

# Annual REPORT 2011



## Annual Achiever Awards

On 29th April, 2011, the Annual Achiever Awards function was inaugurated by our Chairman, Dr. Lalit S. Kanodia, Mrs. Asha Kanodia, Mr. Yogendra S. Kanodia along with Mr. Rahul Kanodia. Dr. Kanodia congratulated and appreciated the top performers of the organization during Annual Achiever Awards, Mumbai. He also spoke very intensively about the knowledge dynamics and the need for increasing ownership of intellectual property.



## Human Resource Recognition

Your company has won the Global HR Strategy Award while Dr. C. M. Dwivedi, President and Global HR Head, Datamatics, received the Most Prestigious HR Professionals of India and HR Leadership Awards. The Awards were presented at the Asia's Best Employer Brand Awards 2010 held on 23 July at Singapore.



## Meeting with General Motors

On May 20, 2011, our Executive Director, Mr. Sameer Kanodia, met Mr. Daniel Ankerson, Chairman of General Motors in USA.

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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 2151  
Fax No. 91-22-6671 2230  
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  
Standard Chartered Bank  
Deutsche Bank



**Dr. Lalit S. Kanodia**  
Chairman



**Rahul L. Kanodia**  
Vice Chairman & CEO



**Vidur V. Bhogilal**  
Executive Director & CFO



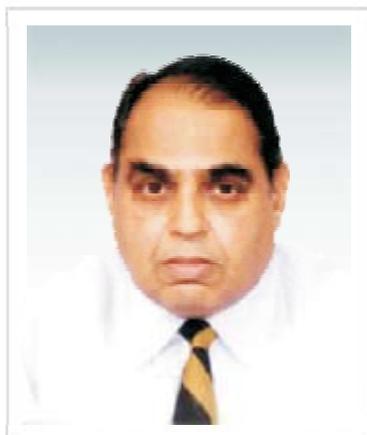
**Sameer L. Kanodia**  
Executive Director



**Radhakrishna K. Saraswat**  
Director



**Dileep Choksi**  
Director



**Sudhir C. Deshpande**  
Director



**Shahzaad S. Dalal**  
Director



**Dr. Habil F. Khorakiwala**  
Director

# Letter to Shareholders



**Dr. Lalit S. Kanodia**  
Chairman

Dear Shareholders,

I thank you for your continued trust, encouragement and support.

During the year under review, Company's revenues (on a standalone basis), increased to ₹ 1545.19 million from ₹ 1445.44 million in 2009-10. The consolidated revenues increased for 2010-11 also registered a growth of 5.99% to ₹ 2919.94 million for 2010-11 from ₹ 2754.94 million in 2009-10. The standalone profit after tax was at ₹ 212.61 million as against the previous year's profit after tax of ₹ 243.31 million. The consolidated profit after tax was ₹ 207.99 million as against ₹ 221.92 million for the previous year. The decline in profit after tax was due to foreign exchange fluctuation and increased cost due to inflation. The business in your Company grew at a fast pace in two businesses viz., OPMS (Online Publishing and Media Solutions) and RNA (Research and Analytics).

According to the NASSCOM Strategic Review 2011, worldwide technology products and services related spend is expected to accelerate with emerging verticals and emerging geographies. To capitalize on these opportunities, during the year we have made investments in strengthening our vertical capabilities and enhancing our technological abilities. We have the capability to scale rapidly and the flexibility to distribute engagements across geographies.

To meet our growth plan, last year as a strategy we focused on strengthening our marketing and sales team. Realizing the growth potential in the Indian market, we increased our focus on the domestic market. The entire marketing and sales team has been trained and equipped to understand the customers' business challenges and help design solutions for them. Our increased focus on the Indian market has already started to yield results, and we continue to add customers from India.

During the year, the Board of Directors of your Company appointed Mr. Dileep Choksi as an Independent Director. Mr. Choksi is a leading Chartered Accountant by profession and has over 35 years of rich professional experience. Mr. Choksi is also on the Board of Directors of several leading private sector organizations. His expertise and guidance will further strengthen the team efforts.

I am proud to inform you that your Company was listed by IAOP (International Association of Outsourcing Professionals) as amongst the best 20 companies by services provided in "Financial Management Services". It was conferred Asia's Best Employer Brand Award on July 23, 2010 at Singapore and Dr. Chandra Mauli Dwivedi, President and Global HR head was conferred the HR Leadership Award.

I am glad to state that, during the last financial year, your Company was included in the list of Global Services 100 List of outsourcing services providers. The solutions developed by your Company has begun to receive recognition with one of our esteemed customers being adjudged the winner of the EDGE Award for innovative use of technology for business benefits by the Information Week magazine.

Assimilating a team of talented people with exceptional capabilities is imperative for every organization's augmentation. Datamatics has always believed in enabling bright minds to transform ideas into generative products. Our Human Resource department has played a crucial role in effectuating talent into the organization. The Company believes in promoting and nurturing work environment which is conducive to the development and growth of an individual employee, by employing the best HR practices.

In addition to these achievements, your Company has renewed its emphasis on being an environmental friendly company. The employees make a conscious effort to recycle paper, adopting green initiative by sending annual report and other communication to the shareholders through email. Your Company is involved in waste management and energy conservation methods at all facilities across geographies.

Recently your Company registered its Trade Mark 'homes-Hosted Meter Solution' in the EU and its 27 member countries and it also has 8 (Eight) Copyrights registered for its proprietary processes. Datamatics Logo is now registered in UK, US and also in European Union (EU) and its 27 member countries. Datamatics word mark is registered in India as a Trade Mark as well as a Service Mark. It is also registered in UK and EU and its 27 member countries.

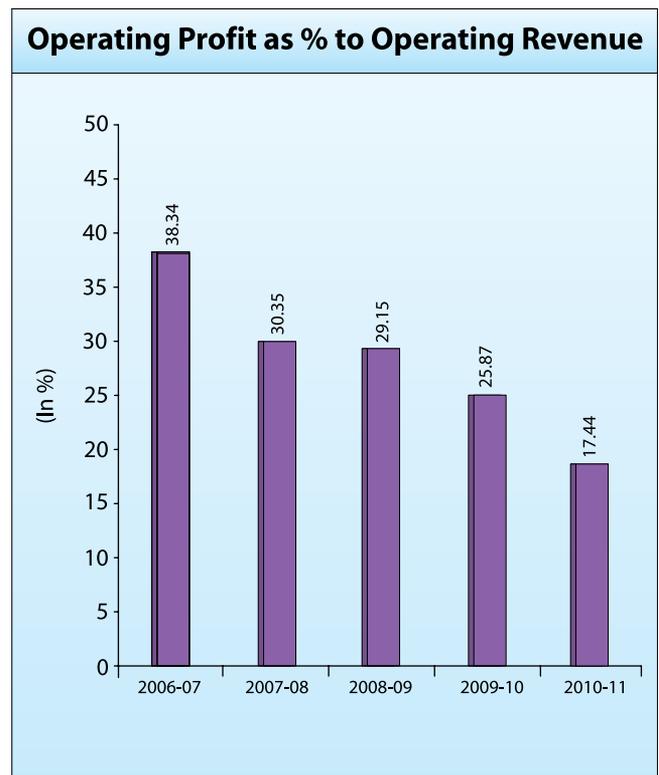
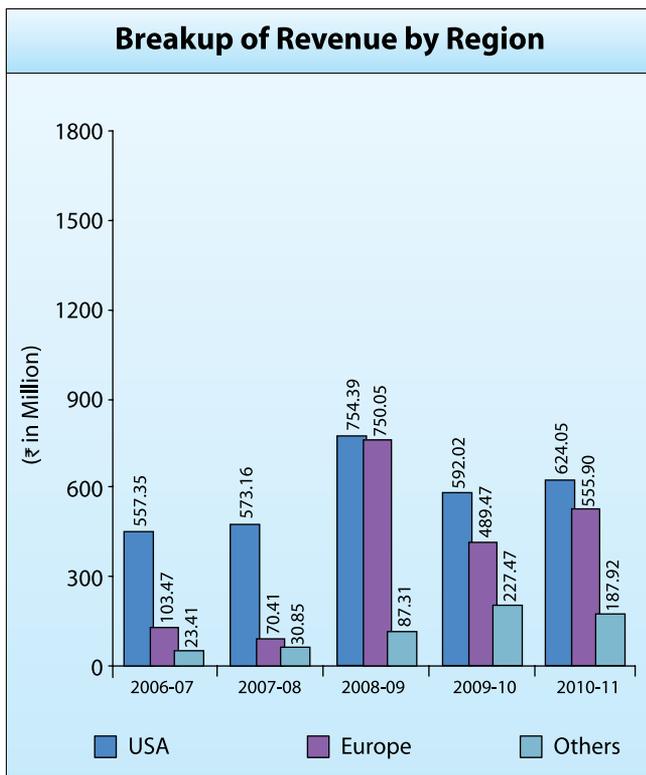
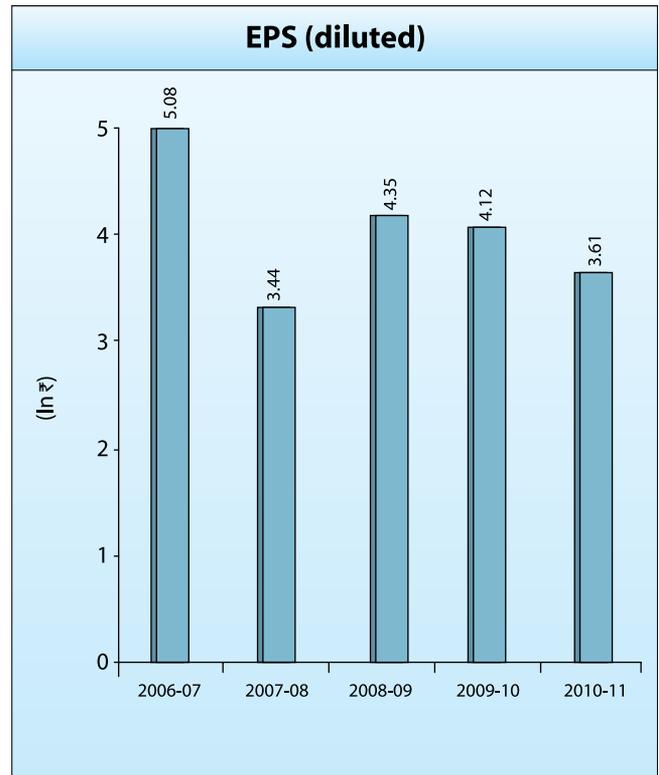
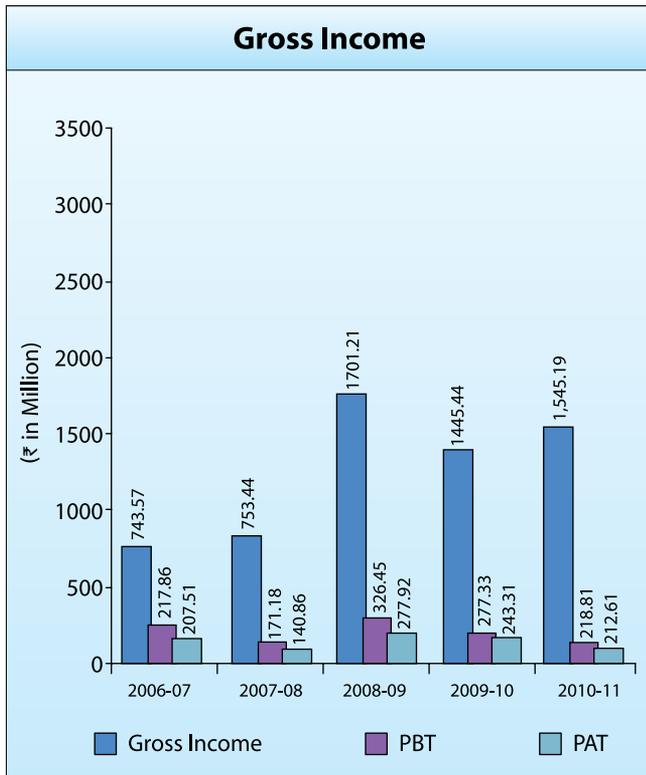
As you are aware, the global economy has been recovering from a severe slowdown and many enterprises have been cautious in their technology investments. Last year saw many such companies begin to consider new investments and expand their existing budgets. Customers today are demanding innovative solutions to help them meet their business challenges and preferring to associate with partners having wider market presence. Companies across the world are no longer interested in vanilla services, and now expect solutions that meet their specific business challenges. To ensure higher customer satisfaction, your company is focused on driving and leveraging the emerging innovation trends. It is to meet this demand that your Company has been investing in designing and developing various solutions that drive our customers' evolution into next-generation enterprises. I am glad to share with you that i-Q, the smart document processing solution developed in-house at our R&D unit, received a positive review in a technology audit conducted by market research firm Ovum.

As I conclude, let me once again reiterate my gratitude to you, our shareholders for supporting us. We, as company are poised for tremendous growth. We have the necessary capabilities, domain expertise, and are focused. We have the required fortitude to build a strong company with a view on long term perspective. I assure you that we are focused on increasing shareholder value.

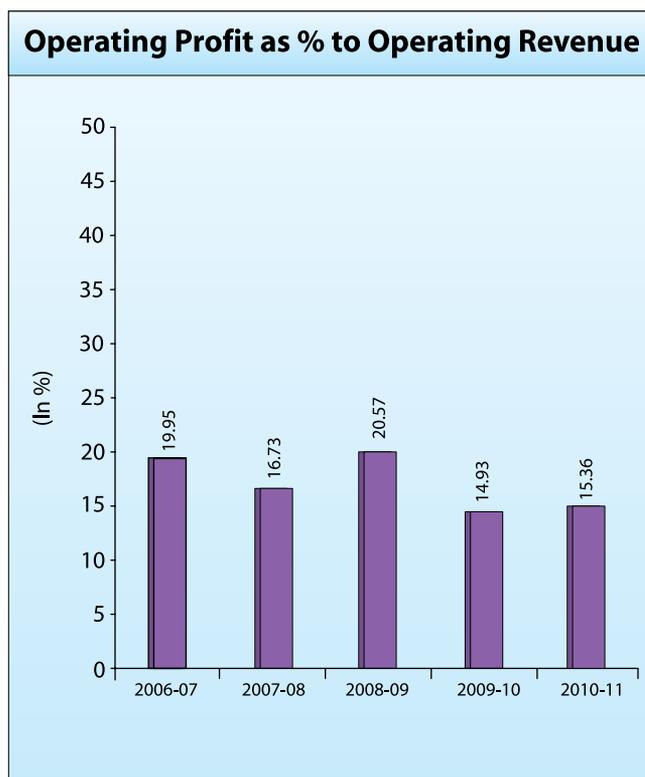
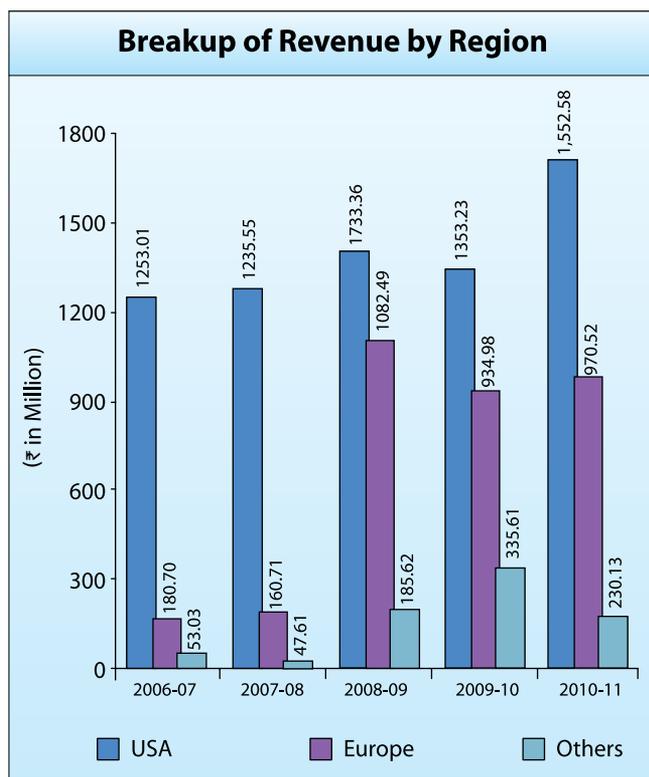
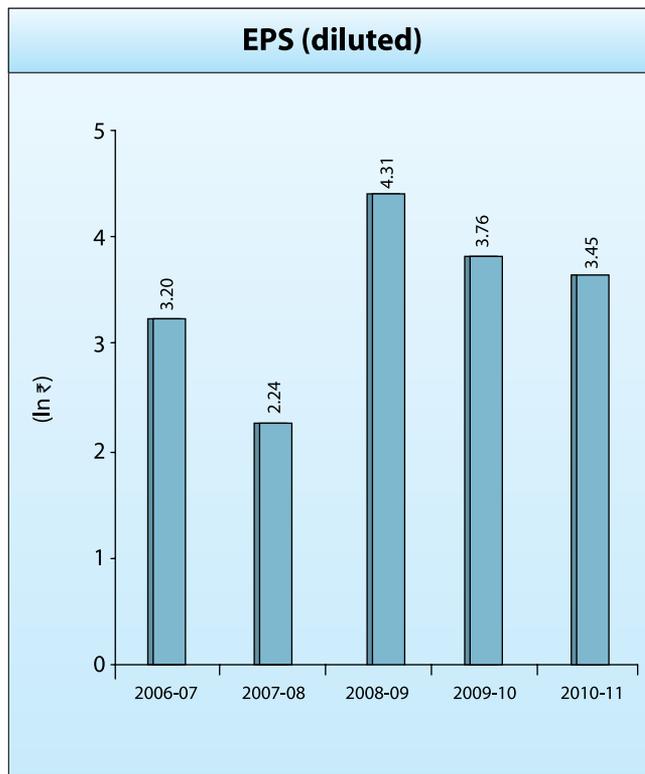
We value your commitment!

Dr. Lalit S. Kanodia  
Ph.D., M.I.T. | Chairman

# Financial Highlights (Standalone)



# Financial Highlights (Consolidated)



# Present Business

## Datamatics' Next Generation Solutions

Datamatics Global Services Limited is focused on delivering smart, next-generation business solutions to its customers. These solutions leverage innovations in technology, knowledge of business processes and domain expertise to help enterprises across the world to overcome their business challenges.

As a strategic partner, Datamatics helps its customers to improve their business competitiveness and achieve operational efficiencies. The benefits delivered by the Datamatics' unique solutions include accelerated time-to-market for new products and services, maximized productivity and efficiency in business processes, shorter turn-around times for service delivery and lower total cost of running any enterprise.

Datamatics' next-generation solutions and services span across a section of industries, which include Banking & Finance, Insurance, Publishing, Manufacturing, Research and Retail, etc. Company's varied business processes transcend F&A, Enterprise Document Management, Portal Management, Publishing Solutions, Application Development, Support & Testing, Data warehousing & Analytics, Engineering & Embedded solutions, Billing solutions, and Enterprise Content solutions.

Product innovation, IP-creation and technology collaboration form the core of the Company's philosophy of providing next-generation solutions.

Some of the Datamatics' of Next-Generation Solutions include:

### Datamatics' Next Generation Solutions

i-Q	Path-breaking, intelligent information processing solution driven by Artificial Intelligence
i-CnC	Efficient and accurate data capture solution
i-16A	Tool for capturing relevant data from Form 16A (TDS)

i-Mask	Information capture while masking sensitive data on documents
i-DART	Smart document archival, retrieval and tracking solution
e-Process Manager+	Configurable web-based system for managing accounts payables, accounts receivables and general ledger
i-PM	Work flow integrated with i-Q for processing Know Your Customer forms
DARTENIUM	High-productivity automation framework for web testing
DARTS	Automated regression testing suite
i-Architect	Intelligent application health check solution
eContent Migrator	High-performance, automated tool to migrate digital assets to Enterprise Content Management systems
Contract Management System	End-to-end solution for contract management
HOMES	Smart hosted meter solution for utilities

The Company continues to be driven by the vision "To be a World Class Organization Admired for Consistently Delivering Superior Business Value". To enhance value for its customers, the Company will continue to focus on creating innovative technology solutions.

# Directors' Report

Your Directors take pleasure in presenting the Twenty Third Annual Report together with the Audited Accounts of your Company for the Financial Year ended March 31, 2011.

## FINANCIAL RESULTS

Your Company's operating performance for the year ended March 31, 2011 as compared to the previous financial year ended March 31, 2010 is summarized below:

	(` in million) Consolidated		(` in million) Standalone	
	2010-2011	2009-2010	2010-2011	2009-2010
Gross Income	<b>2,919.94</b>	2,754.94	<b>1,545.19</b>	1,445.44
Profit before tax	<b>224.41</b>	263.67	<b>218.81</b>	277.32
Less: Provision for Taxation	<b>16.42</b>	41.75	<b>6.20</b>	34.01
Profit after tax	<b>207.99</b>	221.92	<b>212.61</b>	243.31
Dividend on Equity Shares (Including Dividend Tax)	<b>70.97</b>	85.92	<b>51.38</b>	85.92
Balance brought forward from the previous year	<b>217.02</b>	137.18	<b>516.21</b>	408.82
Surplus carried to Balance Sheet including General Reserve	<b>354.03</b>	273.18	<b>677.44</b>	566.21

## DIVIDEND

Your directors recommend final dividend of ₹ 0.75 per share to be appropriated from the profits of the financial year 2010-2011.

## TRANSFER TO RESERVES

The Company has transferred ₹ 50.00 million to the General Reserve out of the amounts available for appropriations. An amount of ₹ 627.44 million is proposed to be retained in the Profit and Loss Account.

## PERFORMANCE OVERVIEW

During the year under review, Company's revenues (on a standalone basis), increased to ₹ 1,545.19 million from ₹ 1,445.44 million in 2009-10. The consolidated revenues also registered a growth of 5.99% by increasing to ₹ 2,919.94 million in 2010-11 from ₹ 2,754.94 million in 2009-10. The standalone profit after tax was at ₹ 212.61 million as against the previous years' profit after tax of ₹ 243.31 million. The consolidated profit after tax was ₹ 207.99 million as against ₹ 221.92 million for the previous year. The decline in profit after tax was due to foreign exchange fluctuation coupled with modest increase in revenues and increase in employee costs.

## DATAMATICS DELIVERY CENTRE OF EXCELLENCE, NASHIK

The Datamatics Delivery Centre of Excellence at Nashik is housed in a 56,500 square feet building named as 'Suyojit Datamatics Knowledge Centre' situated on the Mumbai-Nashik highway. The total employee strength based in the centre increased from 560 as on March 31, 2010 to 650 as on March 31, 2011. The Centre witnessed improvement in repeat business and commendations from the customers. The

projects delivered from the Centre met 100% of their time and quality objectives and were managed by Company's teams based at Nashik, Mumbai and Livonia, USA. The Centre is ISO 27001 – certified for meeting information security and management systems standards.

During the year under review, the Company quadrupled capacities of training facilities at its Nashik Centre of Excellence. From the earlier three training rooms with a total capacity of 42 seats, the Centre now has five training rooms, including a 60-seater auditorium, with a total capacity of over 180 seats.

In addition, a new guest house named 'Casa Datamatics' has been commissioned at Nashik. The spacious 5,732 square feet four-storey building with modern amenities has a capacity to accommodate 28 guests.

## INVESTMENT IN OVERSEAS SUBSIDIARIES

Your Company has successfully managed to establish in Mauritius as a Category 1 Global Business License Company under the Companies Act, 2001. Your Company had already infused initial capital of ₹ 56.24 million in Datamatics Global Technologies Limited, Mauritius.

During the year under review, your Company has made investments worth ₹ 22.36 million in its overseas subsidiaries by subscribing to 1,700,000 fully paid Non Cumulative Redeemable 8% Preference shares of Datamatics Global Technologies Limited, a Company incorporated in Mauritius.

We are pleased to share that the Company's U.S. Subsidiary i.e. Datamatics Global Services, Inc. has been turnaround resulting in a profit before tax of \$ 399,975 as compared to previous year's loss of \$ 542,571.

## SIGNIFICANT EVENTS

### Bosnia

Datamatics Global Services GmbH, a wholly owned subsidiary of your Company has successfully registered its 100% subsidiary in Bosnia named Datamatics Global Services GmbH d.o.o., thereby expanding German operations in Switzerland.

### United Kingdom

The two subsidiaries of your Company, namely, Datamatics Technologies UK Limited and Datamatics Infotech Limited, entered into a slump sale agreement for transfer of business and assets as on March 31, 2011.

### Intellectual Property Rights

As a strategy to ensure sustainable means of wealth creation, your Company has consistently focused on creating products having Intellectual Property Rights. Your Company has 8 (Eight) Copyrights registered for its proprietary processes. Datamatics Logo is registered successfully in UK, US and also in European Union's (EU) 27 member countries. Datamatics word mark is registered in India as a Trade Mark as well as a Service Mark. It is also registered in UK and EU and its 27 member countries. Your Company has succeeded in registering **DATAMATICS** word mark in Australia, China, Norway and Switzerland under World Intellectual Property Organization. Recently your Company registered its Trade Mark 'homes-Hosted Meter Solution' in the EU and its 27 member countries.

### Branding Exercise

Your Company has a new brand identity and website. This change has been brought about to take your brand to the next level of marketing excellence. The logo has a contemporary look-and-feel, symbolizing the Company's global aspirations. The new logo, while continuing to have the original brand mark with 'G' written inside 'D', will have **DATAMATICS** in capital letters. Besides the new logo, the new tagline reads 'Next Generation Solutions'.

The new logo is as follows:



In sync with the new brand identity, your Company also has a improved corporate website. The website content and look and feel positions your Company as a provider of smart, next generation solutions. The website content is now more customer-centric and solution-focused.

## SUBSIDIARIES

The Company has one Indian subsidiary, Datamatics Software Services Limited.

The Company has the following foreign subsidiaries as on March 31, 2011:

1. Datamatics Global Services, Inc. (US).
2. Datamatics Infotech Limited (UK).
3. Datamatics Technologies UK Limited (UK).
4. Datamatics Global Services GmbH (Germany).

5. Datamatics Global Services Pty Limited (Australia).
6. Datamatics Global Technologies Limited (Mauritius).
7. Datamatics Global Technologies AG (Switzerland).

The Company's Switzerland subsidiary i.e. Datamatics Global Technologies AG has its own subsidiary in Germany named as Datamatics Global Technologies GmbH. The Company's German subsidiary i.e. Datamatics Global Services GmbH has its own subsidiary with the name Datamatics Global Services GmbH d.o.o. in Bosnia, Switzerland.

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheet, and Profit & Loss Account of its subsidiaries. The Ministry of Corporate Affairs, Government of India vide its Circular No. 2/2011 dated February 8, 2011 has granted an exemption to companies from complying with Section 212, provided such companies publish the Audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2010-2011 contains the summary of financial statements of our Company's subsidiaries duly audited by its respective statutory auditors. Relevant information for each subsidiary has been disclosed in the consolidated balance sheet.

We hereby undertake that annual accounts of subsidiary companies and the related detailed information shall be made available to shareholders of holding and subsidiary companies seeking such information at any point of time. The Annual Accounts of subsidiary companies shall be kept for inspection by any shareholders in the registered office of the Holding Company and of the subsidiary companies. We shall furnish the hard copies of details of accounts of subsidiaries to any shareholder on demand within a reasonable period of time.

## JOINT VENTURE

Your Company has an existing Joint Venture Agreement named Cybercom Datamatics Information Solutions with Cybercom Group Europe AB.

During the year under review, Datamatics Global Services, Inc., the U.S. subsidiary of your Company and CIGNEX Technologies, Inc. the U.S. subsidiary of CIGNEX Global Holding Corporation, provider of commercial Open Source solutions globally, announced the creation of a Joint Venture called "Datamatics CIGNEX, LLC".

This Joint Venture will market innovative, next-generation Open Source solutions to enterprises globally.

The economic turmoil has highlighted the benefits of Open Source software, which offers credible alternatives to high-cost, proprietary enterprise applications at a fraction of the cost without recurring high upgrade and maintenance costs of enterprise applications. This Joint Venture will leverage the domain and technology strengths of both organizations to address the business challenges of customers worldwide.

## IPO FUND UTILIZATION

During the previous year and current year, the Company has capitalised property at Nashik and its infrastructure development cost. The below amount includes advance against capital expenditure of ₹ 164.59 million (P.Y. ₹ 64.68

million). The investment of ₹ 78.61 million (P.Y. ₹ 56.24 million) made in Subsidiaries at Mauritius is also included below:

(₹ in million)

Particulars	Proposed utilization of funds as stated in prospectus	Actual utilization of funds as on March 31, 2011	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	472	96
Issue expenses	75	61	14
Total	935	791	144

## CERTIFICATIONS

Your Company has received the following certifications during the year 2010-11:

### 1. Compliance Certifications:

ISO certificates lead to a commitment of management to meet or exceed organization's objectives, requirements of customer as well as complying with regulations. They provide a structured way of continual improvement, which is very much important in the given market conditions. Additionally, they provide common language between customers & suppliers, irrespective of market/geography segment. On top of everything, they motivate staff as they can "feel" quality that they build into products and services that they deliver.

Your Company has the following Certifications:

#### (a) ISO 9001:2008

Your Company has been certified for ISO 9001:2008 certification for its quality management system. The certification was accomplished without any instance of non-compliance across your Company.

The ISO 9001:2008 certification specifies that an organization needs to demonstrate an ability to consistently provide products and services that meets customer and applicable statutory and regulatory requirements. Such organization should also aim to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

Your Company received this certification after a rigorous and extensive external work carried out by DNV (Det Norske Veritas), an international independent company doing ISO certifications worldwide, via 300 offices in about 100 countries.

DNV audits projects and support functions based on their respective Internal Service Level Agreement (ISLA). To prepare for the audits, the corporate quality team conducted Internal Quality Audits (IQA) to ensure the quality compliance associated with every project and support functions.

#### (b) ISO 27001

Your Company was re-certified for ISO 27001 Information Security Management Systems. The certificate is awarded by the STQC IT Certification Services, which functions under the Ministry of Communications and Information Technology, Government of India.

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

This certification affirms the management's commitment towards an established information security management system, that can fulfill the requirement of the standard system by involving risk management and prevention of data security threats, risks, impacts and vulnerabilities. The system is constantly monitored and reviewed.

#### (c) SAS-70

Your Company's Finance & Accounting services have been certified for Statement on Auditing Standards (SAS) No. 70 (SAS 70) by the American Institute of Certified Public Accountants (AICPA). This certification represents the in-depth audits carried out by an outsourcing services provider of the control objectives for the client organization. This SAS 70 Audit is conducted and report is certified by the independent third party auditing firm.

## 2. Learning & Development

Learning & Development (L&D) launched the following programmes during the year:

- New India Geo sales Induction program:** It is a new Orientation program introduced for Sales Team. This induction program was designed for Sales team to give them detail insight about the various lines of business of Company and thereby update and enable them to function better. Every senior representative of the Company represented their department and shared information for the same.
- New Freshers Induction:** It had 3 batches in this financial year. This is intensive induction program, which is launched to give new joiners a broad picture of your Company and also undergo training sessions on soft skills and technical aspects.
- Behavioral training programs:** Your Company's L&D team has brought dynamic change in the behavioral training programs that is launched every month such as Dress for Success (Men and Women separately), Mojo – A Spirit to live, Apology Program, Vision Creation, Anger Management, Six Thinking Hats, Wisdom Tooth, Be Confident-Be Successful, Women in Men's World (only for women employees, etc.). Every program was accepted and appreciated by all the employee participants.

- (d) **Professional training:** During the year, your Company's L&D team designed and delivered various programs to meet the training needs of professionals across various echelons within the organization. Such continuous training has created professionals who are trained on the latest technologies, tools and techniques and who work as highly-cohesive, coordinated teams to meet the organization's vision and mission. Keeping this in mind, apart from technical and behavioral programs L&D at your Company has designed 'Synergy' – The Team Building Workshop, which is an outbound program which follows the methodology of experiential learning. In all, 11 batches were executed with an average feedback of 4.5 and 4.9 i.e. program feedback and faculty feedback respectively. The departments that have been covered include various business units, support departments and JV companies. Onsite Clients also participated in the program.
- (e) **Eagles 3:** The Eagles 3 @ Datamatics Program was flagged off in October 2010, with 25 Eagles, 5 mentors and a strong Leadership team. Duration of the program was 4 months and the entire team was divided into 5 groups. The objective of the program was to increase sales by doing cross selling and penetrating more into the key accounts. Throughout the program, these dedicated, passionate and focused Eagles aimed to achieve only one target – i.e. increasing sales and their efforts helped the top-line by ₹ 44 million approx. This season of Eagles was regarded as a successful initiative as the results were quantifiable and gave a cross-functional view to all the members.
- (f) **Just Do it!:** Another such program that was designed to enhance branding and increase loyalty within the organization was "Just Do It" program. This program aimed at creating pride of belonging to Datamatics.
- (g) **Four Disciplines of Execution by Franklin Covey:** Without focus and discipline from every individual worker, organizational goals are at risk. This training emphasized the need to expedite efforts towards realization of Wildly Important Goals (WIGS) by realizing the fact that the real change lies in not just executing, but executing against the whirlwind of routine jobs. Through 'The Four Disciplines of Execution' training was given to identify and execute the highest business priorities, acting on appropriate measures, keeping a score board and creating a cadence of accountability. This technique will help to evaluate a current situation and also in taking timely corrective actions. Already 54 senior team members have been inducted and 9 team members have undergone 'train the trainer' workshop.
- Your Company's L&D have clocked 1,24,355 man-hours in the year 2010-11 as compared to 1,06,728 man-hours in the year 2009-10.

## SIGNIFICANT ACHIEVEMENTS

### 1. Microsoft Gold Certification

Gold Certified Partners are the top level of Microsoft solutions partners and have access to the tools and support they need to help them stand out in the

marketplace. As a Microsoft Gold Certified body, a Company can have the opportunity to build the closest working relationship with Microsoft and are guaranteed, at minimum, telephone-based account engagement from Microsoft, along with other top-level benefits such as a priority listing in the Microsoft Resource Directory. During the year, your Company received the highest Microsoft Gold Certification for the Custom Development Solution and Information Worker Solution. The benefits associated with the certification are access to the tools and support that partners need to help themselves stand out in the marketplace. At this level, we have the opportunity to build a close working relationship with Microsoft. Also, we receive several software licensing and support benefits like training, subscription and promotion. This relationship allows us to get technical resolutions quickly with Microsoft expertise.

### 2. IBM PartnerWorld Advanced

The term 'Advanced level Business Partner' implies demonstration of a high level of skills and market success. It means commitment to maintain a prosperous business relationship with IBM. IBM upgraded its partnership with your Company to Advanced. As a result, the benefits have also expanded. This also means that your Company can now leverage the incremental resources of the PartnerWorld Industry Networks and help to generate more leads and accelerate sales. With IBM PartnerWorld Advanced, your Company will have accessibility to IBM business intelligence reports and with partnership programs the partners are known worldwide, enabling global visibility for Datamatics through IBM partner programs.

### 3. Datamatics-Jahia Partnership

Jahia, a premier provider of Web Content Integration software combining web, document and portal features, entered into a strategic partnership with your Company. Your Company will now provide cost-effective and scalable content management solutions for international organizations. The two companies share a strong commitment to corporate social responsibility, including open source and Java development. Your Company will partner Jahia on projects for international, humanitarian and healthcare organizations.

### 4. Excellence Award Certificate for Innovation

Your Company's Telecom & Embedded Engineering Services received the Excellence Award Certificate for Innovation at ACREX India 2010 for i-AC for embedded software that makes window air conditioners intelligent. The Competition included 250 companies like ABB, Larsen & Toubro, Bajaj, Carrier, Daikin, Emerson Network, Hitachi Home, Honeywell, LG, Lucas TVS, Mitsubishi and Pidilite.

ACREX India is the largest international exhibition and conference catering to the air conditioning, refrigeration, ventilation and building services' industries. This exhibition happens only once in 2 years. Datamatics showcased i-AC along with its partner Shanti Engineering.

i-AC is an innovative endeavor towards making a Green Earth. Both corporate and individual consumers using i-AC can save up to 20% of energy used by their ACs. It uses infra-red sensors to detect the presence

of people in a room and accordingly directs air. It can also switch between Air Conditioner and Fan according to the room's temperature variations. It also controls the ceiling fan's speed.

##### 5. Special Butler Audit Report

Butler analysts do a rigorous analysis of the technology or product in focus keeping in view of the demand trends, comparing it with similar products in the markets and assessing its ability to address buyer needs. A report is published only for a product that the analyst believes offers significant differentiated value to buyers. The report covers the product's features and benefits and also business value offered by the product to its users. The Datamonitor Group has released a special Butler Audit Report on Datamatics iQ™, one of Datamatics' innovative platforms for intelligent information management.

##### 6. Datamatics' customer won the InformationWeek EDGE – Enterprises Driving Growth and Excellence (using IT) Award

Finolex, a Datamatics customer won the InformationWeek EDGE award in the category of "Enterprises Driving Growth & Excellence Using IT". Datamatics intelligent solution framework deployed by Finolex is a key driver for the breakthrough business benefits that Finolex enjoys today, thus demonstrating the innovative use of IT that helped win the award.

##### 7. GS100 – Listing among Top 20 industry specific BPO providers globally

Datamatics has been listed among Global Services 100 listing, which is a significant international recognition, considering Datamatics has been listed among TOP 20 Industry Specific BPO providers globally.

##### 8. IAOP Global 100 – Listing among global listing of "Best 20 Companies by Service Provided – Financial Management Services"

The International Association of Outsourcing Professionals (IAOP) has listed Datamatics among the global listing of "Best 20 Companies by Service Provided – Financial Management Services".

##### 9. Received Global HR Strategy Award & HR Leadership Award at Asia's Best Employer Brand Awards 2010

Your Company has won the Global HR strategy Award while Dr. C. M. Dwivedi, President and Global HR Head, received the 'Most Powerful HR Professionals of India' and 'HR Leadership' awards. The awards were presented at the Asia's Best Employer Brand Awards 2010 held on July 23, 2010 at Singapore. The awards are particularly remarkable as there were over 29,000 entries from 35 countries and competition included LG, Microsoft, Infosys, ICICI, IBM, GE, Google, Yahoo, Tech Mahindra, TCS, Cisco etc.

##### 10. Nominated for global ESOMAR Excellence Award

Mr. Sandeep Arora, Head – Research & Analytics Business Unit has been nominated as the Country Representative of ESOMAR for India. ESOMAR is one of the largest

and most reputed global industry associations in the field of Market Research. Mr. Sandeep Arora's research paper titled "Billion Dollar Baby" on deploying Mobile Technology was nominated for ESOMAR Excellence Award globally.

## QUALITY

Your Company continues to focus on quality. Earlier your Company was the only I.T. Company to have won the International Asia Pacific Award for Quality for Services. 38 countries that included USA, Canada, Russia, Japan and Australia, countries that border the Pacific Ocean had competed for this Award. This is a feather in the cap of your Company. The significant initiatives of your Company towards quality are:

### 1. Six Sigma Initiative

Six Sigma is a performance improvement methodology which is adopted by high-performing companies all over the world to make their processes efficient, robust and defect free and improve productivity and cost effectiveness exponentially. This methodology employs the cycle of Define, Measure, Analyze, Improve and Control. This process is better known as DMAIC. Your organization's Six Sigma initiative saw 26 Six Sigma projects and 179 Quick Hit Projects being implemented. These projects delivered significant benefits to the Organization. 257 Six Sigma Projects and 1101 Quick Hit Projects have been completed since the launch of the 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 the last financial year, an overall benefit, including tangible and intangible benefits, of ₹ 38 million with an ROI of more than 200% was achieved through these performance improvement methodologies.

### 2. Metrics

Metrics is a concept of measuring Delivery Index for each Line of Business (LOB) and each Support Department. The Quality of all deliverables is monitored on a regular basis and a feedback is given to the Department Heads. This index not only provides the snapshot health of a LOB but also provides a mechanism to compare various LOBs. It incorporates the three key indicators of performance of any project viz Quality, Effort and Schedule adherence. Tracking and using the Delivery Index has helped the Organization significantly to focus on improving key processes.

## PROCESS ENGINEERING

Process cell continued doing its research and development to innovate new products and technologies and created various solutions around its products this year, which are well received in the market.

There was a need to build process specific solutions around its state of art technologies meeting specific requirements

of Datamatics clients. The intelligent data extraction tools were therefore complimented with workflow enabling their customer to derive maximum efficiency and higher accuracy. It was then supported by ERP integration tools and archival and retrieval solutions.

This solution is finding much wider acceptance, as they are addressing the exact needs of the customer and are easy and quick to implement. Datamatics is projected to be one of the leaders in back office automation and their solutions enable the clients to bring down expenses by certain percentage.

The clientele included some prestigious international and domestic names. Some of the large industry leaders from various segments like manufacturing, media, telecommunication, banks and insurance agreed to have Datamatics solutions implemented in their offices for deriving maximum benefits and enable better process control.

Process cell also developed its open office based OCR engine.

### SHARE CAPITAL

As on March 31, 2011, Paid-up Share Capital of the Company is ₹ 294,746,685 divided into 58,949,337 equity shares of ₹ 5/- each fully paid up. During the year there has been no change in the Paid up capital of the Company.

### DIRECTORS

Mr. Shahzaad Dalal and Dr. Habil F. Khorakiwala retire by rotation and being eligible offer themselves for reappointment. Mr. Dileep Choksi was appointed as an Additional Director with effect from February 9, 2011. He holds office upto the date of conclusion of ensuing Twenty Third Annual General Meeting of the Company. The Company has received notice from members proposing the candidature of Mr. Dileep Choksi as a Director of the Company in terms of Section 257 of the Companies Act, 1956.

### 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

Observations of Auditors in Point No. 4 (vi) of Auditor's Report regarding the non-provisioning for the diminution in the value of investments in the subsidiaries has been adequately explained in note 2(vii) of Schedule N of Notes to Accounts. However it is further clarified that though the net worth of these overseas subsidiaries has declined, the management is confident of turning around the subsidiaries in near future. Hence it is decided not to make any provision for diminution in the value of investment made in the overseas subsidiaries. The other observations are self explanatory and need not be required to be further commented in this report.

### 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 & Development (R&D): Your Company is predominantly a service provider and therefore has not set up a formal R&D unit. However, it continues to develop 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

- I. Earnings in Foreign Exchange during the year: ₹ 1,339.08 million.
- II. Foreign Exchange outgo during the year: ₹ 118.09 million.

### CORPORATE GOVERNANCE

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

## EMPLOYEE STOCK OPTION PLANS (ESOP)

### Continuation of Key ESOP 2006, Key ESOP 2007 and General ESOP 2007

In the Key ESOP 2006, out of 2,00,000 options 1,80,000 options were initially granted. However due to resignation of certain key employees 97,500 options were lapsed and added back to the total available options. Further, out of the above, only 82,500 options were vested and the entire 82,500 options were exercised. As per resolution passed in the AGM held on July 26, 2006, it was mentioned that upon approval of any new Key Employee stock option plan, the existing Key ESOP 2006 shall lapse.

As per resolutions passed in the AGM held on September 28, 2007 for Key and General ESOP 2007, it was mentioned that upon approval of any new General/Key Employee stock option plan, the existing Key/General employee stock option plan shall lapse.

Your approval is required for the partial modification of the above mentioned resolutions passed giving effect to the continuation of Key ESOP 2006, Key ESOP 2007 and General ESOP 2007 upon introduction of new ESOP schemes.

### Introduction of new Key Employee Stock Option Plan 2011 and new General Employee Stock Option Plan 2011

The Compensation Committee in its meeting held on May 27, 2011 proposed the introduction of a new Key ESOP plan 2011 and subsequently, the Board of Directors have accorded their consent in its meeting held on May 27, 2011 for the introduction of new Key and General ESOP 2011. Your approval is required for the said scheme in the ensuing AGM.

The details of Key ESOP 2006 and Key and General ESOP 2007 required to be provided as per clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are as per 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 is 3,130 employees.

## 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 adds to the productivity and morale of the work force in the entity.

Training and Development are keys to the development and growth of employees. Training needs constant identification of employees current knowledge and skills vis-à-vis their skills required for the job. The gaps if any are met through training programs published in the calendar. These programs include Workshops, Seminars, Webinars, etc.

Internal Training Programs are encouraged, since we believe teaching is the best form of learning. The Company expended 1,24,355 training person hours during 2010-11.

Rewards and recognition in the form of monetary and non-monetary benefits stimulate greater performance. We are constantly recognizing and rewarding employees who make a significant contribution to the Company's business. The Reward system includes Spot Awards, Employee of the Month and also Annual Awards. All of these Awards recognize outstanding and consistent performance. Employees who have served the Company for long duration are also felicitated.

## CORPORATE SOCIAL RESPONSIBILITY

Datamatics Global Services Limited has recognized the underutilized potential of the educated and skilled physically-challenged professionals. Such individuals have 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.

Datamatics 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, Datamatics has provided such individuals the satisfaction of being financially independent, thus improving their status in 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.

Datamatics has also enabled 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 coordinate training & hardware setup.

As professionals, Datamatics 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.

## GO GREEN INITIATIVE

Very recently the Ministry of Corporate Affairs, Government of India, through its Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has allowed

companies to send the annual reports and other official documents to their shareholders electronically as part of its green initiatives in Corporate, provided the e-mail address of the shareholder is obtained by the Company from the shareholders.

This action of the Ministry will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit.

Keeping in view the above, your Company proposes to send documents such as the Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth to the shareholders in Electronic Form, to the e-mail address provided by them and/or made available to the Company by the Depositories.

All the shareholders who hold their shares in physical form and whose e-mail address are not available with the Company, may if they wish to receive the Annual Report in electronic form, log on to the URL mentioned below and register their e-mail address.

URL: <http://www.datamatics.com/shareholder/emailupdate>

The Company solicits active cooperation of shareholders in helping to implement the e-governance initiatives of the Government.

#### **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.

#### **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 of the Company and its subsidiaries during the year under review.

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Place : Mumbai  
Date : May 27, 2011

**Annexure "A"**

- (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, 2011:

Particulars	Key ESOP 2006	General ESOP 2007	Key ESOP 2007
Options Granted	1,80,000	NIL	NIL
Pricing Formula	Exercise price of the options is ₹ 5/- per share	Discount of upto 20% of market price	Exercise price of the options is ₹ 5/- per share
Options Vested	82,500	NIL	NIL
Options exercised	82,500	NIL	NIL
Total number of share arising as a result of exercise of options	82,500	NIL	NIL
Options lapsed	97,500	NIL	NIL
Variations of terms of options	Nil	NIL	NIL
Money realized by exercise of options	NIL	NIL	NIL
Total number of options in force	1,17,500	NIL	NIL

- (B) Employee-wise details of options granted to senior managerial personnel:

**Key Employee Stock Option Plan 2006**

Following options were granted under the Key Employee Stock Option Plan 2006 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.	Sunil Dixit	15,000
2.	Prashant Prabhu	10,000
3.	Suman Pai	10,000
4.	Dalbir Virdi	10,000
5.	Divya Kumat	5,000
6.	Rajesh Agarwal	5,000
7.	Manish Savla	5,000
	<b>TOTAL</b>	<b>60,000</b>

- (\*) The above list does not contain the name of the ex-employees whose options have lapsed on resignation.

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

- Any other employees who receive a grant in any one year of option amounting to 5% or more option granted during the year – NIL
- 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

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Place : Mumbai  
Date : May 27, 2011

# Report on Corporate Governance

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

Corporate governance comprises the long-term management and governance of the Company in accordance with the principles of responsibility and transparency. It is the code of behavior that defines guidelines for the transparent management and control of companies.

Datamatics is 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 in all its dealings. It believes in creating and adhering to a corporate culture of conscience and consciousness, integrity, transparency and accountability for efficient and ethical conduct of business for meeting its obligations towards its shareholders and other stakeholders. Datamatics continues its pursuit for excellence, growth and value creation. Apart from complying with the statutory requirements, effective systems and practices towards improving transparency, internal controls and promotion of ethics at work place have been institutionalized.

The Company adopts and adheres to the best recognized corporate governance practices and continuously strives to better them. The Company is in compliance with the requirements of the guidelines on corporate governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

## 2. Board of Directors:

The Board of Directors of the Company comprises of experts from diverse fields and professions. The

current strength of the Board is Nine Directors with an Executive Chairman. The Board consists of four Non-Independent Executive Directors and five Independent Non-executive Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges. None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49 across all the Companies in which he is a Director.

### Board Meetings:

The dates of the Board Meetings are fixed well in advance and intimated to the Board members in order to ensure their availability. The agenda papers are circulated to the directors well in advance before the meeting to enable the directors to take an informed decision. Every board member is free to suggest any item(s) to be included in the agenda. Urgent matters are also approved by the Board by passing resolutions through circulation. All the departments in the Company communicate to the Company Secretary well in advance, the matters requiring approval of the Board/Committees of the Board to enable inclusion of the same in the agenda for the Board/Committee meeting(s).

During the financial year 2010-2011, 4 (Four) Board Meetings were held viz. on May 25, 2010; August 12, 2010; November 1, 2010 and February 9, 2011. The gap between two meetings did not exceed four months.

The composition as on date, the changes during the year under review, number of meetings attended and Directorships/Committee Memberships 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	4	Yes	3	NIL	NIL
Mr. Rahul L. Kanodia	Vice Chairman & CEO	Non-Independent Executive	4	Yes	2	NIL	NIL
Mr. Vidur V. Bhogilal	Executive Director & CFO	Non-Independent Executive	4	Yes	1	NIL	NIL
Mr. Sameer L. Kanodia	Executive Director	Non-Independent Executive	2	Yes	NIL	NIL	NIL
Mr. R. K. Saraswat	Director	Independent Non-Executive	4	Yes	3	1	1
Mr. Shahzaad S. Dalal	Director	Independent Non-Executive	2	No	11	8	1
Mr. Sudhir C. Deshpande	Director	Independent Non-Executive	4	Yes	NIL	NIL	NIL
Dr. Habil F. Khorakiwala	Director	Independent Non-Executive	2	No	2	NIL	NIL
Mr. Dileep C. Choksi #	Additional Director	Independent Non-Executive	1	NA	7	8	3

### Notes:

\* 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.

# Only one Board meeting was held during the year under review after appointment of Mr. Dileep C. Choksi.

All the directors have made requisite disclosure regarding directorship/Committee position occupied by them in other companies.

**Code of Conduct:**

The Company has laid down a code of conduct, namely, "Datamatics – Code of Conduct" for ensuring compliance with the standards of business conduct and ethics. It serves as a guideline in critical areas such as conflict of interest, confidentiality, etc. It applies to all Board Members, senior employees and other employees of the Company and its subsidiaries worldwide. All the Board members and the Senior Management personnel have affirmed compliance with the code for the year 2010-2011. A declaration to this effect signed by the Chief Executive Officer is given in this report. The Code has also been posted on Company's website, www.datamatics.com.

**CEO & CFO Certification:**

As required under Clause 49 of the Listing Agreement, the CEO and CFO certification on the Financial Statements and other matters has been obtained from Mr. Rahul L. Kanodia (CEO) and Mr. Vidur V. Bhogijal (CFO).

**Prohibition of Insider Trading Policy:**

The Company has comprehensive guidelines on prevention of insider trading in line with the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Company's code of conduct for prevention of insider trading, inter-alia, prohibits purchase/sale of shares of the Company by certain employees [identified as designated employees] and directors while in possession of price sensitive information in relation to the Company. The Company announces closure of trading windows, free period, declaration of prohibited period etc. The Company takes quarterly and annual disclosures 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 are:

**(i) Mr. Shahzaad Dalal**

Mr. Shahzaad Dalal is Vice Chairman, IL&FS Investment Managers Ltd (IIML), one of India's leading Private Equity Fund Managers with US\$ 3.2 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 60 professionals involved in managing over 100 investments. Mr. Dalal is also on the Board 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	Indraprastha Gas Limited
4	Shoppers' Stop Limited
5	Ibn 18 Broadcast Limited
6	ABG Shipyard Limited
7	Indian Green Grid Group Limited
8	DEN Networks Limited
9	Ramky Enviro Engineers Limited
10	Orbit Corporation Limited
11	Sterling Holiday Resorts (India) Limited

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

As on March 31, 2011 Mr. Shahzaad Dalal holds 2,000 equity shares of the Company.

**(ii) Dr. Habil Khorakiwala**

Dr. Habil Khorakiwala is the Chairman of Wockhardt Group. He is an alumnus of Purdue University and Harvard Business School. He was honoured and bestowed by the Purdue University, their prestigious title of 'Distinguished Alumnus' and the Honorary Doctorate for distinguished service to the University and great achievements in career and life. He is the only non-American in the 125 year history of the university to be awarded as a Honorary Doctorate by the Pharmacy School.

Dr. Khorakiwala is a Past President of FICCI (Federation of Indian Chambers of Commerce & Industry) and Indian Pharmaceutical Alliance (IPA), the leading association of research-based Indian pharmaceutical companies. He is currently the Chairman of the Board of Governors of the Centre for Organisation Development in Hyderabad, a non-profit scientific and industrial research organization and a recognized doctoral research centre. He is the Hon. Consul General of Sweden in Mumbai.

He has been Member of various Government of India bodies such as Advisory Board, CSIR, Member, National Manufacturing Competitive Council, Member on Board of NIPER, Board of Trade (BoT) etc. and has won several Awards and Citations.

\* Other directorships:

Sr. No.	Name of the Company
1	Wockhardt Limited
2	Wockhardt Hospitals Limited

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

As on March 31, 2011 Dr. Habil Khorakiwala does not hold any equity shares of the Company.

### 3. Audit Committee:

The Audit Committee comprises of three (3) Independent Directors, namely:

1. Mr. R. K. Saraswat (Chairman)
2. Mr. Shahzaad S. Dalal and
3. Mr. Sudhir C. Deshpande.

Ms. Divya Kumari, Vice President—Legal & Company Secretary acts as the secretary of the Audit Committee.

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

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 2010-2011, four (4) Audit Committee meetings were held respectively on May 25, 2010; August 12, 2010; November 1, 2010 and February 9, 2011.

The number of meeting attended by each member is as follows:

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

- The scope of the Audit Committee includes:
  - Review of financial statements before they are submitted to the Board for adoption.
  - 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 Exchange 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.
- Review with the management, auditors the adequacy of internal control systems.
  - Discussions with the Statutory Auditors on matters relating to internal controls, periodic financial statements and any significant findings and follow up thereon.
  - 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.
  - Review of the Company's financial and risk management policies.
  - 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 in the prescribed time period.
  - 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 comprises of four directors of the Company, of which three (3) are independent directors and one (1) is non-independent. Mr. Sudhir C. Deshpande (Independent Director) is the Chairman of this Committee. The other members of the Committee are Mr. Shahzaad S. Dalal (Independent Director), Mr. R. K. Saraswat (Independent Director) and Dr. Lalit S. Kanodia (Non-independent Director).

The Committee has been entrusted with following responsibility:

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 12 and above as also the remuneration payable to the Directors.

- Appointment and transfers of employees in the Company's grade M 12 and above shall require approval of the committee.
- Administration of ESOP schemes of the Company and allotment of shares under the ESOP schemes.

During the year ended March 31, 2011, Two (2) remuneration/compensation committee meetings were held viz. May 25, 2010 and August 12, 2010. The number of meetings attended by each member was as follows:

Committee Members	Designation	No. of Meetings attended
Mr. Sudhir C. Deshpande	Chairman	2
Dr. Lalit S. Kanodia	Member	2
Mr. Shahzaad S. Dalal	Member	1
Mr. R. K. Saraswat	Member	2

#### Non-Executive Directors

The Company paid sitting fees of ₹ 20,000/- per board meeting and ₹ 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, 2011 amounted to ₹ 5,25,000/- and was paid as under:-

Name of Director	Commission (₹)
Mr. Sudhir C. Deshpande	1,50,000
Mr. R. K. Saraswat	1,50,000
Dr. Habil F. Khorakiwala	1,25,000
Mr. Shahzaad S. Dalal	75,000
Mr. Dileep C. Choksi	25,000

Details of the number of shares held by all the non-executive directors of the Company:-

Name of the Director	No. of equity shares held (As on March 31, 2011)
Mr. Shahzaad S. Dalal	2,000
Mr. R. K. Saraswat	1,000
Mr. Sudhir C. Deshpande	NIL
Dr. Habil F. Khorakiwala	NIL
Mr. Dileep C. Choksi	NIL

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 Kanodia received his B. Tech. (Hons.) from IIT, Mumbai. He completed his MBA and consequently Ph.D. in Management from Massachusetts Institute of Technology, USA (MIT). He taught statistical decision theory at MIT during 1964-65. He was also the visiting faculty for MBA students at the Jajmalal Bajaj Institute of Management, Mumbai during 1968-1970. He is a recipient of the FORD Foundation Fellowship and Distinguished Alumnus Award IIT, Mumbai. He is currently a member of the regional board of his alma mater, the Massachusetts Institute of Technology (MIT).

During his student days at the MIT, Dr. Kanodia was a member of the team that developed and designed the first two multi-user operating systems (CTSS & MULTICS), which were precursors to UNIX. His pioneering streak continued and in 1967, Dr. Kanodia founded and headed Tata Consultancy Services (1967). History was created again when Dr. Kanodia founded Datamatics in 1975.

The Government of Chile has designated him as the Honorary Consul General of Chile in India.

Dr. Lalit S. Kanodia was appointed as a Whole-time Director of the Company effective May 15, 2010 for a period of five 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 is a Commerce graduate from Mumbai and holds B.S degree (Computer MIS) from Babson College U.S.A. He also holds an MBA degree from Columbia University, New York (Business Strategies). After a brief stint at the UN office in the US, Mr. Rahul Kanodia has been working with Datamatics since 1987. His lateral approach led Datamatics to enter into strategic alliances with several leading companies. It is these initiatives that resulted in Datamatics harnessing the power of Information Technology into opportunities for growth. He has also initiated organizational restructuring and financial re-engineering to aid growth. Mr. Rahul Kanodia has won several awards including the Indo-American Society's (IAS) Young Achiever 2001 award, the Special Executive Magistrates' Society (1999), and the Omega Roh Honors Society award (1991).

Mr. Rahul L. Kanodia was appointed as a Vice Chairman & CEO of the Company for a period of five years effective from 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 is a qualified Chartered Accountant (CA) and Cost Accountant (ICWA) from India & Certified Public Accountant (CPA) from the U.S. He is also a law graduate. Mr. Bhogilal stood first in India in the CPA Examination. He was also a rank holder in the CA and ICWA examinations. He was awarded a gold medal for securing the highest scores in the ICWA final examination for the Quantitative Techniques and Management Information Systems subject. He has rich experience in audit, taxation, accounting, legal and acquisitions. Mr. Bhogilal has earlier held the post of Chief Financial Officer (CFO) of Datamatics

Technologies Inc. (now known as Datamatics Global Services Inc.), a wholly owned subsidiary of Datamatics Global Services Limited in the U.S. During his tenure with Datamatics Global Services Inc. he was actively involved in acquisitions of US companies and had played a key role in the merger of the US entities. He has also worked with JM Morgan Stanley and Arthur Anderson, amongst other organizations.

Mr. Vidur V. Bhogilal was re-appointed as an Executive Director & CFO of the Company for a period of five years effective May 12, 2008. He is not eligible to participate in the employee stock option scheme of the Company.

#### Mr. Sameer L. Kanodia

Mr. Sameer L. Kanodia received his Bachelor of Science in Business Administration from Bryant University, USA, with Marketing as a major, graduating with honors. Among the honors he earned during his undergraduate years was being featured in the Dean's List throughout the program. He subsequently received his Masters in Business Administration from Bryant University, USA, with Finance as a major. He is currently serving on the Board of Trustees at Bryant University since February 2008.

Mr. Sameer L. Kanodia was appointed as an Executive Director of the Company for a period of five years effective from January 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, 2011:

(Amount in ₹)

Particulars	Dr. Lalit S. Kanodia	Mr. Rahul L. Kanodia	Mr. Vidur V. Bhogilal	Mr. Sameer L. Kanodia
Salary	3,240,000	5,491,200	4,197,600	2,925,600
Estimated monetary value of perquisites	1,112,843	1,149,190	921,078	632,300
Commission *	2,657,638	2,657,638	—	—
Incentives	—	—	2,000,000	1,000,000
PF Allowance	288,000	475,200	273,600	187,200
<b>Total</b>	<b>7,298,481</b>	<b>9,773,228</b>	<b>7,392,278</b>	<b>4,745,100</b>

\* Commission relates to the financial year ended March 31, 2010, which was paid during the year 2010-2011.

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

The Board has constituted a Shareholder's Grievance Committee, consisting of two 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 61020198  
Fax: +91 022 2834 3669  
E-mail Id: divya\_kumat@datamaticstech.com

During the year ended March 31, 2011 the Company received 110 complaints/requests. None were pending resolution as on March 31, 2011.

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 Registrar and Transfer Agent of the Company. Committee met four times during the year under review.

#### 6. General Body Meetings:

Annual General Meetings

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

Financial Year	Date	Time	Venue
2007-08	September 30, 2008	11.00 a.m.	Knowledge Center, Plot No. 58, Street No. 17, MIDC, Andheri (E), Mumbai - 400 093.
2008-09	September 15, 2009	11.00 a.m.	Knowledge Center, Plot No. 58, Street No. 17, MIDC, Andheri (E), Mumbai - 400 093.
2009-10	August 12, 2010	11.00 a.m.	Knowledge Center, Plot No. 58, Street No. 17, MIDC, Andheri (E), Mumbai - 400 093.

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

1. AGM held on September 30, 2008:-
  - (i) Resolution for variation in the utilization of the IPO proceeds.
2. AGM held on September 15, 2009:-
  - (i) Appointment of Ms. Priyadarshini R. Kanodia as Chief Investment Officer under Section 314(1) of the Companies Act, 1956.
  - (ii) Determination of remuneration of Ms. Priyadarshini R. Kanodia exceeding ₹ 49,999 under Section 314(1B) of the Companies Act, 1956.
  - (iii) Revision of sitting fees paid to Non-Executive Directors.
3. AGM held on August 12, 2010:-
  - (i) Formation of Datamatics Employees Welfare Trust for transfer of shares granted under the existing ESOP Schemes.

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.

#### 7. Management Discussion & Analysis Report:

The Management Discussion & Analysis Report for the year ended March 31, 2011 is published separately in this Report.

#### 8. Other Disclosures:

Related party transactions, utilization of proceeds of public issue have been disclosed separately 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 forty five days of the end of respective quarter and the audited financial results are announced within 60 days from end of financial year. The results are published in The Free Press Journal (English) and Navshakti (Marathi). The financial results are displayed on the Company's website – www.datamatics.com.

The Company publishes notice of Board Meeting and Annual General Meeting in one English Newspaper and one Marathi Newspaper. It also publishes record date and book closure dates in the aforementioned newspapers 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 new look of the Company's website www.datamatics.com provides a separate section for investors where relevant shareholder's information is available. The Annual Reports of the Company are available on the website in a user friendly and downloadable form. The Company has a new brand identity and website. This change has been brought about to take the brand to the next level of marketing excellence. The website content and look and feel positions the Company as a provider of smart, next generation solutions. The website content is more customer-centric and solution-focused.

### 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](mailto: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, 2011 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, 2011 to September 15, 2011 (both days inclusive).

### (D) Dividend Disclosure:

#### a. Announcement of dividend:

The Board of Directors has proposed a final dividend of ₹ 0.75 per share, subject to approval of 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 (East), Mumbai - 400 093.

### (E) Unpaid/Unclaimed Dividend:

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 on which 7 year completes
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
2008-2009	September 15, 2009	Final	₹ 1.25 per share	October 14, 2016
2009-2010	August 12, 2010	Final	₹ 1.25 per share	September 11, 2017

**(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 2010-2011.

**(G) Stock Code/Symbol:**

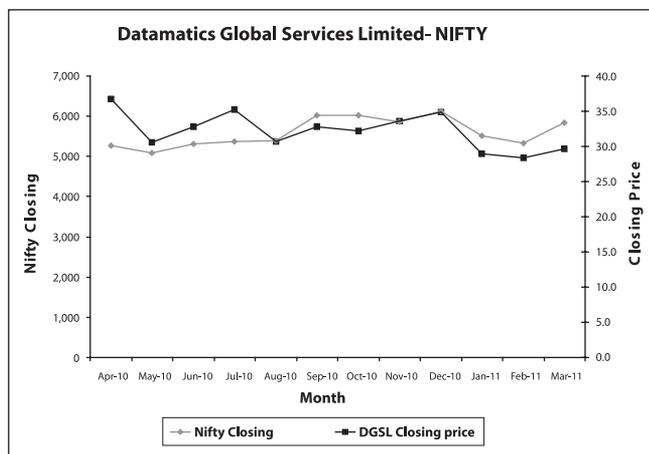
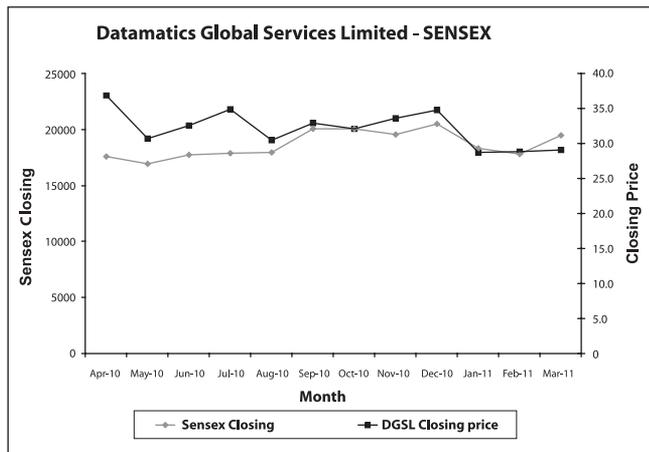
BSE - 532528, DATAMGLOB  
NSE: DATAMATICS EQ

**(H) Market price data:**

Month	BSE Prices		NSE Prices	
	High Price	Low Price	High Price	Low Price
April-10	38.95	31.00	39.20	31.00
May-10	38.00	29.30	38.40	29.30
June-10	35.50	30.05	36.50	30.40
July-10	38.50	32.55	37.00	33.00
August-10	37.10	30.25	37.00	30.20
September-10	39.00	30.55	36.30	30.15
October-10	36.95	31.60	34.95	31.50
November-10	37.10	29.80	37.20	29.65
December-10	40.40	29.05	40.20	28.50
January-11	37.00	28.70	38.40	28.90
February-11	31.40	26.70	31.40	26.30
March-11	35.30	28.05	33.00	28.00

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 2010 to March 2011.



**(I) Group Companies coming within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1959 (54 of 1969):**

The following persons constitute the Datamatics Group as per the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1959 (54 of 1969), which exercises, or is established to be in a position to exercise control, directly or indirectly over the Company:

- Dr. Lalit S. Kanodia
- Mrs. Asha L. Kanodia
- Smt. Chandravati S. Kanodia
- Mr. Rahul L. Kanodia
- Mrs. Priyadarshini R. Kanodia
- Mr. Sameer L. Kanodia
- Mrs. Anju S. Kanodia
- Master Vikramaditya R. Kanodia
- Master Anantveer R. Kanodia
- Miss Mahika S. Kanodia
- Miss Samaira S. Kanodia
- Mr. Yogendra S. Kanodia
- Mr. Aditya Dalmia
- Mrs. Aneesha A. Dalmia
- Mr. Vidur V. Bhogilal
- Mrs. Amrita V. Bhogilal
- Datascan Services
- Rahul L. Kanodia (HUF)
- Lalit S. Kanodia (HUF)
- Yogendra Surajmal Kanodia (HUF)
- Vikrant Trust
- Delta Infosolutions Private Limited
- Vikrant Advisory Services Private Limited
- Datamatics Software Services Limited
- Anemone Management Consultancy Services Private Limited
- Amon Technologies Private Limited
- Datamatics Staffing Services Private Limited
- Datamatics Management Services LLP
- Latasha Consultancy Services Private Limited
- Cybercom Datamatics Information Solutions Limited
- Datamatics Financial 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 Technologies GmbH
- Datamatics Global Services Pty Limited
- Datamatics Global Technologies Limited
- Datamatics Global Technologies AG
- Matix Fertilisers & Chemicals Limited

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

**(J) 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 2151  
Fax No. 91-22-6671 2230

**(K) Share Transfer System:**

The Company has appointed Datamatics Financial Services Limited as the Registrars and Share Transfer Agents. 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).

**(L) Category wise distribution of equity shares as of March 31, 2011:**

Category	No. of shares	Percentage Holding
Promoters	42,883,848	72.75
Mutual Funds	—	—
Banks & Insurance Companies	1,83,390	0.31
Private Corporate Bodies	1,126,808	1.91
Indian Public	14,373,702	24.38
NRIs/OCBs/Foreign Nationals	3,81,589	0.65
<b>Total</b>	<b>58,949,337</b>	<b>100.00</b>

Distribution of shareholding as on March 31, 2011:

Share holding of nominal value (₹)	Number of shareholders	Percentage of total	Shares (in ₹)	% of total
Upto 5,000	17,876	93.14	17,339,570	5.88
5,001-10,000	657	3.42	5,012,630	1.70
10,001-20,000	321	1.67	4,660,220	1.58
20,001-30,000	130	0.68	3,274,920	1.11
30,001-40,000	54	0.28	1,901,400	0.65
40,001-50,000	45	0.23	2,110,340	0.72
50,001-100,000	48	0.25	3,304,980	1.12
1,00,001 and above	61	0.32	257,142,625	87.24
<b>Total</b>	<b>19,192</b>	<b>100.00</b>	<b>294,746,685</b>	<b>100.00</b>

**(M) Dematerialization of shares and liquidity:**

About 99.26% shares were held in dematerialized form as of March 31, 2011.

**(N) Plant Locations:**

The Company's facilities are located at:

**Mumbai:**

Datamatics Global Services Limited.

- Unit No. 110, 117-120, SDF IV, SEEPZ-SEZ, Andheri (E), Mumbai - 400 096, India.
- Unit No. 155, SDF V, SEEPZ-SEZ, Andheri (E), Mumbai - 400 096, India.

- Units No. 172, 189, 190A, 190B & 190C, SDF VI, SEEPZ-SEZ, Andheri (E), Mumbai - 400 096, India.
- 701, 702, Tower II, SEEPZ ++, SEEPZ-SEZ, Andheri (East), Mumbai - 400 096, India
- Knowledge Center, Plot No. 58, Street No. 17, MIDC, Andheri (E), Mumbai - 400 093, India.

**Chennai:**

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

**Nashik:**

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

**Overseas****USA:**

Datamatics Global Services, Inc.

- 31572 Industrial Road, Suite 400, Livonia, MI - 48150.
- Suite 210, 56 Middlesex Turnpike, Burlington MA - 01803.
- 510 Thornall Street, Suite 100 Metropark, NJ - 08837 USA.

**UK:**

Datamatics Infotech Limited

- 8 The Square, Stockley Park, Uxbridge, UB11 2FW.
- 1 Doughty Street, London, WC1N 2PH.

**Germany:**

Datamatics Global Technologies GmbH  
Gerhart-Hauptmann-Strape 20  
64347 Griesheim  
Datamatics Global Services GmbH  
Im Leuschner Park 3  
64347 Griesheim

**Switzerland:**

Datamatics Global Technologies AG  
MSJG Rechtsanwälte & Notare,  
Vorstadt 32, 6302 Zug.

**Mauritius:**

Datamatics Global Technologies Limited  
3rd Floor, Harbour Front Building,  
President John Kennedy Street,  
Port Louis, Republic of Mauritius.

**Australia:**

Datamatics Global Services Pty Limited  
 Monash Business Centre Pty Ltd.  
 468 Blackdurn Road,  
 Glen Waverly, Victoria 3149.

**Bosnia:**

Datamatics Global Services GmbH d.o.o.  
 Ulica Svetosavska 22,  
 Glamocani 78252,  
 Bosnia.

**(O) 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. B-5, MIDC,  
 Part B Cross Lane,  
 Andheri (East) Mumbai - 400 093.  
 Ph. No. 91-22-6671 2151  
 Fax No. 91-22-6671 2156  
 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 0000/1/2  
 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.

Rahul L. Kanodia  
 Vice Chairman & Chief Executive Officer

Place: - Mumbai  
 Date: - May 27, 2011

**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, 2011, 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 the conditions of the 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 explanations given to us and the representations made by the Directors 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, 2011 are pending for a period exceeding one month against the Company 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 viability 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  
 Firm Regn. No.: 104746W

Arati Parmar  
 Partner  
 Membership No. : 102888

Place: - Mumbai  
 Date: - May 27, 2011

# Management Discussion & Analysis Report

## Industry Overview

### Global IT

According to the NASSCOM Strategic Review 2011, worldwide technology products and services related spend is expected to accelerate with emerging verticals and emerging geographies, in addition to US, driving growth. IT services spend increasing by 1.4 per cent in 2010, within which IT outsourcing grew by 2.4 per cent. Continuous ROI focus led to BPO growing by 4 per cent, while software products rose by 3.7 per cent led by increased focus on security, storage, and application development. Within IT outsourcing, global sourcing grew by 10.4 per cent in 2010, validating the industry's integral position in service delivery chain.

The year 2010-11 witnessed wide ranging contract restructuring exercises and deal size reductions as buyers came to terms with new business models and budgetary constraints. However, multi-sourcing saw higher adoption, precipitated by the increased maturity of Indian providers. Recent global M&A activity in the sector indicates select acquisitions by established service providers to enhance skill and scale. While cost and talent still remain essential considerations for global sourcing, savvy customers are constantly demanding more growth markets, flexibility and innovation.

According to the NASSCOM Strategic Review 2011, the Indian IT-BPO sector is estimated to aggregate revenues of USD 88.1 billion in F.Y. 2011, with the IT software and services sector (excluding hardware) accounting for USD 76.1 billion of revenues. During this period, direct employment is expected to reach nearly 2.5 million, an addition of 240,000 employees, while indirect job creation is estimated at 8.3 million.

### India

In India, as a proportion of national GDP, the Indian IT-BPO sector revenues have grown from 1.2 per cent in F.Y. 1998 to an estimated 6.4 per cent in F.Y. 2011. Its share of total Indian exports (merchandise plus services) increased from less than 4 per cent in F.Y. 1998 to 26 per cent in F.Y. 2011.

The IT industry has helped India transform from a rural and agriculture-based economy to a knowledge based economy. The efforts of the industry towards the holistic development of the Indian economy and society will continue making a positive impact and changing lives as it has done so far. Further, the industry has acted as socially responsible corporations playing an active role in regional development across India, empowerment of diverse human assets, driving technology and innovation to transform client businesses, and enhancing the overall brand image of India.

Export revenues are estimated to gross USD 59 billion in F.Y. 2011 accounting for a 2 million workforce. The F.Y. 2011 was characterized by a consistent demand from the US, which increased its share to 61.5 per cent. Emerging markets of Asia Pacific and Rest of the World also contributed

significantly to overall growth. While the sector's vertical market mix is well balanced across several mature and emerging sectors.

F.Y. 2011 was characterized by broad based demand across traditional segments such as Banking Financial Services and Insurance (BFSI), but also new emerging verticals of retail, Healthcare, Media and Utilities. Domestic IT-BPO revenues excluding hardware are expected to grow at almost 16 per cent to reach INR 787 billion in F.Y. 2011.

### Company Overview

A number of Corporations have restructured themselves around verticals and developed as centre of excellence, to create and deliver holistic services/solutions, duly customized to the needs of its customers, and geographies. This has resulted not only in their sustained growth over the years, but has also enabled them to expand their customer base, product verticals and reach across markets. Development of solutions around platforms, technology developments, integrating business intelligence and application development tools are proving to be game changers for an increasing set of customers. There is increased globalization in service delivery, cross border collaboration and partnerships to enhance service offerings, and re-engineering of the talent pool for greater productivity and efficiency.

Coupled with automation and six sigma skills, incremental set of enhancements, imbibing best in class learning and practices in established service delivery processes and process innovation/re-engineering, your Company has meticulously developed the ability through organic, inorganic and partnership routes. Your Company aims at lowest possible cost to demand for higher end solutions and measurable business values by acting as a highly rationalized and competent provider base.

Your Company has developed the ability to sense and understand the ecosystem, challenges and opportunities amidst which its client's business functions by focusing on increasing efficiencies, reducing costs, improving productivity and empowering its customer businesses using smart technology and smart platforms. Your Company aims at platforms and solutions ideally backed by smart technology that can differentiate in the market place and allow competing on value-added services and not pricing alone.

### Key Developments

#### 1. Smart Billing Solution

Your Company acquired a company in the telecom billing space in Germany during 2010-11. Owing to its domain knowledge, it successfully modified the telecom billing product into smart meter billing technology, thereby launching a new product - meter to cash or meter to bill. Your Company is among the very few companies, in the world to offer end-to-end solution for meter billing – allowing the user to have a dashboard for real-time monitoring of the consumption of electricity, its source as well as the cost. To ensure seamless transition of technology across hardwares and devices, your Company

has been talking to SAP, IBM, Microsoft and Oracle in Europe.

## 2. Focus on Developing New Markets

With a view to ensure focused marketing of products and higher deal generation, your Company has formed a central 'Large Deal Pursuit Team' (LDTP). The LDTP will play a key role in sourcing and aligning new deals with company's growth strategy. LDTP will drive and provide needed leadership to qualify, lateral thinking with needed expertise in creating compelling and credible value proposition to the clients.

LDTP will be the central coordinating body based in Mumbai, which will act as a strong linkage between global sales and LOBs across the organization. All opportunities that are of certain size and/or that cut across multiple LOBs will be driven by LDTP.

Your Company has also constituted Global Account Program Governance – GAPG based in Mumbai which will act as a strong linkage between sales and LOBs, GAPG will provide much needed co-ordination and synergy to Account Managers and LOBs across the organization globally.

### Future Outlook

The global economic downturn of the past year had a lingering effect on the GDP growth and employment in developed markets. However, based on demand from the corporate sector and return of discretionary spending, there was a surge in IT spending across markets, both traditional and emerging. And not all of it was customer-led. Service providers did their part too, by providing new business models that encouraged first time buyers, and re-invented value propositions for existing ones. Further, with IT sector focus shifting from basic outsourcing advantages of cost and talent, to higher value added services, innovation and transformation, global sourcing is now evolving from being tactical to being of strategic benefit to clients.

The underlying theme of 2010 has been the steady recovery from recession. Worldwide GDP, which had declined by 0.6 per cent in 2009, grew 5 per cent in 2010 and is expected to stabilize at about 4.4 per cent in 2011. Developing nations continue to grow faster than the developed countries by at least three times. IT spend is directly linked to growth in GDP and in line with this trend, IT spend in 2011 is expected to grow nearly 4 per cent. Worldwide IT spending will also benefit from the accelerated recovery in emerging markets, which will generate more than half of all new IT spending worldwide in 2011. In 2011, growth will reflect new demand for IT goods and services, not pent-up demand from prior years. 2011 will also see a major surge in the use of private and public cloud and mobile computing on a variety of devices and through a range of new apps.

The BPO segment grew by 14 per cent to reach USD 14.1 billion in F.Y. 2011. The year also witnessed the next phase of BPO sector evolution - BPO 3.0 - characterized by greater breadth and depth of services, process re-engineering across the value

chain, increased delivery of analytics and knowledge based services through platforms, strong domestic market focus and delivery models.

During the year, the BPO sector growth was affected by delayed decision-making and deal restructuring in the first half of the year, though it picked up momentum in the second half. Changing demand patterns led to revamp of operations for service providers-high focus on client relationships, mining existing clients and restructured operations to provide focused vertical solutions. Further, the industry focused on achieving excellence in business process management, and delivering strong transformational benefits creating revenue impact for clients.

The engineering design and products development segments generated revenues of USD 9 billion in F.Y. 2011, growing by 13.6 per cent, driven by increasing use of electronics, fuel efficiency norms, convergence of local markets, and localized products. Increasing confidence in relationships between customers and service providers successfully executing a variety of activities across low-medium-high complexity projects has led to increasingly larger sizes of projects being sourced from India.

Strong economic growth, rapid advancement in technology infrastructure, increasingly competitive Indian organizations, enhanced focus by the government and emergence of business models that help provide IT to new customer segments are the key drivers for increased technology adoption in India. IT services is one of the fastest growing segment in the Indian domestic market, rising by 16.8 per cent to reach INR 501 billion, driven by localized strategies designed by service providers. Domestic BPO segment is expected to grow by 16.9 per cent in F.Y. 2011, to reach 127 billion, driven by demand from voice based services, in addition to adoption from emerging verticals, new customer segments, and value based transformational outsourcing platforms.

While focus on cost control and efficiency/productivity remain, customers are also evaluating how investments in IT impact can further business goals, leading to an increase in project-based spending. Services such as virtualization, consolidation, and managed services that focus on ROI in the short term will drive opportunities in the market. Emerging Asian enterprises across multiple industries will continue to accelerate services spending in their efforts to challenge existing global markets.

Worldwide packaged software revenue is estimated to reach USD 297 billion in 2011, a growth of over 5 per cent, led by emerging regions. These regions are expected to invest heavily in enterprise software initiatives as they continue to round out the IT infrastructure necessary to do business. Business Process Outsourcing spending is expected to be driven by analytical services, F&A and industry-specific BPO solutions.

### 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. The

process of continuous evolution of risk identification includes taking stock of the risk landscape.

### Internal Control System

Your Company has 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. Your 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. Your Company maintains adequate internal control system, which provides, among other things, reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against significant misuse or loss of Company's assets.

Your Company has appointed an Internal Audit 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 and Other Certifications

Your Company became one of the first companies in the world to reach PCMM Level 5 and among the first few to reach SEI CMM Level 5.

Your company is currently certified as ISO 9001:2008. It is the first and only Indian organization in the Services Category to have won the International Asia Pacific Quality Award 2007, based on seven elements: Leadership, Strategic Planning, customer and Market focus, Measurement, Analysis and Knowledge Management, Human Resource focus, Process Management and Business Results. Your Company won this award over participants from hundreds of companies spread over 38 countries around the Pacific Ocean rim including the USA, Canada, Russia, Japan and Australia.

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

### Six Sigma Initiatives

This Six Sigma and Process Improvement initiative was started as part of a strategy to make your Company a productive, high performance, cost-effective organisation. Basic training and While Belt Training Programmes were extensively conducted for all the employees. Your organization's Process Improvement initiative saw 26 Six Sigma projects and 179 Quick Hit Projects being implemented. These projects delivered significant benefits to the Organization. Till date, 257 Six Sigma Projects and 1101 Quick Hit Projects have been completed since the launch of the 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. An overall ROI of ₹ 38 million 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.

### Discussion on Financial and Operational Performance for the year 2010-2011:

#### Consolidated Basis

- Total revenues increased by 5.99% from INR 2,754.94 million in 2009-10 to INR 2,919.94 million in 2010-11.
- EBIDTA decreased from INR 343.58 million in 2009-10 to INR 319.53 million in 2010-11.
- Capital increased by 5.53% from INR 298.25 million in 2009-10 to INR 314.75 million in 2010-11.
- Fixed Assets increased by 7.11% from INR 901.06 million in 2009-10 to INR 965.16 million in 2010-11.
- Net Current Assets decreased by 22.85% from INR 999.85 million in 2009-10 to INR 771.41 million in 2010-11.

#### Standalone basis

- Total revenues increased by 6.90% from INR 1445.44 million in 2009-10 to INR 1545.19 million in 2010-11.
- EBIDTA decreased from INR 342.27 million in 2009-10 to INR 274.62 million in 2010-11.
- There was no change in Capital.
- Fixed Assets has increased by 9.86% from INR 790.15 million in 2009-10 to INR 868.07 million in 2010-11.
- Net Current Assets decreased by 30.62% from INR 955.79 million in 2009-10 to INR 663.12 million in 2010-11.

### Human Resources Development

The total number of employees in the Company, including subsidiaries as of March 31, 2011 was 3,130.

The Company understands that employees are our vital and most valuable assets. It believes in creating a favorable work environment which can lead to innovative ideas. The Company has a scalable recruitment and human resource process which leads to attraction and retention of highly qualified and productive individuals in the organization.

The Company takes considerable effort to build a global talent pool by relying on a rigorous selection process involving a series of aptitude tests and interviews to identify the best applicants. This selection process is continually assessed and refined based on performance tracking of past recruits. The Company further trains the individuals through Learning and Development programmes.

The Company believes in promoting and nurturing work environment which is conducive to the development and

growth of an individual employee, by employing the best HR practices such as performance management, reward and recognition policy, leadership development program, succession planning, open work culture and effective employee communication.

**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. Actual results could differ materially from those expressed or implied. 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)**

1. 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, 2011 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.
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. The financial statements of subsidiary Datamatics Software Services Limited, which reflect Total asset of ₹ 91,345,180 as at March 31, 2011, Total Revenues of ₹ 134,677,070 for the year then ended, have been audited by us.
4. 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:

(Amount in ₹)

Name of the Subsidiary	Total Assets	Total Revenue
Datamatics Global Services Inc.	213,417,748	930,414,697
Datamatics Global Services Pty Limited	3,226,279	9,967,076
Datamatics Global Services GmbH	61,054,333	137,811,506
Datamatics Technologies U.K. Limited	71,540	2,776,877
Datamatics Infotech Limited	28,419,294	147,933,043
Datamatics Global Technologies Limited	76,871,451	16,320,555
Datamatics Global Technologies GmbH (Step down subsidiary)	26,016,865	151,832,181

5. We further report that in respect of the following subsidiaries and joint venture 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 venture are given below:

(Amount in ₹)

Name of the Subsidiary/Joint Venture	Total Assets	Total Revenue
Datamatics Global Technologies AG. (Subsidiary)	3,437,256	7,961
Cybercom Datamatics Information Solution Limited (Joint Venture – 50%)	105,254,208	119,454,915

6. 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.
7. 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 the 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, 2011;
  - (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  
Firm Registration No.: 104746W

Place : Mumbai  
Date : May 27, 2011

Arati Parmar  
Partner  
Membership No.: 102888

**CONSOLIDATED BALANCE SHEET AS AT**

	Schedule	March 31, 2011 ₹	March 31, 2010 ₹
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share Capital	<b>A</b>	<b>314,746,685</b>	298,246,685
Reserves and Surplus	<b>B</b>	<b>2,209,548,855</b>	2,092,282,317
		<b>2,524,295,540</b>	2,390,529,002
Loan Funds	<b>C</b>		
Secured Loans		<b>100,764,225</b>	39,161,132
Deferred Tax Liability (Net) (Refer Note No. 8 in Schedule 'O')		<b>11,293,869</b>	14,364,546
		<b>2,636,353,634</b>	2,444,054,680
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
Gross Block	<b>D</b>	<b>1,439,637,195</b>	1,366,918,710
Less : Accumulated Depreciation/Amortisation		<b>640,861,077</b>	556,338,895
Net Block		<b>798,776,118</b>	810,579,815
Capital Work in Progress (including Capital Advances)		<b>166,384,152</b>	90,482,366
Investments	<b>E</b>	<b>830,439,895</b>	543,137,963
Amount recoverable from ESOP trust (Refer Note No. 9 in Schedule 'O')		<b>69,347,270</b>	—
Current Assets, Loans and Advances			
a) Interest accrued on Investments		<b>393,223</b>	—
b) Sundry Debtors	<b>F</b>	<b>569,863,848</b>	498,686,621
c) Cash and Bank Balance	<b>G</b>	<b>88,004,641</b>	142,835,736
d) Loans and Advances	<b>H</b>	<b>503,744,351</b>	769,538,041
		<b>1,162,006,063</b>	1,411,060,398
Less: Current Liabilities and Provisions	<b>I</b>		
a) Current Liabilities		<b>273,048,143</b>	260,418,557
b) Provisions		<b>117,551,721</b>	150,787,305
		<b>390,599,864</b>	411,205,862
Net Current Assets		<b>771,406,199</b>	999,854,536
		<b>2,636,353,634</b>	2,444,054,680
Significant Accounting Policies	<b>N</b>		
Notes to Accounts	<b>O</b>		

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

As per our report of even date

For Kanu Doshi Associates  
Chartered Accountants  
Firm Registration No. 104746W

Arati Parmar  
Partner  
Membership No. 102888

R. K. Saraswat  
Director

Divya Kumat  
Vice President – Legal  
& Company Secretary

Place : Mumbai  
Dated: May 27, 2011

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**

	Schedule	March 31, 2011 ₹	March 31, 2010 ₹
<b>INCOME</b>			
Income from Operations		2,640,101,317	2,527,534,571
Group Share in Joint Venture		113,126,602	96,280,842
Other Income	J	166,709,785	131,128,058
		<u>2,919,937,704</u>	<u>2,754,943,471</u>
<b>EXPENDITURE</b>			
Purchase of IT Products and Licenses		4,932,080	4,370,525
Operational Expenses	K	2,325,372,818	2,145,032,054
Administration and Other Overheads	L	270,104,795	261,961,303
Interest	M	2,835,069	2,726,409
Depreciation and Amortisation		89,703,463	80,024,262
		<u>2,692,948,225</u>	<u>2,494,114,553</u>
Exchange Fluctuation on Consolidation		226,989,479	260,828,918
		<u>(2,578,512)</u>	<u>2,850,624</u>
Profit/(Loss) before Tax		<u>224,410,967</u>	<u>263,679,542</u>
Less: Provision for Income Tax and Wealth Tax		44,227,245	52,549,354
Add: MAT Credit entitlement		(24,985,172)	—
Add: Provision for Deferred tax (Refer Note No. 8 in Schedule 'O')		(3,070,677)	(1,908,721)
Profit/(Loss) after Tax		<u>208,239,571</u>	<u>213,038,909</u>
Tax Adjustment of earlier years		(250,070)	8,887,437
Profit/(Loss) after Tax		<u>207,989,501</u>	<u>221,926,346</u>
Balance brought forward from last year		<u>217,020,199</u>	<u>137,178,959</u>
Amount Available for Appropriations		<u>425,009,700</u>	<u>359,105,305</u>
<b>APPROPRIATIONS</b>			
Dividend on Equity Shares		61,012,003	73,686,671
Tax on Dividend		9,962,562	12,238,435
Transfer to General Reserve		54,456,548	50,000,000
Transfer to Capital Redemption Reserve - Group share in Joint Venture		—	6,160,000
Amount carried forward		<u>299,578,587</u>	<u>217,020,199</u>
		<u>425,009,700</u>	<u>359,105,305</u>
Earnings per share (Face Value ₹ 5 each) in ₹			
Basic		3.53	3.77
Diluted		3.45	3.76
(Refer Note No. 12 of Schedule 'O')			
Significant Accounting Policies	N		
Notes to Accounts	O		

The schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date  
For Kanu Doshi Associates  
Chartered Accountants  
Firm Registration No. 104746W

Arati Parmar  
Partner  
Membership No. 102888

R. K. Saraswat  
Director

Divya Kumat  
Vice President – Legal  
& Company Secretary

For and on behalf of the Board  
Dr. Lalit S. Kanodia  
Chairman

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated: May 27, 2011

**Schedules forming part of the Consolidated Financial Statements for the year ended**

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED		
100,000,000 (P.Y. 100,000,000) Equity shares of ₹ 5/- each	500,000,000	500,000,000
30,000,000 (P.Y. 30,000,000) Redeemable Preference Shares of ₹ 10/- (P.Y. ₹ 5/-) each	300,000,000	300,000,000
	<u>800,000,000</u>	<u>800,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
58,949,337 (P.Y. 58,949,337) Equity Shares of ₹ 5/- each fully paid up.	294,746,685	294,746,685
Nil (P.Y. 350,000) 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each	—	3,500,000
2,000,000 (P.Y. Nil) 8% Optionally Convertible Non Cumulative Redeemable Preference Shares of ₹ 10/- each	20,000,000	—
<b>TOTAL</b>	<u>314,746,685</u>	<u>298,246,685</u>
<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
	<u>3,524,880</u>	<u>3,524,880</u>
<b>CAPITAL REDEMPTION RESERVE</b>		
Balance as per last Balance Sheet	244,281,250	37,781,250
Add : Transferred From General Reserve during the year	—	206,500,000
Group share in Joint Venture	6,160,000	6,160,000
	<u>250,441,250</u>	<u>250,441,250</u>
<b>SECURITIES PREMIUM</b>		
Balance as per last Balance Sheet	1,080,078,717	1,078,430,217
Add : Received on issue of Equity shares during the year	—	1,648,500
	<u>1,080,078,717</u>	<u>1,080,078,717</u>
<b>FOREIGN EXCHANGE FLUCTUATION RESERVE</b>		
Balance as per last Balance Sheet	(9,946,035)	9,681,930
Add/(Less) : Exchange Fluctuation for Current Year	(158,128)	(19,627,965)
	<u>(10,104,164)</u>	<u>(9,946,035)</u>
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	532,893,822	689,693,822
Add/(Less) : Transferred From Profit & Loss during the year	50,000,000	50,000,000
Add/(Less) : Pursuant to the Scheme of Arrangement and/or Amalgamation entered in the F.Y. 2008-09 (Net)	—	(300,000)
Add/(Less) : Transferred to Capital Redemption Reserve	—	(206,500,000)
Group share in Joint Venture	26,583,686	18,269,485
	<u>609,477,508</u>	<u>551,163,307</u>
Surplus in Profit And Loss Account	215,726,708	153,686,982
Group Share in Joint Venture :-		
– Surplus in Profit and Loss Account	83,851,879	63,333,217
– Proposed Dividend (F.Y. 2009-10)	(16,800,000)	—
– Tax on Dividend (F.Y. 2009-10)	(2,790,270)	—
– Transfer to General Reserve (F.Y. 2009-10)	(3,857,653)	—
<b>TOTAL</b>	<u>2,209,548,855</u>	<u>2,092,282,317</u>

## Schedules forming part of the Consolidated Financial Statements for the year ended

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 'C'</b>		
<b>LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
Working Capital Loan		
Cash/Packing Credit	100,764,225	39,161,132
(Working Capital loan from Standard Chartered Bank and Bank of Baroda is secured by way of Pari passu Charge on Hypothecation of Stock, Book Debts and Moveable Fixed Assets of the Company both past and present.)		
<b>TOTAL</b>	<b>100,764,225</b>	<b>39,161,132</b>
<b>SCHEDULE 'D'</b>		
<b>FIXED ASSETS</b>		
Land*	391,622,046	391,128,846
Buildings	125,002,548	124,920,662
Leasehold Improvements	10,254,825	10,281,441
Machinery & Equipment	143,020,555	139,680,132
Computer Equipments	309,657,453	291,514,092
Furniture & Fixtures	122,839,632	121,493,641
Vehicles	23,197,210	26,114,417
<b>Intangible Assets:</b>		
Computer Software		
Internal developed software	17,683,722	17,745,656
Other software	257,996,202	233,193,418
Other Intangible Assets	671,853	62,368
Group share in Joint Venture	37,691,149	10,784,037
<b>Total Gross Block</b>	<b>1,439,637,195</b>	<b>1,366,918,710</b>
<b>Less: Accumulated Depreciation and Amortisation</b>		
Buildings	15,390,050	13,352,925
Leasehold Improvements	6,835,074	6,450,605
Machinery & Equipment	66,000,723	65,000,497
Computer Equipments	254,322,073	221,334,052
Furniture & Fixtures	67,397,445	60,127,633
Vehicles	6,543,700	8,975,679
<b>Intangible Assets:</b>		
Computer Software		
Internal developed software	17,683,722	17,745,651
Other softwares	198,075,761	157,608,373
Other Intangible Assets	662,203	53,113
Group share in Joint Venture	7,950,326	5,690,367
<b>Total Depreciation</b>	<b>640,861,077</b>	<b>556,338,895</b>
<b>Net Fixed Assets</b>	<b>798,776,118</b>	<b>810,579,815</b>

The above details are compiled from the data/record available with the Parent Company.

**\* Note:**

- (1) The above amount includes Freehold land of ₹ 51,271,714 (P.Y. ₹ 51,271,714) and Leasehold land of ₹ 340,350,332 (P.Y. ₹ 339,857,132).
- (2) Gross Block includes ₹ 317,231,030 (P.Y. ₹ 317,231,030) being the amount added on revaluation of Land in the F.Y. 2008-09, based on report issued by approved independent valuer.

## Schedules forming part of the Consolidated Financial Statements for the year ended

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 'E'</b>		
<b>Investments</b>		
<b>Long Term Investments (At Cost)</b>		
<b>UNQUOTED (Non-Trade)</b>		
<b>Investments in Bonds</b>		
Nil (P.Y. 1,100) NABARD 19 Bonds of ₹ 9,482.28 each	—	10,430,504
Nil (P.Y. 100) 6.85% India Infrastructure Finance Co. Ltd. Bonds of ₹ 102,450 each	—	10,323,822
4 (P.Y. Nil) 9.70% GE Shipping Bonds of ₹ 1,000,000 each	<b>4,003,899</b>	—
1,301 (P.Y. Nil) IFCI Deep Discount bonds of ₹ 25,000 each	<b>4,927,355</b>	—
0.250 (P.Y. Nil) Solaris Holding NCD of ₹ 106,832,622.28 each	<b>26,708,156</b>	—
<b>Investments in Debentures</b>		
200 (P.Y. 400) debentures of ₹ 100,000 each of Edelweiss Capital Ltd.	<b>20,220,600</b>	40,330,900
100 (P.Y. 100) debentures of ₹ 100,000 each of RBS Financial Services (India) Pvt. Ltd.	<b>10,110,300</b>	10,110,300
500 (P.Y. Nil) debentures of ₹ 100,000 each of ECL Finance Ltd.	<b>50,480,900</b>	—
100 (P.Y. Nil) debentures of ₹ 100,000 each of ECL Finance Ltd. - NIFLINK	<b>10,150,000</b>	—
10 (P.Y. Nil) debentures of ₹ 1,000,000 each of Morgan Stanley India Capital Pvt. Ltd.	<b>10,110,300</b>	—
100 (P.Y. Nil) debentures of ₹ 100,000 each of ECL Finance Ltd. B2B102 NCD	<b>10,050,000</b>	—
25 (P.Y. Nil) debentures of ₹ 100,000 each of Deutsche Investements India Pvt. Ltd.	<b>2,541,363</b>	—
<b>Investment in Shares</b>		
3,500 (P.Y. 3,500) fully paid equity shares of Matrix Advisors (India) Pvt. Ltd. of ₹ 10 each	<b>175,000</b>	175,000
<b>Current Investments (At Cost or Fair Value, whichever is less) (Quoted) – Non-Trade</b>		
<b>Investments in Portfolio Management Services (PMS)</b>		
Reliance Capital Asset Management Ltd. (Refer Note No. 11 in Schedule 'O')	<b>623,646</b>	7,219,372
<b>Investments in Commercial Papers</b>		
100 (P.Y. Nil) Commercial Papers of ₹ 500,000 each of India Infoline Investment Services Ltd. 122D CP 04JL11	<b>48,178,450</b>	—
<b>Investment in Commodity Index Future Contracts</b>		
Guargum Commodity	<b>27,193,627</b>	—

## Schedules forming part of the Consolidated Financial Statements for the year ended

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 'E' (Contd.)</b>		
<b>Long Term Investments (At cost) (Quoted) – Non-Trade – in units of Mutual Funds</b>		
Nil (P.Y. 1,317,903) Units of Birla Sun Life Dynamic Bond Fund - Retail - Growth (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 15.43)	—	20,002,202
Nil (P.Y. 5,855,655) Units of Birla Sun Life Floating Rate Fund - LT - Institutional - Growth (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 10.79)	—	59,254,380
5,000,000 (P.Y. Nil) Units of BNP Paribas Fixed Term Fund - Series 21 F (Face Value of ₹ 10 each) (NAV ₹ 10.07 P.Y. Nil)	<b>50,000,000</b>	—
Nil (P.Y. 291,589) Units of ICICI Prudential Flexible Income Plan (Face Value of ₹ 100 each) (NAV Nil P.Y. ₹ 171.27)	—	49,900,000
992,290 (P.Y. Nil) Units of Kotak Credit Opportunitites Fund - IP - Growth (Face Value of ₹ 10 each) (NAV ₹ 10.43 P.Y. Nil)	<b>10,001,594</b>	—
2,000,000 (P.Y. 2,000,000) Units of Kotak FMP 13M Series 6 (Face Value of ₹ 10 each) (NAV ₹ 10.78 P.Y. ₹ 10.04)	<b>20,000,000</b>	20,000,000
3,601,011 (P.Y. Nil) Units of Kotak QIP Series 10 - Growth (Face Value of ₹ 10 each) (NAV ₹ 11.53 P.Y. Nil)*	<b>40,007,082</b>	—
Nil (P.Y. 2,000,000) Units of Reliance Fixed Horizon Fund - IX - Series - 6 (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 11.88)	—	20,000,000
Nil (P.Y. 1,789,028) Units of Reliance Regular Savings Fund - Debt Fund - IP (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 12.64)	—	22,502,214
Nil (P.Y. 82,843) Units of SBI MSFU Contra Fund (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 55.18)	—	2,291,671
Nil (P.Y. 1,398,577) Units of Sundaram BNP Paribas Flexible Fund - STIP - Growth (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 14.58)	—	20,001,884
Nil (P.Y. 1,000,109) Units of Tata Fixed Income Portfolio Fund - B3 - Growth (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 10.02)	—	10,001,085
1,000,000 (P.Y. 1,000,000) Units of Tata Fixed Maturity Plan Series - 25 - Scheme A (Face Value of ₹ 10 each) (NAV ₹ 11.21 P.Y. ₹ 10.47)	<b>10,000,000</b>	10,000,000
2,977,770 (P.Y. 2,977,770) Units of Templeton India Income Opportunities Fund - Growth (Face Value of ₹ 10 each) (NAV ₹ 10.97 P.Y. ₹ 10.32)*	<b>30,000,000</b>	30,000,000
<b>Liquid Funds - Current Investment (At Cost or Fair Value, whichever is less)</b>		
Nil (P.Y. 2,575,277) Units of Birla Sun Life Savings Fund - IP - Growth (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 17.48)	—	45,007,335
1,923,635 (P.Y. 1,561,485) Units of BNP Paribas Money Plus IP Fund (Face Value of ₹ 10 each) (NAV ₹ 14.83 P.Y. ₹ 13.89)	<b>28,500,000</b>	21,159,012
1,532,927 (P.Y. Nil) Units of Kotak Flexi Debt Fund - Growth (Face Value of ₹ 10 each) (NAV ₹ 12.09 P.Y. Nil)	<b>18,506,601</b>	—
Nil (P.Y. 4,415,509) Units of Kotak Flexi Debt Fund - IP - Growth (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 11.33 )	—	50,006,968
4,066,294 (P.Y. Nil) Units of Kotak Floater - LT - Growth (Face Value of ₹ 10 each) (NAV ₹ 15.59 P.Y. Nil)	<b>63,200,000</b>	—
Nil (P.Y. 4,216,264) Units of LIC MF Floating Rate Fund - ST (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 15.12)	—	63,737,364
135,613 (P.Y. Nil) Units of Reliance Liquid Fund - Cash Plan - Growth (Face Value of ₹ 10 each) (NAV ₹ 15.89 P.Y. Nil)	<b>2,139,746</b>	—
2,164,749 (P.Y. Nil) Units of Reliance Liquid Fund - TP - IP (Face Value of ₹ 10 each) (NAV ₹ 23.88 P.Y. Nil)	<b>51,600,000</b>	—
45,052 (P.Y. Nil) Units of Religare Ultra Short Term Fund - IP - Growth (Face Value of ₹ 1000 each) (NAV ₹ 1,352.02 P.Y. Nil)	<b>60,900,000</b>	—
2,421,833 (P.Y. Nil) Units of Sundaram Ultra Short Term - Super IP - Growth (Face Value of ₹ 10 each) (NAV ₹ 13.25 P.Y. Nil)	<b>32,013,546</b>	—

## Schedules forming part of the Consolidated Financial Statements for the year ended

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 'E' (Contd.)</b>		
4,790,878 (P.Y. Nil) Units of Tata Floater Fund (Face Value of ₹ 10 each) (NAV ₹ 14.67 P.Y. Nil)	70,000,000	—
3,951,570 (P.Y. Nil) Units of Templeton India Ultra Short Bond Fund - Super IP - Growth (Face Value of ₹ 10 each) (NAV ₹ 12.67 P.Y. Nil)	50,000,000	—
21,960 (P.Y. Nil) Units of UTI Floating Rate Fund - STP - IP - Growth (Face Value of ₹ 1000 each) (NAV ₹ 1,106.14 P.Y. Nil)	23,850,000	—
100,116 (P.Y. Nil) Units of Kotak Liquid Inst Daily Dividend Fund (Face Value of ₹ 10 each) (NAV ₹ 12.23 P.Y. Nil)	1,100,000	—
*Out of the above 6,714,394 (P.Y. Nil) units are under lien with Deutsche Bank AG for loan taken by Datamatics Global Services Germany		
<b>Long Term Investments (At Cost) (Quoted) – Non-Trade In shares</b>		
a. 900 (P.Y. 900) fully paid Equity Shares of ₹ 10 each of Cybertech Ltd. Less : Provision for dimunition in value	510,767 494,297 <u>16,470</u>	510,767 494,297 <u>16,470</u>
b. 6,100 (P.Y. 3,660) fully paid Equity Shares of ₹ 2 each of Wipro Ltd. Less : Provision for dimunition in value	3,739,473 1,152,037 <u>2,587,436</u>	3,739,473 1,152,037 <u>2,587,436</u>
c. 5,000 (P.Y. 5,000) fully paid equity shares of ₹ 1 each of Vikas WSP Ltd. Less : Provision for dimunition in value	552,950 389,950 <u>163,000</u>	552,950 389,950 <u>163,000</u>
d. 800 (P.Y. Nil) fully paid Equity Shares of ₹ 10 each of Reliance Industries Ltd.	807,621	—
e. 400 (P.Y. Nil) fully paid Equity Shares of ₹ 5 each of Mahindra and Mahindra Ltd.	205,649	—
f. 56 (P.Y. 56) fully paid Equity Shares of Dana Holding Corporation	264,400	266,416
g. 8,998 (P.Y. Nil) fully paid Equity Shares of ₹ 10 each of Coal India Ltd.	2,204,510	—
h. 38,767 (P.Y. Nil) fully paid Equity Shares of ₹ 10 each of Powergrid Corporation.	3,489,030	—
i. 75,000 (P.Y. Nil) fully paid Equity Shares of ₹ 10 each of GSS America	12,888,827	—
j. 1000 (P.Y. Nil) fully paid Equity Shares of ₹ 10 each of AXIS Bank Ltd.	1,216,774	—
k. 800 (P.Y. Nil) fully paid Equity Shares of ₹ 2 each of Larsen and Toubro Ltd.	1,228,161	—
Group share in Joint Venture	18,075,852	17,650,627
<b>TOTAL INVESTMENTS</b>	<b>830,439,895</b>	<b>543,137,963</b>
Aggregate of Quoted Investment	680,962,022	471,767,437
Aggregate of Unquoted Investment	149,477,873	71,370,526
Market Value of Quoted Investment	594,955,479	456,621,603
Note: - Includes ₹ 144.62 million (P.Y. ₹ 298.94 million) of Unutilised Balance of IPO fund, invested in Mutual Funds		
<b>SCHEDULE 'F'</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured		
Outstanding for a period exceeding six months		
Considered good	70,346,318	75,558,469
Considered doubtful	8,042,816	7,909,392
Others, considered good	475,324,732	400,696,310
	<u>553,713,866</u>	<u>484,164,171</u>
Less : Provision for Doubtful Debts	8,042,815	7,909,392
	<u>545,671,051</u>	<u>476,254,779</u>
Group share in Joint Venture	24,192,797	22,431,842
<b>TOTAL</b>	<b>569,863,848</b>	<b>498,686,621</b>

## Schedules forming part of the Consolidated Financial Statements for the year ended

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 'G'</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	1,010,022	649,735
Cheques on Hand	66,870	6,981,556
Foreign Currency on hand	1,563,337	548,636
Balance with Banks		
In Current Accounts	66,717,966	95,537,353
In Fixed Deposit Accounts	—	12,353,792
In Margin Accounts *	7,093,625	12,954,638
In Exchange Earner's Foreign Currency Account	2,368,696	6,350,181
In Unclaimed Dividend Accounts	2,157,277	1,892,967
In Share Refund Accounts	941,800	941,800
Group share in Joint Venture	6,085,048	4,625,079
<b>TOTAL</b>	<b>88,004,641</b>	<b>142,835,736</b>
* Out of the above ₹ 6,189,545 (P.Y. ₹ 5,776,250) are marked as Lien for Guarantees issued by Banks on behalf of the Company.		
<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 Doubtful	6,102,347	6,042,708
– Others, Considered Good	10,379,655	10,282,098
Advance Payment of Income Tax (Net)	22,366,413	43,944,462
Advance Tax - FBT (Net)	726,839	872,839
Deposits (Trade)	17,706,754	15,588,778
Interest Accrued	15,473,161	19,866,226
MAT Credit Entitlement	24,985,172	—
Other Receivables	386,684,836	652,607,164
Group share in Joint Venture	25,685,161	26,376,474
	<b>510,110,338</b>	<b>775,580,749</b>
Less: Provision for Bad & Doubtful Advances	<b>6,365,987</b>	<b>6,042,708</b>
<b>TOTAL</b>	<b>503,744,351</b>	<b>769,538,041</b>
<b>SCHEDULE 'I'</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
a. Sundry Creditors	54,172,865	61,670,595
b. Investor Education and Protection Fund (Not due)		
– Unclaimed Dividend	2,037,003	1,768,996
– Unclaimed Maturity Deposit	—	139,491
– Share Application Money	941,800	941,800
c. Advance received from customer	26,399,849	9,363,888
d. Other Liabilities	60,103,761	103,704,943
Group share in Joint Venture	3,467,259	6,462,639
	<b>147,122,537</b>	<b>184,052,351</b>
Employees Liabilities	125,925,606	76,366,206
(Included ₹ 679,580 (P.Y. 5,315,000) due as commission to Chairman, Managing Director and Whole Time Director)		
<b>TOTAL</b>	<b>273,048,143</b>	<b>260,418,557</b>
<b>B. PROVISIONS</b>		
For Proposed Dividend on Equity Shares	44,212,003	73,686,671
For Tax on Equity Dividend	7,172,292	12,238,435
For Gratuity (Refer Note No. 5 in Schedule 'O')	43,324,139	38,738,458
For Leave Encashment (Refer Note No. 5 in Schedule 'O')	17,595,624	23,958,919
Group share in Joint Venture	5,247,663	2,164,822
<b>TOTAL</b>	<b>117,551,721</b>	<b>150,787,305</b>

## Schedules forming part of the Consolidated Financial Statements for the year ended

	March 31, 2011 ₹	March 31, 2010 ₹
<b>SCHEDULE 'J'</b>		
<b>OTHER INCOME</b>		
Interest from banks & others	78,712,140	87,565,394
Dividend on Investments	34,053,111	844,679
Profit on Sale of Investments – Non-Trade – Current (Net)	14,146,885	10,858,204
Profit on Sale of Investments – Non-Trade – Long Term (Net)	16,301,414	26,142,443
Others	12,415,566	910,215
Exchange fluctuation (Net)	4,079,003	—
Provision for diminition in value of investments	—	1,850,529
Sundry Balances Written back (Net)	673,352	—
Group share in other income of Joint Venture	6,328,314	2,956,594
<b>TOTAL</b>	<b>166,709,785</b>	<b>131,128,058</b>
<b>SCHEDULE 'K'</b>		
<b>OPERATIONAL EXPENSES</b>		
Knowledge Associates/Vendor Charges	179,458,605	257,556,030
Consultancy Charges/Consumables	6,886,422	2,876,374
Electricity	42,880,933	43,359,516
Payments to and expenditure for employees		
a. Salaries, Wages, Bonus & allowances	1,595,922,356	1,438,573,428
b. Contribution to Provident Fund and other funds	133,209,222	92,982,628
c. Welfare Expenditure	65,199,859	33,001,652
d. Directors' Remuneration	31,318,430	37,576,728
Technical Fees	29,407,640	16,405,874
Partnership Fees	169,412	560,163
Travelling Expenses	173,820,849	167,907,788
Link Charges	13,545,035	15,823,537
Group share in Joint Venture	53,554,055	38,408,336
<b>TOTAL</b>	<b>2,325,372,818</b>	<b>2,145,032,054</b>

## Schedules forming part of the Consolidated Financial Statements for the year ended

	March 31, 2011 ₹	March 31, 2010 ₹
<b>SCHEDULE 'L'</b>		
<b>ADMINISTRATION AND OTHER OVERHEADS</b>		
Rent	47,139,322	42,213,586
Rates and Taxes	3,426,628	2,555,652
Communication Expenses	21,625,630	19,853,289
Legal and Professional charges	48,380,581	49,222,619
Remuneration to Auditors	3,199,032	2,307,236
Repairs and Maintenance:		
– Building	1,288,815	3,682,232
– IT & Machinery	14,688,944	13,519,156
– Others	19,077,982	17,363,302
Insurance Premium	8,381,341	10,541,900
Sales Commission and Marketing Expenses	7,343,700	9,796,048
Board Sitting Fees	310,000	355,000
Advertisement and Sales Promotion Expenses	11,710,652	2,116,586
Lease Rent and Hire Charges	5,272,743	5,237,853
Entertainment Expenses	2,933,015	1,934,841
Miscellaneous Expenses	16,183,090	11,443,745
Sundry Balances/Bad Debts/Preliminary Expenses Written Off (Net)	—	14,784,356
Loss on Sale of Fixed Assets	434,309	1,652,120
Provision for Bad & Doubtful debts	—	5,439,436
Exchange Fluctuation (Net)	—	542,580
Bank & Other charges	2,931,257	4,099,735
Recruitment Expenses	16,928,205	11,299,391
Subscription Charges	9,339,335	2,226,652
Printing & Stationery	14,489,923	13,566,879
Photocopying Charges	745,336	558,686
Security Charges	4,715,435	4,179,549
Group share in Joint Venture	9,559,520	11,468,874
<b>TOTAL</b>	<b>270,104,795</b>	<b>261,961,303</b>
<b>SCHEDULE 'M'</b>		
<b>INTEREST</b>		
To Financial Institutions and Banks	2,593,787	2,519,715
To Others	241,282	206,694
<b>TOTAL</b>	<b>2,835,069</b>	<b>2,726,409</b>

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2011

### 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. The name of the Company was changed from "Datamatics Technologies Limited" to "Datamatics Global Services Limited" (DGSL) with effect from January 17, 2009.

Datamatics, a trusted partner to several Fortune 500 Companies is a global provider of Information Technology (IT) and Knowledge Process Outsourcing (KPO) and Consulting services. The company provides business aligned next-generation solutions to a wide range of industry verticals that help enterprises across the world overcome their business challenges and achieve operational efficiencies. These solutions leverage innovations in technology, knowledge of business processes, and domain expertise to provide clients a competitive edge.

##### 2 Principal accounting policies :

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

The accompanying financial statements have been prepared on the basis of going concern concept and under the historical cost convention 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') and on the accrual basis of accounting. 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, 2011 and as at March 31, 2010 are summarized below:

	2010-2011		2009-2010	
	Country of incorporation	% of shareholding	Country of incorporation	% of shareholding
<b>A) Name of the Subsidiary</b>				
Datamatics Global Services Inc. (Formerly known as Datamatics Technologies Inc.) (DGSI)	USA	100	USA	100
Datamatics Global Services GmbH (Formerly known as Datamatics Technologies GmbH) (DGSGmbH)	Germany	100	Germany	100
Datamatics Technologies U.K. Limited (DTUK)	UK	100	UK	100
Datamatics Software Services Limited (DSSL)	India	100	India	100
Datamatics Infotech Limited (DIL)	UK	100	UK	100
Datamatics Global Services Pty. Limited (Formerly known as Datamatics Australia Pty. Ltd.) (DGSPIL)	Australia	100	Australia	100
Datamatics Global Technologies Limited (DGTL)	Mauritius	100	Mauritius	100
Datamatics Global Technologies AG (DGTAG)	Switzerland	100	Switzerland	100
Datamatics Global Technologies GmbH (DGTM)	Germany	100	Germany	100
<b>B) Name of the Joint Venture</b>				
Cybercom Datamatics Information Solutions Ltd. (CDIS)	India	50	India	50

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/

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2011

### Schedule 'N' (Contd.)

#### Significant Accounting Policies (Contd.)

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 & 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 accounting principals 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/permmissible by the local laws, so as to write off the assets over their estimated useful life. The aggregate Gross Block of ₹ 204,424,876 (P.Y. ₹186,013,213) 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 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's 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 an 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 NACAS and the accounting treatment and disclosure given/made as prescribed therein.

#### 2.6 Revenue recognition :

Revenue from services is recognised 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 recognised on periodical basis based on units executed and delivered.

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

Interest on deployment of funds is recognised on accrual basis. Dividend income is recognised when right to receive payment is established. Profit on sale of investment is recognised 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 charged to Profit and Loss account and are not deferred.

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2011

### Schedule 'N' (Contd.)

#### Significant Accounting Policies (Contd.)

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 & 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 recognised in the consolidated profit and loss account.

Exchange Difference arising on investment in subsidiaries is recognised 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. The Company does not use the forward contract for speculative purposes. In respect of transaction covered by forward exchange contract, the difference between the forward rate and exchange rate at the date of transaction is recognised as income or expenses over the life of the contract. Exchange difference on such contracts is recognised in the statement of profit and loss in the year in which the exchange rate changes any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expenses for the year.

#### 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 fair 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 :

The Parent Company and its Indian Subsidiary: Tax expense comprises of current tax and deferred tax. Current tax and Deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", issued by ICAI. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing difference between taxable income and accounting income for the period and reversal of timing difference of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax asset arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

#### 2.14 Borrowing Cost :

Interest on term Loan for Acquiring Fixed 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.

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2011

### Schedule 'N' (Contd.)

#### Significant Accounting Policies (Contd.)

##### 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 & 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 recognised 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.

##### 2.19 Provision and Contingent Liabilities :

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates.

##### 2.20 Cash and cash equivalents :

Cash and cash equivalents for the purpose of Cash Flow Statement comprises of cash at banks, cash in hand (including cheques in hand) and bank deposits.

### SCHEDULE 'O'

#### NOTES TO ACCOUNTS

##### 1 Contingent Liability :

Provision is made in the accounts if it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Contingent Liabilities to the extent not provided for :

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
(a) Details of guarantees and sureties outstanding as at		
(i) Guarantees given by Banks to Embassy Centre	405,295	405,295
(ii) Guarantees given by Banks to the Customs Authority	1,275,750	1,275,750
(iii) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 84,398.70	4,650,000	4,650,000
(b) Disputed Income Tax Liability	17,490,651	6,030,769
(c) Sales Tax	5,074,525	229,000
(d) Others	—	5,434,236

##### 2 Capital and other commitments :

Estimated amount of contracts on capital account remaining to be executed and not provided (net of advances) for ₹ 244.95 Million (P.Y. ₹ 69.53 Million).

##### 3 Forward and Options Contracts Outstanding as on 31.03.2011 is USD 7.9 Million (P.Y. USD 6.5 Million) (equivalent to ₹ 374.9 Million (P.Y. ₹ 316 Million)).

##### 4 Redemption of Existing Preference Shares and Issue of New Preference Shares to Delta Infosolutions Pvt. Ltd.:

During the year the Indian Subsidiary has redeemed its 350,000 8% Non-Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up with fixed tenure, out of the proceeds of fresh issue of 2,000,000 8% Optionally Convertible – Cumulative Redeemable Preference Shares of ₹ 10 each.

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2011

### Schedule 'O' (Contd.)

### Notes to Accounts (Contd.)

#### 5 Employee Benefits :

(Amount in ₹)

	Gratuity (Non-funded)	
	2010-11	2009-10
<b>Defined Contribution Plans:</b>		
<b>I. Charge to the Profit and Loss Account based on contributions</b>		
Employers Contribution to Provident Fund	34,123,221	27,082,975
Employers Contribution to Employees' State Insurance	5,361,190	2,969,194
Employers Contribution to Employees' Pension Scheme 1995	498,758	296,968
Employers Contribution to Labour Welfare Fund & others	112,398	134,325
Included in Contribution to Provident Fund and other funds (Refer 'Schedule 'K')	40,095,567	30,483,462
<b>Defined Benefit Plans:</b>		
<b>I. Disclosures for defined benefit plans based on actuarial reports as on March 31, 2011</b>		
<b>A. Change in Defined Benefit Obligation</b>		
Present Value of Defined Benefit Obligation as at the beginning of the year	39,777,353	27,813,963
Interest Cost	3,238,217	2,558,228
Current Service Cost	8,179,561	8,062,032
Benefits Paid	(9,561,376)	(5,852,589)
Actuarial (gains)/loss	2,911,143	6,156,824
Present Value of Defined Benefit Obligation as at the end of the year Included in "Current Liabilities and Provisions" (Refer 'Schedule 'I')	44,544,898	38,738,458
<b>B. Changes in Fair Value of Assets</b>		
Fair Value of Plan Asset as at beginning of the year	Nil	Nil
Expected return on Plan Assets	Nil	Nil
Contributions by the employer	9,561,376	5,852,589
Benefits Paid	(9,561,376)	(5,852,589)
Actuarial gain/(loss)	Nil	Nil
Fair Value of Plan Asset as at end of the year	Nil	Nil
<b>C. Amount recognised in the Balance Sheet</b>		
Present value of defined benefit obligation as at end of the year	44,544,898	38,738,458
Fair Value of Plan Assets at the end of the year	Nil	Nil
Net Asset/(Liability) recognised in Balance Sheet	(44,544,898)	(38,738,458)
<b>D. Expenses recognised in Profit and Loss Account</b>		
Current Service Cost	8,179,561	8,062,032
Interest Cost	3,238,217	2,558,228
Actuarial Losses/(Gains)	2,911,143	6,156,824
Total Expenses/(Income) recognised in Profit and Loss Account Included in Salaries, Wages, Bonus & Allowances (Refer 'Schedule 'K')	14,328,921	16,777,084
<b>E. Principal Actuarial Assumptions:</b>		
1. Discount Rate (per annum)	8.00%	7.50%
2. Salary Escalation	3.50%	3.50%
3. Mortality table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
<b>F. Experience Adjustments:</b>		
Experience Adjustments on Plan Liability (Gain)/Loss	4,447,975	—

#### 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 ₹ 18,501,999 (P.Y. ₹ 23,958,919) based upon following assumptions:

	2010-11	2009-10
Discount Rate	8.00%	7.50%
Salary Escalation	3.50%	3.50%

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2011

### Schedule 'O' (Contd.)

#### Notes to Accounts (Contd.)

#### 6 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 :

	31.03.2011	31.03.2010
(₹ in 000's)		
<b>Revenue</b>		
Sales	<b>2,753,228</b>	2,623,815
Segment result profit	<b>57,701</b>	132,551
Other Income	<b>166,710</b>	131,128
Direct Taxes	<b>16,421</b>	41,753
Profit from Ordinary Activities	<b>207,990</b>	221,926
Net Profit	<b>207,990</b>	221,926
<b>Other Segment Information</b>		
Capital Expenditure (Net)	<b>53,479</b>	92,537
Depreciation and amortisation	<b>89,703</b>	80,024
Non-Cash Expenses other than depreciation (Net)	<b>(239)</b>	20,022
<b>Particulars of Segment Assets and Liabilities</b>		
Segment Assets	<b>1,648,682</b>	1,609,296
Investments	<b>830,440</b>	543,138
Bank Deposits	<b>7,094</b>	25,308
Other Assets	<b>471,391</b>	677,518
<b>Total Assets</b>	<b>2,957,607</b>	2,855,260
Segment Liabilities	<b>437,001</b>	361,592
Other Liabilities	<b>65,657</b>	103,140
<b>Total Liabilities</b>	<b>502,658</b>	464,732

#### Geographic Segment

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

	31.03.2011	31.03.2010
(₹ in 000's)		
<b>Geographic Location</b>		
USA	<b>1,552,577</b>	1,353,231
Europe	<b>970,518</b>	934,979
Others	<b>230,133</b>	335,606
<b>Total</b>	<b>2,753,228</b>	2,623,816

#### 7 Related party disclosures :

(i) As per Accounting Standard 18, as notified by the rules 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 Services Limited</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>Mrs. Asha Kanodia</p> <p>Mrs. Priyadarshini Kanodia</p> <p>Datamatics Staffing Services Private Limited</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. Sameer Kanodia</p> <p>Mr. Micheal Thuleweit</p>  | <p>(D) Holding Company</p> <p>Delta Infosolutions Private Limited</p>   |

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2011

### Schedule 'O' (Contd.)

#### Notes to Accounts (Contd.)

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

(Amount in ₹)

Nature of transaction	Refer to (i) A above		Refer to (i) B above		Refer to (i) C above		Refer to (i) D above	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Sales — Technical Services</b>	<b>12,813,089</b>	—	—	—	—	—	—	—
Datamatics Financial Services Ltd.	12,813,089	—	—	—	—	—	—	—
<b>Expenses Incurred for Related Parties</b>	<b>649,856</b>	—	—	—	—	—	—	—
Datamatics Financial Services Ltd.	649,856	—	—	—	—	—	—	—
<b>Managerial Remuneration</b>	—	—	<b>30,638,850</b>	31,611,728	—	—	—	—
Dr. L. S. Kanodia	—	—	<b>4,601,312</b>	3,245,866	—	—	—	—
Mr. Rahul Kanodia	—	—	<b>7,076,059</b>	6,568,052	—	—	—	—
Mr. Vidur Bhogilal	—	—	<b>5,352,678</b>	6,093,898	—	—	—	—
Mr. Sameer Kanodia	—	—	<b>3,705,500</b>	3,567,197	—	—	—	—
Mr. Micheal Thuleweit	—	—	<b>9,903,301</b>	12,136,715	—	—	—	—
<b>Commission</b>	—	—	<b>154,580</b>	5,315,000	—	—	—	—
Dr. L. S. Kanodia	—	—	<b>77,290</b>	2,657,500	—	—	—	—
Mr. Rahul Kanodia	—	—	<b>77,290</b>	2,657,500	—	—	—	—
<b>Proposed Dividend</b>	—	—	<b>5,305,412</b>	8,376,840	<b>4,034,285</b>	8,032,198	<b>23,860,307</b>	39,767,178
<b>Preference Shares redeemed</b>	—	25,200,000	—	—	—	—	—	181,300,000
<b>Salaries</b>	—	—	—	—	<b>1,856,466</b>	540,600	—	—
Mrs. Priyadarshini Kanodia	—	—	—	—	<b>1,856,466</b>	540,600	—	—
<b>Recruitment Expenses</b>	—	—	—	—	<b>4,000,000</b>	767,215	—	—
Datamatics Staffing Services Pvt. Ltd.	—	—	—	—	<b>4,000,000</b>	767,215	—	—
<b>Loans and Advances Refunded during the year</b>	—	100,000	—	—	—	—	—	—
Datamatics Applied DSP Pvt Ltd.	—	100,000	—	—	—	—	—	—
<b>Payables</b>	—	—	<b>154,580</b>	5,315,000	—	—	—	—
Dr. L. S. Kanodia	—	—	<b>77,290</b>	2,657,500	—	—	—	—
Mr. Rahul Kanodia	—	—	<b>77,290</b>	2,657,500	—	—	—	—
<b>Receivables</b>	<b>3,008,070</b>	—	—	—	—	1,999,929	—	—
Datamatics Financial Services Ltd.	<b>3,008,070</b>	—	—	—	—	—	—	—
Datamatics Staffing Services Pvt Ltd.	—	—	—	—	—	1,999,929	—	—

#### Note:

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

#### 8 Deferred Tax :

(i) During the year ended 31st March 2011, the Company has reversed deferred tax liability of ₹ 3,070,677 (P.Y. ₹ 1,908,721) in the Profit & Loss Account.

(ii) The break up of deferred tax assets and liabilities as at 31st March 2011 is as under :

(Amount in ₹)

#### Deferred Tax Liability/(Asset)

Timing difference on account of Depreciation

Others

Net deferred tax liability/(Asset)

As at 31.03.2011	As at 31.03.2010
<b>32,186,300</b>	35,411,130
<b>(20,892,431)</b>	(21,046,584)
<b>11,293,869</b>	<b>14,364,546</b>

(iii) On the basis of prudence, net deferred tax asset of ₹ 29,901,361 pertaining to Datamatics Software Services Limited (DSSL) has not been recognised in the accounts.

9 Amount recoverable from ESOP Trust consists of ₹ 69,347,270 paid to Datamatics Staff Welfare trust during the year for purchase of 1,753,261 Equity shares of the Company.

10 During the year, the Company invested in 8% Non-Cumulative Redeemable preference share capital of USD 500,000 in Datamatics Global Technologies Limited, incorporated in Mauritius. The said shares are redeemable at the option of the Company.

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2011

### Schedule 'O' (Contd.)

#### Notes to Accounts (Contd.)

**11** Portfolio Management services are provided by the Portfolio Manager – Reliance Capital Asset Management Ltd (RCAML) registered with SEBI vide registration No. INP000000423 and Trust Investment Advisors Pvt. Ltd. (TIAPL) registered with SEBI Reg. No. INP000001843. The portfolio Manager is engaged in investing funds in accordance with SEBI (Portfolio Managers) Regulations, 1993 of its client – Datamatics Global Services Ltd. in Securities and providing portfolio management services to its clients.

RCAML and TIAPL 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.

#### **12 Earning Per Share (EPS) :**

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

	As at 31.03.2011	As at 31.03.2010
a. Net Profit after taxation attributable to equity shareholders (₹)	<b>207,989,501</b>	221,926,346
b. Weighted average number of Outstanding equity shares Considered for basic EPS including shares allotted pursuant to the scheme outstanding at the beginning of the year	<b>58,949,337</b>	58,926,145
Add: Weighted number of Stock Options outstanding and allotted during the year	—	23,192
Add: Weighted number of stock options outstanding as on 31.3.2011	—	57,000
Add: Preference shares to be issued on conversion as on 31.3.2011	<b>2,000,000</b>	—
Date of issue of Preference Shares	<b>August 12, 2010</b>	
No of Days Outstanding throughout the year considered for Diluted EPS	<b>232</b>	—
No of Shares considered outstanding for Diluted EPS	<b>1,271,233</b>	—
Considered for diluted EPS outstanding at the end of the year	<b>60,220,570</b>	59,006,337
c. Earnings per share (Nominal value per share ₹ 5 each)		
Basic (₹)	<b>3.53</b>	3.77
Diluted (₹)	<b>3.45</b>	3.76

#### **13 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 ₹	
	March 31, 2011	March 31, 2010
Amount due within one year from the Balance Sheet date	<b>29,900,130</b>	20,110,766
Amount due in the period between one year and five years	<b>20,497,931</b>	26,031,790
Amount due later than five years	—	—

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

Lease Rent	<b>47,139,322</b>	42,213,586
------------	-------------------	------------

#### **14 Prior period Comparatives :**

Previous year figures have been appropriately reclassified/recast, wherever necessary, to confirm to the current year's presentations.

#### **15 Figures are rounded of to the nearest rupees.**

As per our report of even date  
For Kanu Doshi Associates  
Chartered Accountants  
Firm Registration No. 104746W  
Arati Parmar  
Partner  
Membership No. 102888

R. K. Saraswat  
Director  
  
Divya Kumat  
Vice President – Legal  
& Company Secretary

For and on behalf of the Board  
Dr. Lalit S. Kanodia  
Chairman

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated: May 27, 2011

**Cash Flow Statement for the year ended March 31, 2011**

	2011 ₹	2010 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	<b>224,410,967</b>	263,679,542
Adjusted for:		
Exchange fluctuation on Translation	<b>2,578,512</b>	(2,850,623)
Depreciation and amortization	<b>89,703,463</b>	80,024,262
Interest Expenses	<b>2,835,069</b>	2,726,409
Unrealised Exchange Gain on revaluation	<b>(516,513)</b>	—
(Profit)/Loss on sale of Fixed Assets	<b>434,309</b>	1,652,120
Sundry Balances Written (back)/off	<b>(673,352)</b>	—
Interest Received	<b>(78,712,140)</b>	(87,565,394)
Dividend Received	<b>(34,053,111)</b>	(844,679)
(Profit)/Loss on sale of Investments	<b>(30,448,299)</b>	(37,000,647)
Provision for diminution in the value of investment	—	(1,850,529)
Bad Debts Written off	—	14,784,356
Provision for doubtful advances	<b>323,279</b>	5,439,436
Employee Stock Option Expenses	—	1,648,500
	<b>(48,528,783)</b>	(23,836,789)
Operating Profit before Working Capital Changes	<b>175,882,184</b>	239,842,753
Adjusted for:		
(Increase)/Decrease in Sundry Debtors	<b>(71,177,227)</b>	137,008,269
(Increase)/Decrease in Loans and Advances	<b>(76,960,948)</b>	16,117,328
(Decrease)/Increase in Current Liabilities	<b>13,934,815</b>	(129,687,000)
	<b>(134,203,360)</b>	23,438,597
Cash Generated from Operations	<b>41,678,824</b>	263,281,350
Tax Paid (Net of tax refund received)	<b>21,684,414</b>	50,503,439
Net Cash From Operating Activities	<b>19,994,410</b>	212,777,911
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	<b>(156,288,182)</b>	(144,781,762)
Sale of Fixed Assets	<b>388,681</b>	—
Exchange fluctuation on Fixed Assets	—	(23,455,762)
Sale/(Purchase) of Investments	<b>(12,301,932)</b>	127,987,011
Interest on Fixed Deposit & Others	<b>78,712,140</b>	87,565,394
Profit on sale of Investment	<b>30,448,299</b>	37,000,647
Dividend Received	<b>34,053,111</b>	844,679
Net Cash from Investing Activities	<b>(24,987,882)</b>	85,160,207
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Issuance of Share Capital	<b>20,000,000</b>	175,000
Repayment of Preference Share Capital	<b>(3,500,000)</b>	(206,500,000)
Proceeds/(repayment) from Long Term Borrowings	<b>61,603,092</b>	(51,766,513)
Interest	<b>(2,835,069)</b>	(2,726,409)
Final Equity Dividend Paid	<b>(107,286,671)</b>	(73,642,921)
Tax paid on dividend	<b>(17,818,975)</b>	(12,515,614)
Preference Dividend paid	—	(17,715,000)
Tax paid on Preference dividend	—	(3,010,664)
Net Cash Flow from Financing Activities	<b>(49,837,623)</b>	(367,702,121)
Net Increase in Cash and Cash Equivalent during the Year	<b>(54,831,095)</b>	(69,764,003)
Cash and Cash equivalents as at beginning of the period	<b>142,835,736</b>	212,599,738
Cash and Cash equivalents as at the end of the period	<b>88,004,641</b>	142,835,736

As per our report of even date  
For Kanu Doshi Associates  
Chartered Accountants  
Firm Registration No. 104746W

Arati Parmar  
Partner  
Membership No. 102888

Place : Mumbai  
Dated: May 27, 2011

R. K. Saraswat  
Director  
  
Divya Kumart  
Vice President – Legal  
& Company Secretary

For and on behalf of the Board  
Dr. Lalit S. Kanodia  
Chairman

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

## 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, 2011, 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) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) The Company has an investment of ₹ 812,412,594 in seven of its wholly owned subsidiaries and has also extended loans and advances of ₹ 101,714,678 to these subsidiaries. As discussed in Note No. 19 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.
  - (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 No. (vi) 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, 2011;
    - (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  
Firm Registration No.: 104746W

Place : Mumbai  
Date : 27th May, 2011

Arati Parmar  
Partner  
Membership No.: 102888

**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, 2011)**

- (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 Fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off a substantial part of the fixed assets.
- (ii) The Company's nature of operations does not require it to hold inventories. Consequently, clause 4(ii) of the order 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) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five lakhs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at relevant time.
- (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 there under are not applicable.
- (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, 2011 for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues aggregating ₹ 20,679,214 pending before the appropriate authorities are as under:

Sr. No.	Name of the Statute	Nature of the dues	Forum where the dispute is pending	Amount in ₹
1	Income Tax Act, 1961	Income Tax	Deputy Commissioner of income tax (Appeals)	1,538,878
2	Income Tax Act, 1961	Income Tax	Commissioner of Income tax (Appeals)	575,540
3	Income Tax Act, 1961	Income Tax	Income tax Appellant tribunal (Appeals)	2,642,551
4	Income Tax Act, 1961	Tax Deducted at Source	Income Tax Officer (TDS)	10,847,720
5	Sales Tax Act	Sales Tax	Asst. Commissioner of sales Tax	5,074,525
			Total	20,679,214

- (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. 18 of Schedule 'O' of the accounts aggregating to ₹ 6,23,646. 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. 23 of Schedule 'O' to the Financial Statements.
- (xxi) On the basis of our examination and according to the information and explanation 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  
Firm Registration No.: 104746W

Place : Mumbai  
Date : 27th May, 2011

Arati Parmar  
Partner  
Membership No.: 102888

**BALANCE SHEET AS AT**

	Schedule	March 31, 2011 ₹	March 31, 2010 ₹
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share Capital	<b>A</b>	<b>294,746,685</b>	294,746,685
Reserves and Surplus	<b>B</b>	<b>2,879,377,585</b>	2,718,153,664
		<b>3,174,124,270</b>	3,012,900,349
Loan Funds	<b>C</b>		
Secured Loans		<b>44,585,950</b>	39,161,132
Deferred Tax Liability (Net) (Refer Note no. 13 in Schedule 'O')		<b>12,102,225</b>	14,918,429
		<b>3,230,812,445</b>	3,066,979,910
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
Gross Block	<b>D</b>	<b>1,192,989,660</b>	1,166,286,451
Less : Accumulated Depreciation / Amortisation		<b>489,508,022</b>	440,808,783
Net Block		<b>703,481,638</b>	725,477,668
Capital Work in Progress (including Capital Advances)		<b>164,586,346</b>	64,676,662
Investments	<b>E</b>	<b>1,630,274,985</b>	1,321,030,760
Amount recoverable from ESOP trust (Refer Note no. 15 in Schedule 'O')		<b>69,347,270</b>	—
Current Assets, Loans and Advances			
a) Interest accrued on Investments		<b>393,223</b>	—
b) Sundry Debtors	<b>F</b>	<b>326,964,495</b>	323,534,256
c) Cash and Bank Balance	<b>G</b>	<b>26,398,039</b>	63,855,051
d) Loans and Advances	<b>H</b>	<b>537,535,896</b>	822,052,298
		<b>891,291,653</b>	1,209,441,606
Current Liabilities and Provisions	<b>I</b>		
a) Current Liabilities		<b>116,853,981</b>	107,769,906
b) Provisions		<b>111,315,466</b>	145,876,879
		<b>228,169,447</b>	253,646,785
Net Current Assets		<b>663,122,206</b>	955,794,821
		<b>3,230,812,445</b>	3,066,979,910
Significant Accounting Policies	<b>N</b>		
Notes to Accounts	<b>O</b>		

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

As per our report of even date  
For Kanu Doshi Associates  
Chartered Accountants  
Firm Registration No. 104746W

Arati Parmar  
Partner  
Membership No. 102888

R. K. Saraswat  
Director

Divya Kumat  
Vice President – Legal  
& Company Secretary

Place : Mumbai  
Dated: May 27, 2011

For and on behalf of the Board  
Dr. Lalit S. Kanodia  
Chairman

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**

	Schedule	March 31, 2011 ₹	March 31, 2010 ₹
<b>INCOME</b>			
Sales from Software Services and Products:			
Export		1,367,863,812	1,308,957,551
Domestic		16,629,434	—
Other Income	J	160,692,583	136,479,884
		<u>1,545,185,829</u>	<u>1,445,437,435</u>
<b>EXPENDITURE</b>			
Purchase of IT Products & Licenses		1,044,275	—
Operational Expenses	K	1,142,042,267	972,980,006
Administration & Other Overheads	L	127,480,846	130,184,560
Interest	M	2,593,786	2,542,618
Depreciation and Amortization		53,217,815	62,405,081
		<u>1,326,378,989</u>	<u>1,168,112,266</u>
Profit/(Loss) before Tax		<u>218,806,840</u>	<u>277,325,169</u>
Less : Provision for Income Tax and Wealth Tax		34,000,000	44,150,000
Add : MAT Credit entitlement		(24,985,172)	—
Add : Provision for Deferred Tax (Refer Note no. 13 in Schedule 'O')		(2,816,204)	(1,638,479)
Profit/(Loss) after Tax		<u>212,608,216</u>	<u>234,813,648</u>
Tax Adjustment of earlier years		—	8,500,406
Profit/(Loss) after Tax		<u>212,608,216</u>	<u>243,314,054</u>
Balance brought forward from last year		<u>516,211,456</u>	<u>408,822,508</u>
Amount Available for Appropriations		<u>728,819,672</u>	<u>652,136,562</u>
<b>APPROPRIATIONS :</b>			
Proposed Dividend on Equity Shares		44,212,003	73,686,671
Tax on Equity Dividend		7,172,292	12,238,435
Transfer to General Reserve		50,000,000	50,000,000
Amount Carried Forward		<u>627,435,377</u>	<u>516,211,456</u>
		<u>728,819,672</u>	<u>652,136,562</u>
Earnings per share (Face value ₹ 5 each) in ₹			
Basic (Annualised)		3.61	4.13
Diluted (Annualised)		3.61	4.12
(Refer Note no. 12 in Schedule 'O')			
Significant Accounting Policies	N		
Notes to Accounts	O		

The schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date  
For Kanu Doshi Associates  
Chartered Accountants  
Firm Registration No. 104746W

Arati Parmar  
Partner  
Membership No. 102888

R. K. Saraswat  
Director

Divya Kumat  
Vice President – Legal  
& Company Secretary

For and on behalf of the Board  
Dr. Lalit S. Kanodia  
Chairman

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated: May 27, 2011

## Schedules forming part of Financial Statements

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED		
100,000,000 (P.Y. 100,000,000) Equity Shares of ₹ 5/- each	500,000,000	500,000,000
30,000,000 (P.Y. 30,000,000) Redeemable Preference Shares of ₹ 10/- each	300,000,000	300,000,000
	<u>800,000,000</u>	<u>800,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
58,949,337 (P.Y. 58,949,337) Equity Shares of ₹ 5/- each fully paid up	294,746,685	294,746,685
<b>TOTAL</b>	<u>294,746,685</u>	<u>294,746,685</u>
<b>Notes:</b>		
1. Out of the above, 28,480,000 (P.Y. 28,480,000) Equity Shares of ₹ 5/- each have been allotted as fully paid Bonus Shares by capitalisation of General Reserve and Share Premium.		
2. Out of the above, 18,150,000 (P.Y. 18,150,000) Equity Shares of ₹ 5/- each have been issued without consideration being received in cash.		
3. Out of the above, 31,813,742 (P.Y. 31,813,742) Equity Shares of ₹ 5/- each are held by the Holding Company, Delta Infosolutions Private Limited.		
<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
	<u>3,524,880</u>	<u>3,524,880</u>
<b>CAPITAL REDEMPTION RESERVE</b>		
Balance as per last Balance Sheet	244,281,250	37,781,250
Add : Transferred from General Reserve	—	206,500,000
	<u>244,281,250</u>	<u>244,281,250</u>
<b>SECURITIES PREMIUM</b>		
Balance as per last Balance Sheet	1,080,078,716	1,078,430,216
Add : Received on issue of Equity Shares during the year	—	1,648,500
	<u>1,080,078,716</u>	<u>1,080,078,716</u>
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	874,057,362	1,030,857,362
Add/(Less) : Transferred from Profit and Loss Account	50,000,000	50,000,000
Add/(Less) : Pursuant to the Scheme of Arrangement and/or Amalgamation entered in the F.Y. 2008-09 (Net)	—	(300,000)
Add/(Less) : Transferred to Capital Redemption Reserve	—	(206,500,000)
	<u>924,057,362</u>	<u>874,057,362</u>
Surplus in Profit and Loss Account	627,435,377	516,211,456
<b>TOTAL</b>	<u>2,879,377,585</u>	<u>2,718,153,664</u>

## Schedules forming part of Financial Statements

### SCHEDULE 'C'

#### LOAN FUNDS

##### Secured Loans

##### From Banks

Working Capital Loan

Cash/Packing Credit

(Working Capital loan from Standard Chartered Bank is secured by way of Pari passu Charge on Hypothecation of Stock, Book Debts and Moveable Fixed Assets of the Company both past and present.)

#### TOTAL

As at  
March 31, 2011  
₹

As at  
March 31, 2010  
₹

44,585,950

39,161,132

44,585,950

39,161,132

### SCHEDULE 'D'

#### FIXED ASSETS

(₹)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Balance as on 1-Apr-10	Additions During the year	(Deletions)/ Adjustment During the year	Balance as on 31-Mar-11	Balance upto 1-Apr-10	Additions During the year	(Deletions)/ Adjustment During the year	Balance upto 31-Mar-11	Balance as on 31-Mar-11	Balance as on 31-Mar-10
LAND*	391,128,846	493,200	—	391,622,046	—	—	—	—	391,622,046	391,128,846
BUILDINGS	124,920,662	81,886	—	125,002,548	13,352,925	2,037,126	—	15,390,051	109,612,497	111,567,737
LEASEHOLD PREMISES	6,764,989	—	—	6,764,989	3,343,228	428,224	—	3,771,452	2,993,537	3,421,762
PLANT & MACHINERY	8,179,676	1,030,000	—	9,209,676	1,236,792	433,975	—	1,670,767	7,538,909	6,942,884
COMPUTERS	238,863,860	8,869,640	—	247,733,500	182,330,982	21,884,752	—	204,215,734	43,517,766	56,532,878
AIR CONDITIONERS	28,244,953	476,178	—	28,721,131	9,697,582	1,263,470	—	10,961,053	17,760,078	18,547,371
FURNITURE & FITTINGS	114,082,547	731,074	—	114,813,621	55,912,498	6,553,719	—	62,466,217	52,347,404	58,170,048
ELECTRICAL FITTINGS	45,561,739	804,000	—	46,365,739	14,435,908	2,086,216	—	16,522,124	29,843,615	31,125,831
OFFICE EQUIPMENTS	29,773,086	983,315	—	30,756,401	13,433,775	1,201,997	—	14,635,772	16,120,629	16,339,311
VEHICLES	25,511,816	2,231,668	(5,341,566)	22,401,918	8,376,464	2,046,556	(4,518,576)	5,904,444	16,497,474	17,135,352
<b>INTANGIBLE ASSETS</b>										
COMPUTER SOFTWARE										
INTERNAL DEVELOPED SOFTWARE	9,563,000	—	—	9,563,000	9,563,000	—	—	9,563,000	—	—
OTHER SOFTWARES	143,691,277	16,343,814	—	160,035,091	129,125,629	15,281,780	—	144,407,409	15,627,682	14,565,648
<b>GRAND TOTAL</b>	<b>1,166,286,451</b>	<b>32,044,775</b>	<b>(5,341,566)</b>	<b>1,192,989,660</b>	<b>440,808,783</b>	<b>53,217,815</b>	<b>(4,518,576)</b>	<b>489,508,022</b>	<b>703,481,638</b>	<b>725,477,668</b>
PREVIOUS YEAR TOTAL	1,153,210,221	16,918,083	3,841,853	1,166,286,451	379,679,319	62,405,081	1,275,617	440,808,783	725,477,668	—

\*Notes:

(1) The above amount includes Freehold land of ₹ 51,271,714 (P.Y. ₹ 51,271,714) and Leasehold land of ₹ 340,350,332 (P.Y. ₹ 339,857,132).

(2) Gross Block includes ₹ 317,231,030 (P.Y. ₹ 317,231,030) being the amount added on revaluation of Land in the F.Y. 2008-09 based on report issued by approved independent valuer.

## Schedules forming part of Financial Statements

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 'E'</b>		
<b>INVESTMENTS</b>		
<b>Long Term Investments (At Cost)</b>		
<b>UNQUOTED (Non-Trade)</b>		
<i>Investments in Bonds</i>		
Nil (P.Y. 1,100) NABARD 19 Bonds of ₹ 9,482.28 each	—	10,430,504
Nil (P.Y. 100) 6.85% India Infrastructure Finance Co. Ltd. Bonds of ₹ 102,450 each	—	10,323,822
4 (P.Y. Nil) 9.70% GE Shipping Bonds of ₹ 1,000,000 each	<b>4,003,899</b>	—
1,301 (P.Y. Nil) IFCI Deep Discount bonds of ₹ 25,000 each	<b>4,927,355</b>	—
0.250 (P.Y. Nil) Solaris Holding NCD of ₹ 106,832,622.28 each	<b>26,708,156</b>	—
<i>Investments in Debentures</i>		
200 (P.Y. 400) debentures of ₹ 100,000 each of Edelweiss Capital Ltd.	<b>20,220,600</b>	40,330,900
100 (P.Y. 100) debentures of ₹ 100,000 each of RBS Financial Services (India) Pvt. Ltd.	<b>10,110,300</b>	10,110,300
500 (P.Y. Nil) debentures of ₹ 100,000 each of ECL Finance Ltd.	<b>50,480,900</b>	—
100 (P.Y. Nil) debentures of ₹ 100,000 each of ECL Finance Ltd. - NIFLINK SE	<b>10,150,000</b>	—
10 (P.Y. Nil) debentures of ₹ 1,000,000 each of Morgan Stanley India Capital Pvt. Ltd.	<b>10,110,300</b>	—
100 (P.Y. Nil) debentures of ₹ 100,000 each of ECL Finance Ltd. B2B102 NCD	<b>10,050,000</b>	—
25 (P.Y. Nil) debentures of ₹ 100,000 each of Deutsche Investments India Pvt. Ltd.	<b>2,541,363</b>	—
<i>Investment in shares</i>		
<i>In Subsidiary Companies (Refer Note no. 19 in Schedule 'O')</i>		
300,001 (P.Y. 300,001) fully paid equity shares of Datamatics Technologies UK Limited, a company incorporated in United Kingdom of UKP 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 Global Services Inc., a company incorporated in USA.	<b>644,042,966</b>	644,042,966
50,000 (P.Y. 50,000) fully paid equity shares of Datamatics Global Services Pty. Ltd. of AUD 1 each	<b>1,562,846</b>	1,562,846
20,000 (P.Y. 20,000) fully paid equity shares of Datamatics Infotech Limited, UK of UKP 1 each	<b>1,711,255</b>	1,711,255
218,605 (P.Y. 218,605) fully paid equity shares of Datamatics Software Services Limited of ₹ 10 each	<b>2,040,324</b>	2,040,324
25,000 (P.Y. 25,000) fully paid equity shares of Datamatics Global Services GmbH, a company incorporated in Germany of EURO 1 each	<b>57,342,090</b>	57,342,090
50,000 (P.Y. 50,000) fully paid equity shares of Datamatics Global Technologies Limited, a company incorporated in Mauritius of USD 1 each	<b>2,524,875</b>	2,524,875
1,700,000 (P.Y. 1,200,000) fully paid Non Cumulative Redeemable 8% Preference shares of Datamatics Global Technologies Limited, a company incorporated in Mauritius of USD 1 each (Refer Note no. 16 in Schedule 'O')	<b>78,609,500</b>	56,244,000
50,000 (P.Y. 50,000) fully paid equity shares of Datamatics Global Technologies AG, a company incorporated in Switzerland of CHF 1 each	<b>2,255,000</b>	2,255,000
<i>In Other Companies</i>		
3,500 (P.Y. 3,500) fully paid equity shares of Matrix Advisors (India) Pvt. Ltd. of ₹ 10 each	<b>175,000</b>	175,000
419,990 (P.Y. 419,990) fully paid equity shares of Cybercom Datamatics Information Solutions Limited of ₹ 10 each (Refer Note no. 24 in Schedule 'O')	<b>4,199,900</b>	4,199,900

## Schedules forming part of Financial Statements

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 'E' (Contd.)</b>		
<b>Current Investments (At Cost or Fair Value, whichever is less) (Quoted) - Non-Trade</b>		
Investments in Portfolio Management Services (PMS) **		
Reliance Capital Asset Management Limited (Refer Note no. 18 in Schedule 'O')	<b>623,646</b>	7,219,372
<b>Investment in Commercial Papers</b>		
100 (P.Y. Nil) Commercial Papers of ₹ 500,000 each of India Infoline Investment Services Ltd. 122D CP 04JL11	<b>48,178,450</b>	—
<b>Investment in Commodity Index Future Contracts</b>		
Guargum Commodity (Refer Note no. 22 in Schedule 'O')	<b>27,193,627</b>	—
<b>Long Term Investments (At Cost) (Quoted) - Non-Trade - In units of Mutual Funds</b>		
Nil (P.Y. 1,317,903) Units of Birla Sun Life Dynamic Bond Fund - Retail - Growth (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 15.43)	—	20,002,202
Nil (P.Y. 5,855,655) Units of Birla Sun Life Floating Rate Fund - LT - Institutional - Growth (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 10.79)	—	59,254,380
5,000,000 (P.Y. Nil) Units of BNP Paribas Fixed Term Fund - Series 21 F (Face Value of ₹ 10 each) (NAV ₹ 10.07 P.Y. Nil)	<b>50,000,000</b>	—
Nil (P.Y. 291,589) Units of ICICI Prudential Flexible Income Plan (Face Value of ₹ 100 each) (NAV Nil P.Y. ₹ 171.27)	—	49,900,000
992,290 (P.Y. Nil) Units of Kotak Credit Opportunities Fund - IP - Growth (Face Value of ₹ 10 each) (NAV ₹ 10.43 P.Y. Nil)	<b>10,001,594</b>	—
2,000,000 (P.Y. 2,000,000) Units of Kotak FMP 13M Series 6 (Face Value of ₹ 10 each) (NAV ₹ 10.78 P.Y. 10.04)	<b>20,000,000</b>	20,000,000
3,601,011 (P.Y. Nil) Units of Kotak QIP Series 10 - Growth (Face Value of ₹ 10 each) (NAV ₹ 11.53 P.Y. Nil)*	<b>40,007,082</b>	—
Nil (P.Y. 2,000,000) Units of Reliance Fixed Horizon Fund - IX - Series - 6 (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 11.88)	—	20,000,000
Nil (P.Y. 1,789,028) Units of Reliance Regular Savings Fund - Debt Fund - IP (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 12.64)	—	22,502,214
Nil (P.Y. 82,843) Units of SBI MSFU Contra Fund (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 55.18)	—	2,291,671
Nil (P.Y. 1,398,577) Units of Sundaram BNP Paribas Flexible Fund - STIP - Growth (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 14.58)	—	20,001,884
Nil (P.Y. 1,000,109) Units of Tata Fixed Income Portfolio Fund - B3 - Growth (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 10.02)	—	10,001,085
1,000,000 (P.Y. 1,000,000) Units of Tata Fixed Maturity Plan Series - 25 - Scheme A (Face Value of ₹ 10 each) (NAV ₹ 11.21 P.Y. ₹ 10.47)	<b>10,000,000</b>	10,000,000
2,977,770 (P.Y. 2,977,770) Units of Templeton India Income Opportunities Fund - Growth (Face Value of ₹ 10 each) (NAV ₹ 10.97 P.Y. ₹ 10.32)*	<b>30,000,000</b>	30,000,000
<b>Liquid Funds - Current Investment (At Cost or Fair Value, whichever is less)</b>		
Nil (P.Y. 2,575,277) Units of Birla Sun Life Savings Fund - IP - Growth (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 17.48)	—	45,007,335
1,923,635 (P.Y. 1,561,485) Units of BNP Paribas Money Plus IP Fund (Face Value of ₹ 10 each) (NAV ₹ 14.83 P.Y. ₹ 13.89)	<b>28,500,000</b>	21,159,012
1,532,927 (P.Y. Nil) Units of Kotak Flexi Debt Fund - Growth (Face Value of ₹ 10 each) (NAV ₹ 12.09 P.Y. Nil)	<b>18,506,601</b>	—
Nil (P.Y. 4,415,509) Units of Kotak Flexi Debt Fund - IP - Growth (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 11.33)	—	50,006,968
4,066,294 (P.Y. Nil) Units of Kotak Floater - LT - Growth (Face Value of ₹ 10 each) (NAV ₹ 15.59 P.Y. Nil)	<b>63,200,000</b>	—

## Schedules forming part of Financial Statements

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 'E' (Contd.)</b>		
<b>Liquid Funds - Current Investment</b>		
<b>(At Cost or Market Value, whichever is less) (Contd.)</b>		
Nil (P.Y. 4,216,264) Units of LIC MF Floating Rate Fund - ST (Face Value of ₹ 10 each) (NAV Nil P.Y. ₹ 15.12)	—	63,737,364
135,613 (P.Y. Nil) Units of Reliance Liquid Fund - Cash Plan - Growth (Face Value of ₹ 10 each) (NAV ₹ 15.89 P.Y. Nil)*	2,139,746	—
2,164,749 (P.Y. Nil) Units of Reliance Liquid Fund - TP - IP (Face Value of ₹ 10 each) (NAV ₹ 23.88 P.Y. Nil)	51,600,000	—
45,052 (P.Y. Nil) Units of Religare Ultra Short Term Fund - IP - Growth (Face Value of ₹ 1,000 each) (NAV ₹ 1,352.02 P.Y. Nil)	60,900,000	—
2,421,833 (P.Y. Nil) Units of Sundaram Ultra Short Term - Super IP - Growth (Face Value of ₹ 10 each) (NAV ₹ 13.25 P.Y. Nil)	32,013,546	—
4,790,878 (P.Y. Nil) Units of Tata Floater Fund (Face Value of ₹ 10 each) (NAV ₹ 14.67 P.Y. Nil)	70,000,000	—
3,951,570 (P.Y. Nil) Units of Templeton India Ultra Short Bond Fund - Super IP - Growth (Face Value of ₹ 10 each) (NAV ₹ 12.67 P.Y. Nil)	50,000,000	—
21,960 (P.Y. Nil) Units of UTI Floating Rate Fund - STP - IP - Growth (Face Value of ₹ 1,000 each) (NAV ₹ 1,106.14 P.Y. Nil)	23,850,000	—
100,116 (P.Y. Nil) Units of Kotak Liquid Inst Daily Dividend Fund (Face Value of ₹ 10 each) (NAV ₹ 12.23 P.Y. Nil)	1,100,000	—
* Out of the above 6,714,394 P.Y. (Nil) units are under lien with Deutsche Bank AG for loan taken by Datamatics Global Services Germany		
<b>Long Term Investments (At Cost) (Quoted) - Non-Trade</b>		
<b>In shares</b>		
(a) 900 (P.Y. 900) fully paid Equity Shares of ₹ 10 each of Cybertech Ltd. Less : Provision for dimunition in value	510,767 494,297 <b>16,470</b>	510,767 494,297 <b>16,470</b>
(b) 6,100 (P.Y. 3,660) fully paid Equity Shares of ₹ 2 each of Wipro Ltd. Less : Provision for dimunition in value	3,739,473 1,152,035 <b>2,587,438</b>	3,739,473 1,152,035 <b>2,587,438</b>
(c) 5,000 (P.Y. 5,000) fully paid Equity Shares of ₹ 1 each of Vikas WSP Ltd. Less : Provision for dimunition in value	552,950 389,950 <b>163,000</b>	552,950 389,950 <b>163,000</b>
(d) 800 (P.Y. Nil) fully paid Equity Shares of ₹ 10 each of Reliance Industries Ltd.	807,621	—
(e) 400 (P.Y. Nil) fully paid Equity Shares of ₹ 5 each of Mahindra and Mahindra Ltd.	205,649	—
(f) 8,998 (P.Y. Nil) fully paid Equity Shares of ₹ 10 each of Coal India Ltd.	2,204,510	—
(g) 38,767 (P.Y. Nil) fully paid Equity Shares of ₹ 10 each of Powergrid Corporation	3,489,030	—
(h) 75,000 (P.Y. Nil) fully paid Equity Shares of ₹ 10 each of GSS America	12,888,827	—
(i) 1000 (P.Y. Nil) fully paid Equity Shares of ₹ 10 each of AXIS Bank Ltd.	1,216,774	—
(j) 800 (P.Y. Nil) fully paid Equity Shares of ₹ 2 each of Larsen and Toubro Ltd.	1,228,161	—
<b>TOTAL INVESTMENTS</b>	<b>1,630,274,985</b>	<b>1,321,030,760</b>
Aggregate of Quoted Investment	662,621,772	453,850,395
Aggregate of Unquoted Investments	967,653,213	867,180,366
Marktet Value of Quoted Investment	594,955,479	456,621,603
Note: Includes ₹ 144.62 million (P.Y. ₹ 298.94 million) of Unutilised Balance of IPO fund, invested in Mutual Funds (Refer Note no. 23 in Schedule 'O')		

## Schedules forming part of Financial Statements

### Notes:

#### 1. Details of Investment bought and sold during the year:

Scheme Name	No. of units bought	No. of units sold
Birla Cash Plus Fund	866,927	866,927
Birla Sun Life Dynamic Bond Fund - Retail - Growth	1,285,735	2,603,638
Birla Sun Life Floating Rate Fund - Long Term - Instl - Growth	—	5,855,655
Birla Sun Life Savings Fund - IP - Growth	8,818,315	11,393,592
BNP Paribas Fixed Term Fund - Series 21 F	5,000,000	—
BNP Paribas Money Plus IP Fund	1,923,635	1,561,485
BNP Paribas Overnight Fund	43,412,848	43,412,848
DSP Blackrock Money Manager Fund	37,483	37,483
DWS Insta Cash Plus Fund - IP - Growth	5,531,351	5,531,351
DWS Ultra Short-Term Fund - IP - Growth	5,044,304	5,044,304
HDFC HIF - STP	1,080,725	1,080,725
ICICI Prudential Flexible Income Plan	—	291,589
ICICI Prudential Short Term Plan - Growth	1,028,394	1,028,394
IDBI Ultra Short Term Fund	5,795,778	5,795,778
Kotak Credit Opportunities Fund - IP - Growth	992,290	—
Kotak Flexi Debt Fund - IP - Growth	8,162,528	12,578,038
Kotak Flexi Debt Fund - Growth	5,256,705	3,723,778
Kotak Floater - LT - Growth	4,066,294	—
Kotak Floater - ST - Growth	8,019,802	8,019,802
Kotak Liquid Fund	5,327,791	5,327,791
Kotak QIP Series 10 - Growth	3,601,011	—
Kotak QIP Series 8 - IP - Growth	904,535	904,535
LIC MF Floating Rate Fund - St	9,903,096	14,119,360
LIC MF Income Plus Fund - Growth Plan	894,476	894,476
LIC MF Liquid Fund	10,974,691	10,974,691
LIC MF Savings Plus Fund - Growth	20,646,360	20,646,360
Reliance Fixed Horizon Fund - IX - Series - 6	—	2,000,000
Reliance Liquid Fund - Cash Plan - Growth	11,057,695	10,922,081
Reliance Liquid Fund - IP - Growth	2,416,728	2,416,728
Reliance Liquid Fund - TP - IP	2,164,749	—
Reliance Liquidity Fund - Growth	2,473,423	2,473,423
Reliance Money Manager Fund - IP - Growth	71,010	71,010
Reliance Regular Savings Fund - Debt Fund - IP	—	1,789,028
Reliance Short Term Fund - Growth	1,134,783	1,134,783
Religare Liquid Fund - IP - Growth	768,046	768,046
Religare Overnight Fund	873,012	873,012
Religare Ultra Short Term Fund - IP - Growth	45,052	—
SBI MSFU Contra Fund	—	82,843
SBI Shdf Ultra Short Term Fund	815,264	815,264
Sundaram BNP Paribas Flexible Fund - STIP - Growth	—	1,398,577
Sundaram BNP Paribas Money Fund - IP - Growth	1,063,372	1,063,372
Sundaram Money Fund - Super IP - Growth	2,238,940	2,238,940
Sundaram Ultra Short Term - Super IP - Growth	11,488,106	9,066,273
Tata Fixed Income Portfolio Fund - B3 - Growth	—	1,000,109
Tata Floater Fund	5,643,999	853,121
Taurus Ultra Short Term Bond Fund - Super IP - Growth	43,496	43,496
Templeton India Ultra Short Bond Fund - Super IP - Growth	3,951,570	—
UTI Fixed Income Interval Fund - Quarterly Interval Plan - I	985,853	985,853
UTI Floating Rate Fund - STP - IP - Growth	33,745	11,784
UTI Money Market - IP - Growth	41,636	41,636

## Schedules forming part of Financial Statements

### Notes:

**\*\* 2. During the year, the company had bought and sold under PMS Scheme:**

Shares Name	No. of shares bought	No. of shares sold
Amara Raja Batteries Ltd.	1,073	1,643
Astral Poly Technik Ltd.	2,080	2,080
Bharat Heavy Electricals Ltd.	195	195
Balrampur Chini Mills Ltd.	—	1,562
Bank of Baroda	—	315
Bharti Tele-Venture Ltd.	—	863
Cairn India Ltd.	1,618	1,618
CCL Products (India) Ltd.	122	122
Deepak Fertilisers & Petrochemicals Corporation Ltd.	1,924	1,924
Emkay Global Financial Services Ltd.	—	2,913
Escorts Ltd.	—	3,497
Financial Technologies (India) Ltd.	—	138
Fulford (India) Ltd.	—	323
Grasim Industries Ltd.	171	171
Housing Development Finance Corp. Ltd.	324	405
Hindustan Petroleum Corporation Ltd.	—	1,169
HDFC Bank Ltd.	—	193
HEG Ltd.	—	966
Indian Oil Corporation Ltd.	—	864
Infosys Technologies Ltd.	—	103
IPCA Laboratories Ltd.	—	3,265
ITC Ltd.	1,577	3,154
Kec International Ltd.	—	125
Larsen & Toubro Ltd.	206	206
Maruti Udyog Ltd.	331	331
Mphasis Ltd.	504	504
NTPC Ltd.	2,067	2,067
Oil and Natural Gas Corporation Ltd.	164	369
Oil India Ltd.	215	383
Patni Computers Ltd.	885	885
Reliance Industries Ltd.	1,079	1,079
Sankhya Infotech Ltd.	—	4,120
SKF INDIA Ltd.	—	1,625
Sonata Software Ltd.	—	7,106
SSIPL Retail Ltd.	—	3,059
Standard Chartered Idr	4,398	4,398
Tata Consultancy Services Ltd.	147	537
Tata Iron	623	623
The Supreme Industries	3,292	4,115
Ultratech Cement Ltd.	98	98
United Phosphorous Ltd.	—	849
Wipro Ltd.	1,025	1,025
Zee Learn Ltd.	367	367
Zee Telefilms Ltd.	1,466	1,466
Zuari Industries Ltd.	289	289
Scheme Name	No. of units bought	No. of units sold
Reliance Liquidity Fund - Daily Dividend	4,175,228	4,175,228
Reliance Liquid Fund - Weekly Dividend	326,505	354,281
Reliance Liquid Fund - TP - IP - Daily Dividend	1,290,797	1,290,797
Kotak Liquid Inst. - Daily Dividend Fund	100,116	—

### 3. During the year, the Company has made the following investments in Preference Shares:

Datamatics Global Technologies Ltd. (Refer Note no. 16 in Schedule 'O')

## Schedules forming part of Financial Statements

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 'F'</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured		
Outstanding for a period exceeding six months		
Considered Good	49,093,670	61,824,315
Considered Doubtful	—	—
Others, Considered Good	277,870,825	261,709,941
	<b>326,964,495</b>	<b>323,534,256</b>
Less : Provision for Doubtful Debts	—	—
<b>TOTAL</b>	<b>326,964,495</b>	<b>323,534,256</b>
(Refer Note no. 20 in Schedule 'O')		
<b>SCHEDULE 'G'</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on Hand	212,201	194,707
Cheques on Hand	—	6,981,556
Foreign Currency on Hand	1,563,337	548,636
Balance with Scheduled Banks		
In Current Accounts	12,964,478	21,977,470
In Fixed Deposit Accounts	—	12,013,096
In Margin Accounts*	6,190,250	12,954,638
In Exchange Earner's Foreign Currency Account	2,368,696	6,350,181
In Unclaimed Dividend Accounts	2,157,277	1,892,967
In Share Refund Accounts	941,800	941,800
<b>TOTAL</b>	<b>26,398,039</b>	<b>63,855,051</b>
* Out of the above ₹ 6,189,545 (P.Y. ₹ 5,776,250) are marked as Lien for Guarantees issued by Banks on behalf of the Company.		
<b>SCHEDULE 'H'</b>		
<b>LOANS &amp; 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. 14, 19 and 21 in Schedule 'O')	101,714,678	140,607,872
Advance Payment of Tax (Net)	—	9,310,006
Advance Tax — FBT (Net)	701,282	701,282
Deposits	13,690,699	13,007,867
Interest Accrued	15,473,161	19,866,226
MAT Credit Entitlement	24,985,172	—
Other Receivables	373,368,800	630,278,876
Other Advances		
— Considered Doubtful	6,042,708	6,042,708
— Others, Considered Good	7,602,104	8,280,169
	<b>543,578,604</b>	<b>828,095,006</b>
Less: Provision for bad & doubtful advances	6,042,708	6,042,708
<b>TOTAL</b>	<b>537,535,896</b>	<b>822,052,298</b>

## Schedules forming part of Financial Statements

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE 'I'</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
a. Sundry Creditors (Refer Note no. 25 in Schedule 'O')		
— for Capital Goods	7,359,702	7,295,479
— for Vendors	1,898,629	987,064
— for Expenses	10,625,522	4,162,317
b. Advance received from Customers	26,170,183	9,363,888
c. Investor Education and Protection Fund (not due)		
— Unpaid Dividend	2,037,003	1,768,996
— Unclaimed Interest on Fixed Deposit	—	139,491
— Share Application Money	941,800	941,800
d. Other Liabilities (Net)	19,384,756	24,393,220
	<b>68,417,595</b>	<b>49,052,255</b>
Employees Liabilities (Net) (Included ₹ 679,580 (P.Y. ₹ 5,315,000) due as commission to Chairman, Managing Director and Whole Time Director) (Refer Note no. 17 in Schedule 'O')	<b>48,436,386</b>	<b>58,717,651</b>
<b>TOTAL</b>	<b>116,853,981</b>	<b>107,769,906</b>
<b>B. PROVISIONS</b>		
For Proposed Dividend on Equity Shares	44,212,003	73,686,671
For Tax on Equity Dividend	7,172,292	12,238,435
For Direct Taxes (Net)	719,185	—
For Gratuity (Refer Note no. 8 in Schedule 'O')	42,512,936	37,694,834
For Leave Encashment (Refer Note no. 8 in Schedule 'O')	16,699,050	22,256,939
<b>TOTAL</b>	<b>111,315,466</b>	<b>145,876,879</b>
<b>SCHEDULE 'J'</b>		
<b>OTHER INCOME</b>		
Interest from banks [TDS ₹ 162,009 (P.Y. ₹ 1,343,764)]	804,012	7,932,217
Interest from others [TDS ₹ 8,184,919 (P.Y. ₹ 9,255,156)]	83,277,096	87,967,211
Dividend on Investments - Non-Trade (Trade Nil)	34,052,711	844,679
Profit on Sale of Investments - Non-Trade - Current (Net)	13,603,043	10,667,424
Profit on Sale of Investments - Non-Trade - Long Term (Net)	16,301,414	26,142,443
Sundry Balances Written back (Net)	328,082	398,259
Exchange Fluctuation (Net)	3,428,459	—
Miscellaneous Income	8,897,766	677,122
Provision for dimunition in value of investments	—	1,850,529
<b>TOTAL</b>	<b>160,692,583</b>	<b>136,479,884</b>

## Schedules forming part of Financial Statements

	March 31, 2011 ₹	March 31, 2010 ₹
<b>SCHEDULE 'K'</b>		
<b>OPERATIONAL EXPENSES</b>		
Knowledge Associates/Vendor Charges	27,117,762	27,003,383
Electricity	37,918,987	38,710,312
Payments to and expenditure for employees		
a. Salaries, Wages, Bonus & allowances	806,693,251	665,062,883
b. Contribution to Provident Fund and other funds	35,301,623	29,853,768
c. Welfare Expenditure	30,813,539	29,074,276
d. Directors Remuneration (Refer Note no. 17 in Schedule 'O')	21,415,129	25,440,013
Technical Fees	27,809,030	14,638,221
Travelling Expenses	141,507,468	127,651,167
Link Charges	13,465,478	15,545,983
<b>TOTAL</b>	<b>1,142,042,267</b>	<b>972,980,006</b>
<b>SCHEDULE 'L'</b>		
<b>ADMINISTRATION &amp; OTHER OVERHEADS</b>		
Rent	16,888,129	17,610,677
Rates and Taxes	3,372,672	2,527,156
Communication Expenses	9,933,176	8,433,954
Legal and Professional Charges	11,164,750	13,354,745
Remuneration to Auditors	1,344,904	939,327
Repairs and Maintenance :		
— Building	1,288,815	1,604,496
— IT & Machinery	11,644,224	13,482,540
— Others	11,391,787	8,413,169
Insurance Premium	2,886,023	3,090,644
Sales Commission	5,884,763	8,690,543
Board Sitting Fees	310,000	355,000
Advertisement and Sales Promotion Expenses	5,956,223	886,124
Subscription Charges	8,860,041	2,226,652
Lease Rent & Hire Charges	2,935,648	2,918,127
Entertainment Expenses	2,142,986	1,406,742
Miscellaneous Expenses	5,470,753	3,730,277
Loss on sale of Fixed Assets (Net)	434,309	1,652,120
Bad debts Written off	—	14,289,210
Exchange Fluctuation (Net)	—	4,591,631
Bank & Other Charges	2,303,890	2,496,379
Recruitment Expenses	12,001,118	6,418,572
Printing & Stationery	3,604,830	3,510,417
Photocopying Charges	3,176,566	3,507,381
Security Charges	4,485,239	4,048,677
<b>TOTAL</b>	<b>127,480,846</b>	<b>130,184,560</b>
<b>SCHEDULE 'M'</b>		
<b>INTEREST</b>		
To Banks	2,593,786	2,519,715
To Others	—	22,903
<b>TOTAL</b>	<b>2,593,786</b>	<b>2,542,618</b>

## Schedules forming part of Financial Statements for the year ended March 31, 2011

### 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. The name of the Company was changed from "Datamatics Technologies Limited" to "Datamatics Global Services Limited" (DGSL) with effect from January 17, 2009.

Datamatics, a trusted partner to several Fortune 500 Companies is a global provider of Information Technology (IT) and Knowledge Process Outsourcing (KPO) and Consulting services. The Company provides business aligned next-generation solutions to a wide-range of industry verticals that help enterprises across the world overcome their business challenges and achieve operational efficiencies. These solutions leverage innovations in technology, knowledge of business processes, and domain expertise to provide clients a competitive edge.

#### 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 recognised in the period in which the results get materialized.

##### III. Revenue Recognition:

Revenue from services is recognised 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 recognised on periodical basis based on units executed and delivered.

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

Interest on deployment of funds is recognised on accrual basis. Dividend income is recognised when right to receive payment is established. Profit on sale of investment is recognised 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.

##### 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 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 are recognised, only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any. 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 ₹ 5,000/- each are depreciated in full in the year of purchase. Intangible assets including internally developed intangible assets are amortized over the year for which the company expects the benefits to accrue. Leasehold Premises is being depreciated over 15 years.

##### VI. Valuation of Inventories:

Inventory, if any, is valued at cost (arrived on FIFO basis) or net realizable value, whichever is lower. Custom Duty on the goods where title has passed to the Company is included in the value of inventory.

## Schedules forming part of Financial Statements for the year ended March 31, 2011

### Schedule 'N' — Notes to the Accounts (Contd.)

#### 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 recognise any decline, other than temporary, in the value of such Investments. The current investments are valued at cost or fair value 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 charged to Profit and Loss Account and are not deferred.

#### IX. 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 recognised in Profit and Loss Account in the year in which it arises.

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

The 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. The Company does not use the forward contract for speculative purposes. In respect of transactions covered by forward exchange contract, the difference between the forward rate and the exchange rate at the date of transaction is recognised as Income or expenses over the life of the contract. Exchange difference on such contract is recognised in the statement of profit and loss in the year in which the exchange rate changes, any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expenses for the year.

#### XI. 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 NACAS and the accounting treatment and disclosure given/made as prescribed therein.

#### XII. 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 bases 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.

## Schedules forming part of Financial Statements for the year ended March 31, 2011

### Schedule 'N' — Notes to the Accounts (Contd.)

#### XIII. Borrowing Cost:

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

#### XIV. 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.

#### XV. 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.

#### XVI. Employee Stock Option Scheme:

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

#### XVII. 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 recognised 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.

#### XVIII. Provision and Contingent Liabilities:

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates.

#### XIX. Cash and cash equivalents:

Cash and cash equivalents for the purpose of Cash Flow Statement comprises of cash at banks, cash in hand (including cheques in hand) and bank deposits.

### Schedule 'O'

#### NOTES TO THE ACCOUNTS

##### 1. Contingent Liability:

Provision is made in the accounts if it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

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

	31.03.2011 (₹)	31.03.2010 (₹)
(a) Details of guarantees and sureties outstanding as at:		
(i) Guarantees given by Banks to Embassy Centre Premises Co-operative Society Ltd.	405,295	405,295
(ii) Guarantees given by Banks to the Assistant Commissioner of Central Excise and Customs department	1,134,250	1,134,250
(iii) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 84,398.70	4,650,000	4,650,000
(b) Disputed Income Tax Liability	15,604,689	6,030,769
(c) Sales Tax	5,074,525	229,000
(d) Others	—	5,434,236

## Schedules forming part of Financial Statements for the year ended March 31, 2011

### Schedule 'O' — Notes to the Accounts (Contd.)

#### 2. Capital and other commitments:

Estimated amount of contracts on capital account remaining to be executed and not provided (net of advances) for ₹ 244.17 million (P.Y. ₹ 69.53 million).

3. Forward and Options Contracts Outstanding as on 31.03.2011 is USD 7.9 million (P.Y. USD 6.5 million) (equivalent to ₹ 374.9 million (P.Y. ₹ 316 million)). The foreign currency exposures that are not hedged by a derivative instrument or otherwise is ₹ 23.99 million (P.Y. ₹ 79.74 million).

#### 4. Auditor's remuneration includes:

	31.03.2011 (₹)	31.03.2010 (₹)
Audit Fees	860,000	660,000
Certification/Others	398,788	258,078
Out of Pocket Expenses	86,116	21,249
	<u>1,344,904</u>	<u>939,327</u>

5. Additional Information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956 (Wherever applicable).

	2011 (₹ in 000's)	2010 (₹ in 000's)
(i) FOB Value of Exports of ITES/BPO Segment	1,338,979	1,308,958
(ii) Income in foreign currency – Interest	100	102
(iii) CIF value of Import of capital goods	1,094	1,451
(iv) Expenditure in foreign currency (on accrual basis)		
Commission	5,885	8,691
Foreign Travel	93,254	90,635
Technical & Professional Fees	9,323	—
Others	8,537	6,987
<b>TOTAL</b>	<u>116,999</u>	<u>106,313</u>
(v) Net dividend remitted in foreign exchange		
No. of Non-resident Shareholders	5	109
No. of equity shares held on which dividend was due	248,250	363,973
The year to which the dividend relates	2009-10	2008-09
Amount remitted in equivalent dollar (\$)	\$6,574.41	\$9,482.41

6. 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.

7. 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.

#### 8. Employee Benefits

(Amount in ₹)

##### Gratuity (Non-funded)

	2010-11	2009-10
<b>Defined Contribution Plan:</b>		
<b>I. Charge to the Profit and Loss Account based on contributions</b>		
Employers Contribution to Provident Fund	29,580,562	24,174,272
Employers Contribution to Employees' State Insurance	5,153,770	2,962,919
Employers Contribution to Employees' Pension Scheme, 1995	460,653	296,968
Employers Contribution to Labour Welfare Fund & others	106,638	132,201
Included in Contribution to Provident Fund and other funds (Refer Schedule 'K')	<u>35,301,623</u>	<u>27,566,360</u>

## Schedules forming part of Financial Statements for the year ended March 31, 2011

### Schedule 'O' — Notes to the Accounts (Contd.)

(Amount in ₹)

		<b>Gratuity (Non-funded)</b>	
		<b>2010-11</b>	2009-10
<b>Defined Benefit Plan:</b>			
<b>I. Disclosures for defined benefit plans based on actuarial reports as on March 31, 2011</b>			
<b>A. Change in Defined Benefit Obligation</b>			
Present Value of Defined Benefit Obligation as at the beginning of the year		<b>37,694,834</b>	26,494,586
Interest Cost		<b>3,004,782</b>	2,410,213
Current Service Cost		<b>7,124,226</b>	7,208,148
Benefits Paid		<b>(9,510,588)</b>	(5,206,435)
Actuarial (gains)/loss		<b>4,199,682</b>	6,788,322
Present Value of Defined Benefit Obligation as at the end of the year		<b>42,512,936</b>	37,694,834
Included in "Current Liabilities & Provisions" (Refer Schedule 'I')			
<b>B. Changes in Fair Value of Assets</b>			
Fair Value of Plan Asset as at beginning of the year		<b>Nil</b>	Nil
Expected return on Plan Assets		<b>Nil</b>	Nil
Contributions by the employer		<b>9,510,588</b>	5,206,435
Benefits Paid		<b>(9,510,588)</b>	(5,206,435)
Actuarial gain/(loss)		<b>Nil</b>	Nil
Fair Value of Plan Asset as at end of the year		<b>Nil</b>	Nil
<b>C. Amount recognised in the Balance Sheet</b>			
Present value of defined benefit obligation as at end of the year		<b>42,512,936</b>	37,694,834
Fair Value of Plan Assets at the end of the year		<b>Nil</b>	Nil
Net Asset/(Liability) recognised in Balance Sheet (Refer Schedule 'I')		<b>(42,512,936)</b>	(37,694,834)
<b>D. Expenses recognised in Profit and Loss Account</b>			
Current Service Cost		<b>7,124,226</b>	7,208,148
Interest Cost		<b>3,004,782</b>	2,410,213
Actuarial losses/(gains)		<b>4,199,682</b>	6,788,322
Total Expenses/(Income) recognised in Profit and Loss Account		<b>14,328,690</b>	16,406,683
Included in Salaries, Wages, Bonus & allowances (Refer Schedule 'K')			
<b>E. Principal Actuarial Assumptions used:</b>			
1. Discount Rate (per annum)		<b>8.00%</b>	7.50%
2. Salary Escalation		<b>3.50%</b>	3.50%
3. Mortality table		<b>LIC (1994-96) Ultimate</b>	LIC (1994-96) Ultimate
<b>F. Experience Adjustments</b>			
Experience Adjustments on Plan Liability (gain)/loss		<b>5,380,884</b>	—

**Note:**

Provision towards liability for Leave Encashment made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value liability is ₹ 16,699,050 (P.Y. ₹ 22,256,939 ) based upon following assumptions:

	<b>2010-11</b>	2009-10
Discount Rate	<b>8.00%</b>	7.50%
Salary Escalation	<b>3.50%</b>	3.50%

## Schedules forming part of Financial Statements for the year ended March 31, 2011

### Schedule 'O' — Notes to the Accounts (Contd.)

9. 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 AS-17 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:

	31.03.2011	31.03.2010
		(₹ in 000's)
<b>Revenue</b>		
Sale to external customers	1,367,864	1,308,958
Segment result profit	58,114	140,845
Other Income	160,693	136,480
Direct Taxes	6,199	42,512
Profit from Ordinary Activities	212,608	234,814
Net Profit	212,608	234,814
<b>Other Segment Information</b>		
Capital Expenditure	32,045	16,918
Depreciation and amortization	53,218	62,405
Non Cash Expenses other than depreciation (net)	106	15,341
<b>Particulars of Segment Assets and Liabilities:</b>		
Segment Assets	1,215,266	1,203,623
Investments	1,630,275	1,321,031
Bank Deposits	6,190	24,968
Other Assets	537,903	771,005
<b>Total Assets</b>	<b>3,389,634</b>	3,320,627
Segment Liabilities	217,673	204,033
Other Liabilities	67,185	103,694
<b>Total Liabilities</b>	<b>284,858</b>	307,726

#### Geographic Segment

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

	31.03.2011	31.03.2010
		(₹ in 000's)
<b>Geographic Location</b>		
USA	624,048	592,015
Europe	555,895	489,473
Others	187,921	227,470
<b>TOTAL</b>	<b>1,367,864</b>	1,308,958

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.

#### 10. Related party disclosures:

- (i) As per Accounting Standard 18, as notified by the rules the disclosures of Related Parties and transactions during the year as deemed in the Accounting Standard are given below:

(A) Subsidiary Companies:	(C) Key Managerial Personnel
Datamatics Global Services Inc.	Dr. L. S. Kanodia
Datamatics Global Services GmbH	Mr. Rahul Kanodia
Datamatics Technologies UK Ltd.	Mr. Vidur Bhogilal
Datamatics Software Services Ltd.	Mr. Sameer Kanodia
Datamatics Global Technologies Ltd.	
Datamatics Global Technologies AG	(D) Relatives of Key Managerial Personnel
Datamatics Infotech Ltd.	Mrs. Asha Kanodia
Datamatics Global Services Pty. Ltd.	Mrs. Priyadarshini Kanodia
Datamatics Global Technologies GmbH	Datamatics Staffing Services Pvt. Ltd.



## Schedules forming part of Financial Statements for the year ended March 31, 2011

### Schedule 'O' — Notes to the Accounts (Contd.)

Nature of transaction	Refer to (i) A above		Refer to (i) B above		Refer to (i) C above		Refer to (i) D above		Refer to (i) E above	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Interest income</b>	<b>8,474,184</b>	9,047,675	—	—	—	—	—	—	—	—
Datamatics Global Services GmbH	<b>99,762</b>	101,851	—	—	—	—	—	—	—	—
Datamatics Software Services Ltd.	<b>8,374,422</b>	8,945,824	—	—	—	—	—	—	—	—
<b>Loans and Advances Refunded during the year</b>	<b>63,404,398</b>	64,875,140	—	100,000	—	—	—	—	—	—
Datamatics Global Services Inc.	<b>11,739,479</b>	18,715,344	—	—	—	—	—	—	—	—
Datamatics Technologies UK Ltd.	—	576,225	—	—	—	—	—	—	—	—
Datamatics Software Services Ltd.	<b>47,383,402</b>	40,109,820	—	—	—	—	—	—	—	—
Datamatics Global Services GmbH	—	158,281	—	—	—	—	—	—	—	—
Datamatics Infotech Ltd.	<b>2,836,948</b>	5,270,216	—	—	—	—	—	—	—	—
Datamatics Global Services Pty. Ltd.	<b>1,444,569</b>	45,254	—	—	—	—	—	—	—	—
Datamatics Applied DSP Private Ltd.	—	—	—	100,000	—	—	—	—	—	—
<b>Loans and Advances Given during the year</b>	<b>16,084,015</b>	64,978,621	—	—	—	—	—	1,999,929	—	—
Datamatics Global Services Inc.	<b>11,736,934</b>	18,017,757	—	—	—	—	—	—	—	—
Datamatics Technologies UK Ltd.	—	495,554	—	—	—	—	—	—	—	—
Datamatics Global Services GmbH	—	2,417,659	—	—	—	—	—	—	—	—
Datamatics Software Services Ltd.	<b>539,549</b>	36,462,884	—	—	—	—	—	—	—	—
Datamatics Infotech Ltd.	<b>3,333,569</b>	6,872,159	—	—	—	—	—	—	—	—
Datamatics Global Services Pty. Ltd.	<b>473,963</b>	712,608	—	—	—	—	—	—	—	—
Datamatics Staffing Services Pvt. Ltd.	—	—	—	—	—	—	—	1,999,929	—	—
<b>Investment in Preference Shares</b>	<b>22,365,500</b>	56,244,000	—	—	—	—	—	—	—	—
Datamatics Global Technologies Ltd.	<b>22,365,500</b>	56,244,000	—	—	—	—	—	—	—	—
<b>Payables</b>	<b>1,090,217</b>	—	—	—	<b>154,580</b>	5,315,000	—	—	—	—
Dr. L. S. Kanodia	—	—	—	—	<b>77,290</b>	2,657,500	—	—	—	—
Mr. Rahul Kanodia	—	—	—	—	<b>77,290</b>	2,657,500	—	—	—	—
Datamatics Global Technologies GmbH	<b>1,090,217</b>	—	—	—	—	—	—	—	—	—
<b>Receivables</b>	<b>169,182,427</b>	258,268,026	<b>3,008,070</b>	—	—	—	—	1,999,929	—	—
Datamatics Global Services Inc.	<b>50,674,764</b>	84,553,412	—	—	—	—	—	—	—	—
Datamatics Global Services GmbH	<b>24,895,269</b>	36,692,692	—	—	—	—	—	—	—	—
Datamatics Software Services Ltd.	<b>81,843,468</b>	121,053,625	—	—	—	—	—	—	—	—
Datamatics Global Technologies GmbH	—	2,263,480	—	—	—	—	—	—	—	—
Datamatics Infotech Ltd.	<b>11,768,926</b>	11,038,680	—	—	—	—	—	—	—	—
Datamatics Global Services Pty. Ltd.	—	2,666,137	—	—	—	—	—	—	—	—
Datamatics Financial Services Ltd.	—	—	<b>3,008,070</b>	—	—	—	—	—	—	—
Datamatics Staffing Services Pvt Ltd.	—	—	—	—	—	—	—	1,999,929	—	—

Note:

(1) Related parties are identified by the management and relied upon by the auditors.

11. 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 ₹)

	March 31, 2011	March 31, 2010
Amount due not later than one year from the balance sheet date	<b>16,258,338</b>	5,756,760
Amount due in the period between one year and five years	<b>4,555,900</b>	9,941,863
Amount due later than five years	—	—
The Following Lease payments are recognised in Profit and Loss Account:		
Lease Rent	<b>16,888,129</b>	17,610,677

## Schedules forming part of Financial Statements for the year ended March 31, 2011

### Schedule 'O' — Notes to the Accounts (Contd.)

#### 12. Earning Per Share (EPS):

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

	As of 31.03.2011	As of 31.03.2010
(a) Net Profit after taxation attributable to equity shareholders (₹)	<b>212,608,216</b>	243,314,054
(b) Weighted average number of Outstanding equity shares:		
Considered for basic EPS including shares allotted pursuant to the scheme outstanding at beginning of the year	<b>58,949,337</b>	58,926,145
Add: Weighted number of Stock Options allotted during the year	—	23,192
Add: Weighted number of Stock Options outstanding as on 31.3.2011	—	57,000
Considered for diluted EPS outstanding at end of the year	<b>58,949,337</b>	59,006,337
(c) Earnings per share:		
(Nominal value per share ₹ 5 each)		
Basic (₹)	<b>3.61</b>	4.13
Diluted (₹)	<b>3.61</b>	4.12

#### 13. Deferred Tax:

- (i) During the year ended 31st March, 2011, the Company has reversed deferred tax liability of ₹ 2,816,204 in the Profit & Loss Account.
- (ii) The break up of deferred tax assets and liabilities as at 31st March, 2011 is as under:

	As at 31.03.2011	Credit/ (Charge)	As at 31.03.2010
Deferred Tax Liability/(Asset)			
Timing difference on account of Depreciation	<b>32,186,300</b>	3,220,910	35,407,210
Others	<b>(20,084,075)</b>	(404,706)	(20,488,781)
Net deferred tax liability/(asset)	<b>12,102,225</b>	2,816,204	14,918,429

14. The Company has Outstanding Working Capital Loan/Advance of Euro 100,000 from its subsidiary Datamatics Technologies GmbH at a interest rate of 1% p.a. above the LIBOR rate, and of ₹ 81,843,468 from its subsidiary Datamatics Software Services Limited at a interest rate of 8% p.a. as on March 31, 2011.
15. Amount Recoverable from ESOP trust consists of ₹ 69,347,270 paid to Datamatics Staff Welfare trust during the year for purchase of 1,753,261 Equity shares of the Company.
16. During the year, Company has invested in 8% Non-Cumulative Redeemable Preference Share capital of USD 500,000 in Datamatics Global Technologies Ltd., incorporated in Mauritius. The said shares are redeemable at the option of the Company.
17. Managerial Remuneration under Section 198 of the Companies Act, 1956 paid or payable during the year, to the directors is as under:

	31.03.2011	31.03.2010
	₹	₹
Salaries and Allowances *	<b>17,078,400</b>	17,171,150
Commission Payable **	<b>679,718</b>	5,965,000
Approximate money value of perquisites and benefits***	<b>3,657,011</b>	2,303,863
<b>TOTAL</b>	<b>21,415,129</b>	25,440,013

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

\*\* The amount of commission payable includes ₹ 525,000 (P.Y. ₹ 650,000) payable to non-whole-time directors.

\*\*\* Does not include monetary value of non-cash perquisites as per Income Tax Act, 1961.

## Schedules forming part of Financial Statements for the year ended March 31, 2011

### Schedule 'O' — Notes to the Accounts (Contd.)

#### Calculation of net profit as per Section 349/350 of the Companies Act, 1956 for determining the commission to be paid to Non-Executive Directors

	2011 (₹)
Profit Before Tax as per Profit and Loss Account	218,806,840
Add: Directors Remuneration paid/provided	21,415,129
Loss on sale of Fixed Assets	434,309
	<u>29,904,457</u>
Less: Profit on Sale of Investments	210,751,821
Net Profit in accordance with Section 198(1)/349	21,075,182
Maximum remuneration payable, subject to the overall ceiling of Sections 198 and 309	2,107,518
To Whole-time Directors @ 10% of Profit computed above	
To Other Directors @ 1% of Profit computed above	

18. Portfolio Management services are provided by the Portfolio Manager – Reliance Capital Asset Management Ltd (RCAML) registered with SEBI vide registration No. INP000000423 and Trust Investment Advisors Pvt. Ltd. (TIAPL) registered with SEBI vide registration No. INP000001843. The portfolio Manager is engaged in investing funds in accordance with SEBI (Portfolio Managers) Regulations, 1993 of its client – Datamatics Global Services Ltd in securities and providing portfolio management services.

RCAML and TIAPL 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.

19. The Company has ₹ 101,714,678 (P.Y. ₹ 139,592,553) as outstanding Loans and Advances (Refer note 21 below) and ₹ 812,412,594 (P.Y. ₹ 731,278,219) as investment in seven 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.

20. Sundry Debtors include the following dues from the subsidiaries:

(Amount in ₹)

Particulars	Balance outstanding as on 31.03.2011	Maximum amount outstanding during the year	Balance outstanding as on 31.03.2010	Maximum amount outstanding during the year
Datamatics Global Services Inc.	50,581,420	90,822,511	87,315,746	113,359,364
Datamatics Global Services GmbH	17,219,022	538,888,077	29,387,607	32,228,886
Datamatics Global Services Pty Ltd.	—	1,650,817	1,650,817	1,650,817
Datamatics Global Technologies GmbH	894,581	894,581	2,263,480	2,263,480
<b>TOTAL</b>	<b>68,695,023</b>	<b>630,605,169</b>	120,617,651	149,502,548

21. Loans and advances to Subsidiaries consist of follows:

(Amount in ₹)

Particulars	Balance outstanding as on 31.03.2011	Maximum amount outstanding during the year	Balance outstanding as on 31.03.2010	Maximum amount outstanding during the year
Datamatics Global Services Inc.	211,059	4,825,474	195,163	11,794,135
Datamatics Global Services GmbH	7,676,247	7,654,974	7,305,085	8,347,880
Datamatics Software Services Ltd.	81,843,468	124,264,743	121,053,625	121,160,651
Datamatics Infotech Ltd.	11,983,904	13,863,909	11,038,680	15,408,649
Datamatics Global Services Pty. Ltd.	—	1,015,320	1,015,320	1,015,320
<b>TOTAL</b>	<b>101,714,678</b>	<b>151,624,420</b>	140,607,872	157,726,635

## Schedules forming part of Financial Statements for the year ended March 31, 2011

### Schedule 'O' — Notes to the Accounts (Contd.)

#### 22. Details of Open interests in Commodity Index Futures Contracts as on March 31, 2011.

Name of Commodity Future	No. of Contracts	Type of Contract	Quantity	Contract Value as on March 31, 2011 (In ₹)
FUTCOMGARGUMJDR 20 MAY 2011	1	Buy (Long)	10 MT	835,000
FUTCOM GUAR GUM 20 APR 2011	1	Sell (Short)	30 MT	2,464,800
FUTCOMGARGUMJDR 20 MAY 2011	2	Sell (Short)	320 MT	26,720,000

#### 23. IPO funds raised and utilized till date

(₹ in 000's)

Description	31.03.2011	31.03.2010
Funds Raised	935,000	935,000
Funds Utilized		
Expenses Relating to IPO	60,865	60,865
Investment in Subsidiaries	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 **	471,781	317,461
<b>TOTAL</b>	<b>790,384</b>	<b>636,064</b>
Balance unutilized (Invested in Mutual Funds)	144,616	298,936

\*\* During the previous year and current year, the Company has capitalised property at Nashik and its infrastructure development cost. The above amount includes advance against capital expenditure of ₹ 164,586,346 (P.Y. ₹ 64,676,662). The investment of ₹ 78,609,500 (P.Y. ₹ 56,244,000) made in Subsidiaries at Mauritius is also included above.

#### 24. Particulars of Investments in Joint Venture:

	2010-11 ₹	2009-10 ₹
<b>Cybercom Datamatics Information Solutions Ltd.:</b>		
(a) Equity Share Capital (Proportion of Interest)	4,199,900	4,199,900
(i) Datamatics Global Services Ltd.	50%	50%
(ii) Cybercom Group Europe AB	50%	50%
(b) Country of Incorporation	India	India

Interests in the Assets, Liabilities, Income and Expenses based on unaudited financials of Jointly Controlled Entity:

	2010-11 ₹	2009-10 ₹
<b>(A) Assets:</b>		
(a) Fixed Assets (Net Block)	29,740,821	5,093,668
Capital work-in-progress	1,797,806	25,805,704
(b) Investments	18,075,852	17,650,627
(c) Current Assets, Loans and Advances:		
Sundry Debtors	24,192,797	22,431,842
Cash and Bank Balances	6,093,171	4,625,079
Loans and Advances	25,319,221	26,376,474
(d) Deferred Tax Asset	808,356	—

## Schedules forming part of Financial Statements for the year ended March 31, 2011

### Schedule 'O' — Notes to the Accounts (Contd.)

	2010-11	2009-10
	₹	₹
<b>(B) Liabilities:</b>		
(1) Current Liabilities and Provisions:		
Liabilities	3,432,716	8,409,755
Provisions	5,247,663	2,164,822
<b>(C) Reserves and Surplus</b>	<b>93,147,645</b>	87,762,702
<b>(D) Income:</b>		
(a) Sales and Export Incentives	113,126,602	96,280,842
(b) Other Income	6,328,314	2,956,594
<b>(E) Expenditure:</b>		
(a) Employee Costs	48,292,439	35,103,985
(b) Administrative, Selling and Other Expenses	14,591,505	15,805,470
(c) Depreciation	2,259,960	2,021,695
(d) Provision for Current Tax	10,000,000	8,000,000
(e) Provision for Deferred Tax	(254,473)	(270,242)
<b>(F) Contingent Liability</b>	<b>219,172</b>	141,500
<b>(G) Capital Commitment</b>	<b>776,740</b>	—

25. In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, the outstanding to these enterprises are required to be disclosed. However, these enterprises are required to be registered under the Act. In the absence of the information about registration of the enterprise under the above Act, the required information could not be furnished.
26. Export of Service includes gain of ₹ 28.88 million (P.Y. Nil) towards difference in the rate due to exchange fluctuation on realisation of export/revaluation of debtors at the end of the year.
27. **Prior period comparative:**  
Previous year figures have been appropriately reclassified/recast to confirm to the current year's presentations.
28. Figures are rounded off to the nearest of rupees.

As per our report of even date

For Kanu Doshi Associates  
Chartered Accountants  
Firm Registration No. 104746W

Arati Parmar  
Partner  
Membership No. 102888

R. K. Saraswat  
Director  
  
Divya Kumat  
Vice President – Legal  
& Company Secretary

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated: May 27, 2011

**Cash Flow Statement for the year ended March 31, 2011**

	2011 ₹	2010 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	<b>218,806,840</b>	277,325,169
Adjusted for:		
Depreciation and amortization	<b>53,217,815</b>	62,405,081
Interest Expenses	<b>2,593,786</b>	2,542,618
(Profit)/Loss on sale of Fixed Assets	<b>434,309</b>	1,652,120
Sundry Balances Written (back)/off	<b>(328,082)</b>	(398,259)
Interest Income	<b>(84,135,422)</b>	(95,899,428)
Dividend Received	<b>(34,052,711)</b>	(844,679)
(Profit)/Loss on sale of Investments	<b>(29,904,457)</b>	(36,809,867)
Provision for diminution in the value of investment	—	(1,850,529)
Bad Debts Written off	—	14,289,210
Employee Stock Option Expenses	—	1,648,500
	<b>(92,174,762)</b>	(53,265,232)
Operating Profit before Working Capital Changes	<b>126,632,078</b>	224,059,937
Adjusted for:		
(Increase)/Decrease in Sundry Debtors	<b>(3,430,239)</b>	84,163,555
(Increase)/Decrease in Loans and Advances	<b>(44,220,847)</b>	10,634,985
(Decrease)/Increase in Current Liabilities	<b>8,344,290</b>	(138,854,832)
	<b>(39,306,796)</b>	(44,056,292)
Cash Generated from Operations	<b>87,325,282</b>	180,003,645
Taxes Paid (Net of tax refund received)	<b>23,970,810</b>	34,507,583
Net Cash From Operating Activities	<b>63,354,472</b>	145,496,062
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Sale/(Purchase) of Fixed Assets	<b>(131,565,775)</b>	(54,846,627)
Sale/(Purchase) of Investments	<b>(34,244,225)</b>	66,038,834
Interest on Fixed Deposit & Others	<b>84,135,422</b>	95,899,428
Profit on sale of Investment	<b>29,904,457</b>	36,809,867
Dividend Received	<b>34,052,711</b>	844,679
Net Cash from Investing Activities	<b>(17,717,410)</b>	144,746,180
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of Share Capital	—	175,000
Repayment of Preference Share Capital	—	(206,500,000)
Proceeds/(repayment) from Long Term Borrowings	<b>5,424,818</b>	(46,888,497)
Interest	<b>(2,593,786)</b>	(2,542,619)
Final Equity Dividend paid	<b>(73,686,671)</b>	(73,642,921)
Tax paid on Equity Dividend	<b>(12,238,435)</b>	(12,515,614)
Preference Dividend paid	—	(17,715,000)
Tax paid on Preference dividend	—	(3,010,664)
Net Cash Flow from Financing Activities	<b>(83,094,074)</b>	(362,640,317)
Net Increase in Cash and Cash equivalent during the year	<b>(37,457,012)</b>	(72,398,075)
Cash and Cash equivalents as at beginning of the period	<b>63,855,051</b>	136,253,126
Cash and Cash equivalents as at the end of the period	<b>26,398,039</b>	63,855,051

As per our report of even date

For Kanu Doshi Associates  
Chartered Accountants  
Firm Registration No. 104746W

Arati Parmar  
Partner  
Membership No. 102888

R. K. Saraswat  
Director

Divya Kumat  
Vice President – Legal  
& Company Secretary

Place : Mumbai  
Dated: May 27, 2011

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

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

### I. Registration Details

Registration No.	45205
State Code	11
Balance Sheet Date	March 31, 2011

### 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 (Amount in ₹)

Total Liabilities	3,230,812,445
Total Assets	3,230,812,445
<b>a. Sources of Funds</b>	
Paid up Capital	294,746,685
Reserves and Surplus	2,879,377,585
Secured Loans	44,585,950
Deferred Tax Liability	12,102,225
<b>b. Application of Funds</b>	
Net Fixed Assets	868,067,984
Net Current Assets	732,469,476
Investments	1,630,274,985

### IV. Performance of the Company (Amount in ₹)

Turnover	1,384,493,246
Other Income	160,692,583
Total Expenditure	1,326,378,989
Profit Before Tax	218,806,840
Profit After Tax	212,608,216
Earning Per Share	
Basic	3.61
Diluted	3.61
Dividend %	15%

### 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

Rahul Kanodia  
Vice Chairman & CEO

Divya Kumat  
Vice President — Legal  
& Company Secretary

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated: May 27, 2011

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

Name of the Subsidiary Company	Datamatics Global Services Inc	Datamatics Technologies UK Limited	Datamatics Global Services GmbH	Datamatics Software Services Limited	Datamatics Infotech Limited	Datamatics Global Services Pty Limited	Datamatics Global Technologies Limited	Datamatics Global Technologies AG
1. Financial Year of the Company	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011
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	50,000 Ordinary Shares	50,000 Ordinary Shares
a. Number	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.								
a. For the Financial year/period since it became subsidiary	USD 399,975	GBP 36,955	EURO (304,394)	INR (7,425,140)	GBP (194,595)	AUD 2,558	USD (267,679)	CHF 14,030
b. For the previous financial years of subsidiaries since it became the Holding Company's Subsidiary	USD (5,322,810)	GBP (335,945)	EURO (1,078,396)	INR (36,050,946)	GBP (49,549)	AUD 41,544	USD (23,498)	CHF (56,643)
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.								
a. For the Financial year/period since it became subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. For the previous financial years of Subsidiaries since it became the Holding Company's Subsidiary	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.

Place : Mumbai Dated : May 27, 2011	Divya Kumat Vice President — Legal & Company Secretary	Vidur Bhogilal Executive Director & Chief Financial Officer	For and on behalf of the Board Dr. Lalit S. Kanodia Chairman	Rahul Kanodia Vice Chairman & CEO
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**Financial Details of the Subsidiary Companies for the Year Ended March 31, 2011**

	Datamatics Global Services Inc (USD)	Datamatics Global Services GmbH (EUR)	Datamatics Technologies UK Limited (GBP)	Datamatics Software Services Limited (INR)	Datamatics Infotech Limited (GBP)	Datamatics Global Services Pty Limited (AUD)	Datamatics Global Technologies Limited (USD)	Datamatics Global Technologies AG (CHF)
Closing Exchange rate against Indian Rupee as on March 31, 2011	44.58	63.19	71.54	—	71.54	46.13	44.58	48.43
(a) Paid up capital	1,242,391,193	66,349,500	21,462,072	22,186,050	1,430,800	2,306,500	78,015,000	2,421,500
(b) Reserves	(1,148,016,773)	(87,378,522)	(21,390,532)	(70,288,834)	(6,981,538)	513,475	(11,188,907)	(2,063,743)
(c) Total Assets	213,417,748	61,054,333	71,540	91,345,180	28,419,294	3,226,279	76,871,451	3,437,256
(d) Total Liability	119,043,327	37,106,348	—	139,447,965	33,970,031	406,304	10,045,358	3,079,499
(e) Details of Investment (except in case of investment in the subsidiaries)	264,400	—	—	100	—	—	—	1,857,043
(f) Turnover	928,529,842	136,038,364	(127,341)	131,036,580	149,861,978	9,862,055	16,313,067	—
(g) Profit/(Loss) before taxation	17,830,916	(19,224,901)	2,643,721	(7,003,866)	(13,921,375)	168,596	(11,933,130)	679,492
(h) Provision for taxation	—	(9,796)	—	(421,274)	—	(50,605)	—	—
(i) Profit/(Loss) after taxation	17,830,916	(19,234,697)	2,643,721	(7,425,140)	(13,921,375)	117,991	(11,933,130)	679,492
(j) Proposed dividend	—	—	—	—	—	—	—	—

For and on behalf of the Board  
 Vidur Bhogilal  
 Executive Director  
 & Chief Financial Officer

Dr. Lalit S. Kanodia  
 Chairman

R. K. Saraswat  
 Director

Divya Kumat  
 Vice President — Legal  
 & Company Secretary

Place : Mumbai  
 Dated : May 27, 2011

₹ in Million

	Consolidated		
	Current Year	Previous Year	Growth (%)
<b>For the year</b>			
Operating Revenue	2,753.23	2,623.82	4.93
Total revenue	2,919.94	2,754.94	5.99
Operating Profit	422.92	473.63	(10.71)
Operating Profit % Revenue	15.36	18.05	—
Profit before tax	224.41	263.68	(14.89)
PBT as % to Total revenue	7.69	9.57	—
PAT	207.99	221.93	(6.28)
PAT as % to Total revenue	7.12	8.06	—
<b>Earnings per share</b>			
Basic	3.53	3.77	(6.32)
Diluted	3.45	3.76	(8.17)
Dividend per share	0.75	1.25	—
Dividend amount including tax	51.38	85.93	(40.20)
Average net worth	2457.41	2434.83	0.93
PAT % to average NW	8.46	9.11	—
<b>At the end of the year</b>			
Total assets	2636.35	2444.05	7.87
Fixed assets (net)	965.16	901.06	7.11
Cash and cash equivalents	88.00	142.84	(38.39)
Total debt	100.76	39.16	—
Net worth	2524.30	2390.53	5.60
Equity	294.75	294.75	—



## Kids At Work

On 24th December, as part of the Christmas and New Year celebrations, 'Bring your kids to work day' was celebrated at your company. Kids were treated to movies, painting competitions, magic shows and music. To mark an end to a fun-filled day, the children were presented with gifts by Rahul Kanodia, Vice Chairman and CEO, Datamatics.



## Blood Donation Drive

Volunteers across Mumbai, Nashik and Chennai donated blood during the successful blood donation camp organized by your company. The camp was organized by in-house initiatives and is a regular part of the organization's Corporate Social Responsibility.

# Datamatics Global Presence



## INDIA

Knowledge Centre, Street No. 17  
MIDC, Andheri (East)  
Mumbai - 400 093

Tel: +91 (22) 6102 0000 - 0009  
Fax: +91 (22) 2834 3669

Alphine Arch No. 19  
SF-3, Langford Road  
Bangalore - 560 025

Tel: +91 (080) - 6531 0067

Unit No. 110, 117- 120, SDF IV  
SEEPZ SEZ, Andheri (East)  
Mumbai - 400 096

Tel: +91 (22) 6102 0501  
Fax: +91 (22) 2829 1673

Crompton House, 2nd & 3rd floor  
Dr, M.G.R. Salai (K.H. Road)  
Nungambakkam  
Chennai - 600 034

Tel: +91 (44) 3911 3333  
Fax: +91 (44) 3911 3334

Unit No. 172, 189, 190 A-C  
SDF VI, SEEPZ-SEZ  
Andheri (East)  
Mumbai - 400 096

Tel: +91 (22) 6102 1001  
Fax: +91 (22) 2829 1368, 0120

Suyojit Datamatics Knowledge Centre  
Suyojit I.T. Park, Survey No. 804  
Unit No. S1-S3, Mumbai Agra Road  
Mumbai Naka, Nashik - 422 002

Tel: +91 (253) 6102 2222  
Fax: +91 (253) 6102 2271

Unit No. 155, SDF V,  
SEEPZ- SEZ, Andheri (East)  
Mumbai - 400 096

Tel: +91 (22) 6102 0933  
Fax: +91 (22)2829 0755

## USA

Datamatics Global Services Inc  
510 Thornall Street, Suite 100  
Edison, NJ 08837 USA

Tel: +1 (888) 772 5532  
Fax: +1 (732) 635 0600

56 Middlesex Turnpike, Suite 220  
Burlington MA - 01803

Tel: +1 (888) 772 5532  
Fax: +1 (781) 425 5242

31572 Industrial Road, Suite 400  
Livonia, MI 48150, USA

Tel: +1 (800) 717-9153  
Fax: +1 (734) 525 4455

## UK

8 The Square  
Stockley Park, Uxbridge  
UB11 1FW, United Kingdom

Tel: +44 (208) 610 6105  
Fax: +44 (208) 610 6870

1, Doughty Street  
London  
WC1N 2PH

## GERMANY

Im Leuschnerpark 3  
64347 Griesheim

Phone: +49 (0) 6155 - 79537 - 0  
Fax: +49 (0) 6155 - 79537 - 19

Gerhart-Hauptmann-Strasse 20  
64347 Griesheim

Tel: +49 (0) 6151 - 797492 - 0  
Fax: +49 (0) 6151 - 797492 - 9

## BOSNIA

Ulica Svetosavska 22  
Glamocani 78252  
Bosnia

Tel: +38 - 751586624

## SWITZERLAND

Datamatics Global Technologies AG  
MSJG Rechtsanwälte & Notare  
Vorstadt 32, 6302 Zug

## MAURITIUS

3rd floor, Harbour Front Building  
President John Kennedy Street, Port Louis  
Republic of Mauritius

## AUSTRALIA

Monash Business Centre Pty Ltd,  
468 Blackdurn Road, Glen Waverly  
Victoria 3149