




## Contents

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Tomorrow always has its  
beginning in today. What will  
happen tomorrow is being shaped  
by what is happening today.

Not everyone can envision tomorrow. Most can only watch what happens and many will wonder what happened. But there are a few who have that special vision to glimpse tomorrow's world amidst the complex interplay of today's events. Unlike those who watch and wonder what happened, they make it happen!

There was one such person who left us last year, but not before touching our lives and having a profound impact on the world. By making technology easier and simpler, and experience more elegant and delightful, he changed the world forever. Surprisingly, he never invented anything or wrote any software. What he was passionate about was solutions – solutions that built a bridge between today and tomorrow, connecting technology with application, a bridge over which the present generation advanced into the next. He created next generation solutions.

At Datamatics, Steve Jobs' life and journey continues to motivate and inspire us in our quest to make tomorrow, a better tomorrow – through our next generation solutions.

# Chairman's Message

*"Innovation has nothing to do with how many R&D dollars you spend. When Apple came up with the Mac, IBM was spending at least 100 times more on R&D. It's not about money. It's about the people you have, how you're led, and how much you get it."*

*– Fortune, November 9, 1998*

Dear Shareholders,

It is my pleasure and privilege to present your Company's Annual Report for what has been a truly exceptional and exciting year – 2011 - 2012. The Company performed exceedingly well, and recorded its highest profits ever. What makes this performance stand out is that it was achieved when the business environment was challenging. The year was marked by strong global headwinds in the form of the Eurozone crisis, earthquake followed by tsunami in Japan and slowdown of growth in India.

We are today living in a world that is constantly changing. With more than half of the world's population, Asia is emerging as the new economic growth centre where China and India continue to drive the engine of growth. It is estimated that by 2050, India will become the top economy in the world, overtaking China.

Africa is another region that is going through a virtuous cycle of growth and development, and creating healthy competition for Asia. Countries like Ghana, Ethiopia, Congo, Zimbabwe, Mozambique and Angola all grew faster than India in 2011.



The IT space is also changing. Innovation in technology is creating new products and solutions that are re-writing the very definition of data, content and content consumption. Devices like smartphones and tablets enabled with mobile internet and cloud computing are displacing the old consumption patterns. Today, consumers' demand ANYTHING, ANYTIME, ANYWHERE. This change is driving new business models and creating exciting opportunities for growth. The Indian software industry is estimated to surpass US \$ 220 billion by 2020. Companies that are agile, lean and swift will capitalise on this innovation-led growth and next generation solutions.

At Datamatics, we have always focussed and delivered NEXT GENERATION SOLUTIONS to our clients. During the year, we acquired and integrated two companies, viz. CIGNEX and VISTA. It was precisely our next generation solutions approach and philosophy, backed by our acquisition of CIGNEX and VISTA, that resulted in an excellent financial performance for the Company during the year.

On a consolidated basis :

- Our Net Sales grew from ₹ 2753.23 million in 2010 - 2011 to ₹ 4418.92 million in 2011 - 2012, indicating an increase of 60.50%.
- Our EBIDTA increased from ₹ 316.95 million in 2011 - 2012 to ₹ 506.74 million in 2011 - 2012, indicating an increase of 59.88%.
- Our PAT went up from ₹ 207.99 million in 2010 - 2011 to ₹ 282.54 million in 2011 - 2012, an impressive 35.84 % increase, despite a steep increase in taxes.

During the year, our 55,000 sq.ft. Nashik office was completely refurbished and today we have an impressive 16 bedroom guest house. Our headcount at Nashik has crossed over 1000. The Puducherry Centre of Excellence, the 6th such Centre of Excellence for Datamatics in India and 3rd in South India, was inaugurated in the month of April 2012. It already has over 225 employees.

As we go forward, we are confident of continuing the momentum. We truly believe that growth is not an accident, but comes from a well-thought out strategy and passionate leadership. Our leadership team is keenly scouting for more acquisitions to power our inorganic growth in the IT and KPO spaces. We have sufficient resources earmarked to fund these acquisitions. We are also planning more delivery centres in Tier-II cities to power our organic growth.

The future is exciting and promising. The future will belong to organisations that can envision tomorrow and innovate its products and services ahead of the curve. At DATAMATICS, we have the required experience and expertise, people and leadership, to take us into the future. More than anything else, we have something that is rarer – vision. VISION to deliver NEXT GENERATION SOLUTIONS!!

My sincere gratitude to all our people, our partners, our investors and our customers – THANK YOU for your trust and belief in DATAMATICS.

Look forward to a more rewarding 2012!

Yours faithfully,

**Dr. Lalit S. Kanodia** (Ph.D., M.I.T.)  
**Chairman**

# Many firsts

## First in quality

Throughout our iconic journey of 36 years, DATAMATICS has many FIRSTS to its credit :

First Dedicated Offshore Development Centre for Wang Labs, USA

First Electronic Publishing company in India

First to introduce UNIX to India

First in India and second in the world to obtain ISO 9002 certification in Electronic Publishing

First to establish a satellite link from its software development centre in India to AT & T Bell Labs, USA

Developed World's first XFS framework for NCR

First Indian company to launch cloud based Invoice Processing Platform in the US

First Company in the world to guarantee 99.997% accuracy level in Data Capture

First Indian 3rd party data processing company to get listed on BSE and NSE

First Indian technology company to acquire a controlling stake in a US listed data management company – Saztech International

# First in Quality

DATAMATICS has always been at the forefront in delivering quality. QUALITY FIRST and FOREMOST. And it is this persistence with quality that has consistently won DATAMATICS innumerable awards and recognition over the years.

- Featured amongst the Global Top 10 Mid-Tier Industry Specific BPO Service Providers in the Global Services 100 list for two consecutive years - 2011 and 2010.
- Ranked amongst the top 20 leaders in financial services (Insurance, Banking & Markets) by International Association of Outsourcing Professionals (IAOP) in 2011.
- CIGNEX DATAMATICS recognised for its contribution to the ICT industry in the state of Gujarat for second year running.
- 1st Runner up for designing and developing Channel Partner Bill Processing System at the 'CSI 2011 Awards for Excellence in IT 2011'.
- Proud recipient of Global HR Strategy Award & HR Leadership Award at Asia's Best Employer Brand Awards 2010.
- Received HR Super Achiever Award at Asia Pacific HRM Congress in 2009.
- First Indian Company to have won the International Asia Pacific Quality Award in the Services Category in 2007.
- 'The Black Book of Outsourcing' ranked Datamatics third amongst document process outsourcing providers globally in 2007 and Top 50 Managed Outsourced Vendors in 2006.



# Next Generation Solutions

There is INFORMATION, and there is TECHNOLOGY. On their own, both of them have a separate and mutually exclusive existence. This is how it has been through ages; every age has had its share of information and technology. But what distinguishes our age is the coming together of INFORMATION and TECHNOLOGY to form such a potent and powerful union that it has changed the face of our world forever. INFORMATION TECHNOLOGY unleashed a revolution that has catapulted our generation into the future – the next generation.

At the heart of all INFORMATION are two very basic elements – data and content. It is TECHNOLOGY that transforms this raw data and content into useful information, powerful knowledge and then, lasting wisdom. This requires a special kind of fore-sight, fore-thought, and a special kind of vision to assimilate today's information and technology into the next generation solutions.

At DATAMATICS, this is exactly what we have been doing since inception. DATAMATICS was amongst the first few IT companies to be founded in India through the vision of Dr. Lalit S. Kanodia, one of the pioneers of the IT revolution in India.

DATAMATICS has been a specialist in DATA and CONTENT management solutions. We help our customers manage their information and information systems efficiently and provide deeper insight into the information for decision support activities.

As technology advanced, as data became more extensive, and content more complex, at DATAMATICS, we developed and delivered next generation solutions to help our customers surge forward with the changing times.

**Nashik**



**Germany**







2 billion people on the web and rising  
250 billion emails are sent everyday

15 petabytes of new information is created every day, doubling every 18 months



Bosnia



Mumbai



30 billion pieces of content is added to Facebook every month



74% of internet users use social networking websites and consume 22% of online time



DATAMATICS today has :

- Over 300 International clients, which include a large number of Fortune 500 companies.
- Successfully executed more than 5000 projects in 60 countries.
- 32 offices in 10 countries, which include India, US, UK, Germany, Switzerland, Sweden, Bosnia, Australia, Singapore and Mauritius.

DATAMATICS next generation solutions span across many industries which include Banking & Finance, Insurance, Publishing, Manufacturing, Online Retail, Research, etc. The Company's varied processes transcend across Finance & Accounting, Services, Information Management, IT Services, Portal Management, Publishing Solutions, Analytics, Engineering & Embedded solutions, Billing & Payment solutions, eRetail Solutions, etc.

Over the years, DATAMATICS has been growing organically as well as inorganically.

During the previous year, DATAMATICS acquired two companies—CIGNEX (USA) and VISTA (India). CIGNEX, a world leader in open source space, adds open source domain expertise to our business and gives us a stronger foothold in the enterprise content management and document management space. With VISTA, we have been able to increase our focus on Engineering & Embedded space, which is a rapidly growing market and also strengthen our Indian operations.

We have successfully integrated operations and work-cultures of both these companies with the DATAMATICS next generation solutions approach. Backed by these acquisitions, and our organic growth, the Company's net sales increased by 60.5% from ₹ 2753.23 million for FY11 to ₹ 4418.92 million for FY12. DATAMATICS is looking at acquiring more companies in the IT & KPO space in the current year.

At DATAMATICS, we continue our iconic journey with a newer zeal and stronger drive but with the same vision – to deliver **Next Generation Solutions.**

# Datamatics today... and tomorrow

## Today...

DATAMATICS today 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. Datamatics, a trusted partner to several Fortune 500 Companies, is a global provider of Information Technology (IT), Knowledge Process Outsourcing (KPO) and Consulting services.

At DATAMATICS today, we have our next generation solutions which are specialised and niche. We provide dedicated and focussed solutions in niche categories and markets that address a collective large market opportunity. At DATAMATICS, our next generation solutions encompass :



## Tomorrow...

At DATAMATICS, we already have a glimpse of the world of tomorrow, and the drivers and differentiators of the next generation. While many complex and complicated world-views have been presented to depict this new tomorrow, at DATAMATICS, our definition of tomorrow is very simple :

## Anything. Anytime. Anywhere.

In the world of tomorrow, it will be possible to do anything, anytime, anywhere, using devices like smartphones and tablets, through their ever-expanding data coverage and connectivity.

The clues of tomorrow are always hidden in today, and at DATAMATICS, we believe we are already looking at growth drivers of tomorrow :

- Open Source
- Big Data & Analytics
- Mobility
- Intellectual Property
- Inorganic growth

At DATAMATICS, our next generation solutions will make it possible to do :


Whatever you want  
Whenever you want  
Wherever you want

# Towards a Sustainable Future

## CEO Speak

The world of IT has undergone an unprecedented change over the last few years. Smart devices and smarter apps have transformed lives where information is available instantly and ubiquitously, thus speeding the way we interact and transact with people around the world. Solutions in areas of Social Media, Cloud, Analytics and Mobility are redefining traditional business models. These disruptive technologies are providing fresh challenges as well as opportunities for growth.





At Datamatics, we have always endeavoured to be ahead of the curve and focussed on creating Next Generation Solutions for our customers. Besides the traditional solutions, we have solutions in the space of social media, analytics, cloud and mobility, amongst others. In the coming years, we see distinct growth opportunities for the Company in some core areas which include :

- Digital Publishing, eRetail service, and Portals – This niche business area is showing a very robust growth with new account acquisition and a healthy opportunity pipeline.
- Enterprise Document Management & Enterprise Content Management Solutions – We have successfully transitioned our ePM product into a more generic workflow solution, targeted towards Business Process Management for back office operations of large corporates. ePM has also been hosted on the Cloud. The Company has generated several new opportunities in the CPG vertical around this solution, and expects good growth in the next year.
- Open Source - Our focus on Open Source solutions for ECM & EDM has also had an excellent year. Open Source solutions are rapidly gaining popularity and are being adopted into mainstream solutions by many companies. We plan to continue to give it greater impetus and support.
- Analytics & Big Data Solutions – Through our partnership with IBM for analytics suite of products and 10Gen (Hadoop) for open source technology, we are getting good traction in analytics & Big Data space. We see this as a significant value addition for our customers, and expect this to be one of key differentiator for us in the market.
- Enterprise Mobility and Smart Device Solutions – This is another area of high interest in the market. Datamatics is well poised to capture this market opportunity, given its expertise and established client base. We will further consolidate our presence in the Enterprise Automation, Consumer Electronics, Aeronautics and Automotive industries.

We plan to leverage these opportunities through our strong base of over 300 customers. One of the key initiatives we have undertaken this year is to increase our wallet share in these customers through account mining and cross selling additional services. We have launched a Client Partner Program as well as active Account Mining Programme, which will unlock more value from these client relationships.

Besides our strategic organic plans, we are actively scouting for acquisitions in the IT and KPO areas in the US, Europe as well as India. For geographical expansion the Company would also focus on Tier-II cities in India in order to attain a cost advantage

While we are focussed on growth and expansion, we remain committed to make a difference to the society through our CSR initiative – ASHA. The Company has identified two key focus areas, viz. Employability & Environment. With a strong belief system towards societal and gender equality, Datamatics has created a strong employability platform for women and differently-abled individuals. The Company has a special “Knowledge Associate” initiative that opens up opportunities for individuals who would otherwise be deprived of gainful employment opportunities. The Company also endeavors to contribute towards the development of a sustainable society. To protect environment and make way for healthy tomorrow, the Company has initiated several internal and external initiatives. Grow Tree is one such initiative, wherein the Company celebrates its employee's birthday and many more occasions by planting a tree on their behalf. We truly believe that any such effort, be it at corporate or individual level, will go a long way in providing for a sustainable future. And at Datamatics we encourage, support and believe in sustainable future for all.

I am sure that with our clear focus on these defined areas, we are poised to achieve more growth and continue to build on the momentum!!

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

# Board of Directors

Standing (left to right)  
Mr. Vidur V. Bhogilal  
Mr. Rahul L. Kanodia  
Mr. Dileep C. Choksi  
Mr. Sameer L. Kanodia

Sitting (left to right)  
Mr. Sudhir C. Deshpande  
Mr. Habil L. Khorakiwala  
Dr. Lalit S. Kanodia  
Mr. Radhakrishna K. Saraswat  
Mr. Shahzaad S. Dalal





# Acquisition Story

## CFO Speak

Mergers and Acquisitions (M&A) have become an integral part of India Inc.'s growth story. Companies that perfected this art have delivered excellent shareholder value. At Datamatics, the last financial year was aggressive in terms of acquisitions. We acquired two companies - CIGNEX and Vista, and this contributed significantly to our growth, both in revenues and profits.

For any M&A to fructify, matching the need of the seller with the strength of the buyer and vice versa is crucial. Both CIGNEX and Vista needed a larger platform to scale up to their next levels, while we needed to expand into the skill areas and geographies they possessed. Grooves matched, and so we rolled! Using a mature set of advisors and an experienced M&A team, the deals were done in short succession. Besides sign-offs, key deliverables also included clearly and succinctly defined roles and responsibilities of the key players, detailed business plans, areas of overlap and integration plans for support services.

Matching the grooves does make M&A fructify, but it's managing the integration process that makes M&A successful. Every M&A is unique, thus requires an integration plan and methodology that is customised to handle the nuances of that M&A. Fully realizing this challenge, we adopted a synergistic and customised approach. Leveraging on the strengths for which we acquired respective companies, while proliferating the corporate culture and processes has worked well for us. We used various integration techniques,



most effective being that best ideas and practices from both companies were implemented against using the traditional acquirer's hard-nosed corporate dictate. This has created a well accepted new culture that both the acquiree and acquirer can easily relate to and jointly we continue to build on this culture.

Success is distinguished from failure by doing well what we can do together as a new team rather than focusing on what we did well as individuals. Our first year with both, CIGNEX and Vista, has been very successful and we are optimistic about the future.

The Datamatics of "Next Generation" is being built on the strong platform of organic and inorganic growth. Our experiences in M&A have been good, specially the recent ones, encouraging us to be on the lookout for more IT / KPO companies which are akin to our business. We are hopeful to conclude another transaction in FY13 also. Not being a debt-leveraged company augurs well with our confidence to be able to fund acquisitions in the range of USD 10 - 35 million without difficulty. It is my firm belief that our growth driven strategy continue to lead us to successful M&As, creating enhanced shareholder value.

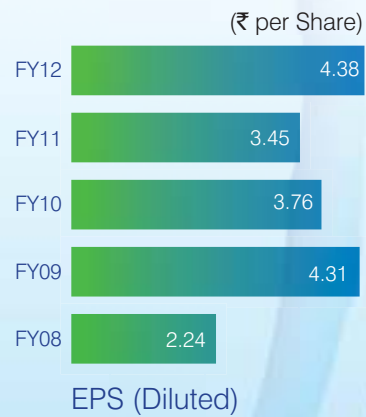
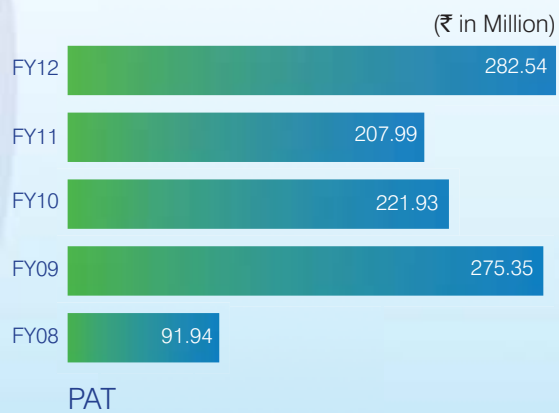
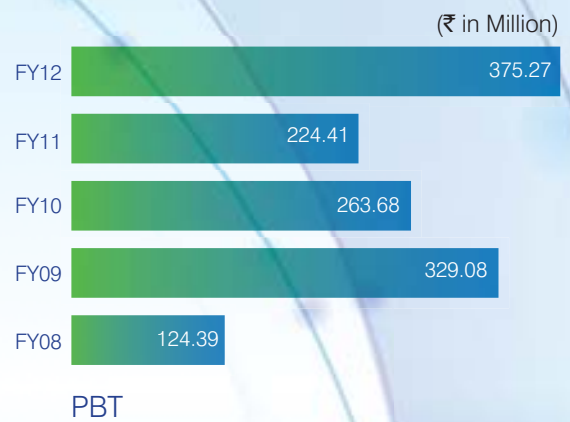
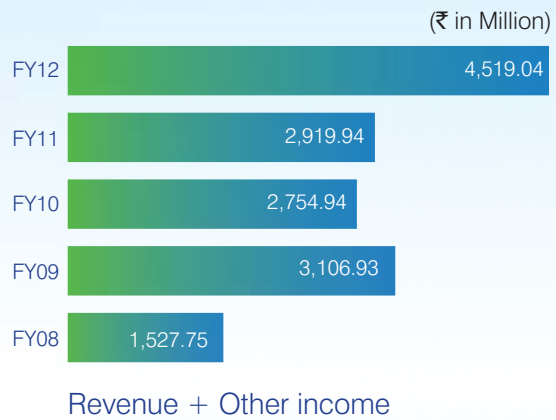
**Vidur V. Bhogilal**  
**Executive Director & CFO**



# Financial Highlights

(₹ in Million)

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue + Other income	1,527.75	3,106.93	2,754.94	2,919.94	4,519.04
PBT	124.39	329.08	263.68	224.41	375.27
PAT	91.94	275.35	221.93	207.99	282.54
EPS (Diluted) (₹ per Share)	2.24	4.31	3.76	3.45	4.38
NET WORTH	1,874.15	2,479.13	2,390.53	2,524.30	2,734.14
GENERAL RESERVE	540.98	707.96	551.16	609.48	659.48



# Passion

to be first

At DATAMATICS, we have always believed that behind our achievements and awards are our PEOPLE – their deep dedication, their exceptional skills and their unmatched passion to take DATAMATICS to the top. Many employees of DATAMATICS have been awarded various professional awards and are recognised on both Indian as well as international platforms.

## Significant Awards & Achievements

- Datamatics won four prestigious awards in the 22nd World HRD Congress 2012. Datamatics was conferred with two highly acclaimed awards - 'Edward De Bono Award for Innovation in HR' and 'Organisation with Innovative HR Practices' – at the Global HR Excellence Awards 2011 - 2012.
- Datamatics and its client, Blue Star Limited - India's largest central air conditioning and commercial refrigeration company, were awarded with the 'CSI 2011 Award for Excellence in IT' during 46th Annual National Convention of Computer Society of India 2011. The Company was adjudged '1st Runner up' in Product/Manufacturing sector for Channel Partner Bill Processing System designed and developed as per requirements given by Blue Star Limited.
- Gujarat Electronics & Software Industries Association (GESIA) awarded CIGNEX Datamatics as the 'Best Software Company - Gujarat in the enterprise category' at its 5th Annual Award presentation ceremony.
- CIGNEX Datamatics launched its fourth book on Alfresco - 'Alfresco Share'. Alfresco Share is a comprehensive guide for Business users and Content managers who can leverage dynamic site generation capabilities of Alfresco Share for better participation amongst



Dr. Chandra Mauli Dwivedi, President and Global Head - HR, DGSL was honored with the prestigious 'Pride of HR Profession Award' at the IPE Leadership Awards 2012

enterprise personnel. This book focuses on business needs rather than technical syntax and builds a case study for an easier and practical understanding of Alfresco Share.

- CIGNEX Datamatics is ranked among the 100 best companies to work for in 'India's Best Companies to Work for Survey 2011'. The survey was conducted by The Great Place to Work Institute, India and India's leading financial daily, The Economic Times. The survey ranked companies on a combination of qualitative and quantitative data comprising of trust index and culture audit.
- Datamatics has been ranked amongst the top 20 leaders in Financial Services by IAOP in the Insurance, Banking and Markets segment, a sub list of the Global Outsourcing 100 for service providers.

- Dr. Chandra Mauli Dwivedi, President and Global Head - HR, DGSL was honored with the prestigious 'Pride of HR Profession Award' at the IPE Leadership Awards 2012. Ms. Shilpa Tawte, Head - Resourcing was also honored with the Leadership Award at the 8th Recruiting And Staffing Best In Class (RASBIC) Awards.
- Ms. Divya Kumat, Vice President - Legal and Company Secretary won the 'Women Leaders in India Awards 2011'. She was adjudged as the Leading Woman Company Secretary of the year 2011 in the 3rd edition of Women Leaders in India Awards.

**At DATAMATICS, we are proud of you and want to say :**

**WELL DONE!**



Ms. Divya Kumat, Vice President - Legal and Company Secretary won the 'Women Leaders in India Awards 2011'

# Making the World better

For the next generation

## CSR Initiatives

- Employment opportunities for differently-abled
- Avenue for housewives to work from home as Knowledge Associates
- Tree Planting
- Paper Re-cycling

Datamatics integrates social responsibility with business objectives to make these initiatives an integral part of the Company's profitable growth. Over the years, the Company has developed a thoughtful approach and attempts to address critical areas of impact to the society at large. The Company drives its CSR initiatives through a program named 'ASHA'. Led by senior management, this initiative is promoted throughout the Company. Employability & Environment are identified as key focus areas by the Company towards its commitment to CSR.



## Employability

The Company has tied up with various institutions to train and provide employment opportunities for physically challenged individuals and rural women. Besides this, the Company has a special “Knowledge Associate” initiative that opens up opportunities for individuals, who would otherwise be deprived of gainful employment opportunities.



## Environment

Environment is another key focus area for Datamatics, whereby the Company endeavours to contribute towards the development of a sustainable society. At Datamatics, we understand the importance of reducing our carbon footprint. Since planting trees is the most effective way to reduce carbon emission, as a proactive effort, the Company has tied up with Grow-Tree.com. Through this engagement Datamatics celebrates employee birthdays by planting a tree on their behalf. Trees are also planted on other occasions like client visits.

# Nurturing Next Generation







# Corporate Information

## 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  
Plot NO. 58, MIDC, Andheri (East)  
Mumbai – 400 093.  
Tel: +91 (22) 6102 0000 – 0005  
Fax: +91 (22) 2834 3669

## Registrar & Share Transfer Agents

Datamatics Financial Services Limited  
Plot no. B-5, Part B, Cross Lane, MIDC  
Andheri (East), Mumbai – 400 093.  
Tel: +91 (22) 6671 2151  
Fax: +91 (22) 6671 2230  
Email: [depository@dfssl.com](mailto:depository@dfssl.com)

## Vice President – Legal & Company Secretary

Divya Kumat

## Auditors

Kanu Doshi Associates

## Solicitors

Crawford Bayley & Co.

## Bankers

Citi Bank  
ICICI Bank Limited  
HDFC Bank Limited  
Standard Chartered Bank  
Deutsche Bank  
State Bank of India

# Directors' Report

On behalf of the Board of Directors, I am happy to present the 24th Director's Report of your Company with the Balance Sheet and Profit & Loss Account for the year ended March 31, 2012.

## Financial Results

Your Company's operating performance for the year ended March 31, 2012 as compared to the previous financial year ended March 31, 2011 is summarized below:

	₹ in Million) Consolidated		₹ in Million) Standalone	
	2011-2012	2010-2011	2011-2012	2010-2011
Income	<b>4519.04</b>	2919.94	<b>1729.67</b>	1545.19
Profit before interest, Depreciation and tax	<b>506.74</b>	316.95	<b>343.97</b>	274.62
Interest	<b>16.14</b>	2.84	<b>6.56</b>	2.59
Profit before Depreciation and tax	<b>490.60</b>	314.11	<b>337.41</b>	272.03
Depreciation	<b>115.33</b>	89.70	<b>60.94</b>	53.22
Profit before tax	<b>375.27</b>	224.41	<b>276.47</b>	218.81
Provision for Taxation	<b>92.73</b>	16.42	<b>57.43</b>	6.20
Profit after tax	<b>282.54</b>	207.99	<b>219.04</b>	212.61
Balance brought forward from previous year	<b>299.58</b>	217.02	<b>627.44</b>	516.21
Profit available for appropriation	<b>582.12</b>	425.01	<b>846.48</b>	728.82
Dividend	<b>44.21</b>	61.01	<b>44.21</b>	44.21
Tax on Dividend	<b>7.17</b>	9.96	<b>7.17</b>	7.17
Transfer to General Reserve	<b>50.00</b>	54.46	<b>50.00</b>	50.00
Balance carried forward	<b>480.74</b>	299.58	<b>745.10</b>	627.44

## Dividend

Your Company has a consistent track-record of dividend payments. In the last five years, your Company has disbursed dividend payout to the tune of ₹ 300.87 million to its shareholders. In line with excellent performance for the year, the Directors are pleased to recommend for approval of the members, a final dividend of ₹ 0.75 per share for the year 2011 - 2012.

## Transfer to Reserves

The Company has transferred ₹ 50 million to the General Reserve out of the amounts available for appropriations. An amount of ₹ 745.10 million is proposed to be retained in the Profit and Loss Account.

## Performance Overview

Your Company is a global IT and ITeS organization focused on delivering proactive and smart, next-generation business solutions that help enterprises across the world address their business challenges. Fiscal year 2011-2012 was a momentous year for your Company. The revenues of the Company recorded a total growth of approximately 60% and the EBIDTA increased by approximately 146% during the year. This performance is outstanding as it was achieved amidst strong macro headwinds globally and slowing domestic growth.

Total revenue for the year on standalone basis amounted to ₹ 1729.67 million as against ₹ 1545.19 million for the corresponding period last year. The consolidated revenues in 2011-2012 increased to ₹ 4519.04 million from ₹ 2919.94 million in 2010-2011. The standalone profit after tax was at ₹ 219.04 million as against the previous year's profit after tax of ₹ 212.61 million. The consolidated profit after tax was ₹ 282.54 million as against ₹ 207.99 million for the previous year.

## Datamatics' Delivery Centres in Tier II Cities

Tier II cities are the lifeline of Indian IT / ITeS Industry. Statistically, 58% of IT / ITeS professionals originate from Tier II cities. However, due to lack of opportunities, they often work in Tier I cities. In addition, Tier II cities yield a better quality of life, lower cost of living, lower people costs and reduced cost of infrastructure. They even assist in business continuity planning.

### Nashik

Since its commencement in 2007, our operation in Nashik has been growing from strength to strength. Our headcount at the Centre is in excess of 1000 staff members, servicing each of our BPO service lines. Recently, the Company has also started executing software projects at the Centre, which will provide the necessary additional impetus for the growth at the Centre. The 55,000 sq. ft. state-of-the-art-facility, which has 4 training rooms and an auditorium as well, is the single largest facility under one roof that the Company has. It has been extensively used for training and leadership programs also. During the year under review, we also completed furnishing of an impressive 16 bedroom guest house which can accommodate 28 people at any given time.

In addition, the Company has acquired approximately 12 acres of land in Nashik. The property is situated on the Bombay-Agra Highway (NH-3), located about 10 kms away from the existing office of Datamatics. The Company intends to build a campus in future. When the campus is built, it will be self-contained and will cater to all operational, training, recreational, accommodation and future expansion needs of the Company.

### Puducherry

The Company commenced its operations in Puducherry in October 2011. Subsequently, in April 2012, the 350-seater state-of-the-art facility was inaugurated by Shri M. Chandhrakasu, the Hon. Industry

and Commerce Minister of Puducherry. The Company plans to use this facility for its IT / ITeS businesses. The Centre has approximately 275 staff members.

The above 2 Centres will strengthen the Company's resilience and will help the Company's thrust to open additional Delivery Centres in Tier II cities in the country. In India, the Puducherry Centre is the 6th Centre of Excellence for Datamatics, and the 3rd Centre in Southern India.

## Global Outlook and Investments

Global companies are increasingly turning to offshore technology service providers in order to meet their needs for high quality, cost competitive technology solutions. As a result, spending in several IT categories is expected to expand and thus, the need to infuse investments in the infrastructure of the Company will increase.

During the year under review, your Company has made investments worth ₹ 503.10 million in its overseas subsidiaries and ₹ 129.20 million in its Indian subsidiary as on March 31, 2012. Your Company has subscribed to 8,550,000 fully paid up Non-Cumulative Redeemable 8% Preference shares and 950,000 fully paid up ordinary shares of US\$ 1 each of Datamatics Global Technologies Limited, its subsidiary in Mauritius. The Company also subscribed to 1,000,000 ordinary fully paid up shares of € 1 each of Datamatics Global Services GmbH, a company incorporated in Germany. The Company also subscribed to 112,920,000 8% Optionally Convertible Non-Cumulative Redeemable Preference shares of ₹ 10 each in Datamatics Software Services Limited, its Indian subsidiary.

## Strategic Acquisitions and Alliances

### 1. Cybercom Datamatics Information Solutions

Your Company has a Joint Venture with Cybercom Group AB called Cybercom Datamatics Information Solutions Limited. Cybercom Group AB is headquartered in Sweden and has its wings spread across in China, Denmark, Finland, Poland, Romania and Singapore. The combined synergy of this venture is helping the Company achieve profitable growth and sustainable presence in the global market, particularly in Scandinavian countries.

### 2. CIGNEX Datamatics

We believe Open Source will be the next wave just as ERP was about a decade ago. Open Source eliminates the cost of software licenses and thereby reduces the investment in software development. This is invaluable in a global economy, going through a downturn. To meet our plans, the Company through its wholly owned subsidiary, acquired a majority controlling stake in the CIGNEX group of companies (CIGNEX), a global leader in commercial Open Source & SAP Connect solutions for over 10 years. CIGNEX Datamatics provides a bridge between the Open Source software developer and the end user. CIGNEX is headquartered in California and has offices in Colorado and Texas.

This acquisition follows a year after your Company entered into a Joint Venture partnership with CIGNEX. Post acquisition, CIGNEX has become a step-down subsidiary of your Company. The acquisition and collaboration with CIGNEX draws on

historic and treasured legacy that both companies have earned, and has positioned us to achieve profitable growth. We expect CIGNEX to be a valuable component in our effort to accelerate our growth through strategic investments. It will increase the Company's global footprint. With a more robust portfolio, we are confident to be looked upon as a Company of choice and a preferred partner by our clients and customers.

### 3. Datamatics Vista Info Systems

Datamatics Software Services Limited, the domestic subsidiary of Datamatics Global Services Limited, acquired a controlling stake in Vista Info Systems Private Limited (Vista), an unlisted company specializing in the Embedded Systems space. The Bangalore-headquartered Vista has a significant presence in the embedded space and caters to delivery centres of large companies like Honeywell, Samsung, Philips, Visteon, etc. It has competencies in industries like automotive, aerospace, telecom and semiconductors. This acquisition is in line with the Company's growth plans for the Indian market and is in line with the Company's strategy to increase its presence in India, which is one of the key markets for us. We are confident that with combined synergies, we would be able to provide a cost-effective and valuable solution to our customers.

## Other Significant Events

- Datamatics Global Services Limited has set up operations in Bosnia. Being a near-shore country, Bosnia is strategically located to provide European language support to the clients. In the first phase the Bosnian company has employed people proficient in the German language with plans to expand the team to include experts in Dutch, French, Spanish, Italian, Polish and Portuguese.
- Datamatics has entered into a partnership with MAIA Intelligence, a leading provider of Business Intelligence (BI) software products. Datamatics will provide consulting, implementation, training and support for MAIA's award-winning 1 KEY suite of BI solutions to customers globally.
- CIGNEX Datamatics, a step-down subsidiary of Datamatics Global Services Limited has partnered with 10gen, the company behind MongoDB. CIGNEX Datamatics is the global leader in implementing enterprise-level Open Source solutions and MongoDB is an Open Source, document-oriented database that has been designed to provide scalability as well as development agility.

## Corporate Growth Strategy

Last year, the Company aligned its growth strategy to its core, which is, 'data & content management'. The Company's performance in the 2011 fiscal year and the strength with which we have entered the 2012 fiscal year demonstrates the success of this growth strategy through focused execution.

The Company's priority this year is to continue to emphasize on our core business and at the same time to capitalize on new growth opportunities that are being created in the area of big data, analytics, mobility, cloud computing, etc. Our strategic choices are:

**Analytics & Big Data:** With huge influx of data from multiple source points, big data & analytics are gaining traction in terms of demand, in both established and developing markets. We have partnered with IBM for its analytics suite of products & 10gen (Hadoop) for big data. We are already seeing good traction in this niche space and have a healthy pipeline of key opportunities.

**Open Source** initiative is another area that is continuously accelerating and attracting growth. Open Source is fast emerging as a platform of choice. We are in a very strong position to capitalize on this opportunity, as CIGNEX Datamatics, one of our subsidiary company is a leader in Open Source space.

**Enterprise Content & Document Management:** We continue to focus on Enterprise Content Management & Enterprise Document Management solutions. Our varied practices offering these solutions, viz. Open Source, DMS and Workflow (IMP) practices, all are having a good year and have built a strong pipeline. We expect to maintain this growth trend.

**Digital Publishing & Retail:** Our focus on Portals, eRetail and Digital Publishing are showing robust growth. We have acquired several strategic global accounts and are growing rapidly in this domain.

**Integrated Solutions Model:** Our integrated solutions model, effectively combining the IT & KPO services provides us a competitive edge and would be another critical element to our continued growth. Besides being a differentiator, this model has been appreciated by many of our customers.

**Inorganic Growth:** In addition to sustaining strong organic growth, the Company continues to look at strategic acquisitions that are akin to our business. We believe that this would enable us to expand our geographic presence and our capabilities more rapidly. Last year we made two acquisitions that have created new capabilities, led to geographical expansion and synergistic growth.

**Account Management Program:** We have introduced a program for account mining and cross selling of our services across our 300+ clients, under the guidance of the Account Review Committee. During the year, we launched 'Client Partner Program' and 'Account Mining Program'. These have been well accepted by clients. We expect good results in growth and account penetration through these programs.

## Intellectual Property Rights

*"... if protection of Intellectual Property begins to disappear, creative companies will disappear or never get started..."*

— Steve Jobs

The Company has a long tradition of nurturing creativity and innovation. To promote a strong culture of recognizing innovations, the Company has consistently focused on having Intellectual Property Rights. The Company's IP strategy seeks to build an effective portfolio of Intellectual Property Assets for future monetization, collaboration and risk mitigation. The Datamatics Logo is registered in India, the UK, the USA as well as in the European Union (EU) and its 27 member countries. The Datamatics word-mark is registered in India as a Trade Mark as well as a Service Mark. It is also registered

in the UK and the 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.

The Company recently registered "iQ" trade mark logo in Classes 9, 35 & 42 at the EU Trade Mark Registry. The iQ design and logo was also successfully registered in United States of America. The Company won a 2 year long battle against an US entity for protection of its brand name Datamatics. Our brand name is now adequately protected in the US geography also. D with G logo of Datamatics is already registered in the US, the UK and the EU and its 27 member countries and was also finally registered in India. During the year, your Company registered 2 Copyrights. This takes the total IPR wealth of the Company in terms of Copyrights as 17.

## Subsidiaries

The Company has the following Indian subsidiaries (including the step down subsidiaries) as on March 31, 2012:

1. Datamatics Software Services Limited
2. Datamatics Vista Info Systems Private Limited
3. CIGNEX Datamatics Technologies Private Limited

The Company has the following overseas subsidiaries (including the step down subsidiaries) as on March 31, 2012:

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 Technologies GmbH (Germany)
6. Datamatics Global Services Pty Limited (Australia)
7. Datamatics Global Technologies Limited (Mauritius)
8. Datamatics Global Technologies AG (Switzerland)
9. Datamatics Global Services GmbH d.o.o. in Bosnia, Switzerland
10. Datamatics Global Holding Corp (BVI)
11. CIGNEX Datamatics, Inc. (US)
12. CIGNEX Datamatics Pte. Limited (Singapore)
13. CIGNEX Global Holding Corp (BVI)
14. CIGNEX Technologies Ltd. (UK)

The Ministry of Corporate Affairs, Government of India, has granted a general exemption under Section 212(8) of the Companies Act, 1956 from the requirement to attach detailed financial statements of each subsidiary. In compliance with the exemption granted, we have presented summary financial information for each subsidiary. The detailed financial statements and the audit reports of each of the subsidiaries are available for inspection at the registered office of the Company during office hours between 11 am to 1 pm and upon written request from any shareholder. The Company will arrange to send the financial statements of subsidiary companies to such shareholder.

## IPO Fund Utilization

Your Company completed its Initial Public Offer (IPO) and the Equity Shares were listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) on April 12, 2004.

The entire IPO proceeds were estimated to be utilized by the Company for the development and growth of business. The details are as follows:

Particulars	₹ in Million)		₹ in Million)	
	As on March 31, 2012		As on March 31, 2011	
Funds raised		935.00		935.00
Funds utilized				
Expenses relating to IPO	60.87		60.87	
Investment in Subsidiaries	146.00		146.00	
Repayment of Secured Loans	64.74		64.74	
Investment in Fixed Assets	47.00		47.00	
Corporate purposes including strategic initiatives and acquisitions	616.40		471.78	
<b>Total</b>		<b>935.00</b>		<b>790.38</b>
<b>Balance unutilized (invested in Mutual Funds)</b>		-		<b>144.62</b>

## Certifications

Your Company has received the following certifications during the year 2011-2012:

### 1. Compliance Certifications:

Certifications to various global standards and requirements are an outcome of the commitment of the management to meet or exceed the organization's objectives, requirements of customer as well as complying with regulations. They provide a structured way of continual improvement, which is very important in the given market conditions. Additionally, they provide common language between customers and suppliers, irrespective of market / geography segment. Above all, they motivate employees as they can "feel" the quality that they have built 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 a company needs to demonstrate an ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements. Such company 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 audit carried out by DNV (Det Norske Veritas), an international independent company doing ISO certifications worldwide, via 300 offices in about 100 countries. DNV audits project 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) SEI-CMMi (Dev) Ver 1.3 Level 3

Your Company has been successfully assessed for SEI-CMMi (Dev) Version 1.3 Level 3 for software development. The Mumbai and Ahmedabad Delivery Centres have been assessed for CMMi requirements by a third party assessment agency, KPMG. CMMi in software engineering and organizational development is a process improvement approach that provides organizations with the essential elements for effective process improvement. CMMi helps integrate traditionally separate organizational functions, set process improvement goals and priorities, provide guidance for quality processes, and provide a point of reference for appraising current processes. This assessment further validates our focus on robust processes and continual improvement.

#### c) ISO 27001

Your Company was re-certified for ISO 27001 Information Security Management System. 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, Ahmedabad, Bangalore, Gurgaon, Livonia and Burlington (USA).

The certification affirms the management's commitment towards an established Information Security Management System that fulfills the requirements of the standard, involving risk management and prevention of data security threats, risks, impacts and vulnerabilities. The system is constantly monitored and reviewed.

#### d) SSAE - 16

Your Company's Finance & Accounting services have been certified for Statement on Standards for Attestation Engagements (SSAE) No. 16 by the American Institute of Certified Public Accountants (AICPA). This standard has replaced erstwhile SAS-70. The certification represents the in-depth audits carried out by an outsourcing service provider of the control objectives for the client organization. This SSAE 16 Audit is conducted and report certified by the independent 3rd party auditing firm, Deloitte and Touche. This is applicable to Mumbai, Nashik, Chennai and US locations.

#### e) HIPAA

Your Company has also been certified compliant to the requirements of Health Insurance Portability and Accountability Act (HIPAA) Title II. Compliance to these requirements validates the robust processes and controls around data security and privacy. Mumbai and Nashik locations are covered within the scope of this assessment.

This assessment was carried out by a 3rd party British Standards Institution (BSI).

## 2. Learning & Development:

Learning & Development (L&D) conducted the following programs during the year 2011-2012:

**Eagle @ Datamatics:** The Eagles @ Datamatics Program was flagged off in November 2011, with 22 Eagles, 5 mentors and a strong leadership team. Duration of the program was for 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. This season of Eagles was regarded as a successful initiative as it helped the Company to venture into newer avenues. The topics identified during these products were Captive Centers, Smart Analytical Skills and ePM.

**TNA (Training Need Analysis) based trainings for Datamatics:** L&D put together the Training Need Analysis of the employees of Datamatics group companies on the basis of an appraisal conducted in FY 2011-2012. Training calendar was designed and focused on completion of TNA such that the required gap can be filled and at the same time employee satisfaction increases with respect to asked v/s attended trainings.

**Nashik Trainee Model:** L&D prepared new Nashik Student Trainee Model as a roadmap of training to be undergone by Student Regular (STR) in Nashik location. These trainings consist of induction, quality, soft skills and functional-job related training which trainees must undergo and upon successful completion, they can be taken as full-time employees at DGSL. This is a one-year course which ends with an examination. Successful students are awarded the certificate for the course.

**Project Management Preparatory Course (PMP):** Being a REP (Registered Education Provider) for PMP, the 5-day training was scheduled in Mumbai, MIDC premises for those who are engaged in an activity that contributes to the management of a project, portfolio or program, as part of the project management profession.

**Behavioral training programs:** L&D team has bought dynamic change in the behavioral training programs that is getting launched every month such as Low Self Esteem: Mother of all Evils, MOJO - A Spirit to live, Apology Program, Vision Creation, Anger Management, Six Thinking Hats, Wisdom Tooth, Dress for Success (Men and Women separately), Work Life Balance, Diet Session, Yoga at Work, From Illness to Wellness, Be Confident - Be Successful, Session on Skin Care (only for women employees). Every program was accepted and appreciated by all the employee participants.

**Team Building:** During the year, 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.

### **SPIN Selling Skills & Account Strategy for Major Sales (ASMS):**

ASMS was successfully flagged off for our Sales & Marketing Team in Sun City Hotel. This program teaches a combination of strategic concepts, planning processes and skills. Its overriding objective is to ensure that trainees improve their effectiveness by integrating research theory into their real life selling strategy.

Learning & Development has clocked 166,952 man-hours in the year 2011-2012 as compared to 124,389 man-hours in the year 2010-2011.

## Significant Awards & Achievements

- Datamatics won four prestigious awards in the 22nd World HRD Congress 2012, held at Taj Lands End, Mumbai. Datamatics also was conferred with two highly acclaimed awards - "Edward De Bono Award for Innovation in HR" and "Organisation with Innovative HR Practices" - at the Global HR Excellence Awards 2011-2012.
- Datamatics and Blue Star Limited, one of India's largest central air conditioning and commercial refrigeration company, were awarded with the 'CSI 2011 Award for Excellence in IT' during 46th Annual National Convention of Computer Society of India 2011. The Company was adjudged '1st Runner up' in product/manufacturing sector for Channel Partner Bill Processing System designed and developed as per requirements given by Blue Star Limited.
- Gujarat Electronics & Software Industries Association (GESIA) awarded CIGNEX Datamatics as the 'Best Software Company-Gujarat in the enterprise category' at its 5th Annual Award presentation ceremony on February 15, 2012.
- CIGNEX Datamatics launched its fourth book on Alfresco - 'Alfresco Share'. Alfresco Share is a comprehensive guide for business users and content managers who can leverage dynamic site generation capabilities of Alfresco Share for better participation amongst enterprise personnel. This book focuses on business needs rather than technical syntax and builds a case study for an easier and practical understanding of Alfresco Share.
- CIGNEX Datamatics is ranked among the 100 best companies to work for in "India's Best Companies to Work for Survey 2011". The survey was conducted by The Great Place to Work Institute, India and India's leading financial daily, The Economic Times. The survey ranked companies on a combination of qualitative and quantitative data comprising of trust index and culture audit.
- Datamatics has been ranked amongst the top 20 leaders in financial services by IAOP in the insurance, banking and markets segment, a sub list of the Global Outsourcing 100 for service providers.

- Dr. Chandra Mauli Dwivedi, President and Global Head HR, DGSL was honored with the prestigious "Pride of HR Profession Award" at the IPE Leadership Awards 2012. Ms. Shilpa Tawte, Head - Resourcing was also honored with the Leadership Award at the 8th Recruiting And Staffing Best In Class (RASBIC) Awards.
- Ms. Divya Kumat, Vice President - Legal and Company Secretary won the "Women Leaders in India Awards 2011". She was adjudged as the Leading Woman Company Secretary of the year 2011 in the 3rd edition of Women Leaders in India Awards.

## Datamatics Women Connect

Women employees have shouldered responsibilities with élan in every sphere in this world. Women have successfully marked their presence in the corporate world and at the same time continue to manage personal and professional goals. Datamatics has always supported and valued the potential of women employees. With an aim to provide platform to our women employees to unleash their potential we have initiated a program "Datamatics Women Connect" exclusively for our women employees.

As a part of this program, we have introduced an online networking platform, a portal with a women-centric focus which would allow the women employees to connect with each other in an hour of need. A platform to share their learnings, success stories, inspiring moments, discussions on thought provoking subjects or career related topics. Way to go Women Power.

## Client Partnership Program

Technology transformation and ongoing economic turmoil both continue to pose challenges and bring changes in the corporate world. We need to reinforce our association with existing clients. We have made progress with our current key clients, but we need to do much more. To accelerate growth and take it to the next level of engagement, we have formed a core client partnership team.

This team is responsible for leveraging and exploring opportunities to grow business with our existing key clients. Our Client Partnership Program is driven by strategies, processes and systems with the client at the centre of the organisation. As a part of this process, there is a team of key personnel accountable for client engagement, while account/ delivery head are responsible for ensuring great customer experience. Satisfied customers are crucial to the continued success of our business. This is the main aim of this program.

## Quality

Your Company continues to focus on quality. Your Company is 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 competed for this Award. This is a feather in the cap of your Company. Further significant initiatives of your Company towards quality are:

### 1) Six Sigma Initiative:

Six Sigma is a performance improvement methodology 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 abbreviated and better known as DMAIC to drive these improvements. Your Company's Six Sigma initiative saw 27 Six Sigma projects and 231 Kaizen Projects being implemented. These projects delivered significant benefits to the Company. 284 Six Sigma Projects and 1350 Kaizen Projects have been completed since the launch of this initiative.

The vigor of the previous year continued in accomplishing productivity and performance improvements through Six Sigma Initiatives. This initiative has under its umbrella 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 ₹ 36 million with an ROI of more than 200% was achieved through these performance improvement methodologies.

The Company already has about 10 Six Sigma Green Belt and 15 Six Sigma White Belt certified professionals along with 3 Six Sigma Black Belt and 1 Six Sigma Master Black Belt certified professionals. The Company spent over 4200 person hours of trainings around continuous improvement in the last financial year.

### 2) Certifications:

Last financial year, we also focused on bringing our Quality Management Systems as per the global benchmarks. In addition to the ISO 9001:2008 certification, we applied for CMMi Ver 1.3 Level 3 certification and we have been successfully assessed by SEI through KPMG. This certainly helps to bring our Quality Management Systems and Processes in line with the global best practices.

In addition, we have further strengthened our Information Security Management Systems (ISMS) by incorporating the guidelines of and getting certified for international and rigorous standards like SSAE 16 and HIPAA. Our ISMS is already certified for ISO 27001:2005.

### 3) Customer Satisfaction Tracking:

Last financial year, we also strengthened and streamlined the process and methodology to capture customer feedback, satisfaction and loyalty indices. This is a wholly automated process and it speeds up the entire process of capture and analysis of the feedback received from the customer. This is done once in a quarter and captures customer's feedback on a wide range of parameters that encompass each aspect of service excellence.



#### 4) Metrics and Process Compliance Index:

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 Company to focus on improving key processes.

In addition, regular process compliance checkups and speedy follow-ups on the corrective and preventive actions have helped us significantly to keep non-compliances in check and thereby reduce rework and defects at the source.

In order to create processes at par with global best practices, we have tied up with a number of global forums such as ISBSG, CSI and PMI to understand and benchmark ourselves against key metrics. This also involves a re-look and implementation of state-of-art processes and methodologies around requirements management, estimation, decision analysis and review processes and risk management. Our metrics are regularly revisited and revised to incorporate the current performance levels as well as best-in-class levels.

### Process Engineering

The R&D cell at Datamatics made a significant progress this year. There are several milestones achieved for its flagship product iQ and its variants.

The historical information is now being saved under the latest feature of knowledge management (KM) enabling the dynamic template creation automatically and auto correction. This has resulted in further savings from 15% to 40% in data capture stage.

There was a need felt to offer transaction based license and machine independent floating license and this was made possible this year yielding quick closures.

It implemented projects for some strategic local clients like - Deutsche Bank, Saint Gobain, Agility, Bluestar, HSL, Alfa Laval etc., making our domestic foot print stronger.

iQ was integrated with Open Source workflow Alfresco besides having already integrated with SAP, Oracle, Filenet, Documentum, Sharepoint and therefore it is expected to garner better attention across the globe.

We released iQ latest version 4.02 with security features and i-Mark got its updated version 4.02 with inbuilt OCR facility enabling runtime data capture.

Finally, we won recognition as one of our iQ and ePM implementation at Bluestar got an Award by Computers Society of India (CSI).

### Share Capital

As on March 31, 2012, the 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

The Board recommended re-appointment of Mr. Rahul L. Kanodia, Mr. Sameer L. Kanodia and Mr. Dileep C. Choksi. We seek your support in confirming their appointment as directors liable to retire by rotation. The Board of Directors re-appointed Mr. Rahul L. Kanodia as Vice- Chairman and CEO of the Company for a further period of five years with effect from February 22, 2012. This re-appointment is subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

### 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 42 of Notes of Accounts. Moreover, during the year under review, the Company's subsidiaries in India, the UK, the USA and Australia have already witnessed a positive turnaround. The management is confident of turning around the other subsidiaries as well 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 do not require to be further commented upon in this report.

### Audit Committee

The Audit Committee of the Board of Directors reviews, acts upon and reports to the Board of Directors with respect to various auditing and accounting matters. The primary responsibilities of the Committee are compliance with legal and statutory requirements, auditing and accounting matters, integrity of company's financial statements, performance of Company's internal audit functions and accounting practices and review of related party transactions.

All the members of Audit Committee are Independent Directors and financially literate. Our CFO & Executive Director Mr. Vidur V. Bhogilal and other corporate officers make periodic presentations to the Audit Committee on various issues. The present Audit Committee of the Board comprises of Mr. R. K. Saraswat, Mr. Sudhir C. Deshpande and Mr. Shahzaad S. 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: ₹ 1590.87 million
- II Foreign Exchange outgo during the year: ₹ 128.29 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)**

In the Annual General Meeting held on September 11, 2011 for the financial year 2010-2011, the shareholders of the Company approved the proposal for modification and continuation of Key ESOP 2006,

General ESOP 2007 & Key ESOP 2007 schemes. These ESOP schemes were modified and new options were granted under Key ESOP 2006 and Key ESOP 2007.

The shareholders of the Company approved the proposal for introduction of new Key ESOP 2011 and new General ESOP 2011 schemes in the Annual General Meeting held on September 11, 2011 for the financial year 2010-2011. As on current date, the active ESOP schemes of the Company are Key ESOP 2006, General ESOP 2007, Key ESOP 2007, General ESOP 2011 and Key ESOP 2011.

The details of ESOP 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**

Your company strongly believes that its ability to maintain and continue its growth depends to a large extent on its strength in attracting, developing, motivating and retaining the talent. 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. Our Company's endeavor is to provide a work environment that encourages a positive attitude and superior performance. The key elements of your Company's human resource management strategy include talent acquisition, learning and development. 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 approximately 4600 employees.

**Employee Relations**

'Josh' team of the Company is responsible for involving the organisation as a whole in several fun and joy activities. This team ensures that the activities in the organisation add to the productivity and morale of the human resource force in the Company. Maintenance of a cordial and supportive environment is a pre-requisite 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 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.

Training and Development go hand in hand for development and growth of the Employees. The strategic initiatives for talent development through learning and development programs and experimental learning ensure that the Company has right competencies in its workforce to meet business demand. Apart from providing new platforms for associates to enhance their business acumen, your Company has implemented various training programs to provide them with relevant industry exposure. The Company expended 166,000 training person hours during 2011 - 2012.

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. Our Reward system includes Spot Awards, Employee of the Month Award and also our 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

We have christened our CSR initiatives as 'ASHA'. Acting responsibly has always been a part of our DNA and it remains an ongoing commitment. In the past, we have pioneered the unique 'Knowledge Associate' model, which has benefited a large section of our society. This program has been supporting capable and talented differently-abled professionals and those who otherwise were unable to grow professionally due to personal reasons.

We have identified the areas that we would like to focus viz., Employability & Environment. Realizing the criticality of these on the quality of life of the communities that we serve, we would like to support these two causes on a long-term basis.

To begin with, we have launched the following initiatives under Environment:

**Grow Trees:** GrowTrees.com is an official campaign partner of the United Nations Environment Program's Billion Tree Campaign & is also the official partner of WWF Cities for forest campaign. On employees' birthday, a tree is planted for the employee by Datamatics through Growtrees.com. An E-certificate is given to employees on their birthday. Till date we have planted 1170 trees.

**RecycleKaro.com:** RecycleKaro is a provider of recycling and renewable energy solutions. RecycleKaro collects paper from our various offices and in turn provide us with Notepads with DGSL branding and a pulping certificate. Till date, we have recycled 579 kgs of paper.

**Under Employability as CSR focus:** Our focus is to provide employability to underprivileged and differently abled people as part of Asha initiatives. Datamatics Global Services Limited recognizes 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) program.

Datamatics has tied up with a non-governmental organization called NASEOH (National Society for Equal Opportunities for the Physically Handicapped) and Sujaya Foundation where nearly 20 physically-challenged individuals work as Knowledge Associates in the Outsourcing Management Team. Apart from these, nearly 200 KAs work from home.

Through the KA program, Datamatics has provided such individuals the satisfaction of being financially independent, thus improving

their status in society. The program 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 coordinator is stationed at the NGO for 3-6 months to coordinate training & hardware setup.

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

We have also launched a Payroll Giving Program, to mobilize corporate citizenship. This program would enable employees to donate a small part of their salary towards our CSR initiatives. It is completely voluntary, and employees have the option to change or discontinue their monthly contribution.

## Go Green Initiative

Ministry of Corporate Affairs has recently permitted companies to send electronic copies of Annual Report, notices, etc. to the email ids of the shareholders. We have accordingly arranged to send soft copies of these documents to the email ids of the shareholders wherever applicable. In case any of the shareholders would like to receive physical copies of these documents, the same shall be forwarded on written request by the Company or by Registrars M/s. Datamatics Financial Services Limited.

## 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.

and Governments of various countries where we have our operations for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

### Acknowledgements

The Directors thank the Company's customers, suppliers, vendors, bankers, financial institutions, Central and State Government of India

Place: Mumbai  
Date: May 30, 2012

### Annexure "A"

The details of the 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, 2012 are as follows:

Particulars	Key ESOP 2006	General ESOP 2007	Key ESOP 2007	General ESOP 2011	Key ESOP 2011
Options Granted	296,000	Nil	300,000	Nil	Nil
Pricing Formula	Exercise price of the options is ₹ 5/ per share	Exercise price of the options shall be the price at discount of 20% of Market price which shall be latest available closing price	Exercise price of the options is ₹ 5/ per share	Exercise price of the options shall be the price at discount of 20% of Market price which shall be latest available closing price	Exercise price of the options is ₹ 5/ per share
Options Vested	82,500	-	-	-	-
Options exercised	82,500	-	-	-	-
Total number of share arising as a result of exercise of options	82,500	-	-	-	-
Options lapsed	97,500	-	-	-	-
Variations of terms of options	The vesting schedule was modified as following : 1st vesting date - on completion of 12 months 20% of total options granted.  2nd vesting date - on completion of 24 months 30% of the total options granted.  3rd vesting date - on completion of 36 months 50% of the total options granted.	The vesting schedule was modified as following: 1st vesting date - on completion of 12 months 20% of total options granted.  2nd vesting date - on completion of 24 months 30% of the total options granted.  3rd vesting date - on completion of 36 months 50% of the total options granted.	The vesting schedule was modified as following: 1st vesting date - on completion of 12 months 20% of total options granted.  2nd vesting date - on completion of 24 months 30% of the total options granted.  3rd vesting date - on completion of 36 months 50% of the total options granted.		
Money realized by exercise of options	₹ 412,500	-	-	-	-
Total number of options in force	117,500	500,000	300,000	800,000	1,000,000

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. These options were fully exercised.

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 Viridi	10,000
5	Divya Kumat	5,000
6	Rajesh Agarwal	5,000
7	Manish Savla	5,000
	TOTAL	60,000

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

Following options were granted under the Key Employee Stock Option Plan 2006 in the meeting of the Compensation Committee held on August 14, 2011.

Sr. No.	Name of the Director or Key Managerial Personnel	No. of options granted
1	Sanjeet Banerji	20,000
2	Punit Jain	18,000
3	Ulhas N Kulkarni	18,000
4	Hemant Satam	16,000
5	Rajesh Kumar Agarwal	16,000
6	Shyam Sekar	16,000
7	Sandeep Arora	12,000
	TOTAL	116,000

- **Key Employee Stock Option Plan 2007**

Following options were granted under the Key Employee Stock Option Plan 2007 in the meeting of the Compensation Committee held on August 14, 2011.

Sr. No.	Name of the Director or Key Managerial Personnel	No. of options granted
1	Shreedhara Shetty	68,000
2	Michael Thuleweit	45,000
3	Krishna Tewari	29,000
4	Sunil Dixit	29,000
5	Prashant Prabhu	29,000
6	Dr. Chandra Mauli Dwivedi	25,000
7	Nakul Passi	21,000
8	Srinivasan Krishnamoorthy	16,000
9	Sandeep Arora	15,000
10	Sameer Inamdar	14,000
11	Santosh Shenoy	9,000
	TOTAL	300,000

- 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 30, 2012

# Report on Corporate Governance

## 1. Company's Philosophy on Corporate Governance

Corporate governance refers to the set of systems, principles and processes by which a company is governed. Datamatics' Corporate Governance provides the guidelines as to how the Company can be directed or controlled such that it can fulfill its goals and objectives in a manner that adds to the value of the Company and is also beneficial for all stakeholders in the long term including the Board of Directors, management, shareholders, customers, employees and society. It encourages a trustworthy, moral as well as ethical environment. The management of the Company hence assumes the role of a trustee for all the others.

Datamatics has a broad scope of Corporate Governance. It includes both social and institutional aspects.

Datamatics' Corporate Governance is based on following principles:

- a. conducting the business with all integrity and fairness
- b. being transparent with regard to all transactions
- c. making all necessary disclosures and decisions
- d. complying with all laws of the land
- e. accountability and responsibility towards the stakeholders and
- f. commitment to conducting business in an ethical manner.

## 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 nine directors, four are non-independent executive directors and five are 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 director 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.

### 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 its subsidiaries worldwide. All the Board Members and the Senior Management personnel have affirmed compliance with the code for the year 2011-2012. 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](http://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. Bhogilal (CFO).

### 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 at least 7 days before the Board Meeting to enable the directors to take an informed decision. Every director on the Board is free to suggest any item for inclusion in the agenda for the consideration of the Board. Urgent matters which cannot be postponed till the next Board Meeting get approved by the Board by passing resolutions through circulation. All such circular resolutions are getting placed before the Board in immediate next Board Meeting. Different departments of the Company require various resolutions. Such departments communicate their requirements to the Company Secretary well in advance to enable inclusion of the same in the agenda for the Board / Committee meeting(s) as the case may be.

During the financial year 2011-2012, 4 (Four) Board Meetings were held viz. on May 27, 2011; August 14, 2011; November 9, 2011 and January 30, 2012. 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	3	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	1	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	NIL	No	2	NIL	NIL
Mr. Dileep C. Choksi	Director	Independent Non-Executive	2	No	8	9	4

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.

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

#### 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, pre-clearance of trading in shares in excess of prescribed quantity. The Company announces closure of trading windows, free period, declaration of prohibited period, etc. so that trading can be prohibited by designated employees and directors. The Company takes

quarterly and annual disclosure from directors and from the designated employees as mentioned in the Insider Trading Policy. The said Code of Conduct for Prevention of Insider Trading is also posted on the website of the Company, [www.datamatics.com](http://www.datamatics.com).

#### Appointment/Re-appointment of Directors:

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

i) **Mr. Rahul L. Kanodia**

Mr. Rahul L. Kanodia is a commerce graduate from H. R. College, Mumbai and holds B.S. degree from Babson

College U.S.A (MIS). He also holds an MBA degree from Columbia University, New York (Business Strategy, Marketing & M&A). Mr. Rahul L. 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 L. 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 has also worked at the United Nations, New York office.

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 was reappointed as Vice Chairman and CEO of the Company for a period of five years effective from February 22, 2012.

Other directorships:

Sr. No.	Name of the Company
1	Datamatics Software Services Limited
2	Cybercom Datamatics Information Solutions 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, 2012 Mr. Rahul L. Kanodia holds 209 equity shares of the Company.

ii) **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 laurels he earned during his undergraduate years, was being featured in the Dean's List throughout the academic program. He subsequently received his Masters in Business Administration from Bryant University, USA, with Finance as a Major. He has been serving on the Board of Trustees at Bryant University, USA, since February 2008. Mr. Sameer L. Kanodia has been working with Datamatics since 1994. His strong execution capabilities matched with people centric approach led Datamatics to successfully expand its operations in Tier II cities viz. Nashik and Puducherry. Under his able leadership, the Nashik facility has grown into the single largest facility under one roof that the Company has.

Mr. Sameer L. Kanodia was appointed as an Executive Director of the Company for a period of five years effective from January 30, 2008.

As on March 31, 2012 Mr. Sameer L. Kanodia holds 14,72,858 equity shares of the Company.

iii) **Mr. Dileep C. Choksi**

Mr. Dileep C. Choksi is a Fellow Member of the Institute of Chartered Accountants of India. He was the Rank holder at the Intermediate and Final examination of Chartered Accountants. He is also a Bachelor of Law as well as a member of the Institute of Cost and Works Accountants of India. He is a leading Chartered Accountant by profession and has an experience of over 35 years. Mr. Choksi is on the Board of several leading private sector organizations, including State Bank of India, ICICI Lombard, General Insurance Company Limited, ICICI Prudential Asset Management Company Limited, and NSE IT Limited. Mr. Choksi recently was the Vice Chairman of Deloitte Touche Tohmatsu Private Limited. He is the founder of C3 Advisors Private Limited. He played key role in M/s. C. C. Choksi and Co.

Mr. Dileep C. Choksi was appointed as a director of the Company with effect from 9th February, 2011.

Other directorships:

Sr. No.	Name of the Company
1	ICICI Lombard General Insurance Company Limited
2	NSE IT Limited
3	ICICI Prudential Asset Management Company Limited
4	3i Infotech Limited
5	ICICI Home Finance Company Limited
6	State Bank of India
7	Ace Derivatives and Commodity Exchange Limited
8	Reliance GeneMedix Plc.

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

As on March 31, 2012 Mr. Dileep C. Choksi 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 Kumat, 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 of the Company.

During the financial year 2011- 2012, four (4) Audit Committee meetings were held respectively on May 27, 2011; August 14, 2011; November 9, 2011 and January 30, 2012.

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	1
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:

- a. The scope of the Audit Committee includes:
  - i. Review of financial statements before they are submitted to the Board for adoption.
  - ii. Recommending the appointment or removal of statutory auditors, fixation of audit fees and approval for payment for other services provided by the auditors.
  - iii. Review of quarterly, half yearly and yearly financial statements before they are presented to the Board, focusing *inter alia* upon -
    - Accounting Policies and any changes thereto.

- Ensuring compliance with the Accounting Standards.
- Compliance with the laws, rules, regulations and notifications issued by the Stock 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.

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

### 4. Remuneration/Compensation Committee

The Remuneration/Compensation Committee of the Board comprises of four (4) 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 responsibilities:

1. All matters relating to the compensation (including annual increments, incentives and revision in salary) payable by the Company to the senior executives in the Company's grade M12 and above as also the remuneration payable to the Directors.
2. Appointment and transfers of employees in the Company's grade M12 and above shall require approval of the committee.
3. Administration of ESOP schemes of the Company and allotment of shares under the ESOP schemes.

During the year ended March 31, 2012, 3[three] remuneration/compensation committee meetings were held viz. May 27, 2011, August 14, 2011 and January 30, 2012. The number of meetings attended by each member was as follows:

Committee Members	Designation	No. of Meetings attended
Mr. Sudhir C. Deshpande	Chairman	3
Dr. Lalit S. Kanodia	Member	3
Mr. Shahzaad S. Dalal	Member	Nil
Mr. R. K. Saraswat	Member	3

#### 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, 2012 amounted to ₹6,50,000/- and was paid as under:-

Name of Director	Commission (₹)
Mr. Sudhir C. Deshpande	1,75,000
Mr. R. K. Saraswat	1,75,000
Mr. Dileep C. Choksi	1,25,000
Mr. Shahzaad S. Dalal	1,00,000
Dr. Habil F. Khorakiwala	75,000

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, 2012)
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 S. Kanodia, the founder and Chairman of Datamatics Group of Companies is one of the pioneers in the Indian Software and Offshore Services Industry. He founded Datamatics in 1975, prior to which he was Founder CEO of Tata Consultancy Services.

As Chairman at Datamatics, Dr. Kanodia drives all strategic initiatives. His inspirational leadership has led Datamatics to be conferred with various awards over the years, including the Most Innovative Software Product Award at the hands of the Prime Minister, the Ramkrishna Bajaj National Quality Award for Services, the International Asia Pacific Quality Award and being ranked among the top 50 best managed outsourcing vendors by 'The Black Book of Outsourcing'.

Dr. Kanodia was an Executive Member of NASSCOM, the apex body of the IT-BPO industry in India. He has also been designated as the Honorary Consul General of Chile in India by the Government of Chile. In the past, he has held several eminent positions with various industry associations, which include President of the Management Consultant's Association of India, Chairman (Western Region) of the Electronics & Computer Software, President of the Indo American Chamber of Commerce (WIC). Dr. Kanodia has also been on the Board of Directors of several large companies. He is a member of the Executive Board of MIT (USA).

After obtaining degree in engineering from India's premier technology institute, IIT, Bombay, Dr. Kanodia completed his MBA and Doctorate in Management. He is a Ford Foundation Fellow. He is not eligible to participate in the employee stock option scheme of the Company.

##### Mr. Rahul L. Kanodia

Mr. Rahul L. Kanodia is a Commerce graduate from H. R. College, Mumbai and holds B.S. degree from Babson College

U.S.A (MIS). He also holds an MBA degree from Columbia University, New York (Business Strategy, Marketing & M&A). Mr. Rahul L. 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 L. 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 has also worked at the United Nations, New York office.

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 was re-appointed as Vice Chairman and CEO of the Company for a period of five years effective from February 22, 2012. 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 subjects. He has rich experience in varied management functions particularly Finance, Legal, HR, Admin and M&A. Having worked in the US, Europe and India, Mr. Bhogilal brings a truly global perspective to Datamatics' M&A initiatives. He has successfully driven the in-organic growth through the merger of the IT and BPO businesses and four acquisitions. Prior to working with Datamatics, Mr. Bhogilal has 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 laurels he earned during his undergraduate years, was being featured in the Dean's List throughout the academic program. He subsequently received his Masters in Business Administration from Bryant University, USA, with Finance as a Major. He has been serving on the Board of Trustees at Bryant University since February 2008. Mr. Sameer L. Kanodia

has been working with Datamatics since 1994. His strong execution capabilities matched with people centric approach led Datamatics to successfully expand its operations in Tier II cities viz. Nashik and Puducherry. Under his able leadership, the Nashik facility has grown into the single largest facility under one roof that the Company has.

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, 2012:

Particulars	Dr. Lalit S. Kanodia	Mr. Rahul L. Kanodia	Mr. Vidur V. Bhogilal	Mr. Sameer L. Kanodia
Salary	32,40,000	54,91,200	41,97,600	29,25,600
Estimated monetary value of perquisites	11,03,792	11,88,186	8,53,685	5,45,378
Commission*	77,290	77,290	-	-
Incentives	-	-	20,00,000	10,00,000
PF Allowance	2,88,000	4,75,200	2,73,600	1,87,200
<b>Total</b>	<b>47,09,082</b>	<b>72,31,876</b>	<b>73,24,885</b>	<b>46,58,178</b>

\*Commission relates to the financial year ended March 31, 2011, which was paid during the year 2011-2012.

## 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 Kumart 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 61025274

Fax: +91 02266971161  
Email Id: divya\_kumat@datamaticstech.com

During the year ended March 31, 2012 the Company received 84 complaints/requests. None were pending for resolving as on March 31, 2012.

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 Share Transfer Agent of the Company. The Company met eight times during the year under review viz. August 14, 2011, September 12, 2011, September 19, 2011, September 23, 2011, November 09, 2011, December 26, 2011, December 31, 2011 and January 25, 2012.

## 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
2008-2009	September 15, 2009	11.00 a.m.	Knowledge Center, Plot No. 58, Street No. 17, MIDC, Andheri (E), Mumbai 400 093
2009-2010	August 12, 2010	11.00 a.m.	Knowledge Center, Plot No. 58, Street No. 17, MIDC, Andheri (E), Mumbai 400 093
2010-2011	September 15, 2011	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 15, 2009:-

- (i) Appointment of Mrs. Priyadrashini R. Kanodia as Chief Investment Officer under Section 314(1) of the Companies Act, 1956.
- (ii) Determination of remuneration of Mrs. Priyadrashini R. Kanodia exceeding Rs. 49,999 under Section 314(1B) of the Companies Act, 1956.
- (iii) Revision of sitting fees paid to Non- Executive Directors.

The special resolutions moved at the above meeting were passed on a show of hands by the shareholders present at the meeting and not by postal ballot.

### 2. AGM held on August 12, 2010:-

- (i) Formation of Datamatics Employees Welfare Trust for transfer of shares granted under the existing ESOP Schemes.

The above said resolution was passed by conducting poll as demanded by a shareholder present in the said AGM.

### 3. AGM held on September 15, 2011:-

- (i) Approval by special resolution for amendment in the partial modification of earlier ESOP Schemes including Key ESOP, 2006, Key ESOP, 2007 and General ESOP, 2007 upon introduction of new ESOP schemes.
- (ii) Approval by special resolution for amendment in the Key ESOP Scheme, 2006 in respect of payment of Exercise Price, Performance

Criteria and Vesting/Vesting Schedule of the Company.

- (iii) Approval by special resolution for amendment in the Key ESOP Scheme, 2007 in respect of payment of Exercise Price, Performance Criteria and Vesting/Vesting Schedule of the Company.
- (iv) Approval by special resolution for amendment in the General ESOP Scheme, 2007 in respect of payment of Exercise Price, Performance Criteria and Vesting/Vesting Schedule of the Company.
- (v) Approval by special resolution for introduction of Datamatics Key Employees Stock Option Plan 2011 for the permanent employees of the Company.
- (vi) Approval by special resolution for introduction of Datamatics Key Employees Stock Option Plan 2011 for the permanent employees of the Subsidiary Companies.
- (vii) Approval by special resolution for introduction of Datamatics General Employees Stock Option Plan 2011 for the permanent employees of the Company.
- (viii) Approval by special resolution for introduction of Datamatics General Employees Stock Option Plan 2011 for the permanent employees of the Subsidiary Companies.
- (ix) Approval of special resolution for appointment of Mrs. Priyadarshini Kanodia as a Chief Investment Officer with revised remuneration w.e.f. April 1, 2011.

The above said resolutions were passed after conducting poll as demanded by two shareholders present in the said AGM.

## 7. Management Discussion & Analysis Report

The Management Discussion & Analysis Report for the year ended March 31, 2012 is published separately in this Report.

## 8. Other Disclosures

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

The Company has complied with all the statutory formalities.

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

## 9. Means of Communication

### Financial Results and Notices:

The quarterly unaudited results of the Company are announced within Forty Five days from the end of respective quarter and the audited financial results are announced within two months from the 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](http://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 website.

### Website:

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

### Annual Report:

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

### Corporate Filings with Stock Exchanges:

The Company is regular in filing of various reports, certificates, intimations, etc to the Bombay Stock Exchange Limited and National Stock Exchange of India. This includes filing of Audited and Unaudited Results, Shareholding Pattern, Corporate Governance Report, intimation of Board Meeting/General Meeting and its proceedings.

### Investor Service:

The Company has appointed Datamatics Financial Services Limited as a Registrar and Share 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 26, 2012  
at 11.00 a.m.

Venue : Indian Merchant Chamber Hall,  
IMC Building, IMC Marg,  
Churchgate, Mumbai 400 020

### (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 22, 2012 to September 26, 2012 (both days inclusive)

### (D) Dividend Disclosure:

#### a. Announcement of dividend:

The Board of Directors have 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 National Electronic Clearing Service (NECS) at approved locations, in cases where NECS 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 of Transfer to IEPF
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
2010-2011	September 15, 2011	Final	₹ 0.75 per share	October 13, 2018

**(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 2011-2012.

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

BSE - 532528, DATAMGLOB

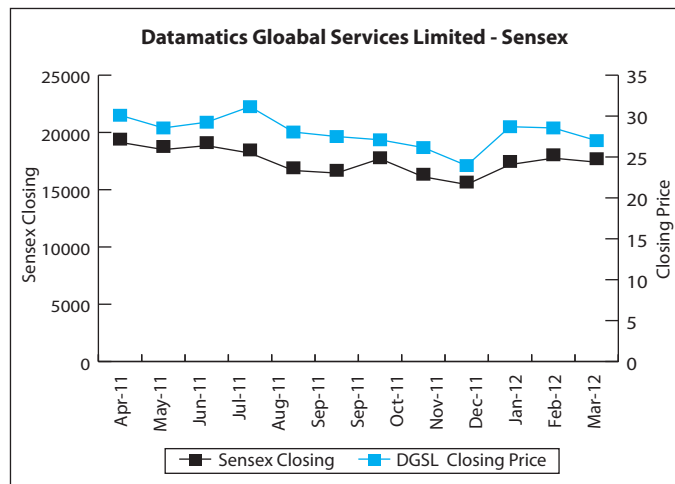
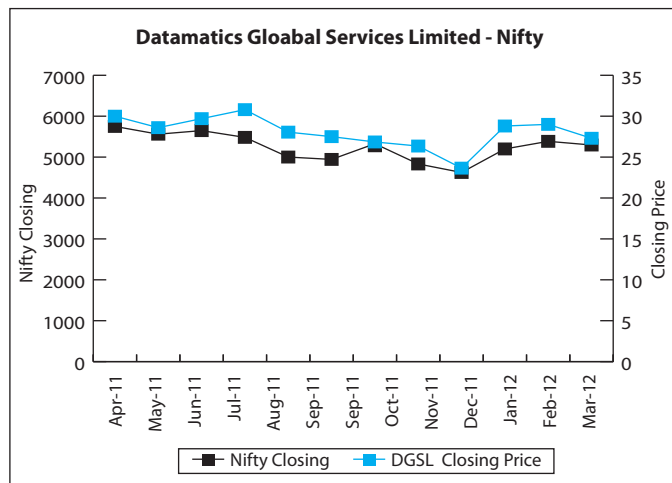
NSE: DATAMATICS EQ

**(H) Market price data:**

Month	BSE Prices		NSE Prices	
	High Price	Low Price	High Price	Low Price
April-11	32.15	29.35	32.15	29.20
May-11	30.30	27.75	31.70	27.65
June-11	31.30	27.20	31.40	23.50
July-11	31.50	28.25	33.40	28.40
August-11	31.80	25.50	31.15	26.00
September-11	29.05	27.00	28.95	26.25
October-11	28.90	25.60	28.55	26.10
November-11	28.65	24.00	28.60	22.00
December-11	28.20	20.10	28.50	23.10
January-12	33.85	23.50	30.70	23.35
February-12	30.50	27.50	32.85	27.55
March-12	30.60	26.05	31.85	26.05

**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 2011 to March 2012.



**(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 Surajmal Kanodia
- Mrs. Asha Lalit 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  
 Datamatics Vista Info Systems Private 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  
 CIGNEX Datamatics Technologies Private Limited  
 CIGNEX Datamatics, Inc.(US)  
 CIGNEX Datamatics Pte. Limited (Singapore)  
 CIGNEX Technologies Limited (UK)  
 CIGNEX Global Holding Corp (BVI)  
 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, 2011.

**(J) Registrars and Share Transfer Agents:**

Datamatics Financial Services Limited  
 Plot No. B-5, MIDC,  
 Part B Cross Lane,  
 Andheri (East), Mumbai 400 093  
 Phone No. : 91-22-6671 2151  
 Fax No. : 91 -22-6671 2250

**(K) Share Transfer System:**

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

**(L) Category wise distribution of equity shares as of March 31, 2012:**

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	8,18,304	1.39
Indian Public	1,49,32,968	25.33
NRIs/OCBs/ Foreign Nationals	1,30,827	0.22
<b>Total</b>	<b>58,949,337</b>	<b>100.00</b>

**Distribution of shareholding as on March 31, 2012:**

Shareholding of nominal value(₹)	Number of shareholders	Percentage of total	Shares (in ₹)	% of total
Upto 5,000	16761	93.32	3220667	5.46
5,001-10,000	593	3.30	901908	1.53
10,001-20,000	296	1.65	860516	1.46
20,001-30,000	120	0.67	607795	1.03
30,001-40,000	46	0.26	323927	0.55
40,001-50,000	37	0.21	348354	0.59
50,001-100,000	50	0.28	705033	1.20
1,00,001 and above	57	0.32	51981137	88.18
<b>Total</b>	<b>17960</b>	<b>100.00</b>	<b>58949337</b>	<b>100.00</b>

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

About 99.29 % shares were held in dematerialized form as of March 31, 2012.

**(N) Plant Locations:**

The Company's facilities are located at:

**Mumbai:**

Datamatics Global Services Limited

- 1) Unit 117-120, SDF IV, SEEPZ- SEZ, Andheri (E), Mumbai - 400 096, India
- 2) Unit 110, SDF IV, SEEPZ-SEZ, Andheri (E), Mumbai - 400096, India
- 3) Unit 155, SDF V, SEEPZ- SEZ, Andheri (E), Mumbai - 400 096, India
- 4) Unit 172, 189ABC, 190AB & 190C, SDF VI, SEEPZ- SEZ, Andheri (E), Mumbai - 400 096, India
- 5) Knowledge Center, Plot No. 58, Street No. 17, MIDC, Andheri (E), Mumbai - 400 093, India
- 6) Unit 701 & 702, Tower II, SEEPZ ++, SEEPZ-SEZ, Andheri (E), Mumbai- 400 096, India

**Chennai:**

Datamatics Global Services Limited  
Crompton House,  
No. 3 M.G.R. Salai (K.H. Road),  
Nungambakkam, Chennai - 600 034,  
India

**Nashik:**

Datamatics Global Services Limited  
Suyojit Datamatics Knowledge Centre,  
Suyojit IT Park, Survey No. 804,  
Second & Third Floor,  
Mumbai Agra Road, Mumbai Naka,  
Nashik - 422 002, India

**Bangalore:**

Datamatics Vista Info Systems Private Limited  
Corporation No. 7, Albert Street,  
Richmond Town, Bangalore-560 025,  
India

CIGNEX Datamatics Technologies Private Limited  
EPIP, 1st & 2nd floor, EPIP 1st Phase,  
KIADP Whitefield, Bangalore-560 025,  
India

Datamatics Software Services Limited  
Alpaine Arch, No. 19, SF-3,  
Langford Road, Bangalore-560 025,  
India

**Ahmedabad:**

CIGNEX Datamatics Technologies Private Limited  
President Plaza, Opp. Muktidham Derasar,  
Thaltej Cross Road, SG Highway,  
Ahmedabad-380 054,  
Gujarat, India

**Puducherry:**

Datamatics Global Services Limited  
Plot No. 29-34, East Coast Road,  
100 Feet Road, Saram Revenue Village,  
Oulgaret Municipality, Lawspet Post,  
Puducherry - 605 008, India

**Overseas**

**USA:**

Datamatics Global Services, Inc.

- 1) 31572 Industrial Road, Suite 100 & 400,  
Livonia, MI-48150
- 2) Suite 210 & 240, 56 Middlesex Turnpike,  
Burlington MA - 01803
- 3) 510 Thornall Street, 1st Floor, Suite 100  
Metropark, NJ 08837 USA

CIGNEX Datamatics Inc.

2350 Mission College Blvd, Suite # 490,  
Santa Clara, CA 950 54

**UK:**

Datamatics Infotech Limited  
8 The Square, Stockley Park,  
Uxbridge, UB11 2FW

**Germany:**

Datamatics Global Technologies GmbH  
Im Leuschnerpark 3  
64347 Griesheim

Datamatics Global Services GmbH  
Ulica Svetosavska 22,  
Glamocani 78252  
Bosnia

**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,  
Por Louis, Republic of Mauritius



**Australia:**

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

**(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. A 16 & 17, MIDC,  
 Part B Cross Lane,  
 Andheri (East), Mumbai 400 093  
 Ph No. 91-22-6671 2151  
 Fax No. 91 -22-6671 2250  
 E-mail: [depository@dfssl.com](mailto: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](mailto: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 30, 2012

**Auditors' Certificate**

To,  
 The Members of Datamatics Global Services Limited (Formerly known as DATAMATICS TECHNOLOGIES LIMITED)

We have examined the compliance of conditions of Corporate Governance by Datamatics Global Services Limited (the Company) for the year ended March 31, 2012, 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, 2012 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 Reg. No.: 104746W

Arati Parmar  
 Partner  
 Membership No.:102888

Place: Mumbai  
 Date: May 30, 2012

# Management Discussion and Analysis

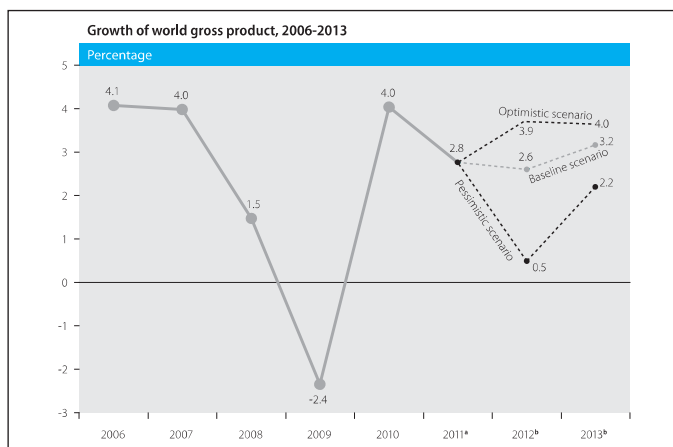
## Global Economy Overview

The problems stalking the global economy are multiple and interconnected. The highlights of the year 2011 were the crisis in Eurozone, the Japanese earthquake and tsunami in March followed by Standard & Poor's downgrading of the US debt outlook from stable to negative in April for the first time since the Pearl Harbour attack in 1941.

The continued trouble in Eurozone over debt-crisis in Greece peaked in June-July only to be rescued by European leaders at the eleventh hour. The question everyone was asking was which of the PIGS nations would be next in line for default.

The United States economy is also facing persistent high unemployment, shaken consumer and business confidence, and financial sector fragility. The European Union (EU) and the United States of America form the two largest economies in the world, and they are deeply intertwined. Their problems could easily feed into each other and spread to another global recession.

The United Nations' World Economic Situation and Prospects 2012 – Global Economic Outlook has reported that economic growth as measured by World Gross Product (WGP) has slowed down to 1.3 per cent in 2011 from 2.10 per cent in 2010.



In the US, growth bounced back mildly in second half of 2011 to 2.5 per cent annual rate after slowing down in the first two quarters of 2011. The overall annual GDP growth rate for the biggest economy in the world stood at 1.8 per cent for the year 2011. In 2012, the growth rate slowed down to 2 per cent in the first quarter.

Public debt has risen to over 100 per cent of GDP. High unemployment rate at 8.6 per cent, low wage growth, slowdown in manufacturing and consumer spending, and prolonged depressed housing prices are holding back aggregate demand in the US.

Developing countries and economies in transition continue to drive the engine of growth. In February, China overtook Japan as the second-largest economy in the world, a position Japan had held for over forty years. However, in spite of remaining strong, growth in developing countries decelerated in 2011, particularly from the second half of the year. Growth was at 5.9 per cent in 2011 as compared to an average growth of 7.5 per cent in 2010.

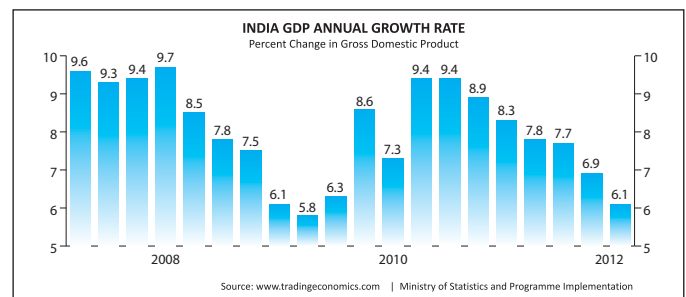
In China, growth slowed from 10.4 per cent in 2010 to 9.3 per cent in 2011 and is projected to slow further to below 9 per cent in 2012-2013. India's economy is expected to expand by between 7.7 and 7.9 per cent in 2012-2013, down from 9.0 per cent in 2010. Brazil and Mexico are expected to suffer more visible economic slowdowns.

## Indian Economy Overview

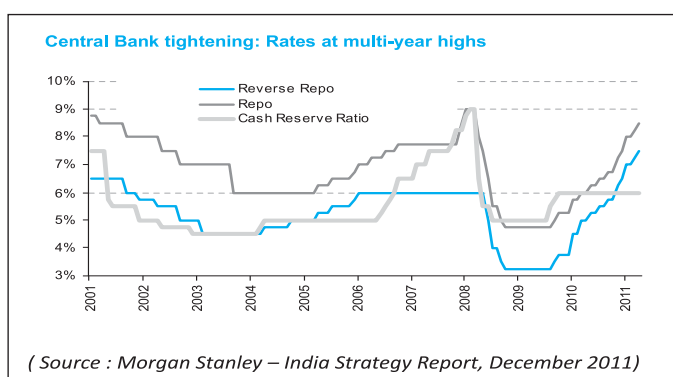
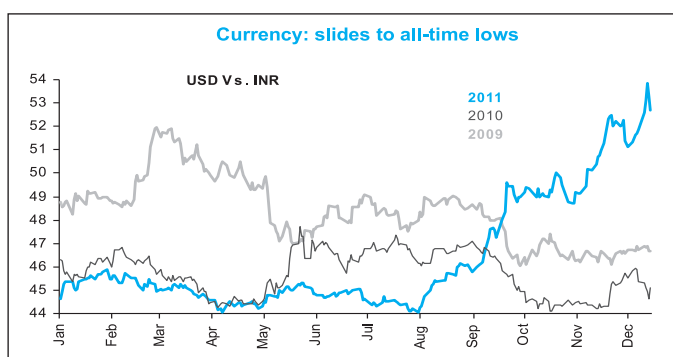
India faced yet another year of robust yet slowing growth.

According to Financial Stability Report published by the Reserve Bank of India (Dec 2010), the baseline projection of GDP growth was revised downward to 7.6 per cent for 2011-2012 from 8.0 per cent largely on account of slowness in global growth and slackening of investment demand. According to this report, domestic demand, a prime driver of growth in India, also showed weakness, particularly in the first half of 2011-2012.

The interest rates were increased many a times during the year to tame inflationary pressures. However, it was eventually the slowdown in economic activity that brought down inflation during the end of the year.



- (Source : United Nations World Economic Situation and Prospects Report 2012)



The Indian rupee was also volatile during the year 2011, touching a low of 54.20 against the US\$ in the month of December. The slide continued for the Indian rupee in 2012, and in the month of June 2012, it breached the psychological mark of 57, touching an all time low of 57.30 on 22nd of June 2012.

## Industry Overview

According to Gartner Inc., in 2011 worldwide IT spending totaled US\$ 3.7 trillion, up by 6.9 per cent from 2010 levels. Worldwide IT spending forecast for the year 2012 totals to US\$ 3.8 trillion, a 3.7 per cent increase from 2011. Gartner Inc. has revised this downward, from its earlier forecast of 4.6 per cent. All four major technology sectors computing hardware, enterprise software, IT services and telecommunications equipment and services are expected to experience slower spending growth in 2012 than previously forecast.

The Eurozone crisis and the Hard-Disk Drive shortage due to floods in Thailand have been the main reasons that have impacted spendings. Although large PC OEMs will see fewer problems, no Company will be totally immune from this ripple in supply-chain. The Telecom Equipment spending is projected to have the strongest growth in 2012, with 6.9 per cent increase followed by Enterprise Software market, which is projected to grow at 6.4 per cent (Gartner Inc.)

**Table 1**

**Worldwide IT Spending Forecast (Billions of US\$)**

	2011 Spending	2011 Growth (%)	2012 Spending	2012 Growth (%)
Computing Hardware	404	7.6	424	5.01
Enterprise Software	268	9.6	285	6.4
IT Services	848	6.9	874	3.1
Telecom Equipment	444	7.7	475	6.9
Telecom Services	1,701	6.1	1,740	2.3
<b>All IT</b>	<b>3,664</b>	<b>6.9</b>	<b>3,798</b>	<b>3.7</b>

Source: Gartner (January 2012)

The Indian enterprise IT spending increased from US\$ 32.9 billion in 2010 to US\$ 36.0 billion in 2011, an increase of 9.4 per cent. This trend is expected to continue in 2012, and IT spending is expected to surpass US\$ 39 billion, indicating an increase of 10.3 per cent over 2011.

Within the Indian enterprise market, the retail industry, education and utilities are all expected to grow at over 12 per cent CAGR for the period 2010-2015, while government spending also continues to maintain a healthy CAGR of over 12 per cent for the same period. The education sector is expected to achieve strongest growth in percentage terms in 2012, and the IT spending is forecast to grow at 18% in local currency terms. (Gartner)

**Table 1. Enterprise IT Spending by Vertical Market in India (Billions of US\$)**

	2010	2011	2012	2013	2014	2015	2010- 2015 CAGR (%)
Banking & Securities	5.2	5.6	6.2	7.1	8.0	8.9	11.6
Communications, Media & Services	6.3	6.8	7.5	8.4	9.3	10.3	10.3
Education	0.9	1.0	1.1	1.2	1.4	1.6	12.3
Government	5.8	6.6	7.3	8.3	9.3	10.5	12.5
Healthcare Providers	1.1	1.1	1.2	1.2	1.3	1.4	5.9
Insurance	1.4	1.5	1.6	1.9	2.1	2.3	9.8
Manufacturing & Natural Resources	6.6	7.3	8.1	9.1	10.1	11.2	11.2
Retails	1.7	1.9	2.1	2.4	2.7	3.1	12.8
Transportation	1.7	1.8	2.0	2.3	2.6	2.9	11.6
Utilities	1.3	1.4	1.6	1.8	2.0	2.3	12.3
Wholesale Trade	1.0	1.0	1.1	1.3	1.4	1.5	9.7
<b>Grand Total</b>	<b>32.9</b>	<b>36.0</b>	<b>39.7</b>	<b>45.0</b>	<b>50.2</b>	<b>56.0</b>	<b>11.2</b>

Source: Gartner (January 2012)

The Indian IT industry reached a significant milestone by achieving US\$ 101 billion in revenues during the year ended March 2012. This includes US\$ 69 billion of IT-BPO exports and US\$ 32 billion from the domestic business, hardware and engineering. Nasscom has set an ambitious target of US\$ 225 billion for the Indian IT industry by 2020. A positive development in the Indian IT industry has been the shift by IT firms to move away from the linear growth model. New hiring increased by only 9% compared to a 16% growth in revenues last year. Revenue per employee in the Indian IT industry also increased from US\$ 42,000 to US\$ 44,800. (Nasscom).

## Business and Operations Overview

Brief description about the Company and its business and then its performance :

Datamatics is a global IT and Knowledge Process Outsourcing organization focused on delivering smart, next-generation business solutions that help enterprises across the world overcome their business challenges. Datamatics serves a cross section of industries including banking and finance, insurance, publishing, manufacturing, research and retail.

## Financial Performance Overview

Consolidated Basis:

- Total business revenue increased by 60.5% from ₹ 2753.22 million in 2010 – 2011 to ₹ 4418.91 million in 2011 – 2012. Of the total increase of ₹ 1665.69 million, ₹ 1360 million is attributed towards increase in revenue due to inorganic growth via two acquisitions viz. CIGNEX and Vista. The balance is due to organic growth of ₹ 63.91 million and currency depreciation by ₹ 241.79 million.
- EBIDTA increased by 59.88% from ₹ 316.95 million in 2010 – 2011 to ₹ 506.74 million in 2011 – 2012. This is due to increase in earnings from Datamatics Global Services Limited [stand-alone] by ₹ 69.29 million from ₹ 274.62 million to ₹ 343.91 million and from other subsidiaries by ₹ 120.50 million from ₹ 42.33 million to ₹ 162.83 million.
- Fixed Assets increased by 74.58% from ₹ 963.36 million in 2010 - 2011 to ₹ 1681.81 million in 2011 – 2012. This is due to Capex incurred for Nashik Campus expansion purposes ₹ 412.28 million, SEEPZ++ Office premises ₹ 35.80 million, Puducherry & Chennai office expansion purposes ₹ 55.09 million.

## Outlook

According to Gartner Inc., four forces are changing the future of IT :

- Social – changing behaviour
- Mobile – changing access
- Information – changing context
- Cloud – changing delivery

The next-generation solutions for IT will have to be created in context of these changes that are expected to have far-reaching consequences. For example, by 2016, it is estimated that 50% of enterprise email users will primarily rely on a browser, tablet or a mobile client, instead of a desktop client. Another prediction made by Gartner is that by the end of 2016, more than 50% of global 1000 companies will have stored customer sensitive data in the public cloud. The report also predicts that by 2015, 35% of enterprise IT expenditures for most organisations will be managed outside the IT department's budget; through 2015, more than 85% of Fortune 500 organisations will fail to effectively exploit big data for competitive advantage.

All these trends have already started to unfold and emerge today. IT companies will need to re-think and re-align their strategies, design their products and offerings in line with these epoch making changes. Successful IT companies will be those who will 'see' these emerging trends and arriving futures, and be ahead of the curve. They will be able to adapt to these changes, and develop next-generation solutions today to dominate tomorrow.

At Datamatics, we are poised to take advantage of this evolving and emerging opportunity and grow both organically as well as inorganically. We have exciting new projects in Cloud Computing, Mobility and Big Data that will create next-generation solutions aligned and tailored for the future.

The Company is also looking at partnering with more companies in the same space. The Company is prepared for further acquisitions with sufficient funds, should a good opportunity present itself.

## Risk Management

Risks and uncertainties are part and parcel of all businesses. Each business has its own typical risks that it has to face and overcome, if it is to remain successful and deliver sustained results to its stakeholders. At Datamatics, the economic and the larger business horizon is scanned on a regular basis to foresee these risks and manage them well in advance, and before they can start having an adverse affect on the operations and profitability of the business. Datamatics has in place proper and adequate risk identification and risk management processes to ensure that the foreseeable risks are identified and mitigated. The following risks have been identified by Datamatics with their mitigation :

### 1. Global Economy

The economic slowdown in Europe and the US is a fundamental slowdown and not just a financial bubble burst. The Eurozone continues to struggle with debt-repayment crisis. The outcome of the Greek crisis in particular is bound to have a telling effect on the future of the Euro. How this situation unfolds will have long term implications and recovery will take a few years. This slowdown is likely to have a deep impact on the prospects of the Indian IT sector as a whole. At Datamatics, our diversified portfolio of businesses will neutralize the uncertain and volatile market conditions to an extent, as and when these situations will arise.

## 2. Rising Input Costs in India

India has been facing steep inflationary pressures. High fiscal deficit, rising commodity prices globally and weak rupee are the main factors driving inflation. In a bid to curb inflation, the RBI increased interest rates. This has resulted in a steep rise in all input costs, which is affecting the profitability of most companies. In talent based industries like IT, salaries constitute a critical operating and profitability part. To counter the adverse effect of increasing inflation and rising salary costs, we are actively moving work to tier II cities. The main cost in our business is people cost and, as salary costs are lower in tier II cities, it will help offset the rising salary and inflationary pressures.

## 3. Competitive Risks

The risk of competition from other solution providers is a risk that is always present, especially in the fast evolving technology space. Competition can offer customers solutions that are either cost-effective or innovative. At Datamatics, we have mitigated this risk to a large extent by ensuring that our solutions are amongst the most cost-effective in the industry. Through sustained innovation, we offer our customers the very latest of next generation solutions, thus giving them a best of cost-effectiveness as well as innovation.

## Internal Control Systems and their Adequacy

The Company ensures that it has proper and adequate systems of internal controls commensurate to its size and industry requirements whereby all assets are protected and safeguarded against any loss from unauthorised use or disposition. All transactions are duly authorised, recorded and reported.

The Company has an extensive system of controls through internal audits that are undertaken on a regular basis by an in-house internal audit team as well as by a leading firm of chartered accountants. The policies of the Company are clearly documented through exhaustive guidelines, processes and procedures that supplement the internal control systems. The management monitors and reviews these on a regular basis to ensure that the financial and other records are reliable and an account of all assets is maintained.

The Company ensures compliance of all internal audit control systems and reviews the quarterly, half-yearly and annual financial statements before these are submitted to the Board.

## Material Developments in Human Resources

The Company places utmost importance in its people. It firmly believes that its people are its greatest assets and most unique source of sustained competitive advantage. In an industry that is totally based on human skills, the Company's Human Resources continuously endeavours to make sure that the people working for the Company are at cutting edge of skill-sets development.

The Company strives to maintain a safe, healthy and happy work-place environment. Core values of the Company like commitment, transparency, innovation, responsiveness, passion and inspiring others are inculcated in its people through world-class people practices that include cross-cultural integration. Talent is nurtured and developed through various developmental programmes and it encourages its employees to undertake these for both professional and personal development.

As on 31<sup>st</sup> March 2012, the total number of employees was 4600.

## Cautionary Statement

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

### Sources :

<http://www.gartner.com/it/page.jsp?id=1888514>

**Gartner Says Worldwide IT Spending to Grow 3.7 Percent in 2012**

<http://www.gartner.com/it/page.jsp?id=1902718>

**Gartner Says Indian Enterprise IT Spending Will Grow 10.3 Percent in 2012**

## Auditors' Report

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

To the Board of Directors of

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

- We have audited the attached Consolidated Balance Sheet of DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED the Company) and its Subsidiaries (the Company and its Subsidiaries constitute "the group") as at March 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- The financial statements of below mentioned subsidiaries which reflect total assets and total revenue for the year then ended March 31, 2012 have been audited by us.

(Amount in ₹)

Name of the Subsidiary	Total Assets	Total Revenue
Datamatics Software Services Ltd.	305,895,055	186,857,345
Datamatics Vista Infosystems Pvt. Ltd. (Formerly known as Vista Infosystems Pvt. Ltd.) (Subsidiary in which company holds 88% ) (Step down Subsidiary)	94,826,682	254,229,074
Cignex Datamatics Technologies Pvt. Ltd. (Formerly known as Cignex Technologies Pvt. Ltd.) (Step down Subsidiary)	139,331,412	348,363,905

- 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, Revenue in respect of the said subsidiaries are given below:

(Amount in ₹)

Name of the Subsidiary	Total Assets	Total Revenue
Datamatics Global Services Inc.	257,262,989	978,372,737
Datamatics Global Services Pty. Ltd.	9,102,605	21,525,580
Datamatics Global Services GmbH	136,358,272	163,214,182
Datamatics Global Technologies GmbH (Step down Subsidiary)	48,523,953	102,144,461
Datamatics Global Technologies Ltd.	528,784,454	2,164,096
Datamatics Infotech Ltd.	71,987,718	233,997,534
Datamatics Technologies UK Ltd.	77,965	Nil
Cignex Technologies Inc. (Step down subsidiary)	336,238,600	1,033,235,949

- 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, 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)	8,932,963	11,216,179
Datamatics Global Holding Corp. (Step down subsidiary)	483,261,235	Nil
Cignex Global Holding Corp. (Step down subsidiary)	33,193,689	187,728
Cignex Technologies Pte. Ltd. (Step down subsidiary)	20,224,068	39,774,001
Cignex Technologies Ltd. (Step down subsidiary)	42,270,490	66,463,315
Cybercom Datamatics Information Solutions Ltd. (Joint Venture – 50%)	147,572,858	102,894,231

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 the note no 2(v) in particular and with other notes thereon in general, 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:
- in the case of the Consolidated Balance Sheet, of the state of the affairs of the group as at March 31, 2012;
  - in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date and
  - 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

Arati Parmar  
Partner  
Membership No.: 102888

Place: Mumbai  
Date: May 30, 2012

## Consolidated Balance Sheet as at March 31, 2012

Particulars	Note No.	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	3	314,746,685	314,746,685
Reserves and Surplus	4	<u>2,419,390,112</u>	<u>2,209,548,856</u>
		<b>2,734,136,797</b>	<b>2,524,295,541</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liability (Net)	5	33,415,068	11,293,869
Other Long-Term Liabilities	6	16,904,233	474,988
Long-Term Provisions	7	61,436,190	58,493,554
Minority Interest		<u>53,957,460</u>	-
		<b>165,712,951</b>	<b>70,262,411</b>
<b>CURRENT LIABILITIES</b>			
Short-Term Borrowings	8	470,974,228	100,758,275
Trade Payables	9	126,603,828	56,753,816
Other Current Liabilities	10	366,428,584	215,790,747
Short-Term Provisions	11	<u>62,246,929</u>	<u>59,058,168</u>
		<b>1,026,253,569</b>	<b>432,361,006</b>
<b>TOTAL</b>		<b><u>3,926,103,317</u></b>	<b><u>3,026,918,958</u></b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	12		
-Tangible		1,028,791,730	738,015,899
-Intangible		492,220,402	60,760,218
Capital Work in Progress		160,800,840	164,586,346
Non-Current Investments	13	311,477,015	334,558,427
Long-Term Loans and Advances	14	<u>77,610,349</u>	<u>37,973,602</u>
		<b>2,070,900,336</b>	<b>1,335,894,492</b>
<b>CURRENT ASSETS</b>			
Current Investments	15	136,649,248	495,881,468
Amount recoverable from ESOP trust		69,347,270	69,347,270
Trade Receivables	16	891,804,686	569,863,848
Cash and Bank Balances	17	270,517,293	88,004,641
Short-Term Loans and Advances	18	393,197,217	450,232,215
Other Current Assets	19	<u>93,687,267</u>	<u>17,695,024</u>
		<b>1,855,202,981</b>	<b>1,691,024,466</b>
<b>TOTAL</b>		<b><u>3,926,103,317</u></b>	<b><u>3,026,918,958</u></b>
Significant accounting policies and notes forming part of the financial statements	1-38		

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

For and on behalf of the Board

Arati Parmar  
Partner  
Membership No. 102888

R. K. Saraswat  
Director

Dr. Lalit S. Kanodia  
Chairman

Rahul L. Kanodia  
Vice Chairman & CEO

Place : Mumbai  
Dated : May 30, 2012

Divya Kumat  
Vice President - Legal  
& Company Secretary

Vidur V. Bhogilal  
Executive Director  
& Chief Financial Officer



## Consolidated Statement of Profit and Loss

for the year ended March 31, 2012

Particulars	Note No.	For the year ended March 31, 2012 ₹	For the year ended March 31, 2011 ₹
<b>REVENUE FROM OPERATIONS</b>	20	<b>4,418,915,663</b>	2,753,227,919
Other Income	21	100,127,002	166,709,785
<b>Total Revenue</b>		<b>4,519,042,665</b>	2,919,937,704
<b>EXPENSES</b>			
Purchase of IT Products and Licenses		10,454,419	4,932,080
Employee Benefit Expenses	22	2,269,984,080	1,873,942,306
Finance Costs	23	16,134,962	2,835,069
Depreciation and Amortization Expense		115,330,920	89,703,463
Other Expenses	24	1,734,837,382	721,535,307
<b>Total Expenses</b>		<b>4,146,741,763</b>	2,692,948,225
		<b>372,300,902</b>	226,989,479
Exchange Fluctuation on Consolidation		2,972,692	(2,578,512)
<b>Profit / (Loss) Before Tax</b>		<b>375,273,594</b>	224,410,967
Tax Expense			
- Current Tax and Wealth Tax		107,933,003	44,227,245
- MAT Credit Entitlement		(16,258,329)	(24,985,172)
- Deferred Tax		(2,341,965)	(3,070,677)
- Tax Adjustment of earlier years		3,398,214	250,070
<b>Profit / (Loss) After Tax</b>		<b>282,542,671</b>	207,989,501
Share of Minority Interest in Profit for the year		15,369,453	-
<b>Net Profit / (Loss) After Minority Interest</b>		<b>267,173,218</b>	207,989,501
<b>Earnings per share (Face Value ₹ 5 each (P.Y. ₹ 5 each)) in ₹</b>	34		
- Basic		4.53	3.53
- Diluted		4.38	3.45
Significant accounting policies and notes forming part of the financial statements	1-38		

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

Arati Parmar  
Partner  
Membership No. 102888

Place : Mumbai  
Dated : May 30, 2012

R. K. Saraswat  
Director

Divya Kumat  
Vice President - Legal  
& Company Secretary

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Rahul L. Kanodia  
Vice Chairman & CEO

Vidur V. Bhogilal  
Executive Director  
& Chief Financial Officer

## Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements

### 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 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 recognised prospectively in current and future periods. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, unless otherwise mentioned in the notes.

#### ii Presentation and Disclosure of Financial Statements:

During the year ended March 31, 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### iii Basis of Consolidation :

These Consolidated financial statements include the financial statements of Datamatics Global Services Limited and its subsidiaries

## Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements (Contd.)

and Joint Ventures. The subsidiaries and Joint Ventures considered in the consolidated financial statements as at March 31, 2012 and as at March 31, 2011 are summarized below:

	2011 - 12		2010 - 11	
	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 UK Ltd. (DTUK)	UK	100	UK	100
Datamatics Software Services Ltd. (DSSL)	India	100	India	100
Datamatics Infotech Ltd. (DIL)	UK	100	UK	100
Datamatics Global Services Pty. Ltd. (Formerly known as Datamatics Australia Pty. Ltd.) (DGSPL)	Australia	100	Australia	100
Datamatics Global Technologies Ltd. (DGTL)	Mauritius	100	Mauritius	100
Datamatics Global Technologies AG (DGTAG)	Switzerland	100	Switzerland	100
Datamatics Global Technologies GmbH (DGTG)	Germany	100	Germany	100
Datamatics Global Holding Corporation	BVI	100	-	-
Datamatics Vista Info Systems Pvt. Ltd.	India	88	-	-
Cignex Global Holding Corporation	BVI	72.33	-	-
Cignex Datamatics, Inc.	USA	72.33	-	-
Cignex Technologies Ltd.	UK	72.33	-	-
Cignex Datamatics Technologies Pvt. Ltd.	India	72.33	-	-
Cignex Datamatics Pte. Ltd.	Singapore	72.33	-	-
<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 / transactions and resulting unrealised 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.

Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Parent Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

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.

## Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements (Contd.)

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.

### iv Tangible assets, Intangible assets and Capital work-in-progress:

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. Capital work-in-progress includes where assets not put to use before the year end.

Depreciation is provided on Straight Line Method except for leasehold and freehold land by the Parent Company and its Indian Subsidiary as stated in the significant accounting policies forming integral part of the financial statement. Whereas the foreign subsidiaries have provided depreciation on methods and at the rates required / permissible by the local laws, so as to write off the assets over their estimated useful life. The aggregate Gross Block of ₹ 263,342,861 (P.Y. ₹ 204,424,876) of foreign subsidiaries have charged depreciation at the rates other than those prescribed under Schedule XIV of the Companies Act, 1956. Intangible assets are amortized over a period for which the company expects the benefits to accrue except for Joint Ventures where it is amortized over 5 years. Leasehold Premises is being depreciated over 15 years.

### v 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 recognised in the consolidated financial statements as goodwill. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Parent Company, it is recognised as 'Capital Reserve (on Consolidation)' and shown under the head 'Reserves and Surplus', in the consolidated financial statements. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

There is a change in the accounting policy during the year with respect to Goodwill arising on consolidation of financial statements. The Goodwill recorded in these consolidated financial statements has been recognised as "Goodwill on Consolidation" and is grouped with Fixed Assets in the Consolidated Financial Statements. The Goodwill recorded in the previous years has been written off in the year of acquisition against the general reserves. The carrying value of Goodwill arising on consolidation for acquisitions during the year is not netted off to General Reserve but tested for impairment as at the end of the reporting period. Accordingly, had the Goodwill not been netted off against General Reserve on consolidation as at March 31, 2012 then General Reserve would have been lower by ₹ 458,158,062.

### vi Operating Lease:

The leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating lease. Operating lease payments are recognised as expenses in the Profit and Loss Statement.

### vii 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.

### viii Employee Benefits:

In case of Parent Company and its Indian Subsidiary (i) **Defined Contribution Plan** - Contribution to defined contribution plans are recognised as expense in the Profit and Loss Statement, as they are incurred. (ii) **Defined Benefit Plan** - Companies liabilities

## Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements (Contd.)

towards gratuity and leave encashment are determined using the projected unit credit method as at Balance Sheet date. Actuarial gains / losses are recognised immediately in the Profit and Loss Statement. Long term compensated absences are provided for based on actuarial valuation.

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.

### **ix Foreign Exchange Transactions:**

Transactions in foreign currency are recorded at the rates of exchange prevailing at 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 recognised in Profit and Loss Statement in the year in which it arises.

### **x 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 statement.

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

### **xi 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. The Company designates these hedging instruments as cash flow hedge. The use of hedging instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss as they arise.

The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the statement of profit and loss for the period.

### **xii Investments :**

Investments classified as long term investments are stated at cost. Provision is made to recognise any diminution, other than temporary, in the value of such investments. Current investments are carried at lower of cost and fair value.

### **xiii Taxation :**

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

## Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements (Contd.)

### xiv **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.

### xv **Borrowing Cost :**

Borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying assets are capitalised as a part of the cost of the assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

### xvi **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.

### xvii **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.

### xviii **Employee Stock Option Scheme :**

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

### xix **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.

### xx **Provision, Contingent Liabilities and Contingent Assets:**

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.

Contingent Assets are neither recognised, nor disclosed.

### xxi **Cash and Cash Equivalents:**

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from date of purchase to be cash equivalents.

### xxii **Segment Reporting:**

Primary Segment is identified based on the nature of products and services, the different risk and returns and the internal business reporting system. Secondary segment is identified based on geographical area in which major operating divisions of the Company operate.

### xxiii **Prior period adjustments, extra-ordinary items and changes in accounting policies:**

Prior period adjustments, extra-ordinary items and changes in accounting policies, if any, having material impact on the financial affairs of the Company are disclosed.

## Notes forming part of the Consolidated Financial Statements

		As at March 31, 2012	As at March 31, 2011
		₹	₹
<b>3</b>	<b>SHARE CAPITAL</b>		
	<b>a) AUTHORISED</b>		
	100,000,000 (P.Y. 100,000,000) Equity shares of ₹ 5 each	<b>500,000,000</b>	500,000,000
	30,000,000 (P.Y. 30,000,000) Redeemable Preference Shares of ₹ 10 each	<b>300,000,000</b>	300,000,000
	<b>TOTAL</b>	<b>800,000,000</b>	800,000,000
	<b>b) ISSUED</b>		
	58,949,337 (P.Y. 58,949,337) Equity Shares of ₹ 5 each	<b>294,746,685</b>	294,746,685
	2,000,000 (P.Y. 2,000,000) 8% Optionally Convertible Non Cumulative Redeemable Preference Shares of ₹ 10 each	<b>20,000,000</b>	20,000,000
	<b>TOTAL</b>	<b>314,746,685</b>	314,746,685
	<b>c) SUBSCRIBED &amp; PAID UP</b>		
	58,949,337 (P.Y. 58,949,337) Equity Shares of ₹ 5 each fully paid up	<b>294,746,685</b>	294,746,685
	2,000,000 (P.Y. 2,000,000) 8% Optionally Convertible Non Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up	<b>20,000,000</b>	20,000,000
	<b>TOTAL</b>	<b>314,746,685</b>	314,746,685
	<b>d) Reconciliation of Number of Shares</b>		
		<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
	Equity Shares:	<b>Number of Shares</b>	<b>Number of Shares</b>
	Shares outstanding at the beginning of the year	<b>58,949,337</b>	58,949,337
	Shares Issued during the year	-	-
	Shares bought back during the year	-	-
	Shares outstanding at the end of the year	<b>58,949,337</b>	58,949,337
	<b>Preference Shares</b>		
	Shares outstanding at the beginning of the year	<b>2,000,000</b>	2,000,000
	Shares Issued during the year	-	-
	Shares bought back during the year	-	-
	Shares outstanding at the end of the year	<b>2,000,000</b>	2,000,000
	<b>e) Rights, preferences and restrictions attached to shares</b>		
	Equity Shares: The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
	Preference Shares: The Company has one class of preference shares having a par value of ₹ 10 per share. The shares are optionally convertible, non-cumulative and redeemable in nature.		
	<b>f) Shares held by holding Company</b>		
		<b>March 31, 2012</b>	March 31, 2011
		₹	₹
	<b>Equity Shares</b>		
	31,813,742 (P.Y. 31,813,742) Equity Shares of ₹ 5 each held by Delta Infosolutions Pvt. Ltd., the Holding Company	<b>159,068,710</b>	159,068,710
	<b>Preference Shares</b>		
	2,000,000 (P.Y. 2,000,000) 8% Optionally Convertible Non - Cumulative Redeemable Preference Shares of ₹ 10 each, held by Delta Infosolutions Pvt.Ltd, the Holding Company	<b>20,000,000</b>	20,000,000

## Notes forming part of the Consolidated Financial Statements (Contd.)

### g) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2012		As at March 31, 2011	
	Number of Shares	% of aggregate number of shares	Number of Shares	% of aggregate number of shares
<b>Equity Shares</b>				
Delta Infosolutions Pvt. Ltd. the Holding Company	31,813,742	53.97%	31,813,742	53.97%
Lalit Surajmal Kanodia	3,830,995	6.50%	3,830,995	6.50%
Asha Lalit Kanodia	3,905,258	6.62%	3,905,258	6.62%
<b>Preference Shares</b>				
Delta Infosolutions Pvt. Ltd., the Holding Company	2,000,000	13.40%	2,000,000	13.40%

### h) For the period of five years immediately preceding the Balance Sheet date:

	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Equity Shares of ₹ 5 each allotted as fully paid up pursuant to contract(s) without consideration being received in cash	18,150,000	18,150,000	18,150,000	18,150,000	-
Equity Shares of ₹ 5 each allotted as fully paid up bonus shares by capitalisation of General Reserve and Share Premium.	28,480,000	28,480,000	28,480,000	28,480,000	28,480,000
			<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>	
			₹	₹	

## 4 RESERVES AND SURPLUS

### CAPITAL RESERVE

Balance as per last Balance Sheet

3,524,880

3,524,880

3,524,880

3,524,880

### CAPITAL REDEMPTION RESERVE

Balance as per last Balance Sheet

244,281,250

244,281,250

Group share in Joint Venture

6,160,000

6,160,000

250,441,250

250,441,250

### SECURITIES PREMIUM

Balance as per last Balance Sheet

1,080,078,717

1,080,078,717

1,080,078,717

1,080,078,717

### EMPLOYEE STOCK OPTION OUTSTANDING

Employee Stock Option Outstanding

9,401,600

-

Less: Deferred Employee compensation

(6,771,185)

-

(Refer Note no. 31)

2,630,415

-

### FOREIGN EXCHANGE FLUCTUATION RESERVE

Balance as per last Balance Sheet

(10,104,164)

(9,946,035)

Add / (Less): Exchange Fluctuation for Current Year

9,209,584

(158,128)

(894,580)

(10,104,163)

### HEDGING RESERVE ACCOUNT

Balance as per last Balance Sheet

-

-

Add: Gain / (Loss) on cash flow hedging derivatives

(20,821,979)

-

(Refer Note no. 27)

(20,821,979)

-

### GENERAL RESERVE

Balance as per last Balance Sheet

582,893,822

532,893,822

Add / (Less): Transferred From Profit & loss during the year

50,000,000

50,000,000

Group share in Joint Venture

26,583,686

26,583,686

659,477,508

609,477,508



## Notes forming part of the Consolidated Financial Statements (Contd.)

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>SURPLUS IN PROFIT AND LOSS STATEMENT</b>		
Balance brought forward from last year	276,130,664	217,020,199
Profit for the year	270,207,532	207,989,501
Less: Appropriations		
- Dividend on Equity Shares	44,212,003	61,012,003
- Tax on Dividend	7,172,292	9,962,562
- Transfer to General Reserve	50,000,000	54,456,548
Closing Balance	<u>356,017,342</u>	<u>215,726,708</u>
Group Share in Joint Venture :-		
- Surplus in Profit and Loss Statement	88,936,559	83,851,879
- Proposed Dividend	-	(16,800,000)
- Tax on Dividend	-	(2,790,270)
- Transfer to General Reserve	-	(3,857,653)
<b>TOTAL</b>	<u><u>2,419,390,112</u></u>	<u><u>2,209,548,856</u></u>

### 5 Deferred Tax:

The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:

Amount in ₹

Particulars	31st March, 2012	31st March, 2011
a) Deferred Tax Liability		
Depreciation	35,941,136	32,186,300
Total	<u>35,941,136</u>	<u>32,186,300</u>
b) Deferred Tax Asset		
Disallowance under Income Tax Act, 1961	(2,526,068)	(20,892,431)
Total	<u>(2,526,068)</u>	<u>(20,892,431)</u>
Deferred Tax Liability	<u><u>33,415,068</u></u>	<u><u>11,293,869</u></u>

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>6 OTHER LONG - TERM LIABILITIES</b>		
<b>Other Payables:</b>		
For Capital Goods (Refer Note no. 36)	812,504	474,988
Fair Value of Outstanding Forward Contracts (Refer Note no. 27)	16,091,729	-
<b>TOTAL</b>	<u><u>16,904,233</u></u>	<u><u>474,988</u></u>
<b>7 LONG TERM PROVISIONS</b>		
Provision for Employee Benefits (Refer Note no. 28):		
For Gratuity	43,561,721	41,003,765
For Leave Encashment	16,225,860	15,472,251
Group share in Joint Venture	1,648,609	2,017,538
<b>TOTAL</b>	<u><u>61,436,190</u></u>	<u><u>58,493,554</u></u>

## Notes forming part of the Consolidated Financial Statements (Contd.)

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>8 SHORT TERM BORROWINGS</b>		
<b>Other Loans and Advances</b>		
<b>From Banks</b>		
Secured Loans	408,797,195	100,758,275
(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. Working Capital loan from Citibank N.A. is secured by way of Pari passu Charge on Hypothecation of Stock and Book Debts; and demand promissory note and letter of continuity)		
Group share in Joint Venture	15,769,700	-
<b>Total of Secured Loans</b>	<b>424,566,895</b>	100,758,275
<b>Unsecured</b>		
From Banks	12,622,244	-
From Others	33,785,089	-
<b>Total of Unsecured Loans</b>	<b>46,407,333</b>	-
<b>GRAND TOTAL</b>	<b>470,974,228</b>	100,758,275
<b>9 TRADE PAYABLES</b>		
Trade Payables (Refer Note no. 36)	47,578,704	10,833,484
Accrued Expenses	75,418,760	42,864,394
Group share in Joint Venture	3,606,364	3,055,938
<b>TOTAL</b>	<b>126,603,828</b>	56,753,816
<b>10 OTHER CURRENT LIABILITIES</b>		
Interest Accrued but Not Due	330,925	5,950
Advance received from customers	31,646,862	26,399,849
Unclaimed Dividend	1,944,595	2,037,003
Share Application Money	-	941,800
Other Payables *	331,911,134	186,029,367
Group share in Joint Venture	595,068	376,778
<b>TOTAL</b>	<b>366,428,584</b>	215,790,747
* Other payable includes statutory dues, fair value of outstanding forward contracts and others.		
<b>11 SHORT TERM PROVISIONS</b>		
Provision for employee benefits (Refer Note no. 28):		
For Gratuity	4,171,910	2,320,374
For Leave Encashment	5,959,583	2,123,373
Others:		
Proposed Dividend on Equity Shares	44,212,003	44,212,003
Tax on Equity Dividend	7,172,292	7,172,292
Group share in Joint Venture	731,141	3,230,126
<b>TOTAL</b>	<b>62,246,929</b>	59,058,168

## Notes forming part of the Consolidated Financial Statements (Contd.)

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>12 FIXED ASSETS</b>		
<b>a) Tangible Assets</b>		
Land*	567,850,546	391,622,046
Buildings	145,045,927	125,002,548
Leasehold Improvements	14,699,398	10,254,825
Machinery & Equipment	127,598,681	143,020,555
Computer Equipments	403,418,857	309,657,453
Furniture & Fixtures	219,549,446	122,839,632
Vehicles	26,133,561	23,197,210
Group share in Joint Venture	39,335,350	35,589,376
<b>Total of Tangible Assets (i)</b>	<b>1,543,631,766</b>	<b>1,161,183,645</b>
<b>b) Intangible Assets:</b>		
Computer Software		
Internal developed software	18,829,512	17,683,722
Other software	294,935,710	257,996,202
Other Intangible Assets	1,961,545	671,853
Group share in Joint Venture	2,344,654	2,101,773
Goodwill on Consolidation	458,158,062	-
<b>Total of Intangible Assets (ii)</b>	<b>776,229,483</b>	<b>278,453,550</b>
<b>Total Gross Block (i+ii)</b>	<b>2,319,861,249</b>	<b>1,439,637,195</b>
<b>Less: Accumulated Depreciation and Amortization</b>		
<b>a) Tangible Assets</b>		
Buildings	17,617,924	15,390,050
Leasehold Improvements	7,757,975	6,835,074
Machinery & Equipment	60,927,684	66,000,723
Computer Equipments	309,881,995	254,322,073
Furniture & Fixtures	102,083,764	67,397,445
Vehicles	8,345,861	6,543,700
Group share in Joint Venture	8,224,833	6,678,681
<b>Total of Tangible Assets (iii)</b>	<b>514,840,036</b>	<b>423,167,746</b>
<b>b) Intangible Assets:</b>		
Computer Software		
Internal developed software	18,829,512	17,683,722
Other softwares	261,353,581	198,075,761
Other Intangible Assets	1,773,022	662,203
Group share in Joint Venture	1,657,299	1,271,646
Goodwill on Consolidation	395,667	-
<b>Total of Intangible Assets (iv)</b>	<b>284,009,081</b>	<b>217,693,332</b>
<b>Total Depreciation (iii+iv)</b>	<b>798,849,117</b>	<b>640,861,078</b>
<b>Net Fixed Assets</b>		
- Tangible (i-iii)	1,028,791,730	738,015,899
- Intangible (ii-iv)	492,220,402	60,760,218

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

**\* Note:**

- (1) The above amount includes Freehold land of ₹ 227,500,214 (P.Y. ₹ 51,271,714) and Leasehold land of ₹ 340,350,332 (P.Y. ₹ 340,350,332).
- (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.

## Notes forming part of the Consolidated Financial Statements (Contd.)

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>13 NON CURRENT INVESTMENTS</b>		
<b>UNQUOTED (Non-Trade) (At Cost)</b>		
<b>-Investments in Bonds</b>		
Nil (P.Y. 4) 9.70% GE Shipping Bonds of ₹ 1,000,000 each	-	4,003,899
Nil (P.Y. 1,301) IFCI Deep Discount bonds of ₹ 25,000 each	-	4,927,355
0.188 (P.Y. 0.250) Solaris Holding NCD of ₹ 106,832,622.28 each	<b>20,478,978</b>	26,708,156
100 (P.Y. Nil) LILY 19% NCD of ₹ 100,000 each	<b>20,241,422</b>	-
5,000 (P.Y. Nil) IIISL 11.70% NCD of ₹ 1,000 each	<b>5,000,000</b>	-
10 (P.Y. Nil) 10.05% AIR India Bonds of ₹ 1,000,000 each	<b>10,629,934</b>	-
<b>-Investments in Debentures</b>		
200 (P.Y. 200) debentures of ₹ 100,000 each of Edelweiss Capital Ltd.	<b>20,220,600</b>	20,220,600
100 (P.Y. 100) debentures of ₹ 100,000 each of RBS Financial Services (India) Pvt Ltd.	<b>10,110,300</b>	10,110,300
300 (P.Y. 500) debentures of ₹ 100,000 each of ECL Finance Ltd.	<b>30,370,600</b>	50,480,900
Nil (P.Y. 100) debentures of ₹ 100,000 each of ECL Finance Ltd. - NIFLINK SE	-	10,150,000
Nil (P.Y. 10) debentures of ₹ 1,000,000 each of Morgan Stanley India Capital Pvt Ltd.	-	10,110,300
Nil (P.Y. 100) debentures of ₹ 100,000 each of ECL Finance Ltd. B2B102 NCD	-	10,050,000
25 (P.Y. 25) debentures of ₹ 100,000 each of Deutsche Investments India Pvt Ltd.	<b>2,541,363</b>	2,541,363
30 (P.Y. Nil) debentures of ₹ 100,000 each of Macquarie Finance Pvt Ltd.	<b>3,033,090</b>	-
200 (P.Y. Nil) debentures of ₹ 100,000 each of ECL Finance Ltd. B3F101-10062011	<b>20,165,450</b>	-
<b>-Investment in shares</b>		
Nil (P.Y. 3,500) fully paid equity shares of Matrix Advisors (India) Pvt Ltd. of ₹ 10 each	-	175,000
<b>QUOTED (Non-Trade) (At Cost)</b>		
<b>-Investment in units of Mutual Funds fully paid</b>		
5,000,000 (P.Y. 5,000,000) Units of BNP Paribas Fixed Term Fund - Series 21 F (Face Value of ₹ 10 each)	<b>50,000,000</b>	50,000,000
Nil (P.Y. 992,290) Units of Kotak Credit Oppurtunites Fund - IP - Growth (Face Value of ₹ 10 each)	-	10,001,594
Nil (P.Y. 2,000,000) Units of Kotak FMP 13M Series 6 (Face Value of ₹ 10 each)	-	20,000,000
Nil (P.Y. 3,601,011) Units of Kotak QIP Series 10 - Growth (Face Value of ₹ 10 each)	-	40,007,082
Nil (P.Y. 1,000,000) Units of Tata Fixed Maturity Plan Series - 25 - Scheme A (Face Value of ₹ 10 each)	-	10,000,000
Nil (P.Y. 2,977,770) Units of Templeton India Income Opportunities Fund - Growth (Face Value of ₹ 10 each)	-	30,000,000
3,844,337 (P.Y. Nil) Units of ICICI Prudential Interval Fund - Annual Interval Plan I (Face Value of ₹ 10 each)	<b>41,500,000</b>	-
1,135,771 (P.Y. Nil) Units of Birla Sun Life Fixed Term Plan Series FC - Growth (Face Value of ₹ 10 each)	<b>11,357,715</b>	-
3,500,000 (P.Y. Nil) Units of ICICI Prudential Fixed Maturity Plan-Series 63-384 Days Plan A Cumulative (Face Value of ₹ 10 each)	<b>35,000,000</b>	-
1,000,000 (P.Y. Nil) Units of DWS Fixed Maturity Plan - Series 10 (DFMP - 10) - Growth (Face Value of ₹ 10 each)	<b>10,000,000</b>	-

## Notes forming part of the Consolidated Financial Statements (Contd.)

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>-Investment 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 <hr/> 16,470	510,767 494,297 <hr/> 16,470
b. 6,100 (P.Y. 6,100) fully paid Equity Shares of ₹ 2 each of Wipro Ltd. Less : Provision for dimunition in value	3,739,473 1,152,035 <hr/> 2,587,438	3,739,473 1,152,035 <hr/> 2,587,438
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 <hr/> 163,000	552,950 389,950 <hr/> 163,000
d. 800 (P.Y. 800) fully paid Equity Shares of ₹ 10 each of Reliance Industries Ltd.	807,621	807,621
e. 400 (P.Y. 400) fully paid Equity Shares of ₹ 5 each of Mahindra and Mahindra Ltd.	205,649	205,649
f. 56 (P.Y. 56) fully paid Equity Shares of Dana Holding Corporation	301,705	264,400
g. 8,998 (P.Y. 8,998) fully paid Equity Shares of ₹ 10 each of Coal India Ltd.	2,204,510	2,204,510
h. 38,767 (P.Y. 38,767) fully paid Equity Shares of ₹ 10 each of Powergrid Corporation	3,489,030	3,489,030
i. 75,000 (P.Y. 75,000) fully paid Equity Shares of ₹ 10 each of GSS America.	8,607,206	12,888,827
j. 1,000 (P.Y. 1,000) fully paid Equity Shares of ₹ 10 each of AXIS Bank Ltd.	1,216,774	1,216,774
k. 800 (P.Y. 800) fully paid Equity Shares of ₹ 2 each of Larsen and Toubro Ltd.	1,228,161	1,228,161
<b>TOTAL NON-CURRENT INVESTMENTS</b>	<b>311,477,015</b>	<b>334,558,427</b>
<b>Aggregate of Quoted Investments</b>	<b>168,685,278</b>	<b>185,080,556</b>
<b>Market Value of Quoted Investments</b>	<b>171,366,167</b>	<b>193,021,166</b>
<b>Aggregate of Unquoted Investments</b>	<b>142,791,737</b>	<b>149,477,871</b>
<b>Aggregate of Provision for dimunition in value</b>	<b>2,036,282</b>	<b>2,036,282</b>
<b>14 LONG TERM LOANS AND ADVANCES</b> (Unsecured, considered good for value to be received in Cash or in Kind, unless otherwise specified)		
Capital Advances	41,366,500	-
Security Deposits	18,810,470	17,630,699
Other Loans and Advances	13,035,344	14,269,772
Group share in Joint Venture	4,398,035	6,073,131
<b>TOTAL</b>	<b>77,610,349</b>	<b>37,973,602</b>
<b>15 CURRENT INVESTMENTS</b>		
<b>QUOTED (Non-Trade) (At Cost or Fair Value, whichever is less)</b>		
<b>-Investments in Commercial Papers fully paid</b>		
Nil (P.Y. 100) Commercial Papers of ₹ 500,000 each of India Infoline Investment Services Ltd 122D CP 04JL11	-	48,178,450
<b>-Investment in Commodity Index Future Contracts fully paid</b>		
Guargum Commodity	-	27,193,627
<b>-Investment in Liquid Mutual Funds fully paid</b>		
Nil (P.Y. 1,923,635) Units of BNP Paribas Money Plus IP Fund (Face Value of ₹ 10 each)	-	28,500,000
Nil (P.Y. 1,532,927) Units of Kotak Flexi Debt Fund - Growth (Face Value of ₹ 10 each)	-	18,506,601

## Notes forming part of the Consolidated Financial Statements (Contd.)

	As at March 31, 2012	As at March 31, 2011
	₹	₹
Nil (P.Y. 4,066,294) Units of Kotak Floater - LT - Growth (Face Value of ₹ 10 each)	-	63,200,000
Nil (P.Y. 135,613) Units of Reliance Liquid Fund - Cash Plan - Growth (Face Value of ₹ 10 each)	-	2,139,746
Nil (P.Y. 2,164,749) Units of Reliance Liquid Fund - TP - IP (Face Value of ₹ 10 each)	-	51,600,000
Nil (P.Y. 45,052) Units of Religare Ultra Short Term Fund - IP - Growth (Face Value of ₹ 1,000 each)	-	60,900,000
Nil (P.Y. 2,421,833) Units of Sundaram Ultra Short Term - Super IP - Growth (Face Value of ₹ 10 each)	-	32,013,546
Nil (P.Y. 4,790,878) Units of Tata Floater Fund (Face Value of ₹ 10 each)	-	70,000,000
Nil (P.Y. 3,951,570) Units of Templeton India Ultra Short Bond Fund - Super IP - Growth (Face Value of ₹ 10 each)	-	50,000,000
Nil (P.Y. 21,960) Units of UTI Floating Rate Fund - STP - IP - Growth (Face Value of ₹ 1,000 each)	-	23,850,000
Nil (P.Y. 100,116) Units of Kotak Liquid Inst Daily Dividend Fund (Face Value of ₹ 10 each)	-	1,100,000
1,661,378 (P.Y. Nil) Units of DWS Short Maturity Fund (Face Value of ₹ 10 each) *	<b>20,000,000</b>	-
2,772,746 (P.Y. Nil) Units of Templeton India Low Duration (Face Value of ₹ 10 each)	<b>30,000,000</b>	-
9,948 (P.Y. Nil) Units of Templeton India STIP (Face Value of ₹ 1,000 each)	<b>20,000,000</b>	-
1,340,457 (P.Y. Nil) Units of Templeton India Ultra Short Bond Fund -Super - IP -DDR (Face Value of ₹ 10 each)	<b>13,420,114</b>	-
798,826 (P.Y. Nil) Units of Peerless Ultra Short Term Fund - Super IP - DDR (Face Value of ₹ 10 each)	<b>8,000,000</b>	-
2,590,631 (P.Y. Nil) Units of HDFC Cash Management fund - Saving Plan - DDR (Face Value of ₹ 10 each)	<b>27,554,982</b>	-
500 (P.Y. Nil) Units of Morgan Stanley Liquid Fund - Daily Dividend (Face Value of ₹ 1,000 each)	<b>500,000</b>	-
Group share in Joint Venture	<b>16,550,506</b>	18,075,852
* Out of the above 1,661,378 (P.Y. 6,714,394) units are under lien with Deutsche Bank AG for loan taken by Datamatics Global Services Germany		
<b>UNQUOTED (Non-Trade) (At Cost or Fair Value, whichever is less)</b>		
<b>-Investments in Portfolio Management Services (PMS)</b>		
Reliance Capital Asset Management Ltd. (Refer Note no. 33)	<b>623,646</b>	623,646
<b>TOTAL CURRENT INVESTMENTS</b>	<b>136,649,248</b>	495,881,468
<b>Aggregate of Quoted Investments</b>	<b>136,025,602</b>	495,257,822
<b>Market Value of Quoted Investments</b>	<b>123,986,360</b>	401,934,313
<b>Aggregate of Unquoted Investments</b>	<b>623,646</b>	623,646

## Notes forming part of the Consolidated Financial Statements (Contd.)

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>16 TRADE RECEIVABLES</b>		
<b>Unsecured</b>		
<b>Over six months from the date they were due for payment</b>		
-Considered Good	261,695,399	70,346,318
-Considered Doubtful	8,440,282	8,042,816
<b>Others</b>		
-Considered Good	614,854,314	475,324,732
	<u>884,989,995</u>	<u>553,713,866</u>
Less : Provision for Doubtful Debts	8,440,282	8,042,815
	<u>876,549,713</u>	<u>545,671,051</u>
Group share in Joint Venture	15,254,973	24,192,797
<b>TOTAL</b>	<u><u>891,804,686</u></u>	<u><u>569,863,848</u></u>
<b>17 CASH AND BANK BALANCES</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
<b>BANK BALANCES</b>		
-In Current Accounts	170,094,154	66,717,966
-In Fixed Deposit Accounts	68,861,544	-
-In Exchange Earner's Foreign Currency Account	7,299,173	2,368,696
Cash on Hand	8,562,944	1,010,022
Cheques on Hand	638,214	66,870
Foreign Currency on hand	856,988	1,563,337
Group share in Joint Venture	2,241,270	6,085,048
<b>SUB-TOTAL</b>	<u>258,554,287</u>	<u>77,811,939</u>
<b>OTHER BANK BALANCES</b>		
-In Margin Accounts (original maturity of more than 3 months) *	10,000,763	7,093,625
-In Unclaimed Dividend Accounts	1,962,243	2,157,277
-In Share Refund Accounts	-	941,800
<b>SUB-TOTAL</b>	<u>11,963,006</u>	<u>10,192,702</u>
<b>GRAND TOTAL</b>	<u><u>270,517,293</u></u>	<u><u>88,004,641</u></u>
* Out of the above ₹ 10,000,763 (P.Y. ₹ 7,093,625) are marked as Lien for Guarantees issued by Banks on behalf of the Company.		
<b>18 SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good for value to be received in Cash or in Kind, unless otherwise specified)		
Advance Payment of Income Tax (Net)	1,618,528	23,127,124
Advance Tax - FBT (Net)	1,019,832	726,839
Security Deposits	15,303,790	4,376,055
MAT Credit Entitlement	49,805,800	24,985,172
Inter-Corporate Deposits	117,039,727	335,000,000
Service Tax Receivable	3,395,309	2,064,737
Prepaid Expenses	14,141,209	14,724,820
Advance to Vendors	649,068	1,558,102
Advance to Employees	12,780,852	6,476,266
Other Receivables	82,002,351	15,574,825

## Notes forming part of the Consolidated Financial Statements (Contd.)

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>Other Advances</b>		
- Considered Doubtful	6,042,708	6,102,347
- Others, Considered Good	20,457,434	2,329,288
	<u>324,256,608</u>	437,045,575
Less : Provision for Bad & Doubtful Advances	6,042,708	6,042,708
	<u>318,213,900</u>	431,002,867
Group share in Joint Venture	74,983,317	19,229,348
<b>TOTAL</b>	<u>393,197,217</u>	<u>450,232,215</u>
<b>19 OTHER CURRENT ASSETS</b>		
Interest accrued on Investments	8,065,046	13,939,830
Interest accrued but not due on deposits with bank	2,660,619	1,932,523
Unbilled Revenue	80,614,717	-
Group share in Joint Venture	2,346,885	1,822,671
<b>TOTAL</b>	<u>93,687,267</u>	<u>17,695,024</u>
	<b>For the year ended March 31, 2012</b> ₹	<b>For the year ended March 31, 2011</b> ₹
<b>20 REVENUE FROM OPERATIONS</b>		
-Sale of Products	100,440,718	4,948,700
-Sale of Services	4,222,608,875	2,635,152,617
	<u>4,323,049,593</u>	2,640,101,317
-Group Share in Joint Venture	95,866,070	113,126,602
<b>TOTAL</b>	<u>4,418,915,663</u>	<u>2,753,227,919</u>
<b>21 OTHER INCOME</b>		
Interest from banks & others	50,291,934	78,712,140
Dividend on Current Investments - Non Trade	5,421,892	400
Dividend on Non-Current Investments - Non Trade	242,652	34,052,711
Profit on Sale of Current Investments - Non Trade (Net)	20,940,634	14,146,885
Profit on Sale of Non-Current Investments - Non Trade (Net)	13,005,275	16,301,414
Miscellaneous Income	842,102	12,415,566
Exchange fluctuation (Net)	-	4,079,003
Sundry Balances Written back (Net)	2,354,352	673,352
Group share in Joint Venture	7,028,161	6,328,314
<b>TOTAL</b>	<u>100,127,002</u>	<u>166,709,785</u>
<b>22 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages, Bonus & Allowances	1,979,490,134	1,595,922,356
Contribution to Provident Fund and other funds	123,450,469	133,209,222
Share based Compensation (Refer Note no. 31)	2,630,415	-
Staff Welfare Expenses	82,468,946	65,199,859
Directors' Remuneration	35,588,663	31,318,430
Group share in Joint Venture	46,355,453	48,292,439
<b>TOTAL</b>	<u>2,269,984,080</u>	<u>1,873,942,306</u>
<b>23 FINANCE COSTS</b>		
Interest Expense		
-To Financial Institutions and Banks	11,761,444	2,593,787
-To Others	4,373,518	241,282
<b>TOTAL</b>	<u>16,134,962</u>	<u>2,835,069</u>



## Notes forming part of the Consolidated Financial Statements (Contd.)

	For the year ended March 31, 2012 ₹	For the year ended March 31, 2011 ₹
<b>24 OTHER EXPENSES</b>		
Knowledge Associates / Vendor Charges	193,508,176	179,458,605
Consultancy Charges / Consumables	7,532,450	6,886,422
Electricity	58,986,770	42,880,933
Technical Fees	727,925,483	29,407,640
Travelling Expenses	263,493,287	173,820,849
Link Charges	10,575,300	13,545,035
Rent	79,736,410	47,139,322
Rates and Taxes	5,383,944	3,426,628
Communication Expenses	34,133,304	21,625,630
Legal and Professional charges	89,033,430	48,380,581
Remuneration to Auditors	5,225,569	3,199,032
Repairs and Maintenance :		
- Building	4,317,336	1,288,815
- IT & Machinery	16,014,368	14,688,944
Repair Others	27,499,043	19,077,982
Insurance Premium	13,793,160	8,381,341
Sales Commission and Marketing Expenses	1,758,242	7,343,700
Board Sitting Fees	310,000	310,000
Advertisement and Sales Promotion Expenses	32,347,359	11,710,652
Lease Rent and Hire Charges	7,300,751	5,272,743
Entertainment Expenses	7,440,314	2,933,015
Miscellaneous Expenses	10,953,421	16,352,502
Loss on Sale of Fixed Assets	808,428	434,309
Bad debts Written off	39,411,007	-
Exchange Fluctuation (Net)	22,276,165	-
Bank & Other charges	6,549,151	2,931,257
Recruitment Expenses	19,615,752	16,928,205
Subscription Charges	8,128,680	9,339,335
Printing & Stationery	16,369,471	14,489,923
Photocopying Charges	17,477	745,336
Security Charges	6,268,144	4,715,435
Group share in Joint Venture	18,124,990	14,821,136
<b>TOTAL</b>	<b>1,734,837,382</b>	<b>721,535,307</b>

### 25 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.

	As At 31.03.2012 ₹	As At 31.03.2011 ₹
<b>Contingent Liabilities to the extent not provided for :</b>		
<b>(a) Claims against the Company not acknowledged as debt:</b>		
(i) Income Tax matters	8,674,396	17,490,651
(ii) Sales Tax matters	5,074,525	5,074,525
<b>(b) Details of guarantees and sureties outstanding as at:</b>		
(i) Guarantees given by Banks to Embassy Centre Premises Co-operative Society Ltd.	425,930	405,295
(ii) Guarantees given by Banks to the Assistant Commissioner of Central Excise and Customs department	1,134,250	1,275,750
(iii) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 84,398.70	6,118,000	4,650,000

## Notes forming part of the Consolidated Financial Statements (Contd.)

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
(iv) Guarantees given by Banks to Directorate of Information Technology	500,000	-
(v) Guarantees given by Banks to Mahanagar Gas Ltd.	285,275	-
(vi) Corporate guarantees provided to Banks and Financial Institutions against credit facilities extended to Subsidiary and Joint Venture Company	146,000,000	-
(vii) Guarantees given by Banks to Alfa Laval (India) Ltd.	500,000	-
(viii) Guarantees given by Banks to Dorf Ketal Chemicals (India) Pvt. Ltd.	625,000	-
(ix) Guarantees given by Banks to Bank of India	398,268	398,268
(x) Guarantees given by Banks to The Chief General Manager, Reserve Bank of India	-	500,000

### 26 Capital and other commitments:

Estimated amount of contracts on capital account remaining to be executed and not provided (net of advances) for ₹ 106,199,180 (P.Y. ₹ 244,166,380).

- 27 The Company in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is generally a bank. These contracts are for a period between one month and two years.

The following are outstanding foreign exchange forward contracts, which have been designated as Cash Flow Hedges, as at:

Foreign Currency	March 31, 2012		
	No. of Contracts	Notional amount of Currency Forward contracts (₹)	Fair Value (₹) gain / (loss)
U.S. Dollar	51	5,317,500	(20,030,289)
Sterling Pound	12	435,000	(963,630)
Euro	12	315,000	171,941

Net loss on derivative instruments of ₹ 20,821,979 recognised in Hedging reserve as of March 31, 2012, is expected to be reclassified to the statement of profit and loss by March 31, 2014. The foreign currency exposures that are not hedged by a derivative instrument or otherwise is ₹ 252,186,237 (P.Y. ₹ 23,987,878).

The Company has adopted Accounting Standard (AS) - 30, Financial Instrument: Recognition and Measurement, along with limited revision to other accounting standards, issued by the Institute of Chartered Accountants of India. AS-30, alongwith limited revision to the other accounting standards, have not currently been notified by the National Advisory Council for Accounting Standard (NACAS) pursuant to the Companies(AS) rules, 2006 as per section 211(3C) of the Companies Act, 1956. Had the Company not early adopted AS-30 and related limited revision, profit after taxation for the year ended 31st March, 2012 would have been lower by ₹ 14,313,678.

## Notes forming part of the Consolidated Financial Statements (Contd.)

### 28 Employee Benefits

(Amount in ₹)

	2011-12	2010-11
<b>Defined Contribution Plans:</b>		
<b>I. Charge to the Profit and Loss Statement based on contributions</b>		
Employers Contribution to Provident Fund	39,896,571	34,123,221
Employers Contribution to Employees' State Insurance	7,386,495	5,361,190
Employers Contribution to Employees' Pension Scheme 1995	2,591,535	498,758
Employers Contribution to Labour Welfare Fund & others	139,016	112,398
Included in Contribution to Provident Fund and other funds (Refer Note no. 22)	50,013,617	40,095,567
	<b>Gratuity (Non-funded)</b>	
	2011-12	2010-11
<b>Defined Benefit Plans:</b>		
<b>I. Disclosures for defined benefit plans based on actuarial reports as on March 31, 2012</b>		
<b>A. Change in Defined Benefit Obligation</b>		
Present Value of Defined Benefit Obligation as at the beginning of the year	47,898,844	39,777,353
Interest Cost	4,201,247	3,238,217
Current Service Cost	12,143,753	8,179,561
Benefits Paid	(9,386,109)	(9,561,376)
Actuarial (gains) / loss	(6,108,760)	2,911,143
Present Value of Defined Benefit Obligation as at the end of the year	48,748,974	44,544,898
Included in "Long-Term Provisions and Short-Term Provisions" (Refer Note no. 7 & 11)		
<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	9,386,109	9,561,376
Benefits Paid	(9,386,109)	(9,561,376)
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	48,748,974	44,544,898
Fair Value of Plan Assets at the end of the year	Nil	Nil
Net Asset / (Liability) recognised in Balance Sheet (Refer Note no. 7 & 11)	(48,748,974)	(44,544,898)
<b>D. Expenses recognised in Profit and Loss Statement</b>		
Current Service Cost	12,143,753	8,179,561
Interest Cost	4,201,247	3,238,217
Actuarial Losses / (Gains)	(6,108,760)	2,911,143
<b>Total Expenses / (Income) recognised in Profit and Loss Statement</b>	10,236,239	14,328,921
Included in Salaries,Wages,Bonus & Allowances (Refer Note no. 22)		
<b>E. Principal Actuarial Assumptions used:</b>		
1. Discount Rate (per annum)	8.50%	8.00%
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	4,466,595	4,447,975

## Notes forming part of the Consolidated Financial Statements (Contd.)

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 ₹ 22,185,443 (P.Y. ₹ 18,501,999) based upon following assumptions:

	2011-12	2010-11
<b>Discount Rate</b>	<b>8.50%</b>	8.00%
<b>Salary Escalation</b>	<b>3.50%</b>	3.50%

### 29 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 :

(Amount in ₹)

	31.03.2012	31.03.2011
<b>Revenue</b>		
Sales	4,418,915,663	2,753,227,919
Segment result profit	275,146,592	57,701,182
Other Income	100,127,002	166,709,785
Direct Taxes	92,730,923	16,421,467
Profit from Ordinary Activities	282,542,671	207,989,501
Net Profit	282,542,671	207,989,501
<b>Other Segment Information</b>		
Capital Expenditure (Net)	399,373,934	53,479,282
Depreciation and amortization	115,330,920	89,703,463
Non Cash Expenses other than depreciation (Net)	40,219,435	(239,043)
<b>Particulars of Segment Assets and Liabilities</b>		
Segment Assets	3,151,753,348	1,717,994,283
Investments	448,126,263	830,439,895
Bank Deposits	78,862,307	7,093,625
Other Assets	247,361,400	471,391,155
<b>Total Assets</b>	<b>3,926,103,317</b>	3,026,918,958
Segment Liabilities	1,105,222,562	437,000,990
Other Liabilities	86,743,958	65,622,427
<b>Total Liabilities</b>	<b>1,191,966,520</b>	502,623,417

### Geographic Segment

Revenue attributable to the location of the customers is as follows

(Amount in ₹)

Geographic Location	31.03.2012	31.03.2011
USA	2,011,614,097	1,552,577,376
Europe	666,663,421	970,517,586
Others	1,740,638,145	230,132,957
<b>Total</b>	<b>4,418,915,663</b>	2,753,227,919

## Notes forming part of the Consolidated Financial Statements (Contd.)

### 30 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<br/>Datamatics Financial Software Services Ltd.<br/>Amon Technologies Pvt. Ltd.<br/>Anemone Management Consultancy Pvt. Ltd.<br/>Datascan Services</p> <p>(B) Key Managerial Personnel<br/>Dr. L. S. Kanodia<br/>Mr. Rahul Kanodia<br/>Mr. Vidur Bhogilal<br/>Mr. Sameer Kanodia<br/>Mr. Micheal Thuleweit<br/>Mr. N. K. Varma<br/>Mrs. Sheila Mathews<br/>Mr. Manish Sheladia<br/>Mr. Munwar Shariff<br/>Mr. S. Raman</p> | <p>(C) Relatives Of Key Managerial Personnel and Enterprise owned by Key Managerial Personnel<br/>Mrs. Asha Kanodia<br/>Mrs. Priyadarshini Kanodia<br/>Datamatics Staffing Services Pvt. Ltd.<br/>Mrs. Shital Sheladia</p> <p>(D) Holding Company<br/>Delta Infosolutions Pvt. Ltd.</p> |
|--|---|

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

Nature of transaction	Refer to (i) A above		Refer to (i) B above		Refer to (i) C above		Refer to (i) D above	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
<b>Sales - Technical Services</b>	<b>20,091,047</b>	<b>12,813,089</b>	-	-	-	-	-	-
Datamatics Financial Software Services Ltd.	20,091,047	12,813,089	-	-	-	-	-	-
<b>Expenses Incurred for Related Parties</b>	-	<b>649,856</b>	-	-	<b>302,400</b>	-	-	-
Datamatics Financial Software Services Ltd.	-	649,856	-	-	-	-	-	-
Mrs. Shital Sheladia	-	-	-	-	302,400	-	-	-
<b>Managerial Remuneration</b>	-	-	<b>43,774,661</b>	<b>30,638,850</b>	-	-	-	-
Dr. L. S. Kanodia	-	-	4,606,173	4,601,312	-	-	-	-
Mr. Rahul Kanodia	-	-	6,849,097	7,076,059	-	-	-	-
Mr. Vidur Bhogilal	-	-	5,224,361	5,352,678	-	-	-	-
Mr. Sameer Kanodia	-	-	3,621,598	3,705,500	-	-	-	-
Mr. Micheal Thuleweit	-	-	9,345,606	9,903,301	-	-	-	-
Mr. N. K. Varma	-	-	5,500,008	-	-	-	-	-
Mrs. Sheila Mathews	-	-	1,010,000	-	-	-	-	-
Mr. S. Raman	-	-	1,010,000	-	-	-	-	-
Mr. Manish Sheladia	-	-	3,459,264	-	-	-	-	-
Mr. Munwar Shariff	-	-	3,148,554	-	-	-	-	-
<b>Commission</b>	-	-	<b>5,291,828</b>	<b>154,580</b>	-	-	-	-
Dr. L. S. Kanodia	-	-	2,645,914	77,290	-	-	-	-
Mr. Rahul Kanodia	-	-	2,645,914	77,290	-	-	-	-
<b>Proposed Dividend</b>	-	-	<b>5,305,412</b>	<b>5,305,412</b>	<b>4,034,285</b>	<b>4,034,285</b>	<b>23,860,307</b>	<b>23,860,307</b>
<b>Salaries</b>	-	-	-	-	<b>1,951,392</b>	<b>1,856,466</b>	-	-
Mrs. Priyadarshini Kanodia	-	-	-	-	1,951,392	1,856,466	-	-
<b>Recruitment Expenses</b>	-	-	-	-	-	<b>4,000,000</b>	-	-
Datamatics Staffing Services Pvt. Ltd.	-	-	-	-	-	4,000,000	-	-
<b>Payables</b>	-	-	<b>9,738,193</b>	<b>154,580</b>	-	-	-	-
Dr. L. S. Kanodia	-	-	2,645,914	77,290	-	-	-	-
Mr. Rahul Kanodia	-	-	2,645,914	77,290	-	-	-	-
Mr. N. K. Varma	-	-	4,446,365	-	-	-	-	-
<b>Receivables</b>	<b>2,279,739</b>	<b>3,008,070</b>	<b>202,038</b>	-	-	-	-	-
Datamatics Financial Software Services Ltd.	2,279,739	3,008,070	-	-	-	-	-	-
Mr. Manish Sheladia	-	-	202,038	-	-	-	-	-

Note: Related parties are identified by the management and relied upon by the auditors.

## Notes forming part of the Consolidated Financial Statements (Contd.)

### 31 Employee Stock Option Scheme:

The Datamatics Employee Welfare Trust (Trust) has purchased 1,753,261 (P.Y. 1,753,261) shares of Company for the granting stock options to the employees. The purchases are financed by loans from the Company amounting to ₹ 69,347,270 (P.Y. ₹ 69,347,270).

#### a) Key Employee Stock Option Plan, 2006

Under the Key Employee Stock Option Plan, 2006, 116,000 options were granted during the year at exercise price of ₹ 5 per option and the first vesting period falls during the F.Y. 2012-13. Upon vesting of the stock options, equity shares will be granted to the employees from the shares held by the Trust.

#### b) Key Employee Stock Option Plan, 2007

Under the Key Employee Stock Option Plan, 2007, 300,000 options were granted during the year at exercise price of ₹ 5 per option and the first vesting period falls during the F.Y. 2012-13. Upon vesting of the stock options, equity shares will be granted to the employees from the shares held by the Trust.

During the year, an amount of ₹ 2,630,415 (P.Y. Nil) has been expensed out considering the proportionate vesting period, which has been included in Salaries, Wages, Bonus & Allowances and the balance has been disclosed under Reserves and Surplus as reduction from Employee Stock Option Outstanding.

### 32 During the year, Company has invested:

- (i) in 8% Optionally Convertible Non - Cumulative Redeemable Preference Shares of ₹ 129,200,000 in Datamatics Software Services Ltd. The said shares are redeemable at the option of the Company.
- (ii) in 8% Series III Non - Cumulative Redeemable Preference Shares of USD 8,550,000 in Datamatics Global Technologies Ltd., incorporated in Mauritius. The said shares are redeemable at the option of the Company.
- (iii) in equity shares of USD 950,000 in Datamatics Global Technologies Ltd., incorporated in Mauritius and EUR 1,000,000 in Datamatics Global Services GmbH., incorporated in Germany.

33 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 have 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.

### 34 Earning Per Share

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

	As At 31.03.2012	As At 31.03.2011
(a) Net Profit / (Loss) after taxation attributable to equity shareholders (in ₹)	<b>267,173,218</b>	207,989,501
(b) Weighted average number of Outstanding equity shares considered for Basic EPS (Nos.)	<b>58,949,337</b>	58,949,337
Dilutive Impact of Equity Share (to be issued) (Nos.)-Weighted Average on potential conversion of outstanding Preference Shares	<b>2,000,000</b>	1,271,233
(c) Weighted average number of Outstanding equity shares considered for Diluted Earning Per Share (Nos.)	<b>60,949,337</b>	60,220,570
(d) Earnings per share		
(Nominal value per share ₹ 5 each)		
Basic earning per share (in ₹) (a/b)	<b>4.53</b>	3.53
Diluted earning per share (in ₹) (a/c)	<b>4.38</b>	3.45

## Notes forming part of the Consolidated Financial Statements (Contd.)

### 35 Leases :

Datamatics Global Services Limited have entered into operating lease arrangements for several premises and vehicles. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Note no. 24. These leasing arrangements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutual agreeable terms.

Future lease rentals payable in respect of residential and office premises:

(Amount in ₹)

	March 31,2012	March 31,2011
Amount due within one year from the balance sheet date	43,890,449	29,900,130
Amount due in the period between one year and five years	35,173,288	20,497,931
Amount due later than five years	-	-

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

Lease Rent	79,736,410	47,139,322
------------	------------	------------

Note:

(a) Future lease payments are determined on the basis of terms of the lease agreement.

(b) At the expiry of term of the agreement, the Company has an option either to return the leased assets or extend the term by giving a notice in writing.

**36** 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 enterprises under the above Act, the required information could not be furnished.

### 37 Prior period Comparatives:

During the year ended March 31, 2012, the Company had through its wholly owned subsidiaries acquired majority control in Cignex Global Holding Corp. [BVI] and Vista Info Systems Private Limited (India). The Consolidated financial results for the year ended March 31, 2012 are not comparable with that of the corresponding previous year ended March 31, 2011 as current year figures include the yearly result of Cignex Global Holding Corp. [BVI] and Vista Info Systems Private Limited (India). Previous year figures have been appropriately reclassified / recasted to confirm to the current yearly presentations.

**38** Figures are rounded of to the nearest rupees.

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

Arati Parmar  
Partner  
Membership No. 102888

Place : Mumbai  
Dated : May 30, 2012

R. K. Saraswat  
Director

Divya Kumat  
Vice President - Legal  
& Company Secretary

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Rahul L. Kanodia  
Vice Chairman & CEO

Vidur V. Bhogilal  
Executive Director  
& Chief Financial Officer

## Consolidated Cash Flow Statement for the year ended March 31, 2012

	2012 ₹	2011 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	375,273,594	224,410,967
Adjusted for:		
Exchange fluctuation on Translation	(2,972,692)	2,578,512
Depreciation and Amortization	115,330,920	89,703,463
Interest Expenses	16,134,961	2,835,069
Unrealised Exchange Gain on revaluation	-	(516,513)
(Profit) / Loss on sale of Fixed Assets	808,428	434,309
Sundry Balances Written (back) / off	(10,966,301)	(673,352)
Interest on Fixed Deposit & Others	(50,291,934)	(78,712,140)
Dividend Received	(5,664,544)	(34,053,111)
(Profit) / Loss on sale of Investments	(33,945,909)	(30,448,299)
Bad Debts Written off	39,411,007	-
Provision for doubtful advances	-	323,279
Employee Stock Option Expenses	2,630,415	-
Exchange difference on translation of foreign currency cash and cash equivalents	(7,196,389)	142,365
	<b>63,277,962</b>	<b>(48,386,418)</b>
Operating Profit before Working Capital Changes	<b>438,551,556</b>	<b>176,024,548</b>
Adjusted for:		
(Increase) / Decrease in Sundry Debtors	(321,940,838)	(71,177,227)
(Increase) / Decrease in Loans and Advances	10,906,152	(76,960,948)
(Decrease) / Increase in Current Liabilities	278,974,243	13,934,815
	<b>(32,060,443)</b>	<b>(134,203,360)</b>
Cash Generated from Operations	<b>406,491,113</b>	<b>41,821,189</b>
Tax Paid (Net of tax refund received)	<b>90,115,614</b>	<b>21,684,414</b>
<b>Net Cash From Operating Activities</b>	<b>316,375,499</b>	<b>20,136,775</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(892,614,178)	(156,288,182)
Sale of Fixed Assets	-	388,682
Sale / (Purchase) of Investments	359,975,826	(6,705,229)
Interest on Fixed Deposit & Others	50,291,934	78,712,140
(Profit) / Loss on sale of Investments	33,945,909	30,448,299
Dividend Received	5,664,544	34,053,111
<b>Net Cash from Investing Activities</b>	<b>(442,735,965)</b>	<b>(19,391,179)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of Share Capital	-	20,000,000
Repayment of Preference Share Capital	-	(3,500,000)
Proceeds / (Repayment) from Long Term Borrowings	370,215,952	61,603,092
Interest Expenses	(16,134,961)	(2,835,069)
Final Equity Dividend Paid	(44,212,003)	(107,286,671)
Tax Paid on Dividend	(9,962,562)	(17,818,975)
<b>Net Cash Flow from Financing Activities</b>	<b>299,906,426</b>	<b>(49,837,623)</b>
Net Increase in Cash and Cash Equivalent during the year	<b>173,545,960</b>	<b>(49,092,028)</b>
Cash and Cash equivalents as at Beginning of the year	<b>77,811,939</b>	<b>127,046,331</b>
Exchange difference on translation of foreign currency cash and cash equivalents	<b>7,196,389</b>	<b>(142,365)</b>
Cash and Cash equivalents as at the End of the year	<b>258,554,287</b>	<b>77,811,939</b>
Earmarked balances with banks	<b>11,963,006</b>	<b>10,192,702</b>
Cash and Bank balances at the End of the year	<b>270,517,293</b>	<b>88,004,641</b>

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

Arati Parmar  
Partner  
Membership No. 102888

Place : Mumbai  
Dated : May 30, 2012

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Rahul L. Kanodia  
Vice Chairman & CEO

R. K. Saraswat  
Director

Divya Kumat  
Vice President - Legal  
& Company Secretary

Vidur V. 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, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 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 ₹ 928,338,219 in six of its wholly owned subsidiaries and has also extended loans and advances of ₹ 196,919,433 to these subsidiaries. As discussed in Note No. 42 of notes forming part of the financial statements, 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, 2012;
    - (b) in the case of the Statement of Profit and Loss, 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

Arati Parmar  
Partner  
Membership No.: 102888

Place : Mumbai  
Date : May 30, 2012

# Annexure to the Auditors' 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, 2012)

- (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) There was no transaction exceeding the value of five lakhs rupees in respect of any party covered in the relevant register.
- (vi) During the year, the Company has not accepted any deposits from the public. As such, the compliance with directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA of the Companies Act, 1956 and the rules framed 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, 2012 for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues aggregating ₹ 26,013,996 pending before the appropriate authorities are as under:

Sr. No.	Name of the Statute	Nature of the dues	Forum where the dues is pending	Amount in ₹
1	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	570,185
2	Income Tax Act, 1961	Income Tax	Income Tax Appellant Tribunal (Appeals)	1,872,539
3	Income Tax Act, 1961	Tax Deducted At Source	Income Tax Officer (TDS)	18,496,747
4	Sales Tax Act	Sales Tax	Ass. Commissioner of Sales Tax	5,074,525
			Total	26,013,996

- (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. 41 of notes forming part of the financial statements aggregating to ₹ 623,646. 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. 45 of the notes forming part of 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 : May 30, 2012

Arati Parmar  
Partner  
Membership No.: 102888

## Balance Sheet as at March 31, 2012

	Note No.	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	3	294,746,685	294,746,685
Reserves and Surplus	4	3,028,843,743	2,879,377,585
		<u>3,323,590,428</u>	<u>3,174,124,270</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liability (Net)	5	12,799,737	12,102,225
Other Long-Term Liabilities	6	16,904,233	474,988
Long-Term Provisions	7	48,126,805	54,867,851
		<u>77,830,775</u>	<u>67,445,064</u>
<b>CURRENT LIABILITIES</b>			
Short-Term Borrowings	8	244,030,441	44,580,000
Trade Payables	9	24,364,477	19,408,865
Other Current Liabilities	10	98,795,411	96,976,078
Short-Term Provisions	11	73,142,621	56,447,615
		<u>440,332,950</u>	<u>217,412,558</u>
<b>TOTAL</b>		<u><b>3,841,754,153</b></u>	<u><b>3,458,981,892</b></u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	12		
- Tangible Assets		919,745,705	687,853,956
- Intangible Assets		13,458,235	15,627,682
Capital Work-in-progress		160,800,840	164,586,346
Non-Current Investments	13	1,761,653,151	1,152,469,369
Long-Term Loans and Advances	14	262,859,153	133,299,016
		<u>3,118,517,084</u>	<u>2,153,836,369</u>
<b>CURRENT ASSETS</b>			
Current Investments	15	120,098,742	477,805,616
Amount recoverable from ESOP Trust	39	69,347,270	69,347,270
Trade Receivables	16	275,561,435	326,964,495
Cash and Bank Balances	17	35,393,608	26,398,039
Short-Term Loans and Advances	18	194,458,308	388,763,719
Other Current Assets	19	28,377,706	15,866,384
		<u>723,237,069</u>	<u>1,305,145,523</u>
<b>TOTAL</b>		<u><b>3,841,754,153</b></u>	<u><b>3,458,981,892</b></u>
Significant accounting policies and notes forming part of the financial statements	1-50		

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

For and on behalf of the Board

Arati Parmar  
Partner  
Membership No. 102888

Dr. Lalit S. Kanodia  
Chairman

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

Rahul L. Kanodia  
Vice Chairman & CEO  
  
Vidur V. Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2012

## Statement of Profit and Loss for the year ended March 31, 2012

	Note No.	For the year ended March 31, 2012 ₹	For the year ended March 31, 2011 ₹
<b>REVENUE FROM OPERATIONS</b>	<b>20</b>	<b>1,638,836,866</b>	1,384,493,246
Other Income	21	90,836,504	160,692,583
<b>Total Revenue</b>		<b>1,729,673,370</b>	<b>1,545,185,829</b>
<b>EXPENSES</b>			
Purchase of IT Products & Licenses		5,116,203	1,044,275
Employee Benefits Expenses	22	955,418,826	894,223,542
Finance Costs	23	6,563,112	2,593,786
Depreciation and Amortization Expense	12	60,939,917	53,217,815
Other Expenses	24	425,167,951	375,299,571
<b>Total Expenses</b>		<b>1,453,206,009</b>	<b>1,326,378,989</b>
<b>Profit / (Loss) Before Tax</b>		<b>276,467,361</b>	218,806,840
<b>Tax Expense</b>			
- Current Tax		69,500,000	34,000,000
- MAT Credit Entitlement		(14,625,000)	(24,985,172)
- Deferred Tax	5	697,512	(2,816,204)
- Wealth Tax		147,000	-
- Tax Adjustment of earlier years		1,705,832	-
<b>Profit / (Loss) After Tax for the year</b>		<b>219,042,017</b>	<b>212,608,216</b>
Earnings per share (Face value ₹ 5 each (P.Y. ₹ 5 each)) in ₹	37		
- Basic		3.72	3.61
- Diluted		3.72	3.61
Significant accounting policies and notes forming part of the financial statements	1-50		

As per our attached report of even date

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

Arati Parmar  
Partner  
Membership No. 102888

Place : Mumbai  
Dated : May 30, 2012

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

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

Rahul L. Kanodia  
Vice Chairman & CEO

Vidur V. Bhogilal  
Executive Director  
& Chief Financial Officer

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, unless otherwise mentioned in the notes.

#### II. Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles require 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 are known / materialized.

#### III. Presentation and Disclosure of Financial Statements:

During the year ended March 31, 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### IV. 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.

#### V. Tangible assets, Intangible assets and Capital work-in-progress:

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 amortization and accumulated impairment losses, if any. Capital work-in-progress includes where assets not put to use before the year end.

### VI. 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 a period of three years for which the Company expects the benefits to accrue. Leasehold Premises is being depreciated over 15 years.

### VII. 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.

### VIII. Investments:

Investments classified as long term investments are stated at cost. Provision is made to recognise any diminution, other than temporary, in the value of such investments. Current investments are carried at lower of cost and fair value.

### IX. Employee Benefits:

#### (i) Defined Contribution Plan

Contribution to defined contribution plans are recognised as expense in the Profit and Loss Statement, as they are incurred.

#### (ii) Defined Benefit Plan

Companies liabilities towards gratuity and leave encashment are determined using the projected unit credit method as at Balance Sheet date. Actuarial gains / losses are recognised immediately in the Profit and Loss Statement. Long term compensated absences are provided for based on actuarial valuation.

### X. Leave Travel Allowances:

Encashment of Leave Travel Allowances is accounted on cash basis.

### XI. Foreign Exchange 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 & Loss Statement in the year in which it arises.

### XII. 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. The company designates these hedging instruments as cash flow hedge. The use of hedging instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the statement of profit and loss.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss as they arise.

The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the statement of profit and loss for the period.

### XIII. Operating Lease:

The leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating lease. Operating lease payments are recognised as expenses in the Profit and Loss Statement.

### XIV. 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.

### XV. Borrowing Cost:

Borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying assets are capitalised as a part of the cost of the assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

### XVI. 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.

### XVII. 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



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS

share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

### **XVIII. Employee Stock Option Scheme:**

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

### **XIX. 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.

### **XX. Provision, Contingent Liabilities and Contingent Assets:**

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.

Contingent Assets are neither recognised, nor disclosed.

### **XXI. Cash and Cash Equivalents:**

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from date of purchase to be cash equivalents.

### **XXII. Segment Reporting:**

Primary Segment is identified based on the nature of products and services, the different risk and returns and the internal business reporting system. Secondary segment is identified based on geographical area in which major operating divisions of the Company operate.

### **XXIII. Prior period adjustments, extra-ordinary items and changes in accounting policies:**

Prior period adjustments, extra-ordinary items and changes in accounting policies, if any, having material impact on the financial affairs of the Company are disclosed.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>3 SHARE CAPITAL</b>		
<b>a) AUTHORISED</b>		
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
<b>TOTAL</b>	<b>800,000,000</b>	<b>800,000,000</b>
<b>b) ISSUED</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>	<b>294,746,685</b>	<b>294,746,685</b>
<b>c) 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>	<b>294,746,685</b>	<b>294,746,685</b>
<b>d) Reconciliation of Number of Shares</b>		

	As at March 31, 2012		As at March 31, 2011	
Equity Shares:	Number of Shares	₹	Number of Shares	₹
Shares outstanding at the beginning of the year	58,949,337	294,746,685	58,949,337	294,746,685
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>58,949,337</b>	<b>294,746,685</b>	<b>58,949,337</b>	<b>294,746,685</b>

**e) Rights, preferences and restrictions attached to shares**

Equity Shares: The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**f) Shares held by holding company**

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>Equity Shares</b>		
31,813,742 (P.Y. 31,813,742) Equity Shares of ₹ 5 each held by Delta Infosolutions Pvt. Ltd. the Holding Company	159,068,710	159,068,710

**g) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	Number of Shares	% of aggregate number of shares	Number of Shares	% of aggregate number of shares
<b>Equity Shares</b>				
Delta Infosolutions Pvt. Ltd. the Holding Company	31,813,742	53.97%	31,813,742	53.97%
Lalit Surajmal Kanodia	3,830,995	6.50%	3,830,995	6.50%
Asha Lalit Kanodia	3,905,258	6.62%	3,905,258	6.62%

**h) For the period of five years immediately preceding the Balance Sheet date:**

	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Equity Shares of ₹ 5 each allotted as fully paid up pursuant to contract(s) without consideration being received in cash	18,150,000	18,150,000	18,150,000	18,150,000	-
Equity Shares of ₹ 5 each allotted as fully paid up bonus shares by capitalisation of General Reserve and Share Premium.	28,480,000	28,480,000	28,480,000	28,480,000	28,480,000

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>4 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	244,281,250
Add: Transferred from General Reserve	-	-
	<u>244,281,250</u>	<u>244,281,250</u>
<b>SECURITIES PREMIUM</b>		
Balance as per last Balance Sheet	1,080,078,716	1,080,078,716
	<u>1,080,078,716</u>	<u>1,080,078,716</u>
<b>EMPLOYEE STOCK OPTION OUTSTANDING</b>		
Employee Stock Option Outstanding	9,401,600	-
Less: Deferred Employee Compensation Expenses	(6,771,185)	-
(Refer Note no. 39)	<u>2,630,415</u>	-
<b>HEDGING RESERVE ACCOUNT</b>		
Balance as per last Balance Sheet	-	-
Add: Gain / (Loss) on cash flow hedging derivatives	(20,821,979)	-
(Refer Note no. 28)	<u>(20,821,979)</u>	-
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	924,057,362	874,057,362
Add : Transferred from Profit and Loss Statement	50,000,000	50,000,000
	<u>974,057,362</u>	<u>924,057,362</u>
<b>SURPLUS IN PROFIT AND LOSS STATEMENT</b>		
Balance brought forward from last year	627,435,377	516,211,456
Add: Profit for the year	219,042,017	212,608,216
Less: Appropriations		
Proposed Dividend on Equity Shares	44,212,003	44,212,003
Tax on Equity Dividend	7,172,292	7,172,292
Transfer to General Reserve	50,000,000	50,000,000
Closing Balance	<u>745,093,099</u>	<u>627,435,377</u>
<b>TOTAL</b>	<u>3,028,843,743</u>	<u>2,879,377,585</u>

### 5 Deferred Tax Liabilities (net) :

The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:

Particulars	Amount in ₹	
	March 31, 2012	March 31, 2011
a) Deferred Tax Liability		
Depreciation	31,620,224	32,186,300
Total	<u>31,620,224</u>	<u>32,186,300</u>
b) Deferred Tax Asset		
Disallowance under Income Tax Act, 1961	(18,820,487)	(20,084,075)
Total	<u>(18,820,487)</u>	<u>(20,084,075)</u>
Deferred Tax Liability (Net)	<u>12,799,737</u>	<u>12,102,225</u>
Provided upto last year	12,102,225	14,918,429
Provision for additional Deferred Tax Liability	697,512	(2,816,204)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>6 OTHER LONG-TERM LIABILITIES</b>		
Other Payables:		
Capital Creditor (Refer Note no. 47)	812,504	474,988
Fair Value of Outstanding Forward Contracts (Refer Note no. 28)	<u>16,091,729</u>	<u>-</u>
<b>TOTAL</b>	<u><b>16,904,233</b></u>	<u><b>474,988</b></u>
<b>7 LONG TERM PROVISIONS</b>		
<b>Provision for employee benefits (Refer Note no. 33):</b>		
For Gratuity	34,618,438	40,203,758
For Leave Encashment	<u>13,508,367</u>	<u>14,664,093</u>
<b>TOTAL</b>	<u><b>48,126,805</b></u>	<u><b>54,867,851</b></u>
<b>8 SHORT TERM BORROWINGS</b>		
Other Loans and Advances		
From Banks		
Secured Loans	244,030,441	44,580,000
(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. Working Capital loan from Citibank N.A. is secured by way of Pari passu Charge on Hypothecation of Stock and Book Debts; and demand promissory note and letter of continuity)		
<b>TOTAL</b>	<u><b>244,030,441</b></u>	<u><b>44,580,000</b></u>
<b>9 TRADE PAYABLES</b>		
Trade Payables (Refer Note no. 47)	11,131,007	8,783,343
Accrued Expenses	<u>13,233,470</u>	<u>10,625,522</u>
<b>TOTAL</b>	<u><b>24,364,477</b></u>	<u><b>19,408,865</b></u>
<b>10 OTHER CURRENT LIABILITIES</b>		
Interest Accrued but Not Due	313,695	5,950
Advance received from Customers	20,174,850	26,170,183
Unpaid Dividend	1,944,596	2,037,003
Share Application Money	-	941,800
Other Payables *	<u>76,362,270</u>	<u>67,821,142</u>
<b>TOTAL</b>	<u><b>98,795,411</b></u>	<u><b>96,976,078</b></u>
* Other payable includes statutory dues, fair value of outstanding forward contracts and others.		
<b>11 SHORT TERM PROVISIONS</b>		
<b>Provision for employee benefits (Refer Note no. 33):</b>		
For Gratuity	3,670,135	2,309,178
For Leave Encashment	4,881,819	2,034,957
<b>Others:</b>		
For Proposed Dividend on Equity Shares	44,212,003	44,212,003
For Tax on Proposed Equity Dividend	7,172,292	7,172,292
For Direct Taxes (Net)	<u>13,206,372</u>	<u>719,185</u>
<b>TOTAL</b>	<u><b>73,142,621</b></u>	<u><b>56,447,615</b></u>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>13 NON-CURRENT INVESTMENTS</b>		
<b>UNQUOTED (TRADE) (AT COST)</b>		
<b>Investment in Equity shares</b>		
<b>- In Subsidiary Companies (Refer Note no. 42)</b>		
300,001 (P.Y. 300,001) fully paid equity shares of Datamatics Technologies UK Ltd., a Company incorporated in United Kingdom of UKP 1 each	23,886,584	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	644,042,966	644,042,966
50,000 (P.Y. 50,000) fully paid equity shares of Datamatics Global Services Pty Ltd of AUD 1 each	1,562,846	1,562,846
20,000 (P.Y. 20,000) fully paid equity shares of Datamatics Infotech Ltd. UK of UKP 1 each	1,711,255	1,711,255
218,605 (P.Y. 218,605) fully paid equity shares of Datamatics Software Services Ltd. of ₹ 10 each	2,040,324	2,040,324
1,025,000 (P.Y. 25,000) fully paid equity shares of Datamatics Global Services GmbH, a Company incorporated in Germany of EURO 1 each (Refer Note no. 40)	125,202,090	57,342,090
1,000,000 (P.Y. 50,000) fully paid equity shares of Datamatics Global Technologies Ltd. a Company incorporated in Mauritius of USD 1 each (Refer Note no. 40)	46,049,125	2,524,875
50,000 (P.Y. 50,000) fully paid equity shares of Datamatics Global Technologies AG, a Company incorporated in Switzerland of CHF 1 each	2,255,000	2,255,000
<b>- In Joint Venture Company</b>		
419,990 (P.Y. 419,990) fully paid equity shares of Cybercom Datamatics Information Solutions Ltd. of ₹ 10 each	4,199,900	4,199,900
<b>- In Other Company (NON-TRADE) (AT COST)</b>		
Nil (P.Y. 3,500) fully paid equity shares of Matrix Advisors (India) Pvt. Ltd. of ₹ 10 each	-	175,000
<b>Investment in Preference shares (TRADE) (AT COST)</b>		
<b>- In Subsidiary Companies (Refer Note no. 42)</b>		
12,920,000 (P.Y. Nil) fully paid 8% Optionally Convertible Non - Cumulative Redeemable Preference Shares of Datamatics Software Services Ltd. of ₹ 10 each (Refer Note no. 40)	129,200,000	-
1,200,000 (P.Y. 1,200,000) fully paid Series I, Non Cumulative Redeemable 8% Preference shares of Datamatics Global Technologies Ltd., a Company incorporated in Mauritius of USD 1 each	56,244,000	56,244,000
500,000 (P.Y. 500,000) fully paid Series II, Non Cumulative Redeemable 8% Preference shares of Datamatics Global Technologies Ltd., a Company incorporated in Mauritius of USD 1 each	22,365,500	22,365,500
8,550,000 (P.Y. Nil) fully paid Series III, Non Cumulative Redeemable 8% Preference shares of Datamatics Global Technologies Ltd., a Company incorporated in Mauritius of USD 1 each (Refer Note no. 40)	391,718,250	-
<b>UNQUOTED (NON-TRADE) (AT COST)</b>		
<b>Investments in Bonds</b>		
Nil (P.Y. 4) 9.70% GE Shipping Bonds of ₹ 1,000,000 each	-	4,003,899
Nil (P.Y. 1,301) IFCI Deep Discount Bonds of ₹ 25,000 each	-	4,927,355
0.188 (P.Y. 0.250) Solaris Holding NCD of ₹ 106,832,622.28 each	20,478,978	26,708,156
100 (P.Y. Nil) LILY 19% NCD of ₹ 100,000 each	20,241,422	-
5,000 (P.Y. Nil) IIISL 11.70% NCD of ₹ 1,000 each	5,000,000	-
10 (P.Y. Nil) 10.05% AIR India Bonds of ₹ 1,000,000 each	10,629,934	-
<b>Investments in Debentures</b>		
200 (P.Y. 200) debentures of ₹ 100,000 each of Edelweiss Capital Ltd.	20,220,600	20,220,600
100 (P.Y. 100) debentures of ₹ 100,000 each of RBS Financial Services (India) Pvt. Ltd.	10,110,300	10,110,300
300 (P.Y. 500) debentures of ₹ 100,000 each of ECL Finance Ltd.	30,370,600	50,480,900
Nil (P.Y. 100) debentures of ₹ 100,000 each of ECL Finance Ltd. - NIFLINK SE	-	10,150,000

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Nil (P.Y. 10) debentures of ₹ 1,000,000 each of Morgan Stanley India Capital Pvt. Ltd.	-	10,110,300
Nil (P.Y. 100) debentures of ₹ 100,000 each of ECL Finance Ltd. B2B102 NCD	-	10,050,000
25 (P.Y. 25) debentures of ₹ 100,000 each of Deutsche Investments India Pvt. Ltd.	<b>2,541,363</b>	2,541,363
30 (P.Y. Nil) debentures of ₹ 100,000 each of Macquarie Finance Pvt. Ltd.	<b>3,033,090</b>	-
200 (P.Y. Nil) debentures of ₹ 100,000 each of ECL Finance Ltd. B3F101-10062011	<b>20,165,450</b>	-
<b>QUOTED - NON TRADE (AT COST)</b>		
<b>- In Equity shares</b>		
a) 900 (P. Y. 900) fully paid Equity Shares of ₹ 10 each of Cybertech Ltd. Less : Provision for dimunition in value	<b>510,767</b> <b>494,297</b> <hr/> <b>16,470</b>	510,767 494,297 <hr/> 16,470
b) 6,100 (P. Y. 6,100) fully paid Equity Shares of ₹ 2 each of Wipro Ltd. Less : Provision for dimunition in value	<b>3,739,473</b> <b>1,152,035</b> <hr/> <b>2,587,438</b>	3,739,473 1,152,035 <hr/> 2,587,438
c) 5,000 (P. Y. 5,000) fully paid Equity Shares of ₹ 1 each of Vikas WSP Ltd. Less : Provision for dimunition in value	<b>552,950</b> <b>389,950</b> <hr/> <b>163,000</b>	552,950 389,950 <hr/> 163,000
d) 800 (P. Y. 800) fully paid Equity Shares of ₹ 10 each of Reliance Industries Ltd.	<b>807,621</b>	807,621
e) 400 (P. Y. 400) fully paid Equity Shares of ₹ 5 each of Mahindra and Mahindra Ltd.	<b>205,649</b>	205,649
f) 8,998 (P. Y. 8,998) fully paid Equity Shares of ₹ 10 each of Coal India Ltd.	<b>2,204,510</b>	2,204,510
g) 38,767 (P. Y. 38,767) fully paid Equity Shares of ₹ 10 each of Powergrid Corporation	<b>3,489,030</b>	3,489,030
h) 50,000 (P. Y. 75,000) fully paid Equity Shares of ₹ 10 each of GSS America	<b>8,607,206</b>	12,888,827
i) 1,000 (P. Y. 1,000) fully paid Equity Shares of ₹ 10 each of AXIS BANK Ltd.	<b>1,216,774</b>	1,216,774
j) 800 (P. Y. 800) fully paid Equity Shares of ₹ 2 each of Larsen and Toubro Ltd.	<b>1,228,161</b>	1,228,161
<b>QUOTED - NON TRADE (AT COST)</b>		
<b>- In units of Mutual funds fully paid</b>		
5,000,000 (P.Y. 5,000,000) Units of BNP Paribas Fixed Term Fund - Series 21 F (Face Value of ₹ 10 each)	<b>50,000,000</b>	50,000,000
Nil (P.Y. 992,290) Units of Kotak Credit Oppurtunites Fund - IP - Growth (Face Value of ₹ 10 each)	-	10,001,594
Nil (P.Y. 2,000,000) Units of Kotak FMP 13M Series 6 (Face Value of ₹ 10 each)	-	20,000,000
Nil (P.Y. 3,601,011) Units of Kotak QIP Series 10 - Growth (Face Value of ₹ 10 each)	-	40,007,082
Nil (P.Y. 1,000,000) Units of Tata Fixed Maturity Plan Series - 25 - Scheme A (Face Value of ₹ 10 each)	-	10,000,000
Nil (P.Y. 2,977,770) Units of Templeton India Income Oppurtunities Fund - Growth (Face Value of ₹ 10 each)	-	30,000,000
3,844,337 (P.Y. Nil) Units of ICICI Prudential Interval Fund - Annual Interval Plan I (Face Value of ₹ 10 each)	<b>41,500,000</b>	-
1,135,771 (P.Y. Nil) Units of Birla Sun Life Fixed Term Plan Series FC - Growth (Face Value of ₹ 10 each)	<b>11,357,715</b>	-
3,500,000 (P.Y. Nil) Units of ICICI Prudential Fixed Maturity Plan-Series 63-384 Days Plan A Cumulative (Face Value of ₹ 10 each)	<b>35,000,000</b>	-
1,000,000 (P.Y. Nil) Units of DWS Fixed Maturity Plan - Series 10 (DFMP - 10) - Growth (Face Value of ₹ 10 each)	<b>10,000,000</b>	-
<b>TOTAL NON-CURRENT INVESTMENTS</b>	<b>1,761,653,151</b>	1,152,469,369
<b>Aggregate of Quoted Investments</b>	<b>168,383,574</b>	184,816,156
<b>Market Value of Quoted Investments</b>	<b>171,366,167</b>	193,021,166
<b>Aggregate of Unquoted Investments</b>	<b>1,593,269,577</b>	967,653,213
<b>Aggregate of Provision for dimunition in value</b>	<b>2,036,282</b>	2,036,282

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>14 LONG TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good for value to be received in Cash or in Kind, unless otherwise specified)		
Capital Advances	41,366,500	-
Security Deposits	11,042,724	17,390,699
Loans and advances to Subsidiaries (Net) (Refer Note no. 38, 42 & 44)	197,414,584	101,714,678
Service tax receivable	12,512,761	12,581,419
Prepaid expenses	522,584	1,612,220
<b>TOTAL</b>	<b>262,859,153</b>	<b>133,299,016</b>
<b>15 CURRENT INVESTMENTS</b>		
<b>QUOTED - NON TRADE</b>		
<b>(At Cost or Fair Value whichever is less)</b>		
<b>Investment in Commercial Papers fully paid</b>		
Nil (P.Y. 100) Commercial Papers of ₹ 500,000 each of India Infoline Investment Services Ltd. 122D CP 04JL11	-	48,178,450
<b>Investment in Commodity Index Future Contracts fully paid</b>		
Guargum Commodity	-	27,193,627
<b>Investment in Liquid Mutual Funds fully paid</b>		
Nil (P.Y. 1,923,635) Units of BNP Paribas Money Plus IP Fund (Face Value of ₹ 10 each)	-	28,500,000
Nil (P.Y. 1,532,927) Units of Kotak Flexi Debt Fund - Growth (Face Value of ₹ 10 each)	-	18,506,601
Nil (P.Y. 4,066,294) Units of Kotak Floater - LT - Growth (Face Value of ₹ 10 each)	-	63,200,000
Nil (P.Y. 135,613) Units of Reliance Liquid Fund - Cash Plan - Growth (Face Value of ₹ 10 each)	-	2,139,746
Nil (P.Y. 2,164,749) Units of Reliance Liquid Fund - TP - IP (Face Value of ₹ 10 each)	-	51,600,000
Nil (P.Y. 45,052) Units of Religare Ultra Short Term Fund - IP - Growth (Face Value of ₹ 1,000 each)	-	60,900,000
Nil (P.Y. 2,421,833) Units of Sundaram Ultra Short Term - Super IP - Growth (Face Value of ₹ 10 each)	-	32,013,546
Nil (P.Y. 4,790,878) Units of Tata Floater Fund (Face Value of ₹ 10 each)	-	70,000,000
Nil (P.Y. 3,951,570) Units of Templeton India Ultra Short Bond Fund - Super IP - Growth (Face Value of ₹ 10 each)	-	50,000,000
Nil (P.Y. 21,960) Units of UTI Floating Rate Fund - STP - IP - Growth (Face Value of ₹ 1,000 each)	-	23,850,000
1,661,378 (P.Y. Nil) Units of DWS Short Maturity Fund (Face Value of ₹ 10 each) *	20,000,000	-
2,772,746 (P.Y. Nil) Units of Templeton India Low Duration (Face Value of ₹ 10 each)	30,000,000	-
9,948 (P.Y. Nil) Units of Templeton India STIP (Face Value of ₹ 1,000 each)	20,000,000	-
1,340,457 (P.Y. Nil) Units of Templeton India Ultra Short Bond Fund -Super - IP -DDR (Face Value of ₹ 10 each)	13,420,114	-
798,826 (P.Y. Nil) Units of Peerless Ultra Short Term Fund - Super IP - DDR (Face Value of ₹ 10 each)	8,000,000	-
2,590,631 (P.Y. Nil) Units of HDFC Cash Management fund - Saving Plan - DDR (Face Value of ₹ 10 each)	27,554,982	-



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
500 (P.Y. Nil) Units of Morgan Stanley Liquid Fund - Daily Dividend Fund (Face Value of ₹ 1,000 each)	500,000	-
Nil (P.Y. 100,116) Units of Kotak Liquid Inst Daily Dividend Fund (Face Value of ₹ 10 each)	-	1,100,000
* Out of the above 1,661,378 (P.Y. 6,714,394) units are under lien with Deutsche Bank AG for loan taken by Datamatics Global Services Germany		
<b>UNQUOTED - NON TRADE (At Cost or Fair Value whichever is less)</b>		
<b>Investments in Portfolio Management Services (PMS)</b>		
Reliance Capital Asset Management Ltd. (Refer Note no. 41)	623,646	623,646
<b>TOTAL CURRENT INVESTMENTS</b>	<b>120,098,742</b>	477,805,616
<b>Aggregate of Quoted Investments</b>	<b>119,475,096</b>	477,181,970
<b>Market Value of Quoted Investments</b>	<b>123,986,360</b>	401,934,313
<b>Aggregate of Unquoted Investments</b>	<b>623,646</b>	623,646
Note: - Includes ₹ Nil (P.Y. ₹ 144.62 million) of Unutilised Balance of IPO fund, invested in Mutual Funds. (Refer Note no. 45)		
<b>16 TRADE RECEIVABLES</b>		
<b>Unsecured</b>		
<b>Over six months from the date they were due for payment</b>		
Considered Good	8,990,422	49,093,670
<b>Others</b>		
Considered Good	266,571,013	277,870,825
<b>TOTAL</b>	<b>275,561,435</b>	326,964,495
(Refer Note no. 32, 35 (ii) & 43)		
<b>17 CASH AND BANK BALANCES</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
<b>BANK BALANCES</b>		
- In Current Accounts	16,145,817	12,964,478
- In Exchange Earner's Foreign Currency Account	7,299,173	2,368,696
Cheques on Hand	336,645	-
Cash on Hand	329,287	212,201
Foreign Currency on Hand	856,988	1,563,337
<b>SUB-TOTAL</b>	<b>24,967,910</b>	17,108,712
<b>OTHER BANK BALANCES</b>		
- In Margin Accounts (original maturity of more than 3 months) *	8,463,455	6,190,250
- In Unclaimed Dividend Accounts	1,962,243	2,157,277
- In Share Refund Accounts	-	941,800
<b>SUB-TOTAL</b>	<b>10,425,698</b>	9,289,327
<b>GRAND TOTAL</b>	<b>35,393,608</b>	26,398,039

\* Out of the above ₹ 8,463,455 (P.Y. ₹ 6,190,250) are marked as Lien for Guarantees issued by Banks on behalf of the Company.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>18 SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good for value to be received in Cash or in Kind, unless otherwise specified)		
Advance Tax - FBT (Net)	1,019,832	701,282
MAT Credit Entitlement (Asset)	39,610,172	24,985,172
Security Deposits	10,711,876	600,000
Inter-corporate Deposits	110,039,727	335,000,000
Service Tax Receivable	2,563,445	236,134
Prepaid Expenses	12,675,205	13,835,985
Other Receivables	380,623	5,819,041
Advance to Employees	12,439,044	6,032,378
Advance to Vendors	5,018,384	1,553,727
<b>Other Loans and advances</b>		
- Considered Doubtful	6,042,708	6,042,708
- Less: Provision for bad & doubtful advances	(6,042,708)	(6,042,708)
<b>TOTAL</b>	<b>194,458,308</b>	<b>388,763,719</b>
<b>19 OTHER CURRENT ASSETS</b>		
Interest accrued on Investments	7,873,175	13,939,830
Interest accrued but not due on deposits with bank	2,628,728	1,926,554
Unbilled Revenue	17,875,803	-
<b>TOTAL</b>	<b>28,377,706</b>	<b>15,866,384</b>
	<b>For the year ended March 31, 2012 ₹</b>	<b>For the year ended March 31, 2011 ₹</b>
<b>20 REVENUE FROM OPERATIONS</b>		
<b>Sales from Software Services:</b>		
Export	1,590,736,240	1,367,863,812
Domestic	42,340,174	16,629,434
<b>Sale of Products and Licenses:</b>		
Domestic	5,760,452	-
<b>TOTAL</b>	<b>1,638,836,866</b>	<b>1,384,493,246</b>
<b>21 OTHER INCOME</b>		
Interest from banks	935,557	804,012
Interest from Others:		
- Current	28,015,551	39,686,808
- Non-Current	22,471,325	43,590,288
Dividend on Current Investments - Non Trade	5,199,470	-
Dividend on Non-Current Investments - Non Trade	242,652	34,052,711
Profit on Sale of Current Investments - Non Trade (Net)	20,630,394	13,603,043
Profit on Sale of Non-Current Investments - Non Trade (Net)	13,005,275	16,301,414
Exchange Fluctuation (Net)	-	3,428,459
Miscellaneous Income	336,280	8,897,766
Sundry Balances Written back (Net)	-	328,082
<b>TOTAL</b>	<b>90,836,504</b>	<b>160,692,583</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	For the year ended March 31, 2012 ₹	For the year ended March 31, 2011 ₹
<b>22 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, Wages, Bonus & Allowances	853,571,848	806,693,251
Contribution to Provident Fund and Other funds	36,218,792	35,301,623
Share based Compensation (Refer Note no. 39)	2,630,415	-
Welfare Expenditure	36,754,714	30,813,539
Directors Remuneration (Refer Note no. 35)	26,243,057	21,415,129
<b>TOTAL</b>	<b>955,418,826</b>	<b>894,223,542</b>
<b>23 FINANCE COSTS</b>		
Interest	6,563,112	2,593,786
<b>TOTAL</b>	<b>6,563,112</b>	<b>2,593,786</b>
<b>24 OTHER EXPENSES</b>		
Knowledge Associates / Vendor Charges	33,606,335	27,117,762
Electricity	39,547,845	37,918,987
Technical Fees	33,025,534	27,809,030
Travelling Expenses	126,914,724	141,507,468
Link Charges	10,200,072	13,465,478
Rent	22,949,560	16,888,129
Rates and Taxes	3,832,762	3,372,672
Communication Expenses	13,019,900	9,933,176
Legal and Professional charges	10,579,640	11,164,750
Remuneration to Auditors (Refer Note no. 29)	1,275,521	1,344,904
Repairs and Maintenance :		
- Building	2,454,064	1,288,815
- IT & Machinery	9,104,521	11,644,224
Repair Others	10,485,903	11,391,787
Insurance Premium	2,803,676	2,886,023
Sales Commission	1,758,242	5,884,763
Board Sitting Fees	310,000	310,000
Advertisement and Sales Promotion Expenses	11,096,645	5,956,223
Subscription Charges	5,605,987	8,860,041
Lease Rent & Hire Charges	3,834,981	2,935,648
Entertainment Expenses	2,218,919	2,142,986
Miscellaneous Expenses	4,702,383	5,470,753
Loss on sale of Fixed Assets (Net)	808,428	434,309
Bad debts Written off	37,353,563	-
Exchange Fluctuation (Net)	15,417,881	-
Bank & Other charges	1,665,411	2,303,890
Recruitment Expenses	10,242,530	12,001,118
Printing & Stationery	3,179,532	3,604,830
Photocopying Charges	1,394,758	3,176,566
Security Charges	5,778,634	4,485,239
<b>TOTAL</b>	<b>425,167,951</b>	<b>375,299,571</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 25 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.

31.03.2012  
₹

31.03.2011  
₹

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

##### (a) Claims against the Company not acknowledged as debt:

(i) Income Tax matters	6,730,563	15,604,689
(ii) Sales Tax matters	5,074,525	5,074,525

##### (b) Details of guarantees and sureties outstanding as at:

(i) Guarantees given by Banks to Embassy Centre Premises Co-operative Society Ltd.	425,930	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	6,118,000	4,650,000
(iv) Guarantees given by Banks to Directorate of Information Technology	500,000	-
(v) Guarantees given by Banks to Mahanagar Gas Ltd.	285,275	-
(vi) Corporate guarantees provided to Banks and Financial Institutions against credit facilities extended to Subsidiary and Joint Venture Company	146,000,000	-

### 26 Capital and other commitments:

Estimated amount of contracts on capital account remaining to be executed and not provided (net of advances) for ₹ 106,199,180 (P.Y. ₹ 244,166,380).

### 27 Proposed Dividend 31.03.2012 31.03.2011

The final dividend proposed for the year is as follows:

On Equity Shares of ₹ 5 each		
Amount of dividend proposed	44,212,003	44,212,003
Dividend per Equity Share	₹ 0.75 per share	₹ 0.75 per share

### 28 The Company in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is generally a bank. These contracts are for a period between one month and two years.

The following are outstanding foreign exchange forward contracts, which have been designated as Cash Flow Hedges, as at:

Foreign Currency	March 31, 2012		
	No. of Contracts	Notional amount of Currency Forward contracts (₹)	Fair Value (₹) gain / (loss)
U.S. Dollar	51	5,317,500	(20,030,289)
Sterling Pound	12	435,000	(963,630)
Euro	12	315,000	171,941

Net loss on derivative instruments of ₹ 20,821,979 recognised in Hedging reserve as of March 31, 2012, is expected to be reclassified to the statement of profit and loss by March 31, 2014. The foreign currency exposures that are not hedged by a derivative instrument or otherwise is ₹ 252,186,237 (P.Y. ₹ 23,987,878).

The Company has adopted Accounting Standard (AS) - 30 Financial Instrument: Recognition and Measurement, along with limited revision to other accounting standard, issued by the Institute of Chartered Accountants of India. AS-30, alongwith limited revision to the other accounting standards, have not currently been notified by the National Advisory Council for Accounting Standard (NACAS) pursuant to the Companies (AS) rules, 2006 as per section 211(3C) of the Companies Act, 1956. Had the Company not early adopted AS-30 and related limited revision, profit after taxation for the year ended 31st March, 2012 would have been lower by ₹ 14,313,678.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 29 Auditor's remuneration includes:

	2011-12	2010-11
	₹	₹
Audit Fees	860,000	860,000
Other Services	380,000	398,788
Reimbursement of out of Pocket Expenses	35,521	86,116
<b>Total</b>	<b>1,275,521</b>	<b>1,344,904</b>

### 30 Activities in Foreign Currency:

	2011-12	2010-11
	₹	₹
<b>(i) Earning in Foreign Currency</b>		
FOB Value of Exports of ITES/KPO Segment	1,590,736,240	1,367,863,812
Income in foreign currency - Interest	135,418	99,762
<b>Total</b>	<b>1,590,871,658</b>	<b>1,367,963,574</b>
<b>(ii) Expenditure in foreign currency (on accrual basis)</b>		
CIF value of Import of capital goods	4,159,459	1,094,408
Commission	1,985,673	5,884,763
Foreign Travel	87,330,762	93,254,229
Technical & Professional Fees	14,673,827	9,323,045
Others	20,140,877	8,537,143
<b>Total</b>	<b>128,290,597</b>	<b>118,093,588</b>
<b>(iii) Remittance of Foreign Currency for Dividend</b>		
No. of Non-resident Shareholders	5	5
No. of equity shares held on which dividend was due	248,250	248,250
The year to which the dividend relates	2010-11	2009-10
Amount remitted in equivalent dollar (\$)	\$3,722.95	\$6,574.41
Amount remitted in equivalent Rupees (₹)	186,191	310,319

**31** 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.

**32** The Company has received confirmations from few Trade receivables, Other receivables and for majority of loans and advances. Remaining Trade receivables, Other receivables, Trade payables and loans and advances are subject to confirmation and reconciliation if any.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**33 Employee Benefits**

Amount in ₹

	2011-12	2010-11
<b>Defined Contribution Plan</b>		
<b>I. Charge to the Profit and Loss Statement based on contributions</b>		
Employers Contribution to Provident Fund	29,281,031	29,580,562
Employers Contribution to Employees' State Insurance	6,327,017	5,153,770
Employers Contribution to Employees' Pension Scheme 1995	494,447	460,653
Employers Contribution to Labour Welfare Fund & others	116,297	106,638
Included in Contribution to Provident Fund and other funds (Refer Note no. 22)	36,218,792	35,301,623
	<b>Gratuity (Non-funded)</b>	
	2011-12	2010-11
<b>Defined Benefit Plan</b>		
<b>I. Disclosures for defined benefit plans based on actuarial reports as on March 31, 2012</b>		
<b>A. Change in Defined Benefit Obligation</b>		
Present Value of Defined Benefit Obligation as at the beginning of the year	42,512,936	37,694,834
Interest Cost	3,697,135	3,004,782
Current Service Cost	8,192,235	7,124,226
Benefits Paid	(8,981,974)	(9,510,588)
Actuarial (gains) / loss	(7,131,759)	4,199,682
Present Value of Defined Benefit Obligation as at end of the year	38,288,573	42,512,936
Included in Long-Term & Short-Term Provisions (Refer Note no. 7 & 11)		
<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	8,981,974	9,510,588
Benefits Paid	(8,981,974)	(9,510,588)
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	38,288,573	42,512,936
Fair Value of Plan Assets at end of the year	Nil	Nil
Net Asset / (Liability) recognised in Balance Sheet (Refer Note no. 7 & 11)	(38,288,573)	(42,512,936)
<b>D. Expenses recognised in Profit and Loss Statement</b>		
Current Service Cost	8,192,235	7,124,226
Interest Cost	3,697,135	3,004,782
Actuarial Losses / (Gains)	(7,131,759)	4,199,682
<b>Total Expenses / (Income) recognised in Profit and Loss Statement</b>	4,757,611	14,328,690
Included in Salaries, Wages, Bonus & Allowances (Refer Note no. 22)		
<b>E. Principal Actuarial Assumptions used:</b>		
1. Discount Rate (per annum)	8.50%	8.00%
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	4,829,030	5,380,884

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note:

Provision towards liability for Leave Encashment made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value liability is ₹ 18,390,186 (P.Y. ₹ 16,699,050 ) based upon following assumptions:

	2011-12	2010-11
<b>Discount Rate</b>	<b>8.50%</b>	8.00%
<b>Salary Escalation</b>	<b>3.50%</b>	3.50%

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

Performance of Business Segment is as follows:

	31.03.2012 ₹	31.03.2011 ₹
<b>Revenue</b>		
Sale to external customers	1,590,736,240	1,367,863,812
Segment result profit	185,630,857	58,114,257
Other Income	90,836,504	160,692,583
Direct Taxes	57,425,344	6,198,624
Profit from Ordinary Activities	219,042,017	212,608,216
Net Profit	219,042,017	212,608,216
<b>Other Segment Information</b>		
Capital Expenditure	291,470,649	32,044,775
Depreciation and amortization	60,939,917	53,217,815
Non Cash Expenses other than depreciation (net)	38,161,991	106,227
<b>Particulars of Segment Assets and Liabilities:</b>		
Segment Assets	1,589,235,286	1,284,613,172
Investments	1,881,751,893	1,630,274,985
Bank Deposits	8,463,455	6,190,250
Other Assets	362,303,519	537,903,486
<b>Total Assets</b>	<b>3,841,754,153</b>	<b>3,458,981,892</b>
Segment Liabilities	438,828,725	217,673,114
Other Liabilities	79,335,000	67,184,508
<b>Total Liabilities</b>	<b>518,163,725</b>	<b>284,857,622</b>

### Geographic Segment

Revenue attributable to the location of the customers is as follows

<b>USA</b>	<b>828,712,188</b>	624,047,534
<b>Europe</b>	<b>600,534,975</b>	555,895,081
<b>Others</b>	<b>209,589,703</b>	204,550,631
<b>Total</b>	<b>1,638,836,866</b>	1,384,493,246

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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 35 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

Datamatics Global Services Inc.  
 Datamatics Global Services GmbH  
 Datamatics Technologies UK Ltd.  
 Datamatics Software Services Ltd.  
 Datamatics Global Technologies Ltd.  
 Datamatics Global Technologies AG  
 Datamatics Infotech Ltd.  
 Datamatics Global Services Pty. Ltd.  
 Datamatics Global Technologies GmbH (Step down Subsidiary)  
 Datamatics Global Holding Corp. (Step down Subsidiary)  
 Cignex Global Holding Corp. (Step down Subsidiary)  
 Cignex Datamatics Technologies Pvt. Ltd. (Step down Subsidiary)  
 Datamatics Vista Info Systems Pvt. Ltd. (Step down Subsidiary)

(B) Associate Companies and Joint Ventures

Datamatics Financial Software Services Ltd.  
 Cybercom Datamatics Information Solutions Ltd.  
 Amon Technologies Pvt. Ltd.  
 Anemone Management Consultancy Pvt. Ltd.  
 Datascan Services

(C) Key Managerial Personnel

Dr. L. S. Kanodia  
 Mr. Rahul Kanodia  
 Mr. Vidur Bhogilal  
 Mr. Sameer Kanodia

(D) Relatives of Key Managerial Personnel and Enterprise owned by Key Managerial Personnel

Mrs. Asha Kanodia  
 Mrs. Priyadarshini Kanodia  
 Datamatics Staffing Services Pvt Ltd.

(E) Holding Company

Delta Infosolutions Pvt. Ltd.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### (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		Refer to (i) E above	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
<b>Sales</b>										
<b>Technical Services</b>	<b>307,750,618</b>	<b>220,603,226</b>	<b>20,091,047</b>	<b>12,813,089</b>	-	-	-	-	-	-
Datamatics Global Services Inc.	278,290,760	194,454,665	-	-	-	-	-	-	-	-
Datamatics Global Services GmbH	13,272,606	24,073,322	-	-	-	-	-	-	-	-
Datamatics Global Technologies GmbH	872,379	894,581	-	-	-	-	-	-	-	-
Datamatics Global Services Pty. Ltd.	2,661,689	1,180,658	-	-	-	-	-	-	-	-
Datamatics Infotech Ltd.	12,653,184	-	-	-	-	-	-	-	-	-
Datamatics Financial Software Services Ltd.	-	-	20,091,047	12,813,089	-	-	-	-	-	-
<b>Technical Fees</b>	<b>10,703,886</b>	<b>7,062,373</b>	-	-	-	-	-	-	-	-
Datamatics Infotech Ltd	8,791,389	5,184,055	-	-	-	-	-	-	-	-
Datamatics Global Technologies GmbH	-	1,878,318	-	-	-	-	-	-	-	-
Datamatics Global Technologies Ltd.	1,912,496	-	-	-	-	-	-	-	-	-
<b>Expenses Incurred by Related Parties</b>	<b>3,507,126</b>	<b>2,499,041</b>	<b>1,558,041</b>	<b>674,495</b>	-	-	-	-	-	-
Datamatics Global Services Inc.	1,384,952	2,499,041	-	-	-	-	-	-	-	-
Datamatics Global Services GmbH	1,703,508	-	-	-	-	-	-	-	-	-
Datamatics Software Services Ltd.	418,666	-	-	-	-	-	-	-	-	-
Cybercom Datamatics Information Solutions Ltd.	-	-	1,558,041	674,495	-	-	-	-	-	-
<b>Expenses Incurred for Related Parties</b>	<b>160,244</b>	<b>96,717</b>	<b>693,038</b>	<b>861,247</b>	-	-	-	-	-	-
Datamatics Software Services Ltd.	160,244	96,717	-	-	-	-	-	-	-	-
Cybercom Datamatics Information Solutions Ltd.	-	-	693,038	211,391	-	-	-	-	-	-
Datamatics Financial Software Services Ltd.	-	-	-	649,856	-	-	-	-	-	-
<b>Managerial Remuneration</b>					<b>20,301,229</b>	<b>20,735,549</b>				
Dr. L. S. Kanodia	-	-	-	-	4,606,173	4,601,312	-	-	-	-
Mr. Rahul Kanodia	-	-	-	-	6,849,097	7,076,059	-	-	-	-
Mr. Vidur Bhogilal	-	-	-	-	5,224,361	5,352,678	-	-	-	-
Mr. Sameer Kanodia	-	-	-	-	3,621,598	3,705,500	-	-	-	-
<b>Commission</b>					<b>5,291,828</b>	<b>154,580</b>				
Dr. L. S. Kanodia	-	-	-	-	2,645,914	77,290	-	-	-	-
Mr. Rahul Kanodia	-	-	-	-	2,645,914	77,290	-	-	-	-
<b>Proposed Dividend</b>					<b>5,305,412</b>	<b>5,305,412</b>	<b>4,034,285</b>	<b>4,034,285</b>	<b>23,860,307</b>	<b>23,860,307</b>
<b>Salaries</b>							<b>1,951,392</b>	<b>1,856,466</b>		
Mrs. Priyadarshini Kanodia	-	-	-	-	-	-	1,951,392	1,856,466	-	-
<b>Recruitment Expenses</b>								<b>4,000,000</b>		
Datamatics Staffing Services Pvt Ltd.	-	-	-	-	-	-	-	4,000,000	-	-
<b>Interest income</b>	<b>8,944,176</b>	<b>8,474,184</b>								
Datamatics Global Services GmbH	135,418	99,762	-	-	-	-	-	-	-	-
Datamatics Software Services Ltd.	8,808,758	8,374,422	-	-	-	-	-	-	-	-
<b>Guarantees</b>	<b>146,000,000</b>									
<b>Loans and Advances Refunded during the year</b>	<b>28,176,547</b>	<b>63,404,399</b>								
Datamatics Global Services Inc.	1,248,231	11,739,479	-	-	-	-	-	-	-	-
Datamatics Software Services Ltd.	17,549,042	47,383,402	-	-	-	-	-	-	-	-
Datamatics Infotech Ltd.	8,490,602	2,836,948	-	-	-	-	-	-	-	-
Datamatics Global Services Pty. Ltd.	888,672	1,444,569	-	-	-	-	-	-	-	-
<b>Loans and Advances Given during the year</b>	<b>110,541,603</b>	<b>16,084,015</b>								
Datamatics Global Services Inc.	1,402,184	11,736,934	-	-	-	-	-	-	-	-
Datamatics Software Services Ltd.	102,025,402	539,549	-	-	-	-	-	-	-	-
Datamatics Infotech Ltd.	6,033,723	3,333,569	-	-	-	-	-	-	-	-
Datamatics Global Services Pty. Ltd.	1,080,294	473,963	-	-	-	-	-	-	-	-
<b>Investment in Equity Shares</b>	<b>111,384,250</b>									
Datamatics Global Services GmbH	67,860,000	-	-	-	-	-	-	-	-	-
Datamatics Global Technologies Ltd.	43,524,250	-	-	-	-	-	-	-	-	-
<b>Investment in Preference Shares</b>	<b>520,918,250</b>	<b>22,365,500</b>								
Datamatics Global Technologies Ltd.	391,718,250	22,365,500	-	-	-	-	-	-	-	-
Datamatics Software Services Ltd.	129,200,000	-	-	-	-	-	-	-	-	-
<b>Payables</b>	<b>2,094,403</b>	<b>1,090,217</b>			<b>5,291,828</b>	<b>154,580</b>				
Dr. L. S. Kanodia	-	-	-	-	2,645,914	77,290	-	-	-	-
Mr. Rahul Kanodia	-	-	-	-	2,645,914	77,290	-	-	-	-
Datamatics Global Services Inc.	734,258	-	-	-	-	-	-	-	-	-
Datamatics Global Technologies GmbH	-	1,090,217	-	-	-	-	-	-	-	-
Datamatics Global Technologies Ltd.	1,360,145	-	-	-	-	-	-	-	-	-
<b>Receivables</b>	<b>211,435,894</b>	<b>169,182,427</b>	<b>2,279,739</b>	<b>3,008,070</b>						
Datamatics Global Services Inc.	-	50,674,764	-	-	-	-	-	-	-	-
Datamatics Global Services GmbH	19,993,026	24,895,269	-	-	-	-	-	-	-	-
Datamatics Software Services Ltd.	173,989,288	81,843,468	-	-	-	-	-	-	-	-
Datamatics Global Technologies GmbH	1,833,640	-	-	-	-	-	-	-	-	-
Datamatics Infotech Ltd.	12,736,113	11,768,926	-	-	-	-	-	-	-	-
Datamatics Global Services Pty. Ltd.	2,883,827	-	-	-	-	-	-	-	-	-
Datamatics Financial Software Services Ltd.	-	-	2,279,739	3,008,070	-	-	-	-	-	-

**Note:**

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**36** The Company's significant leasing arrangements are mainly in respect of residential and office premises. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Note 24. These leasing arrangements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms.

Future lease rentals payable in respect of residential and office premises:

Particulars	Amount in ₹	
	March 31,2012	March 31,2011
Amount due not later than one year from the balance sheet date	16,884,426	16,258,338
Amount due in the period between one year and five years	7,084,107	4,555,900
Amount due later than five years	-	-

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

Lease Rent	22,949,560	16,888,129
------------	------------	------------

**Note:**

- (a) Future Lease payments are determined on the basis of terms of the lease agreement.  
 (b) At the expiry of term of the agreement, the Company has as option either to return the leased asset or extend the term by giving a notice in writing.

### 37 Earning Per Share (EPS)

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

	As of 31.03.2012	As of 31.03.2011
(a) Net Profit / (Loss) after taxation attributable to equity shareholders (in ₹)	219,042,017	212,608,216
(b) Weighted average number of Outstanding equity shares considered for Basic and Diluted EPS (Nos.)	58,949,337	58,949,337
(c) Earnings per share (Nominal value per share ₹ 5 each)		
Basic earning per share (in ₹) (a/b)	3.72	3.61
Diluted earning per share (in ₹) (a/b)	3.72	3.61

**38** The Company has Outstanding Working Capital Loan / Advance of Euro 100,000 (P.Y. Euro 100,000) from its subsidiary Datamatics Technologies GmbH at a interest rate of 1% p.a. above the LIBOR rate; and of ₹ 173,989,288 (P.Y. ₹ 81,843,468) to its subsidiary Datamatics Software Services Ltd. at a interest rate of 8% p.a. as on March 31, 2012.

### 39 Employee Stock Option Scheme:

The Datamatics Employee Welfare Trust (Trust) has purchased 1,753,261 (P.Y. 1,753,261) shares of Company for the granting stock options to the employees. The purchases are financed by loans from the Company amounting to ₹ 69,347,270 (P.Y. ₹ 69,347,270).

#### a) Key Employee Stock Option Plan, 2006

Under the Key Employee Stock Option Plan, 2006, 116,000 options were granted during the year at exercise price of ₹ 5 per option and the first vesting period falls during the F.Y. 2012-13. Upon vesting of the stock options, equity shares will be granted to the employees from the shares held by the Trust.

#### b) Key Employee Stock Option Plan, 2007

Under the Key Employee Stock Option Plan, 2007, 300,000 options were granted during the year at exercise price of ₹ 5 per option and the first vesting period falls during the F.Y. 2012-13. Upon vesting of the stock options, equity shares will be granted to the employees from the shares held by the Trust.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

During the year, an amount of ₹ 2,630,415 (P.Y. Nil) has been expensed out considering the proportionate vesting period, which has been included in Salaries, Wages, Bonus & Allowances and the balance has been disclosed under Reserves and Surplus as reduction from Employee Stock Option Outstanding.

### 40 During the year, Company has invested:

- (i) in 8% Optionally Convertible Non - Cumulative Redeemable Preference Shares of ₹ 129,200,000 in Datamatics Software Services Ltd. The said shares are redeemable at the option of the Company.
- (ii) in 8% Series III Non - Cumulative Redeemable Preference Shares of USD 8,550,000 in Datamatics Global Technologies Ltd., incorporated in Mauritius. The said shares are redeemable at the option of the Company.
- (iii) in equity shares of USD 950,000 in Datamatics Global Technologies Ltd., incorporated in Mauritius and EUR 1,000,000 in Datamatics Global Services GmbH, incorporated in Germany.

- 41 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 have 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.

- 42 The Company has ₹ 196,919,433 (P.Y. ₹ 101,714,678) as outstanding Loans and Advances (Refer note 44 below) and ₹ 928,338,219 (P.Y. ₹ 812,412,594) as investment in six of its 100% wholly owned 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.

### 43 Trade Receivables include the following dues from the subsidiaries:

Amount in ₹

Particulars	Balance Outstanding as on 31.03.2012	Maximum amount outstanding during the year	Balance Outstanding as on 31.03.2011 the year	Maximum amount outstanding during the year
Datamatics Global Services Inc.	-	75,907,094	50,581,420	90,822,511
Datamatics Global Services GmbH	13,272,606	27,766,531	17,219,022	538,888,077
Datamatics Global Services Pty. Ltd.	2,661,689	2,661,689	-	1,650,817
Datamatics Global Technologies GmbH	1,833,640	2,219,083	894,581	894,581
Datamatics Infotech Ltd.	8,371,831	8,371,831	-	-
<b>Total</b>	<b>26,139,765</b>	<b>116,926,228</b>	<b>68,695,023</b>	<b>632,255,986</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 44 Loans and advances to Subsidiaries consist of follows:

Amount in ₹

Particulars	Balance Outstanding as on 31.03.2012	Maximum amount outstanding during the year	Balance Outstanding as on 31.03.2011 the year	Maximum amount outstanding during the year
Datamatics Global Services Inc.	459,209	1,348,730	211,059	4,825,474
Datamatics Global Services GmbH	8,453,708	8,615,964	7,676,247	7,654,974
Datamatics Software Services Ltd.	173,989,288	179,304,640	81,843,468	124,264,743
Datamatics Infotech Ltd.	14,017,228	17,397,597	11,983,904	13,863,909
Datamatics Global Services Pty Ltd.	222,138	897,505	-	1,015,320
Datamatics Global Technologies Ltd.	273,013	277,613	-	-
<b>Total</b>	<b>197,414,584</b>	<b>207,842,049</b>	101,714,678	151,624,420

### 45 IPO funds raised and utilized till date

₹ in 000's

Description	31.03.2012		31.03.2011	
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 **	616,397		471,781	
Total		935,000		790,384
Balance unutilized (Invested in Mutual Funds)		-		144,616

\*\* 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 ₹ Nil (P.Y. ₹ 164,586,346). The investment of ₹ 144,616,000 (P.Y. ₹ 78,609,500) made in Subsidiaries at Mauritius is also included above.

### 46 Particulars of Investments in Joint Venture :

	2011-12	2010-11
	₹	₹
<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 AB	50%	50%
b) Country of Incorporation	India	India

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

	2011-12 ₹	2010-11 ₹
<b>A) Assets:</b>		
a) Fixed Assets (Net Block)	31,797,871	29,740,821
Capital work-in-progress	158,262	1,797,806
b) Current Investments	16,550,506	18,075,852
c) Current Assets, Loans and advances:		
Trade receivables	15,254,973	24,192,797
Cash and Bank Balances	2,241,270	6,093,171
Loans and Advances, Other Current Assets	81,569,975	25,319,221
d) Deferred Tax Asset	658,269	808,356
<b>B) Liabilities:</b>		
a) Current Liabilities and Provisions:		
Trade Payables	3,606,364	3,055,938
Short-term borrowings	15,769,700	-
Provisions	2,379,749	5,247,663
Other current liabilities	595,068	376,778
<b>C) Reserves and Surplus</b>	<b>121,680,244</b>	<b>93,147,645</b>
<b>D) Income:</b>		
a) Sales and Export Incentives	95,866,070	113,126,602
b) Other Income	7,028,161	6,328,314
<b>E) Expenditure:</b>		
a) Employee Costs	46,355,453	48,292,439
b) Administrative, Selling and Other Expenses	17,683,642	14,591,505
c) Depreciation	1,931,806	2,259,960
d) Provision for Current Tax	8,240,644	10,000,000
e) Provision for Deferred Tax	150,087	(254,473)
<b>F) Contingent Liability</b>	<b>113,675</b>	<b>219,172</b>
<b>G) Capital Commitment</b>	<b>369,277</b>	<b>776,740</b>

47 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 enterprises under the above Act, the required information could not be furnished.

48 Export of service includes gain of ₹ 21,908,275 (P.Y. ₹ 28,884,754) towards difference in the rate due to exchange fluctuation on realisation of export / revaluation of debtors at the end of the year.

49 Prior period comparative:

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

50 Figures are rounded off to the nearest of rupee.

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

Arati Parmar  
Partner  
Membership No. 102888

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

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

Rahul L. Kanodia  
Vice Chairman & CEO

Vidur V. Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2012

## Cash Flow Statement for the year ended March 31, 2012

Particulars	2012 ₹	2011 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	276,467,361	218,806,840
Adjusted for:		
Depreciation and amortization	60,939,917	53,217,815
Interest Expenses	6,563,112	2,593,786
(Profit) / Loss on sale of Fixed Assets	808,428	434,309
Sundry Balances Written (back) / off	-	(328,082)
Interest Income	(51,422,433)	(84,135,422)
Dividend Received	(5,442,122)	(34,052,711)
(Profit) / Loss on sale of Investments	(33,635,669)	(29,904,457)
Employee Stock option expenses	2,630,415	-
Exchange difference on translation of foreign currency cash and cash equivalents	(486,171)	18,392
	<b>(20,044,523)</b>	<b>(92,156,370)</b>
Operating Profit before Working Capital Changes	<b>256,422,838</b>	<b>126,650,470</b>
Adjusted for:		
(Increase) / Decrease in Sundry Debtors	51,403,061	(3,430,239)
(Increase) / Decrease in Loans and Advances	108,544,005	(44,220,847)
(Decrease) / Increase in Current Liabilities	(151,017)	8,344,290
	<b>159,796,049</b>	<b>(39,306,796)</b>
Cash Generated from Operations	<b>416,218,887</b>	<b>87,343,674</b>
Taxes Paid (Net of tax refund received)	<b>59,184,195</b>	<b>23,970,810</b>
<b>Net Cash From Operating Activities</b>	<b>357,034,692</b>	<b>63,372,864</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Sale / (Purchase) of Fixed Assets	(329,051,643)	(131,565,775)
Sale / (Purchase) of Investments	(252,613,281)	(27,744,147)
Interest on Fixed Deposit & Others	51,422,433	84,135,422
Profit on sale of Investment	33,635,669	29,904,457
Dividend Received	5,442,122	34,052,711
<b>Net Cash from Investing Activities</b>	<b>(491,164,700)</b>	<b>(11,217,332)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds / (repayment) from Long Term Borrowings	199,450,441	5,424,818
Interest	(6,563,112)	(2,593,786)
Final Equity Dividend Paid	(44,212,003)	(73,686,671)
Tax paid on Equity Dividend	(7,172,292)	(12,238,435)
<b>Net Cash Flow from Financing Activities</b>	<b>141,503,034</b>	<b>(83,094,074)</b>
Net Increase in Cash and Cash Equivalent during the year	<b>7,373,026</b>	<b>(30,938,542)</b>
Cash and Cash equivalents as at beginning of the year	<b>17,108,712</b>	<b>48,065,646</b>
Exchange difference on translation of foreign currency cash and cash equivalents	<b>486,171</b>	<b>(18,392)</b>
Cash and Cash equivalents as at the end of the year	<b>24,967,910</b>	<b>17,108,712</b>
Earmarked balances with banks	<b>10,425,698</b>	<b>9,289,327</b>
Cash and Bank balances at the end of the year	<b>35,393,608</b>	<b>26,398,039</b>

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

Arati Parmar  
Partner  
Membership No. 102888

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

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

Rahul L. Kanodia  
Vice Chairman & CEO  
Vidur V. Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2012

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

### I Registration Details

Registration No.	45205
State Code	11
Balance Sheet Date	March 31, 2012

### II Capital Raised during the year

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

### III Position of Mobilisation and Deployment of Funds

Total Liabilities	3,841,754,153
Total Assets	3,841,754,153

#### a. Equity And Liabilities

Paid up Capital	294,746,685
Reserves and Surplus	3,028,843,743
Non-Current Liabilities	77,830,775
Current Liabilities	440,332,950

#### b. Assets

Net Fixed Assets	1,094,004,780
Other Non-Current Assets	2,024,512,304
Current Assets	723,237,069

### IV Performance of the Company

Turnover	1,638,836,866
Other Income	90,836,504
Total Expenditure	1,453,206,009
Profit Before Tax	276,467,361
Profit After Tax	219,042,017
Earning Per Share	
Basic	3.72
Diluted	3.72
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 L. Kanodia  
Vice Chairman & CEO

Divya Kumat  
Vice President - Legal  
& Company Secretary

Vidur V. Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2012

**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 Ltd	Datamatics Global Technologies Limited	Datamatics Global Technologies AG
1 Financial Year of the Company	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012
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 658,825	(GBP 44)	(EUR 640,730)	INR 3,285,684	GBP 213,166	AUD 20,368	(USD 623,242)	(CHF 22,928)
b. For the previous financial years of subsidiaries since it became the Holding Company's Subsidiary	(USD 4,922,835)	(GBP 298,990)	(EUR 1,382,790)	(INR 43,476,086)	(GBP 244,144)	AUD 44,102	(USD 291,177)	(CHF 42,613)
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.

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

R. K. Saraswat  
Director

Dhiva Kumat  
Vice President - Legal & Company Secretary

Vidur V. Bhogilal  
Executive Director & Chief Financial Officer

Rahul L. Kanodia  
Vice Chairman & CEO

Place : Mumbai  
Date : May 30, 2012



**Financial Details of the Subsidiary Companies for the Year Ended March 31, 2012**

Particulars	Datamatics Global Services Inc. (USD)	Datamatics Global Services GmbH (EUR)	Datamatics Technologies UK Ltd. (GBP)	Datamatics Software Services Ltd. (INR)	Datamatics Infotech Ltd. (GBP)	Datamatics Global Services Pty Ltd. (AUD)	Datamatics Global Technologies Ltd. (USD)	Datamatics Global Technologies AG (CHF)
Closing Exchange rate against Indian Rupee as on March 31, 2012	50.87	67.90	81.52	-	81.52	52.89	50.87	56.37
(a) Paid up capital	1,417,685,958	139,195,000	24,456,082	151,386,050	1,630,400	2,644,500	572,287,500	2,818,500
(b) Reserves	(1,276,481,404)	(137,396,965)	(24,378,116)	(67,003,149)	9,421,737	1,666,022	(44,471,928)	(3,694,618)
(c) Total Assets	257,262,989	136,358,272	77,965	305,895,055	71,987,718	9,102,605	528,784,454	8,932,963
(d) Total Liability	116,058,436	134,560,237	-	221,512,155	60,935,581	4,792,083	968,882	9,809,081
(e) Details of Investment (except in case of investment in the subsidiaries)	301,705	-	-	100	-	-	-	-
(f) Turnover	978,368,317	159,185,417	-	184,991,375	231,868,639	21,335,650	2,141,435	11,214,865
(g) Profit / (Loss) before taxation	33,514,429	(43,450,457)	(3,584)	5,190,625	18,599,980	1,449,543	(31,704,333)	(1,292,491)
(h) Provision for taxation	-	(55,056)	-	(1,904,940)	(1,222,800)	(372,240)	-	-
(i) Profit / (Loss) after taxation	33,514,429	(43,505,513)	(3,584)	3,285,685	17,377,180	1,077,303	(31,704,333)	(1,292,491)
(j) Proposed dividend	-	-	-	-	-	-	-	-

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

R. K. Saraswat  
Director

Vidur V. Bhogilal  
Executive Director & Chief Financial Officer

Divya Kumrat  
Vice President - Legal & Company Secretary

Place : Mumbai  
Date : May 30, 2012

Rahul L. Kanodia  
Vice Chairman & CEO

₹ in Million

	Consolidated		
	Current Year	Previous Year	Growth (%)
<b>For the year</b>			
Operating Revenue	4,418.92	2,753.23	60.50
Total revenue	4,519.04	2,919.94	54.77
Operating Profit	905.16	422.92	114.02
Operating Profit % Revenue	20.48	15.36	-
Profit before tax	375.27	224.41	67.23
PBT as % to Total revenue	8.30	7.69	-
PAT	282.54	207.99	35.84
PAT as % to Total revenue	6.25	7.12	-
<b>Earnings per share</b>			
Basic	4.53	3.53	28.46
Diluted	4.38	3.45	26.92
Dividend per share	0.75	0.75	-
Dividend amount including tax	51.38	51.38	-
Average net worth	2,629.22	2457.41	6.99
PAT % to average NW	10.75	8.46	-
<b>At the end of the year</b>			
Total assets	3,926.10	3026.92	29.71
Fixed assets (net)	1,681.81	963.36	74.58
Cash and cash equivalents	270.52	88.00	207.39
Total debt	470.97	100.76	-
Net worth	2,734.14	2524.30	8.31
Equity	294.75	294.75	-

# DATAMATICS GLOBAL PRESENCE

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