % to average net worth	<b>12.65</b>	4.98	-
<b>At the end of the year</b>			
Total assets	<b>2586.62</b>	1907.20	35.62
Fixed assets (net)	<b>840.12</b>	402.61	108.67
Cash and cash equivalents	<b>927.51</b>	937.65	(1.08)
Total debt	<b>90.93</b>	-	-
Net worth	<b>2479.13</b>	1874.15	32.28
Equity	<b>294.57</b>	203.58	44.69



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