

**Datamatics Global Services Limited**

**Annual Report  
2009 - 2010**



**Datamatics Global Services Limited**

*Delivering Value Through Technology*





Your Company launched a long-term learning & development initiative called Team Eagle @ Datamatics in the past year. The programme aims at creating execution excellence and passion, influencing change, and inculcating high energy and drive. The programme leverages business-critical projects to develop a new generation of leaders. EAGLE expands to Execution, Accountability, Go-getter, Let's-do-it-right-now attitude and Energize.



Your Company's Chairman Dr. Lalit Kanodia delivered a rousing speech to a rapt audience during the Datamatics Group Annual Achievers Awards held at Mumbai.

Dr. Kanodia said, "We must inculcate the culture of Passion, Excellence and getting things done. ... you must take pride in yourself. You must have a positive attitude. You can do it. You can be the best in the world. Collectively we can and we shall win."

# Contents

	Page Nos.
Board of Directors.....	02
Letter to Shareholders.....	03
Financial Highlights.....	04
Present Business.....	06
Directors' Report .....	07
Report on Corporate Governance.....	14
Management Discussion & Analysis.....	22
 <b>Financial Information</b>	
Auditors' Report on Consolidated Financial Statements.....	25
Consolidated Balance Sheet, Profit & Loss Accounts and Schedules.....	26
Consolidated Cash Flow Statement.....	44
Auditors' Report .....	45
Balance Sheet, Profit & Loss Accounts and Schedules .....	48
Cash Flow Statement.....	71
Balance Sheet Abstract and Company's General Business Profile.....	72
Statement Pursuant to Section 212 of the Companies Act, 1956.....	73
 Financial Details of the Subsidiary Companies	
for the Year Ended March 31, 2010 .....	74
The Year at a Glance.....	75

## Registered Office

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

## Corporate Office

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

## Registrar & Share Transfer Agents

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

## Vice President – Legal & Company Secretary

Divya Kumat

## Auditors

Kanu Doshi Associates

## Solicitors

Crawford Bayley & Co.

## Bankers

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





**Dr. Lalit S. Kanodia**  
Chairman



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



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



**Sameer L. Kanodia**  
Executive Director



**Radhakrishna K. Saraswat**  
Director



**Sudhir C. Deshpande**  
Director



**Shahzaad S. Dalaal**  
Director



**Habil L. Khorakiwala**  
Director

# Letter to Shareholders



**Dr. Lalit S. Kanodia**  
Chairman

Dear Shareholders,

I am glad to share with you that your Company's sustained efforts to be a preferred provider of solutions to solve customers' business challenges has begun to reap rewards. We had embarked on a long-term strategy of being a "one-stop-solution provider" for customers worldwide amid gloomy economic conditions last year.

It is thus imperative to keep this strategic shift in mind and look beyond one year's financial results. Consolidated revenue for the year ended March 31, 2010 was Rs. 2623.8 million, while consolidated net profit clocked Rs. 221.93 million. Basic earning per share (of Rs. 5) as on March 31, 2010 was Rs. 3.77. Significantly, we managed to reduce employee cost from Rs. 1683.21 million in 2008-09 to Rs. 1637.24 million in 2009-10. Though our year-on-year net profit was down from Rs. 275.35 million to Rs. 221.93 million, the fourth quarter (January-March 2010) of the financial saw us earn higher profit (Rs. 53.21 million) than the Rs. 46.67 million earned in the same period last year (January-March 2009). This is consistent with our belief that by bringing in more automation in our processes, our Company stands to benefit by delivering higher productivity, efficiency and profitability.

We reduced our debt significantly during the year. In continuing with our tradition of rewarding our investors, the Company declared a final dividend of Rs. 1.25 per share (of Rs. 5).

I am particularly pleased with the performance of various solutions for which we have devised an aggressive go-to-market strategy. Our Company currently has over 20 solutions in its portfolio. We own the intellectual property of these solutions, which allows us to replicate them and take them to market again and again. These assets add to the intrinsic value of the Company. Also, these solutions have allowed us to gain entry as niche solution providers into large customer accounts that had entrenched vendors. Your Company has substantially increased its sales force to penetrate deeper and wider into large customer accounts across the globe.

To further strengthen our solutions portfolio and our presence in niche markets, last year, we acquired a division of Devoteam-Danet, Germany-based end-to-end niche IT solutions provider. With the acquisition, we now own the rights to a suite of independent business solutions – "Accelerators for Business Support Solutions". These solutions automate individual business processes – from order entry to payment collection for telecommunications operators and utility organizations such as integrated service delivery, billing and settlement, mediation, and output management.

Products created by our Research and Development have opened up a whole new vista of opportunities. Our Company added yet another innovation to its growing repertoire this year — i-AC, an innovative endeavor towards making a Green Earth. Using i-AC consumers, both corporate and individual home owners, can save up to 20% of the energy used by their ACs. It uses infra-red sensors to detect the presence of people in a room and accordingly directs air. It switches between the fan and the AC according to the room's temperature variations. It also controls the ceiling fan's speed. I foresee a bright future for i-AC.

Simultaneously, various organizational initiatives undertaken during the year have been driving cost-savings, productivity and efficiency gains within your Company. Last year, an innovative programme called Team Eagle @ Datamatics was launched to equip a select group of managers to become change agents within the Company. EAGLE expands to Execution, Accountability, Go-getter, Let's-do-it-right-now attitude and Energize. Due to this programme, our Company has seen productivity gains in some projects of over 200%. This success is being replicated in the financial year 2010-11 too.

The Six Sigma and Process Improvement initiative has delivered commendable benefits in terms of cost savings and returns on investment during the year. The Datamatics Delivery Center of Excellence at Nashik continues to contribute significantly to the Company's delivery capability and sustainable growth.

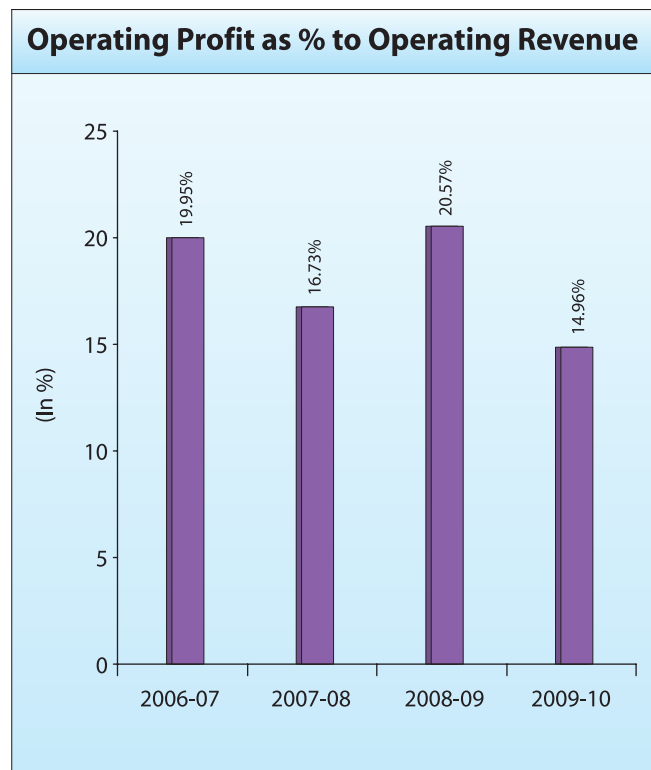
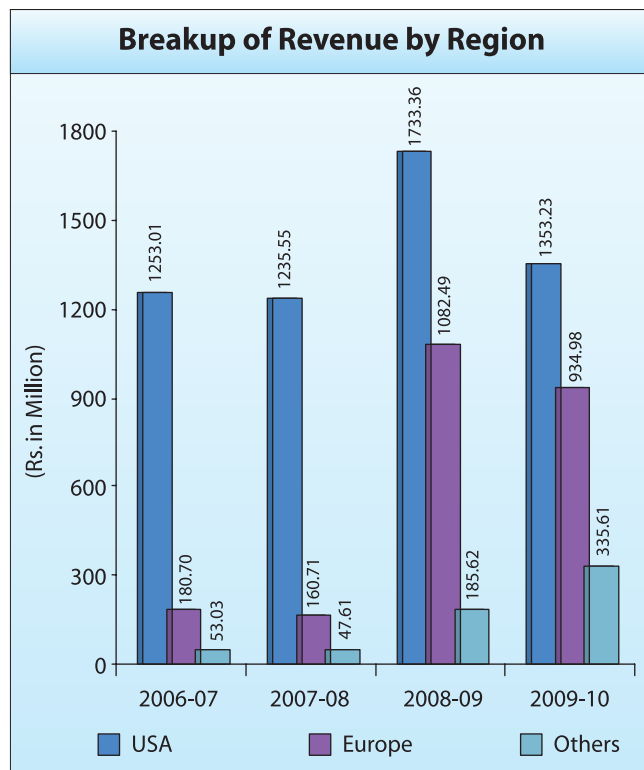
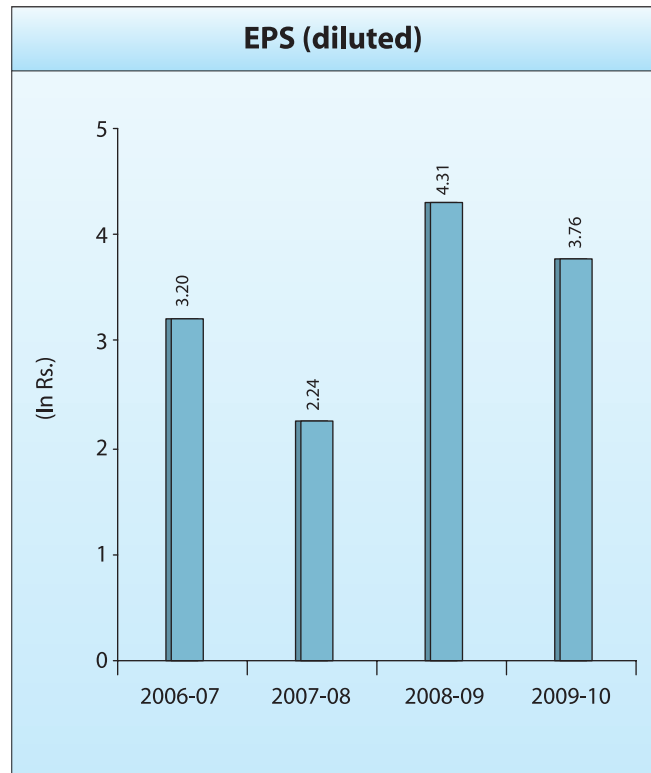
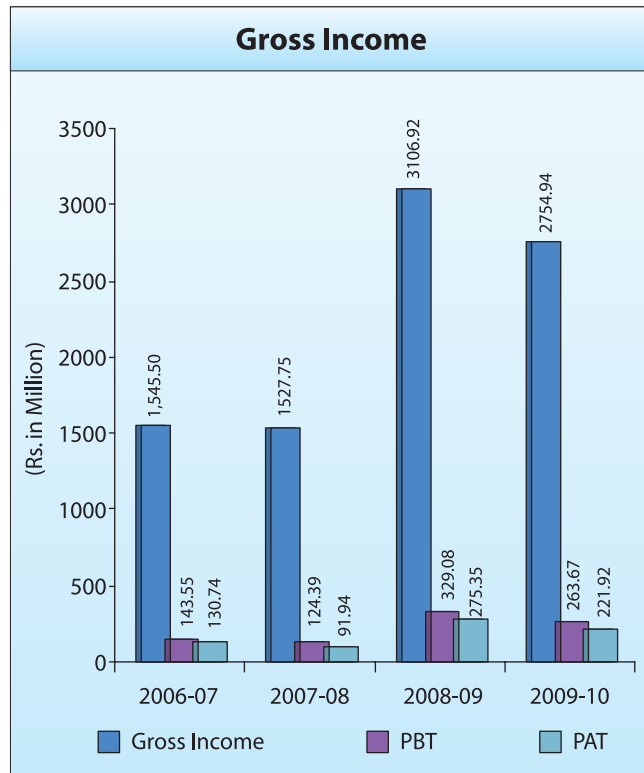
Though the global economy has been recovering from the shocks of 2008-09, some uncertainty still remains. Customers, now more than ever, demand solutions that deliver guaranteed cost savings, and tangible productivity and efficiency benefits. Our Company is fully geared to convert any challenges into opportunities.

In the past year, your Company focused on building a team of business and technology experts who have a thorough understanding of the customers' domain and business processes. This has enabled us to quickly identify customer pain points and deliver solutions. The Company has also been focusing on strengthening key customer accounts and has brought on board senior managers with a wealth of industry experience who will drive the Company's aggressive pursuit of large business opportunities.

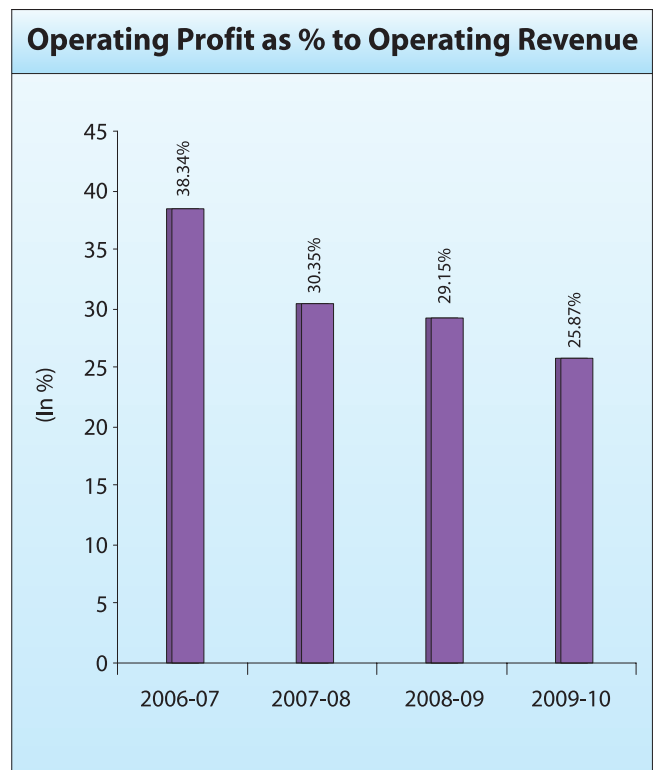
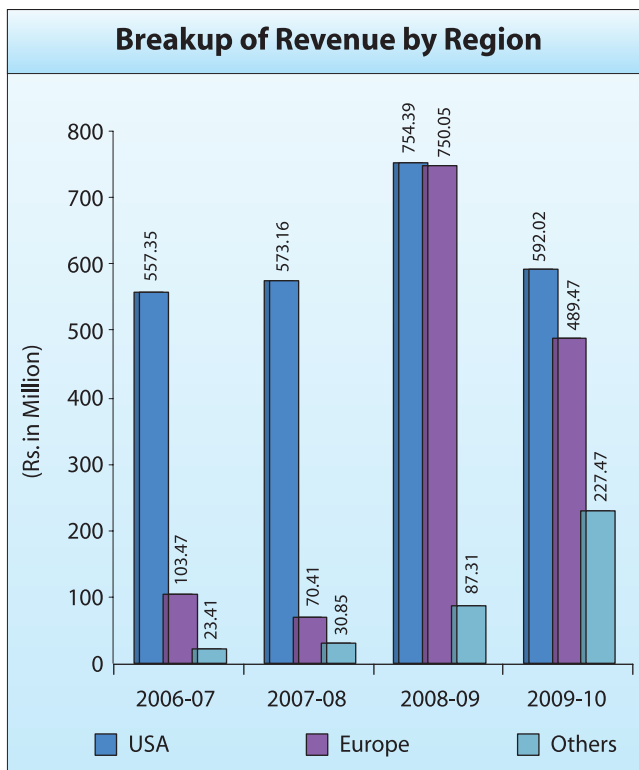
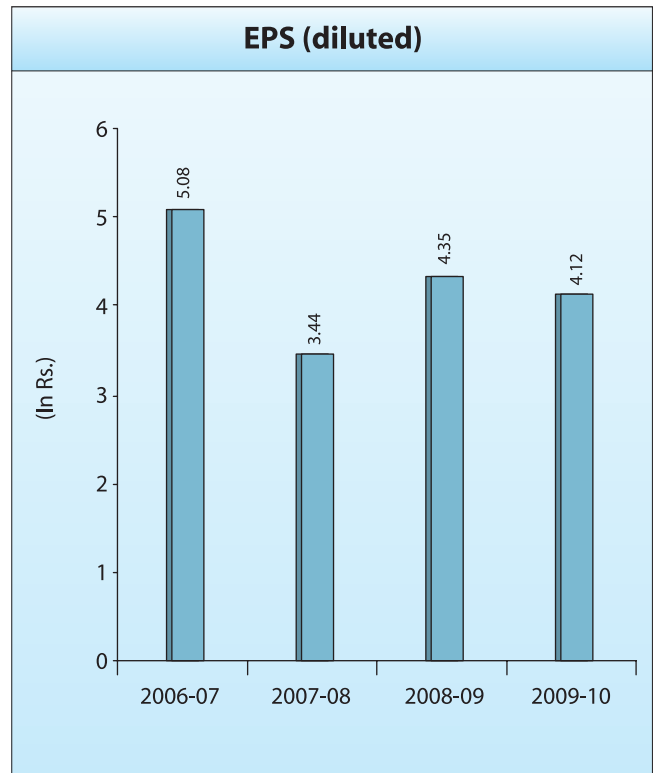
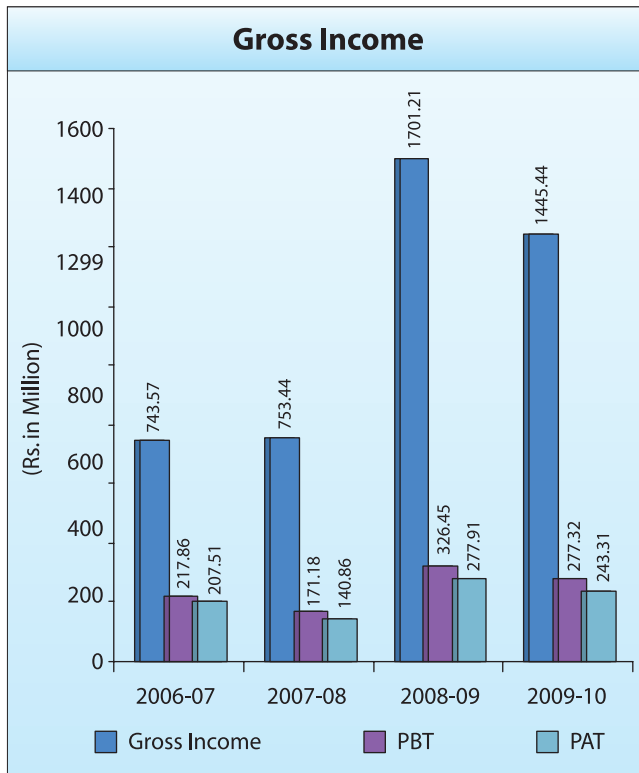
I hope that you will continue to support and encourage us in this high-growth phase of our Company's journey.

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

## Financial Highlights (Consolidated)



## Financial Highlights (Standalone)



## Present Business - Making Customers Smart

Datamatics Global Services Limited (Datamatics) delivers smart, next-generation solutions that address the customers' business challenges. Leveraging Artificial Intelligence enables your Company to deliver such solutions.

Process automation allows customers to eliminate overheads, staff-related costs, expensive rework and end-user dissatisfaction. Time-consuming, error-prone, labour-intensive functions are replaced by smart, high-quality, effortless processes. With customers increasingly demanding smart solutions to improve operational efficiency, faster time-to-market, higher employee productivity and maximized customer satisfaction, Datamatics has focused on developing smart and next-generation solutions to meet these market needs.

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

### Datamatics' Range of Solutions

i-Q	Path-breaking, intelligent information processing solution driven by Artificial Intelligence
i-CnC	Efficient and accurate data capture solution
i-16A	Tool for capturing relevant data from Form 16A
i-Mask	Information capture while masking sensitive data on documents
i-CAT	Innovative solution for coding of open-ended responses from a range of market research methodologies
i-Mark	Data capture tool for market research questionnaires that uses artificial intelligence and optical line recognition
i-Clinic	Integrated clinic management system
i-DART	Smart document archival, retrieval and tracking solution

e-Process Manager+	Configurable web-based system for managing accounts payables, accounts receivables and general ledger
i-PM	Work flow integrated with i-Q for processing Know Your Customer forms
DARTENIUM	High-productivity automation framework for web testing
DARTS	Automated regression testing suite
MobileServe	Web-based application for developing surveys on hand-held devices
Embedded Solutions	Innovative solutions for ticketing, toll, parking applications, etc.
i-Architect	Intelligent application health check solution
eContent Migrator	High-performance, automated tool to migrate digital assets to Enterprise Content Management systems
Contract Management System	End-to-end solution for contract management
Business Support System Solutions	"Order to Cash" solutions geared towards companies with fast-growing, next-generation business models
HOMES	Smart hosted meter solution for utilities
i-AC	Innovative endeavor towards making a Green Earth that can save up to 20% of energy used by ACs

Customers worldwide have been reaping the benefits of the investments made by Datamatics and exhibit increasing interest in the areas of smart next generation solution and the development of technology solutions that drive business efficiency.

Datamatics is committed to its philosophy of enhancing value for customers through smart business solutions and will continue to focus on creating innovative technology solutions. We continue to be driven by our vision "To be a World Class Organization Admired for Consistently Delivering Superior Business Value".





## Datamatics Global Services Limited

Registered Office: Unit No. 117-120, SDF IV SEEPZ, Andheri (E), Mumbai-400 096

# NOTICE

NOTICE is hereby given that the **Twenty Second** Annual General Meeting of Datamatics Global Services Limited will be held on Thursday, August 12, 2010 at 11:00 a.m. at Knowledge Centre, Plot No. 58, Street No. 17, M.I.D.C., Andheri (E), Mumbai 400 093 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2010, the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Sudhir C. Deshpande, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Vidur V. Bhogilal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting, until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.
5. To declare final dividend on the equity shares of the Company.

### SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to provision of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the consents, approval, permissions as may be required, the consent of the members of the Company be and is hereby accorded for the re-appointment of Dr. Lalit S. Kanodia as a Chairman & Whole time director of the Company for the period of five years with effect from May 15, 2010 and that he be paid remuneration with effect from April 01, 2010 as per the following details:

- |                             |   |  |
|-----------------------------|---|--|
| 1. Basic Salary             | : | Rs. 200,000/- per month.   |
| 2. Personal Allowance/Perks | : | Rs. 70,000/- per month as per the rules of the Company.  |
| 3. Accommodation            | : | (i) Rent-free fully furnished accommodation or allowance as per the rules of the Company.<br>(ii) Reimbursement of gas, electricity and house maintenance expenses subject to one month's basic salary per year. |
| 4. Medical                  | : | Reimbursement of medical expenses for self and family subject to maximum of one month's basic salary per year.   |
| 5. Leave Travel Allowance   | : | As per the rules of the Company.   |
| 6. Club                     | : | Fees of Club subject to maximum of two clubs. This will include annual membership fee but not admission fee and life membership fee.   |
| 7. Insurance                | : | As per the rules of the Company.   |
| 8. Leave                    | : | Leave with full pay and allowance as per the rules of the Company.   |
| 9. Provident Fund           | : | Contribution to Provident Fund/Annuity Fund/Superannuation Fund or Allowance as per the rules of the Company.  |
| 10. Gratuity                | : | Gratuity in accordance with the rules of the Company.  |
| 11. Car                     | : | Vehicle(s) as per Company rules.   |
| 12. Telephone               | : | Communication facilities as per Company rules.   |
| 13. Commission              | : | 1% of the net profits of the Company as computed in accordance with the provision of Sections 198, 349 and 350 of the Companies Act, 1956.   |



**RESOLVED FURTHER THAT** the gross remuneration to be paid to Dr. Lalit S. Kanodia be increased, augmented and/or enhanced subject to the aforesaid provisions and applicable approvals upto 15% per annum, effective from April 01 each year, first such increase to be granted with effect from 1st April, 2011;

**RESOLVED FURTHER THAT** in case of absence or inadequacy of profits for any financial year, Dr. Lalit S. Kanodia shall, subject to the approval of the Central Government, if any required, be paid remuneration by way of Salary and perquisites as specified above subject to the restrictions, if any, set out in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) as may be applicable from time to time.

**RESOLVED FURTHER THAT** the Board of Directors/Compensation Committee be and is hereby authorized from time to time to amend, alter or otherwise vary the terms and conditions of the appointment of Dr. Lalit S. Kanodia including remuneration, provided that such remuneration shall not exceed the maximum limits for payment of remuneration as may be admissible to him, within the overall limits specified in the Act, and as existing or as amended, modified or re-enacted from time to time by the Government of India, as the Board may deem fit;

**RESOLVED FURTHER THAT** Ms. Divya Kumat, Vice President – Legal & Company Secretary, be and is hereby authorized to file necessary forms and returns with the Registrar of Companies, Maharashtra to give effect to the above resolution."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**"RESOLVED THAT** in partial modification to the earlier special resolution(s) passed by the members at its Annual General Meeting held on July 26, 2006 for approval of Key ESOP Scheme 2006 and Annual General Meeting held on September 28, 2007 for approval of General ESOP Scheme 2007 and Key ESOP Scheme, 2007 pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include the Compensation Committee, which the Board constitutes/has constituted to exercise its powers, including the powers, conferred by this resolution), to form an Employee Welfare Trust ("Employee Trust"), for the purpose of welfare and benefit of the employees of the Company, to offer, issue and/or transfer at any time for or to the benefit of such person(s) who are in permanent employment of the Company, and/or its subsidiaries including any Director (not being a Promoter or belonging to Promoter Group) of the Company, whether whole time or otherwise, equity shares of the Company, of face value of Rs. 5/- each fully paid-up on payment of the requisite exercise price, under the existing ESOP Schemes (Key ESOP 2006, General ESOP 2007 & Key ESOP 2007) and one or more future Employee Stock Option Scheme(s), in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authorities.

**RESOLVED FURTHER THAT** the Board/Compensation Committee be and is hereby further authorized to fund the Employee Trust to purchase equity shares from the open market (any recognized stock exchange) or existing shareholders/investors or the Company which can be transferred to the employees upon exercise of options from time to time in accordance with the ESOP Scheme(s) and such Equity shares shall rank pari passu in all respects with the then existing Equity shares of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot Equity shares to the employees directly and/or to the Employee Trust for transfer to the employees upon exercise of options from time to time in accordance with the existing and/or future ESOP scheme(s) and such Equity shares shall rank pari-passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Employee Trust to the Option Grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the Equity shares of face value Rs. 5/- each shall be deemed to be increased/alterd to the extent of such additional equity shares issued.

**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the schemes shall automatically stand altered, augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 5/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.



**RESOLVED FURTHER THAT** the Board/Compensation Committee be and is hereby authorized to make such modifications, changes, variations, alterations or revisions in the said schemes as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws."

By Order of the Board of Directors

Divya Kumat  
Vice President - Legal & Company Secretary

Place : Mumbai  
Date : May 25, 2010

**Registered Office:**

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

**NOTES:**

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received by the Company, not less than 48 hours before the commencement of the meeting.
- (2) The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 6 & 7 of the Notice set out above, is annexed hereto.
- (3) The Register of Members and Share Transfer Books of the Company shall remain closed from August 08, 2010 to August 12, 2010 (both days inclusive).
- (4) The Company has put into operation the Electronic Clearing Service (ECS) for payment of dividend to its shareholders. Under this facility, the amount of dividend payable to you is directly credited into your bank account. In case you wish to avail of the above facility and you are holding shares in physical mode, kindly furnish the information in the ECS mandate form which can be downloaded from the Company's website ([www.datamatics.com](http://www.datamatics.com)) or can also be obtained from the Company's Registrar & Share Transfer Agents viz. Datamatics Financial Services Limited. Shareholders holding shares in dematerialized form, please inform/update your information directly with the Depository Participant (DP) with whom you are maintaining Demat Account and not to the Company or its Registrars.
- (5) Members are requested to notify their change of address, if any, to the Company/Share Transfer Agent, Datamatics Financial Services Limited, Plot No. B-5, MIDC, Part B, Cross lane, Andheri (East), Mumbai 400 093.
- (6) Members holding shares in single name may avail the nomination facility.
- (7) Shareholders are requested to forward their queries on the accounts for the financial year ended March 31, 2010 to the Company atleast 10 days in advance, to enable us to keep the required information available at the Meeting.



**Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956****Item No. 6**

Dr. Lalit S. Kanodia was appointed as Chairman and Whole-time Director of the Company for a period of five years effective May 16, 2005. His appointment was approved by the members in their meeting held on June 28, 2005. Since his tenure as a Chairman and Wholetime Director expired on May 15, 2010, the Board of Directors proposed re-appointment of Dr. Lalit S. Kanodia as a Chairman and Whole-time Director of the Company for a period of five years effective May 15, 2010 in their meeting held on May 25, 2010.

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

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

Under Dr. Kanodia's dynamic leadership, the Company has grown from a team of 10 to strength of over 2,500 (in addition to more than 1,000 Associates) across the globe. Datamatics has executed over 2,100 projects in 60 countries for some of the world's largest organizations, including five of the top ten Fortune 500 companies.

Your directors recommend the passing of the resolution.

None of the Directors of the Company except Dr. Lalit S. Kanodia, Mr. Rahul L. Kanodia, Mr. Vidur V. Bhogilal and Mr. Sameer L. Kanodia may be considered to be interested in the passing of the Resolution.

This may also be treated as an abstract and memorandum issued pursuant to Section 302 of the Companies Act, 1956.

**Item No. 7:**

The Board in its meeting held on 25th May, 2010 has recommended the formation of Datamatics's Employee Trust for the benefit of its Employees to implement the objective of the Employee Stock Option Scheme including existing and future schemes and other employee beneficial objectives. The Company has already formulated and implemented the Key ESOP Scheme 2006, General ESOP Scheme 2007 and Key ESOP Scheme, 2007. With a view to achieve the objectives of these Schemes, the Employee Trust will through its Trustees and as and when directed by the Remuneration/Compensation Committee subscribe to the Shares of the Company through purchase from the open market. The Board has proposed to fund upto Rs. Three (3) crores as initial contribution to the said Employee Trust. The administration of these ESOP Schemes by way of formation of Employee Trust amount to partial modification of Key ESOP Scheme 2006, General ESOP Scheme 2007 and Key ESOP Scheme, 2007 and therefore require approval of shareholders. Since the future ESOP schemes will also include the offering, creating or transferring of shares either directly by the Company or through Employee Trust, it requires approval of shareholders. The Board has approved the Draft Trust Deed which is available for inspection for shareholders.

Your directors recommend the passing of the resolution.

None of the Directors of the Company except Mr. Habil Khorakiwala, Mr. Sudhir Deshpande, Mr. R. K. Saraswat and Mr. Shahzad Dalal may be considered to be interested in the passing of the Resolution.

By Order of the Board of Directors

Divya Kumat  
Vice President - Legal & Company Secretary

Place : Mumbai  
Date : May 25, 2010

**Registered Office:**

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

# Directors' Report

Your Directors take pleasure in presenting the Twenty Second Annual Report together with the Audited Accounts of your Company for the Financial Year ended March 31, 2010.

## FINANCIAL RESULTS

Your Company's operating performance for the year ended March 31, 2010 as compared to the previous financial year ended March 31, 2009 is summarized below:

	(Rupees in Millions) Consolidated		(Rupees in Millions) Standalone	
	2009-10	2008-09	2009-10	2008-09
Gross Income	<b>2,754.94</b>	3,106.92	<b>1,445.44</b>	1,701.21
Profit before tax	<b>263.67</b>	329.08	<b>277.32</b>	326.45
Less: Provision for Taxation	<b>41.75</b>	53.73	<b>34.01</b>	48.53
Profit after tax	<b>221.92</b>	275.35	<b>243.31</b>	277.91
Dividend on – Equity Shares (Including Dividend Tax)	—	0.03	—	0.03
Proposed Dividend on Equity Shares (Including Dividend Tax)	<b>85.92</b>	86.15	<b>85.92</b>	86.15
Dividend on – Preference Shares (Including Dividend Tax)	—	20.72	—	20.72
Balance brought forward from the previous year	<b>137.18</b>	18.75	<b>408.82</b>	287.82
Surplus carried to Balance Sheet including General Reserve	<b>273.18</b>	187.18	<b>566.21</b>	458.82

## DIVIDEND

Your directors recommend final dividend of Rs. 1.25 per share to be appropriated from the profits of the financial year 2009-2010.

## TRANSFER TO RESERVES

The Company has transferred Rs. 50 million to the General Reserve out of the amounts available for appropriations. An amount of Rs. 602.14 million is proposed to be retained in the Profit and Loss Account.

## BUSINESS

During the year under review, on a standalone basis, revenue declined from Rs. 1,701.21 million to Rs. 1,445.44 million. The consolidated revenue also reduced from Rs. 3,106.92 million to Rs. 2,754.94 million. The standalone profit after tax was at Rs. 243.31 million as against the previous years' profit after tax of Rs. 277.91 million. The consolidated profit after tax was Rs. 221.92 million as against Rs. 275.35 million for the previous year.

## DATAMATICS DELIVERY CENTRE OF EXCELLENCE, NASHIK

The Datamatics Delivery Centre of Excellence at Nashik is housed in a 55,000-square feet building named as "Suyojit Datamatics Knowledge Centre" situated on the Mumbai-Nashik highway. Its manpower strength has increased to 560 as on March 31, 2010.

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

The Centre is ISO 27001 – certified for meeting information security and management systems standards.

Your Company has finalized the purchase of residential premises in Nashik for guest house purposes of about 8,000 sq. ft.

## INVESTMENT IN OVERSEAS SUBSIDIARIES

During the year under review, your Company infused capital of Rs. 56.24 million in Datamatics Global Technologies Limited, Mauritius. The Company has made investments worth Rs. 767.75 million in its overseas subsidiaries as on March 31, 2010.

## SIGNIFICANT EVENTS

### 1. Acquisition of BSS Accelerators Kernel Programs of Devoteam Danet GmbH

During the year under review, Datamatics Global Technologies AG [Company's wholly owned subsidiary in Switzerland] acquired the BSS Accelerators Kernel Programs and all transferable rights in the Customer Specific BSS Accelerators Software from Devoteam Danet GmbH, a German IT consulting and services company. The solution automates individual business processes, from order entry to payment collection for telecommunications operators and utility organizations such as integrated service delivery, billing and settlement, mediation and output management. The acquisition will further strengthen the Company's portfolio.

### 2. Incorporation of Datamatics Global Technologies GmbH

In order to better serve the existing customers of Devoteam Danet GmbH, Datamatics Global Technologies AG incorporated a wholly owned subsidiary in Germany, under the name and style of "Datamatics Global Technologies GmbH". Since Datamatics Global Technologies AG is a wholly owned subsidiary of Datamatics, Datamatics Global Technologies GmbH is also a subsidiary of Datamatics pursuant to the provisions of section 4(c) of the Companies Act, 1956.

## SUBSIDIARIES

The Company has the following foreign subsidiaries as on March 31, 2010:

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).

The Company has received an exemption from the Central Government under Section 212(8) of the Companies Act, 1956 with regard to attaching the balance sheet, profit and loss account and other documents of the subsidiaries for the year ended March 31, 2010. The accounts of the subsidiaries will be made available for inspection by any member of the Company at its registered office and also at the registered office of the concerned subsidiaries. The accounts of the subsidiary companies will be made available to the members upon receipt of request from them. The summary of the key financials of the Company's subsidiaries is included in this annual report.

## JOINT VENTURE

Your Company's Joint Venture Agreement namely Cybercom Datamatics Information Solutions Limited incorporated in India has progressed significantly during the year. It has generated revenues of Rs. 192.56 million compared to previous year's revenues of Rs. 144.70 million. Its headcount increased from 119 to 182 during the year.

Your Company's other Joint Venture Company, viz, Datamatics Yash Technologies Private Limited has been sold during the year.

## IPO FUND UTILIZATION

During the previous year and current year, the Company has capitalized property at Nashik and its infrastructure development cost. The below stated amount includes advance against capital expenditure of Rs. 64,676,662/- (P. Y. Rs. 25,834,000/-) and the investment of Rs. 56,244,000/- (P. Y. Rs. 4,779,875/-) made in Subsidiary at Mauritius (P. Y. Mauritius and Switzerland).

(Rs. in million)

Particulars	Proposed utilization of funds as stated in prospectus	Actual utilization of funds as on March 31, 2010	Balance amount available
Investment in subsidiaries & Associates	146	146	Nil
Repayment of Secured Loans	99	65	34
Investment in Fixed Assets	47	47	Nil
Corporate purposes including strategic initiatives and acquisitions	568	317	251
Issue expenses	75	61	14
Total	935	636	299

## CERTIFICATIONS

Your Company has received the following certifications during the year 2009-2010:

### 1. Information Security Management System (ISMS) Certifications

#### (a) ISO 9001:2008

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

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

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

#### (b) ISO 27001

Your Company was recertified 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, Livonia and Burlington (USA).

The certification affirms the management's commitment toward 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.

### 2. SAS 70

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

### 3. Learning & Development

Your Company launched a long-term learning & development initiative called Team Eagle @ Datamatics in



the past year. The programme aims at creating execution excellence and passion, influencing change, and inculcating high energy and drive. The programme leverages business-critical projects to develop a new generation of leaders. EAGLE expands to Execution, Accountability, Go-getter, Let's-do-it-right-now attitude and Energize.

Team Eagle @ Datamatics programme involves on-the-job learning, strategic project-based capability building, executive coaching, study missions and participating in professional forums. For the programme, your Company tied up with Right Management, the world's largest talent and career management consulting firm.

In 2009-10, a team of 21 Datamaticians delivered large productivity gains in the projects they were associated with.

Your Company's Learning & Development team also launched an outdoor experiential learning programme called Synergy. During the year, your Company's Learning & Development team designed and delivered various programmes to meet the training needs of professional's right from a trainee software engineer to President. 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.

Apart from this, over 40 professionals were certified as Project Management Professionals by the Project Management Institute, USA, in the past year. PMP – certified professionals are well-versed in tools and techniques required to contribute to the quality, efficiency and business results across the organization. Apart from this, hundreds of professionals successfully completed and received certifications such as Information Technology Infrastructure Library (ITIL) V 3.0, Sun Certified Java Programmer (SCJP) 5.0, HP Quick Test Professional 9.2, Microsoft Certified Technical Specialist, PRINCE 2 Practitioner and Executive Coaching Certification.

Your Company clocked 1,06,728 training person hours, during the year 2009-2010 by executing 714 training programs across locations.

## SIGNIFICANT ACHIEVEMENTS

### 1. Excellence Award Certificate for Innovation

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

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

i-AC is an innovative endeavor towards making a Green Earth. Using i-AC consumers, both corporate and individual home owners, can save up to 20% of energy used by their ACS. It uses infra-red sensors to detect the presence of people in a room and accordingly directs air. It can also switch between Air Conditioner and fan according to the

room's temperature variations. It also controls the ceiling fan's speed.

### 2. Microsoft Gold Certification

This year, your Company received the highest Microsoft Gold Certification for the Custom Development Solution and Information Worker Solution. The benefits associated with the certification are access to the tools and support that partners need to help themselves stand out in the marketplace. At this level, we have the opportunity to build a close working relationship with Microsoft. Also, we received several software licensing and support benefits like training, subscription and promotion.

### 3. IBM PartnerWorld Advanced

IBM upgraded its partnership with your Company to Advanced. As a result, our benefits have also expanded. This also means that Datamatics can now leverage the incremental resources of the PartnerWorld Industry Networks helping us generate more leads and accelerate sales.

### 4. Datamatics-Jahia Partnership

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

## QUALITY

Your Company continues to focus on quality. Earlier your Company was the only 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. The significant initiatives of your Company towards quality are:

#### (1) Six Sigma Initiative

Your organization's Process Improvement initiative saw 30 Six Sigma projects and 372 Quick Hit Projects being implemented. These projects delivered significant benefits to the organization. Till date, 231 Six Sigma Projects and 933 Quick Hit Projects have been completed since the launch of the initiative.

The vigor of the previous year continued in doing Productivity and Performance improvements through Six Sigma Initiatives. The initiative takes under its cap all productivity improvements using the Six Sigma methodology, as well as using any other methodology, and also Quick Hit projects, which are Kaizen type of improvements.

#### (2) Metrics

Your Company continued with the concept of measuring Delivery Index for each Line of Business and each Support Department. The initiative was introduced in 2008-09. The

quality of all deliverables was monitored on a regular basis and feedback given to the Department Heads. Similarly the Schedule and Efforts were tracked. Having devised a measurement system for all of these we could give precise feedback. This has improved our performance and productivity.

## SHARE CAPITAL

As on March 31, 2010, Paid-up Share Capital of the Company is Rs. 294,746,685 divided into 58,949,337 equity shares of Rs. 5/- each fully paid up.

During the year under review, the Company redeemed 8% 1,400,000 preference shares of Rs. 10/- each fully paid-up with fixed tenure, 8% 7,300,000 preference shares of Rs. 10/- each fully paid-up without fixed tenure and 9% 11,950,000 preference shares of Rs. 10/- each fully paid-up without fixed tenure.

## DIRECTORS

Mr. Vidur V. Bhogilal and Mr. Sudhir C. Deshpande retire by rotation and being eligible offer themselves for reappointment. Dr. Lalit S. Kanodia is being reappointed as a Chairman and Whole Time Director for five years w.e.f. 15th May, 2010.

## 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. (iv) of Auditor's Report regarding non-provisioning for diminution in the value of investments in the subsidiaries has been adequately explained in note 23 of Notes to the Accounts. However, it is further clarified that though the net worth of these overseas subsidiaries has declined, the management is confident of turning around the subsidiaries in near future. Hence it is decided not to make any provision for diminution in the value of investment made in the overseas subsidiaries. The other observations are self explanatory and need not be required to be further commented in this report.

## AUDIT COMMITTEE

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

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

### I. CONSERVATION OF ENERGY:

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

- Conservation of Energy - Our Company being in IT & ITeS industry, our operations are not energy intensive. Adequate measures have been taken to conserve energy.
- 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.

- 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.
- 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

- Power and fuel consumption: NIL.
- 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.

- Research & Development (R&D): The Research & Development Centre, the hub of innovation in your Company, develops a range of innovative solutions and off-the-shelf products. Some of these solutions and products were powered by i-Q, the Artificial Intelligence-based smart document processing solution developed at our Research & Development Centre.

These solutions include Explanation of Benefits Processing, Healthcare Claims Processing, Account Opening Form Processing, Airway Bill, Bill of Lading, Interline Bills Processing, Stub Processing, i-CnC (Click-n-Capture), i-16A (Form 16 A Processing), and i-DART (Document, Archival, Retrieval and Tracking).

Process engineering and innovation are major focus areas in your Company. This focus has been the driving force behind the organization pioneering new processes. The clients of Datamatics have recognized the contribution of these innovations as being crucial to improving their productivity, efficiency and profitability.

The Research & Development Centre, the Software Support Group and F&A domain experts worked together to launch eProcessManager+, an out-of-the-box solution with pre-defined workflow scenarios based on best business practices to manage business documents efficiently and effectively. This solution not only enables companies to streamline their business processes but also provides consistency and visibility over the process helping companies to comply with given regulations.

This is an addition to the existing ePayables/Manager solution portfolio, that your Company has been successfully implemented in 70 different projects across the globe. Other solutions in the family include eRM (eReceivableManager), eGL(eGeneralLedger), eTM (eTaxManager), eSurvey and ePledge.

Your Company's latest significant innovation is i-AC. Using i-AC consumers, both corporate and individual home owners, can save up to 20% of energy used by their air-conditioners.

Various other solutions launched during the year are:

- i-Architect – Intelligent application health check solution, software tool built on an extensible eclipse framework
- i-Mask – Masking sensitive data on documents
- i-CAT – Coding of open-ended responses from a range of market research methodologies
- i-Clinic – Integrated clinic management system
- i-DART – Intelligent document archival, retrieval and tracking solution
- DARTENIUM – High-productivity automation framework for web testing
- DARTS – Automated regression testing suite
- MobileServe – Web-based application for developing surveys on handheld devices

#### **Intellectual Property Owned by Datamatics Global Services Limited**

Datamatics now has copyrights registered in its name for the following solutions:

- One stop solution
- i-Q
- Cross Roads
- e-Payables Manager
- i- Mark
- Prism
- Panagon P-8 Data Migration Tool
- Socket Framework

All these solutions have been conceptualized, designed and created at the Research & Development Centre of your Company. As the needs of our customers demand, we will continue to deliver solutions that solve their business problems. Your Company has a high brand recall and intrinsic brand value associated with the name "DATAMATICS". Keeping this in mind, during the past year, the trademark "DATAMATICS" was registered with the Trade Marks Registry, Great Britain and Northern Ireland. Your Company is also getting the word mark 'DATAMATICS' and accompanying image/logo registered in the United States and with the EU Trade Mark office in Alicante, Spain, which would be binding in all twenty seven member states of the European Union.

- 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: Rs. 1309.09 million.
- II. Foreign Exchange outgo during the year: Rs. 107.76 million.

#### **CORPORATE GOVERNANCE**

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

#### **DETAILS OF GRANTS UNDER ESOP AS ON MARCH 31, 2010**

Under the Key Employees Stock Option Plan 2006, options were to vest in the eligible employees in two (2) vestings. The second vesting was during the year under review; i.e 2009-2010. All the eligible employees have exercised their respective options under the said scheme.

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

#### **HUMAN RESOURCES MANAGEMENT**

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

The global manpower strength of your Company including its subsidiaries in the USA, UK, Australia and Germany as on March 31, 2010 was 2,757 employees.

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

#### **EMPLOYEE RELATIONS**

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

HR has been the cornerstone of your Company. Your Company, was the 3rd Company world-wide certified at PCM level 5. We believe in developing Leadership qualities amongst our Employees. Your Company also encourages its Employees to go for outbound programs and improve Team motivation levels.

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

Internal Training Programs are encouraged, since we believe teaching is the best form of learning. The Company expended 1,06,657 training person hours during 2009-10.

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 as 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

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

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

Through the KA programme, Datamatics has provided such individuals the satisfaction of being financially independent, thus improving their status in society. The programme is tailor-made for individuals who cannot commit themselves to full-time employment or travel any distance to the place of work.

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

Your Company has tied up with Jindal Group Company JSoft to provide employment to spouses of farmers in Bellary district, Karnataka. The project involves processing Healthclaim forms using i-Q, the smart document processing solution developed by your Company.

Initially, the project will involve 25 operators who have been trained by experts from your Company's project delivery team. In future, the plan is to ramp up the capacity to 100 operators and start operations at 2 locations as part of contingency plan.

### PARTICULARS OF EMPLOYEES

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars

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

### ACCEPTANCE OF FIXED DEPOSITS

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

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

### ACKNOWLEDGEMENTS

The Directors thank the Company's customers, suppliers, bankers, financial institutions, Central and State Government and shareholders for their consistent support to the Company. The Directors also sincerely acknowledge the significant contribution made by all the employees of the Company and its subsidiaries during the year under review.

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Place : Mumbai  
Date : May 25, 2010

**Annexure "A"**

The details of Employees Stock Options Plan required to be provided as per Clause 12 of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2010:

Particulars	General ESOP 2005	Key ESOP 2006
Options Granted	238,000	180,000
Pricing Formula	Latest available closing price prior to the date of the meeting of the Board of Directors/Committee in which options are granted.	Exercise price of the options is Rs. 5/- per share
	Option Grant date March 30, 2007 i.e. Closing price of March 29, 2007 Rs. 52.10/-	
Options Vested	114,000	82,500
Options exercised	NIL	82,500
Total number of share arising as a result of exercise of options	NIL	82,500
Options lapsed	181,000	97,500
Variations of terms of options	NIL	NIL
Money realized by exercise of options	NIL	Rs. 412,500
Total number of options in force	57,000	NIL

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

**Key Employee Stock Option Plan 2006**

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

Sr. No.	Name of the Director or Key Managerial Personnel	No. of options granted*
1.	Sunil Dixit	15,000
2.	Prashant Prabhu	10,000
3.	Suman Pai	10,000
4.	Dalbir Virdi	10,000
5.	Divya Kumat	5,000
6.	Rajesh Agarwal	5,000
7.	Manish Savla	5,000
	<b>TOTAL</b>	<b>60,000</b>

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

**General Employee Stock Option Plan 2005**

Options under the General Employee Stock Option Plan 2005 were granted in the meeting of the Compensation Committee held on March 30, 2007.

Sr. No.	Name of the Director or key managerial personnel	No. of options granted*
1.	Rajib Choudhuri	10,000
2.	Srinivasan Krishnamurthy	10,000
3.	Krishan Moorjani	7,000
4.	Ajay Singh	7,000
5.	Manoj Ratnaparkhe	7,000
6.	Kathleen Shear	7,000
7.	Steven Peters	7,000

Sr. No.	Name of the Director or key managerial personnel	No. of options granted*
8.	Clifford Bugdalski	7,000
9.	Cheryl Miles	7,000
10.	Rakesh Tiwari	5,000
11.	Shantanu Rege	5,000
12.	Balasaheb Ware	5,000
13.	Gangadhar Thalla	5,000
14.	Anup Gandhi	5,000
15.	Ajay Nathial	5,000
16.	Paulette Kneip	5,000
17.	Rallapally Surya Narayan	5,000
18.	Rosanne Lemanek	5,000
	<b>TOTAL</b>	<b>114,000</b>

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

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

- Any other employees who receive a grant in any one year of option amounting to 5% or more of option granted during the year - NIL
- 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
- Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20 'Earning Per Share' – 4.35.

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Place : Mumbai  
Date : May 25, 2010

# Report on Corporate Governance

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

Good Corporate Governance practices stem from the culture and mindset of an organization. As stakeholders across the globe evince keen interest in the practices and performance of companies, Corporate Governance has assumed lot of importance. Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values.

Datamatics continues to focus on good Corporate Governance, in line with local and global standards. Its primary objective is to observe the highest level of ethics in all its dealings, create and adhere to a corporate culture of conscience and consciousness, integrity, transparency and accountability for efficient and ethical conduct of business for meeting its obligations towards its shareholders and other stakeholders.

Corporate Governance is an integral part of the philosophy of Datamatics in its pursuit for excellence, growth and value creation. Apart from complying with the statutory requirements, effective systems and practices towards improving transparency, internal controls and promotion of ethics at work place have been institutionalized.

## 2. Board of Directors:

The Board of Directors provides leadership and strategic guidance to your Company's management. In addition to the skill and expertise of the executive directors, the non-executive directors bring an external and wider perspective in Board deliberations and decisions. Your Company believes that an active, expert and well informed team of directors is necessary to ensure highest standards of Corporate Governance.

The Board of your Company comprises of experts from diverse fields and professions. In order to maintain independence of the Board, your Company has a balanced combination of executive and independent directors. The current strength of the Board is eight (8) directors out of which, four (4) are executive directors and four (4) are non-executive independent directors.

The composition of the Board is in conformity with the requirement of Clause 49 of the Listing Agreement in this regard.

### Board Meetings:

The Board meets atleast once in every quarter to review the quarterly results alongwith other matters. Whenever it is felt necessary, additional meetings are also held. The Board meetings are generally held at Mumbai. The dates of the Board Meetings are fixed well in advance and intimated to the Board members in order to ensure their availability. The agenda papers are circulated to the directors well in advance before the meeting to enable the directors to take an informed decision. Every board member is free to suggest any item(s) to be included in the agenda. The agenda items are comprehensive and informative in nature to facilitate deliberations and decisions at the Board Meeting. Where it is not practicable to attach or send the relevant information as part of the agenda papers, the same are tabled at the meeting or presentations are made by the concerned persons.

During the financial year 2009-2010, six (6) Board Meetings were held on May 20, 2009; June 8, 2009; July 21, 2009; September 15, 2009; October 27, 2009 and January 27, 2010. 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	6	Yes	3	Nil	Nil
Mr. Rahul L. Kanodia	Vice Chairman & CEO	Non-Independent Executive	6	Yes	2	Nil	Nil
Mr. Vidur V. Bhogilal	Executive Director & CFO	Non-Independent Executive	6	Yes	1	Nil	Nil
Mr. Sameer L. Kanodia	Whole time Director	Non-Independent Executive	6	Yes	Nil	Nil	Nil
Mr. Habil F. Khorakiwala	Director	Independent Non-Executive	3	No	6	Nil	Nil
Mr. Shahzaad S. Dalal	Director	Independent Non-Executive	3	No	13	7	3
Mr. R. K. Saraswat	Director	Independent Non-Executive	6	Yes	2	1	1
Mr. Sudhir C. Deshpande	Director	Independent Non-Executive	6	Yes	Nil	Nil	Nil

### 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.*

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



**Code of Conduct:**

The Company has laid down a code of conduct namely, "Datamatics - Code of Conduct" for the members of the Board and the Senior Management. All the Board members and the Senior Management personnel have affirmed compliance with the code for the year 2009-2010. 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).

**Prohibition of Insider Trading Policy:**

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

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

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

Under Dr. Kanodia's dynamic leadership, the Company has grown from a team of 10 to strength of over 2,500 (in addition to more than 1,000 Associates) across the globe. Datamatics has executed over 2,100 projects in 60 countries for some of the world's largest organizations, including five of the top ten Fortune 500 companies.

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

\*Dr. Lalit S. Kanodia is also a director in the following companies:

1. Datamatics Software Services Limited
2. Cybercom Datamatics Information Solutions Limited
3. RPG Life Sciences Limited.

As on March 31, 2010 Dr. Lalit S. Kanodia holds 3,384,230 equity shares of the Company.

**(ii) Mr. Vidur V. Bhogilal**

Mr. Vidur V. Bhogilal has been director of your Company since May 12, 2005. Mr. Vidur V. Bhogilal shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

A brief profile of Mr. Vidur V. Bhogilal is as under:

Mr. Bhogilal is a qualified Chartered Accountant (CA) and Cost Accountant (ICWA) from India & Certified Public Accountant (CPA) from the U.S. He is also a law graduate. Mr. Bhogilal stood first in India in the CPA Examination. He was also a rank holder in the CA and ICWA examinations. He was awarded a gold medal for securing the highest scores in the ICWA final examination for the Quantitative Techniques and Management Information Systems subject. He has over 16 years of rich experience in audit, taxation, accounting, legal and acquisitions. Mr. Bhogilal has earlier held the post of Chief Financial Officer (CFO) of Datamatics Technologies Inc. (now known as Datamatics Global Services Inc.), a wholly owned subsidiary of Datamatics Global Services Limited in the U.S. During his tenure with Datamatics Global Services Inc. he was actively involved in acquisitions of US companies and had played a key role in the merger of the US entities. He has also worked with JM Morgan Stanley and Arthur Anderson, amongst other organizations.

\*Mr. Vidur V. Bhogilal is also a director in the following company:

Datamatics Software Services Limited

As on date Mr. Vidur V. Bhogilal holds 1,769,821 equity shares of the Company.

**(iii) Mr. Sudhir C. Deshpande**

Mr. Sudhir Deshpande is an engineer from University of London – Civil Engineering Branch. Mr. Deshpande completed his mechanical engineering (M. Phil) from King's College, University of London. He has obtained certificate of post graduate study in engineering from University of Cambridge, UK. He has over 40 years of experience in design engineering. Moreover, he specialized as a soil consultant especially in soil testing techniques. He is neither a director\* nor a member of any board committees in any other public limited companies. As on date, Mr. Sudhir Deshpande does not hold any shares of the Company.

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

### 3. Audit Committee:

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

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

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

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

The Audit Committee meetings are attended by invitation by the Chief Executive Officer, Chief Financial Officer and representatives of the Statutory Auditors and internal auditors of the Company.

During the financial year ended March 31, 2010, five (5) Audit Committee meetings were held respectively on May 20, 2009, June 8, 2009, July 21, 2009, October 27, 2009 and January 27, 2010. The number of meetings attended by each member are as follows:

Committee Members	Designation	No. of Meetings attended
Mr. R. K. Saraswat	Chairman	5
Mr. Shahzaad S. Dalal	Member	3
Mr. Sudhir C. Deshpande	Member	5

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 notification 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 judgement 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. Reviews with the management, auditors the adequacy of internal control systems.
- c. Discussions with the Statutory Auditors on matters relating to internal controls, periodic financial statements and any significant findings and follow up thereon.
- d. Discussion with the Statutory Auditors before commencement of the audit, nature and scope of audit, as well as post audit discussion to ascertain any area of concern.
- e. Review of the Company's financial and risk management policies.
- f. Examine reasons for default in payment of interest and repayment of principal amounts to depositors and debenture holders, payment of dividend, payments to creditors and payment of all statutory dues 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 comprise of four directors of the Company, of which three (3) are independent directors and one (1) is non-independent. Mr. Sudhir C. Deshpande (Independent Director) is the Chairman of this Committee. The other members of the Committee are Dr. Lalit S. Kanodia (Non-independent Director), Mr. Shahzaad S. Dalal (Independent Director) and Mr. R. K. Saraswat (Independent Director).

The Committee has been entrusted with following responsibility:

1. All matters relating to the compensation (including annual increments and revision in salary) payable by the Company to the senior executives in the Company's grade M 12 and above as also the remuneration payable to the Directors.
2. Appointment and transfers of employees in the Company's grade M 12 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, 2010, seven (7) remuneration/compensation committee meetings were held viz. April 6, 2009, May 20, 2009, June 8, 2009, July 21, 2009, September 15, 2009, October 27, 2009 and January 27, 2010. The number of meetings attended by each member were as follows:

Committee Members	Designation	No. of Meetings attended
Mr. Sudhir C. Deshpande	Chairman	7
Dr. Lalit S. Kanodia	Member	7
Mr. Shahzaad S. Dalal	Member	4
Mr. R. K. Saraswat	Member	7

### Non-executive Directors

The Company paid sitting fees of Rs. 20,000/- per board meeting and Rs. 5,000/- per audit committee meeting to the non-executive directors of the Company. Apart from the sitting fees, the Company also pays commission to all non-executive Directors within the limits prescribed under the Companies Act, 1956 and as approved by the shareholders. The shareholders in their Annual General Meeting held on June 28, 2005 have approved the limit of 0.25% of the net profits of the Company computed in the manner laid down in Section 198 read with Sections 349 and 350 of the Companies Act, 1956 to be paid as commission to all the non-executive directors of the Company. The total commission payable for the financial year ended March 31, 2010 amounted to Rs. 650,000/- and was paid as under:-

Name of Director	Commission (Rs.)
Mr. Habil F. Khorakiwala	150,000
Mr. Shahzaad S. Dalal	150,000
Mr. Sudhir C. Deshpande	175,000
Mr. R. K. Saraswat	175,000

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, 2010)
Mr. Habil F. Khorakiwala	Nil
Mr. Shahzaad S. Dalal	Nil
Mr. Sudhir C. Deshpande	Nil
Mr. R. K. Saraswat	1,000

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 is being appointed as a Whole-time Director of the Company effective May 15, 2010 for a period of five years. Dr. Lalit S. Kanodia being a promoter of the Company is not eligible to participate in the employee stock option schemes of the Company.

#### Mr. Rahul L. Kanodia

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

#### Mr. Vidur V. Bhogilal

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

#### Mr. Sameer L. Kanodia

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

Following are the details of the remuneration paid to the executive directors of the Company during the year ended March 31, 2010:

(Amount in Rupees)				
Particulars	Dr. Lalit S. Kanodia	Mr. Rahul L. Kanodia	Mr. Vidur V. Bhogilal	Mr. Sameer L. Kanodia
Salary (\$)	3,299,440	6,607,652	4,633,498	3,106,797
Commission*	2,892,800	2,892,800	—	—
Incentives	—	—	2,000,000	398,400
<b>Total</b>	<b>6,192,240</b>	<b>9,500,452</b>	<b>6,633,498</b>	<b>3,505,197</b>

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

\$ Salary includes estimated monetary value of perquisites and PF Allowance

### 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 Kumari is the Compliance officer and she can be contacted at the following address:

Knowledge Center, Plot No. 58,  
Street No. 17, M.I.D.C.,  
Andheri (E), Mumbai - 400 093.  
Tel No. +91 022 61020198  
Fax: +91 02266971161  
Email Id: divya\_kumat@datamaticstech.com

During the year ended March 31, 2010 the Company received 37 complaints. None were pending resolution as on March 31, 2010.

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

### 6. General Body Meetings:

Annual General Meetings

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

Financial Year	Date	Time	Venue
2006-07	September 28, 2007	11.00 a.m.	Knowledge Center, Plot No. 58, MIDC, Andheri (E), Mumbai - 400 093.
2007-08	September 30, 2008	11.00 a.m.	Knowledge Center, Plot No. 58, MIDC, Andheri (E), Mumbai - 400 093.
2008-09	September 15, 2009	11.00 a.m.	Knowledge Center, Plot No. 58, MIDC, Andheri (E), Mumbai - 400 093.

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

1. AGM held on September 28, 2007:-
  - (i) Resolution for alteration of Articles of Association for modifying clause 109(a).

The name of Mrs. Asha L. Kanodia as a permanent director of the Company was replaced by the name of Dr. Lalit S. Kanodia.

- (ii) Resolution for revision in commission payable to non-executive directors.
  - (iii) Resolutions for approving Datamatics Key Employee Stock Option Plan 2007 and General Employee Stock Option Plan 2007 for the employees of Datamatics Technologies Limited and its subsidiaries.
2. AGM held on September 30, 2008:-
    - (i) Resolution for variation in the utilization of the IPO proceeds.
  3. AGM held on September 15, 2009:-
    - (i) Appointment of Ms. Priyadarshini R. Kanodia as Chief Investment Officer under Section 314(1) of the Companies Act, 1956.
    - (ii) Determination of remuneration of Ms. Priyadarshini R. Kanodia exceeding 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 all the above meetings were passed on a show of hands by the shareholders present at the meeting and not by postal ballot. No special resolution is proposed to be conducted by postal ballot.

## 7. Management Discussion & Analysis Report:

The Management Discussion & Analysis Report for the year ended March 31, 2010 is published separately in this Report.

## 8. Other Disclosures:

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

The Company has complied with all the statutory formalities.

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

## 9. Means of Communication:

Financial Results and Notices:

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

### News Releases:

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

### Web Site:

The Company's website [www.datamatics.com](http://www.datamatics.com) provides a separate section for investors where relevant shareholders

information is available. The Annual Reports of the Company are available on the website in a user friendly and downloadable form.

### Annual Report:

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

### Corporate Filings with Stock Exchanges:

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

### Investor Service:

The Company has appointed Datamatics Financial Services Limited as a Registrar and Transfer Agent who are also authorized to take care of investors' complaints. The secretarial department also assists in resolving various investor complaints. The Company has created a separate e-mail id [investors@datamaticstech.com](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 : August 12, 2010 at 11.00 a.m.

Venue : Knowledge Centre, Plot No. 58, Street no. 17, MIDC, Andheri (E), Mumbai - 400 093

### (B) Financial year:

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

### (C) Book Closure Date:

August 08, 2010 to August 12, 2010 (both days inclusive)

### (D) Dividend Disclosure:

#### a. Announcement of dividend:

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

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

Final dividend shall be remitted through Electronic Clearing Service (ECS) at approved locations, in cases where ECS details are available with the Company and in all other cases, through warrants payable at par. These warrants shall be valid for a period of 90 days. On expiry of the validity period of the said warrants, the same may be sent to the Company's Corporate Office at the following address for revalidation:

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

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



**(E) Unpaid/Unclaimed Dividend:**

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

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

Year of Declaration	Date of Declaration	Interim/Final	Percentage of Dividend	Date of Transfer to IEPF
2002-2003	September 25, 2003	Final	10%	October 22, 2010
2003-2004	June 24, 2004	Final	20%	July 22, 2011
2004-2005	January 27, 2005	Interim	25%	January 25, 2012
2004-2005	June 28, 2005	Final	25%	July 25, 2012
2005-2006	October 26, 2005	Interim	25%	November 23, 2012
2005-2006	July 26, 2006	Final	25%	August 23, 2013
2006-2007	March 23, 2007	Interim	30%	April 20, 2014
2007-2008	September 30, 2008	Final	15%	October 28, 2015
2008-2009	September 15, 2009	Final	Rs. 1.25 per share	October 14, 2016

**(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 2009-2010.

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

BSE - 532528, DATAMGLOB

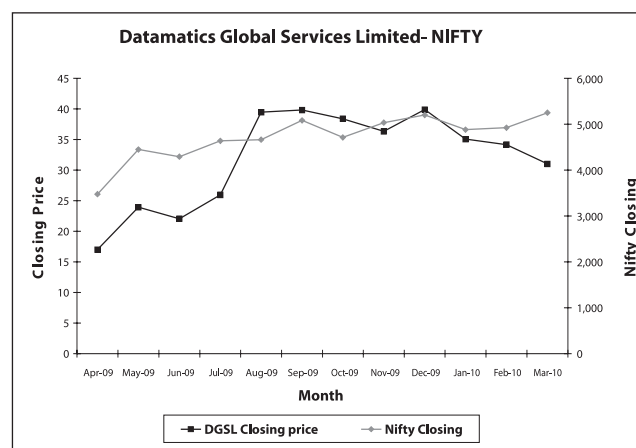
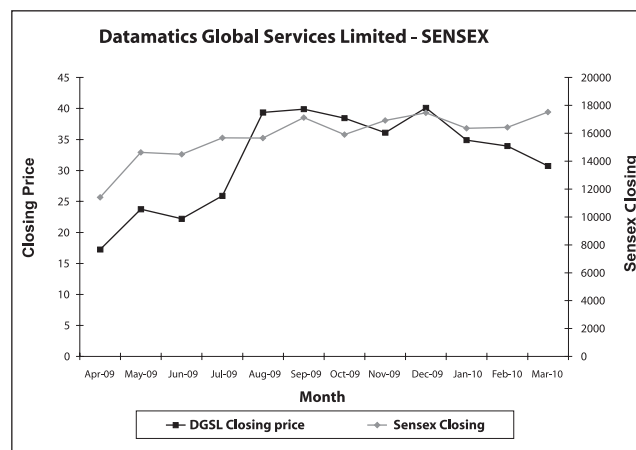
NSE: DATAMATICS EQ

**(H) Market price data:**

Month	BSE Prices		NSE Prices	
	High Price	Low Price	High Price	Low Price
April-09	22.50	14.50	21.90	14.50
May-09	27.80	17.25	27.70	16.70
June-09	28.75	21.10	27.95	21.60
July-09	29.30	18.15	29.30	18.05
August-09	40.50	24.60	40.85	25.05
September-09	41.20	32.90	42.50	32.10
October-09	48.90	36.95	49.50	36.90
November-09	42.30	33.30	42.00	33.40
December-09	43.70	36.05	43.90	33.80
January-10	46.90	33.30	46.90	33.00
February-10	40.00	32.90	38.45	33.00
March-10	37.25	29.50	37.30	29.50

**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 2009 to March 2010.

**(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  
 Datamatics Staffing 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 Corporation Private Limited  
 Datamatics Management Services Private Limited  
 Latasha Consultancy Services Private Limited  
 Cybercom Datamatics Information Solutions Limited  
 Datamatics Financial Software Services Limited  
 Nishant Securities Private Limited  
 Datamatics Direct Marketing Private Limited  
 Datamatics Global Services Inc.  
 Datamatics Technologies UK Limited  
 Datamatics Infotech Limited  
 Datamatics Global Services GmbH  
 Datamatics Global Technologies GmbH  
 Datamatics Global Services Pty Limited  
 Datamatics Global Technologies Limited  
 Datamatics Global Technologies AG

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

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

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

**(K) Share Transfer System:**

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

**(L) Category wise distribution of equity shares as of March 31, 2010:**

Category	No. of shares	Percentage Holding
Promoters	40,255,399	68.29
Mutual Funds	—	—
Banks & Insurance Companies	207,690	0.35
Private Corporate Bodies	2,733,555	4.64
Indian Public	15,318,571	25.99
NRIs/OCBs/Foreign Nationals	434,122	0.74
<b>Total</b>	<b>58,949,337</b>	<b>100.00</b>

Distribution of shareholding as on March 31, 2010:

Share holding of nominal value	Share Holders		Share Amount	
Rs.	Number	% to total	Rs.	% to total
Upto 5,000	19,279	93.42	18,668,585	6.33
5,001-10,000	662	3.21	5,144,375	1.75
10,001-20,000	341	1.65	4,947,425	1.68
20,001-30,000	137	0.66	3,491,305	1.18
30,001-40,000	54	0.26	1,890,765	0.64
40,001-50,000	35	0.17	1,642,795	0.56
50,001-100,000	62	0.30	4,206,425	1.43
100,001 and above	68	0.33	254,755,010	86.43
<b>Total</b>	<b>20,638</b>	<b>100.00</b>	<b>294,746,685</b>	<b>100.00</b>

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

About 95.65% shares were held in dematerialized form as on March 31, 2010.

**(N) Plant Locations:**

The Company's facilities are located at:

**India**

**Mumbai:**

Datamatics Global Services Limited.

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

**Chennai:**

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

**Nashik:**

Datamatics Global Services Limited  
 Suyojit Datamatics Knowledge Centre,  
 Unit No. S-1 to S-3, Mumbai Agra Road,  
 Mumbai Naka.  
 Nashik - 422 002.

**Overseas**

**USA:**

- Datamatics Global Services, Inc.
- (1) 31572 Industrial Road, Suite 400, Livonia, MI - 48150.
  - (2) Suite 210, 56 Middlesex Turnpike, Burlington MA - 01803.
  - (3) 510 Thornall Street, Suite 100 Metropark, NJ - 08837 USA.

**UK:**

Datamatics Infotech Limited

(1) 8 The Square, Stockley Park,  
Uxbridge, UB11 1FW.

(2) 1 Doughty Street,  
London, WC1N 2PH.

**Germany:**

Datamatics Global Technologies GmbH  
Gerhart-Hauptmann-Straße 20  
64347 Griesheim

Datamatics Global Services GmbH  
Im Leuschner Park 3  
64347 Griesheim

**Switzerland :**

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

**Mauritius:**

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

**Australia:**

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

**(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 2001  
Fax No. 91 -22-6671 2011  
E-mail: depository@dfssl.com

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

**Declaration regarding code of conduct by CEO**

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

Rahul L. Kanodia

Vice Chairman & Chief Executive Officer

Place: - Mumbai

Date: - May 25, 2010

**Report of Auditors on Corporate Governance**

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, 2010, as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges in India.

The compliance of the 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 had complied with the conditions of Corporate Governance as stipulated in the above-mention Listing Agreement.

We state that no investor grievances as at March 31, 2010 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

Arati Parmar  
Partner

Membership No. : 102888  
Firm Regn No.: 104746W

Place: - Mumbai

Date: - May 25, 2010

# Management Discussion & Analysis Report

## Overview

Corporations across the world are turning to innovation to increase margins, introduce new products and hasten time to market. With lingering caution about the economic recovery, corporations are serious in their efforts to cut costs, generate cash, retain customers, increase productivity and efficiency, while simultaneously staying prepared to exploit opportunities that will arise when the economy recovers.

Your Company has identified this switch in corporate strategies, and has embarked on a "solutions strategy" to target customers worldwide. Your Company delivers solutions that address the customers' business challenges. These solutions are built by integrating the organization's expertise in the customers' business processes into Datamatics' technology deployment experience.

Process automation allows customers to eliminate overheads, staff-related costs, expensive rework and end-user dissatisfaction. Time-consuming, error-prone, labour-intensive functions are replaced by smart, high-quality, effortless processes. Customers are increasingly demanding solutions to improve operational efficiency, faster go-to-market, higher employee productivity and maximized customer satisfaction. Datamatics addresses these market needs. Our solutions often result in a cost saving of 25% to 50%.

## Industry Performance and Development

### Global IT Spend

According to the NASSCOM Strategic Review 2010, worldwide spend by corporations on technology products and services is estimated to have reached USD 1.5 trillion in 2009, a decline of 2.9% over 2008. However, it is expected to grow to USD 1.9 trillion by 2013, at a compounded annual growth rate of 3.5%. In spite of the lower spend in 2009, the global corporations were reported to be leveraging IT to drive organisation-wide efficiencies, transformation and new business models.

Revenues earned by the Indian IT and BPO industry is estimated at USD 73.1 billion in 2010. Of this, 69% or USD 50.1 billion was contributed by exports, up by 5.4% over 2009.

### India

The NASSCOM Strategic Review 2010 expects the domestic IT-BPO revenues to touch INR 1,088 billion in 2010, a growth of almost 8.5%. The higher level of IT solutions adoption by Indian corporations is primarily due to the competitive market conditions driven by increasing globalisation. Indian corporations are seeking to improve competitiveness by adopting global best practices, increasing productivity and cost savings, while staying agile. Increased levels of IT spending make the domestic market lucrative.

The leading ICT market intelligence firm, International Data Corporation (IDC) India predicts that in 2010 there will be a series of paradigm shifts in the information technology space for enterprises. IDC reports that as the economy recovers both consumers and enterprises would demand services and solutions that allow them to 'do more with less'. The key business concerns through 2010, will be business model innovation, improved productivity, faster return on investment and cost savings. IDC expects the annual growth rate of the India domestic IT-ITeS market to be 14.6% over the next five-years to 2013.

## India Domestic IT-ITeS Market Size (in Rs. Crore)

Market Segment	2009	2010	Growth 2010 over 2009
Software	11,454	13,064	14.10%
Services	27,888	32,190	15.40%
Total Domestic IT Market *	39,342	45,254	15.02%
Total Domestic ITeS Market	9,638	13,011	35.00%
Total Domestic IT-ITeS Market *	48,980	58,265	18.96%

\*excluding hardware & others

Source: India Domestic IT-ITeS Market Top 10 Predictions 2010

## Opportunities and Threats

The NASSCOM Strategy Review 2010 points out that Global GDP, after declining by 1.1% in 2009, is expected to increase by 3.1% in 2010, and 4.2% in 2011. Improving economic conditions signifying return of consumer confidence and renewal of business growth, is expected to drive IT spending going forward. IT services is expected to grow by 2.4% in 2010, and 4.2% in 2011 as companies coming out of recession harness the need for information technology to create competitive advantage. Organizations now recognize IT's contribution to economic performance extending beyond managing expenditures.

IT & ITES export revenues are estimated to gross USD 50.1 billion in FY 2010. Nasscom has estimated that these exports are likely to reach USD 225 billion by 2020.

They expect IT to play a significant role in reducing enterprise costs, not merely by cost cutting but by changing business processes, workforce practices and information use. Your Company is poised to ride this economic recovery with the plethora of technology and business solutions that guarantee cost savings and make business processes faster and leaner. A NASSCOM-Pricewaterhouse Coopers report estimate the addressable market size of the DACH region (Germany, Austria, Switzerland) for IT, BPO and Engineering Services to be USD 53 billion. This is the largest market in Europe, Indian companies currently earn USD 2.6 billion from this region. This report predicts that business from DACH can grow to USD 10 billion by 2020.

Our Company acquired the "Accelerated Business Support Systems" division of Devoteam-Danet, Germany-based niche IT Services Company last year. This acquisition has given our Company a firm foothold in the territory.

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

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



Planning for this, your Company is expanding and has incorporated two wholly owned subsidiaries in Mauritius and Switzerland primarily for its product business. Your Company seeks to further strengthen its position as a global technology services company by successfully differentiating its service offerings and increasing the scale of its operations.

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

Your Company recognizes that price alone cannot constitute a sustainable long term competitive advantage. We believe that the principal competitive factors in our business include the ability to effectively integrate onsite and offshore execution capabilities to deliver seamless, scalable, cost-effective services; increase scale and breadth of service offerings to provide one-stop solutions; provide industry expertise to clients' business solutions; attract and retain high-quality technology professionals and maintain financial strength to make strategic investments in human resources and physical infrastructure.

### Risk Assessment

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

### Internal Control System

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

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

### Quality & Other Certifications

Quality has played an extremely critical role, setting the direction for not only the operations and delivery but also in its people, customer interface and day-to-day routine administrative tasks. Your company is currently certified as ISO 9001:2008.

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

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

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

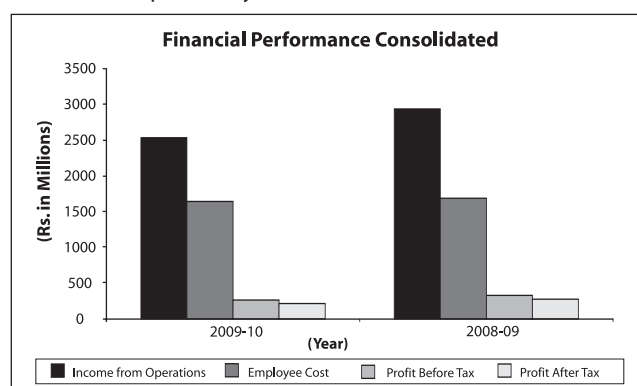
The Quality Policy of Datamatics Global Services Limited is "We will ensure total customer satisfaction through efficient execution and maturing processes, with the complete involvement of our employees, partners & customers."

### Six Sigma Initiatives

This Six Sigma and Process Improvement initiative was started as part of a strategy to make your Company a productive, high performance, cost-effective organisation. Basic training and White Belt Training Programmes were extensively conducted for all the employees. Since the launch of this initiative in 2007, your Company completed 231 Six Sigma Projects and 933 Quick Hit Projects.

### Discussion on Financial & Operational performance for the year 2009-10

During the year, your Company redeemed the preference shares amounting to Rs. 206.50 million. This resulted in decrease in Share Capital of the Company to Rs. 294.74 million from Rs. 501.07 million. The Company issued 35,000 equity shares under the ESOP 2006 Scheme. The Reserves and Surplus were Rs. 2718.15 million in the current year as against Rs. 2559.41 million in the previous year.



This year, your Company's consolidated revenues stood at Rs. 2754.94 million as compared to Rs. 3106.92 million in the previous year. Consolidated other income for the year was at Rs. 131.13 million compared to Rs. 105.46 million in the previous year. Consolidated profits before tax for this year were at Rs. 263.67 million as compared to Rs. 329.08 million in the previous year. There is a reduction in top line this year due to the challenges faced on account of economic recession combined

with a sustained appreciation of the rupee against Euro, Pounds and Dollars. This also directly impacted the profits.

The Net Block of Assets increased to Rs. 810.58 million in the current year as against Rs. 801.26 million highlighting no significant movement in the fixed assets. The Advances for Capital Expenditure increased to Rs. 90.48 million in the current year as against Rs. 38.86 million in the previous year as a part of the overall expansion plan of expanding the Nashik facility and purchase of additional premises in Mumbai.

The Sundry Debtors decreased to Rs. 498.69 million in the current year as against Rs. 635.69 million in the previous year due to focused efforts and better collection strategies adopted by the Company.

The Net Current Assets increased to Rs. 999.85 million in the current year as against Rs. 875.37 million in the previous year signifying no significant movement for the same.

#### **Human Resources Development**

Employees are our vital and most valuable assets. We have created a favorable work environment that encourages innovation and meritocracy. We have also set up a scalable recruitment and human resources management process, which enables us to attract and retain high-caliber talent within short lead times.

We have built our global talent pool by recruiting and training graduates from premier universities, colleges and institutes in

India and through need-based hiring of project leaders and middle managers. We recruit graduates in India who have consistently shown high levels of academic performance. We rely on a rigorous selection process involving a series of aptitude tests and interviews to identify the best applicants. This selection process is continually assessed and refined based on performance tracking of past recruits.

The Company's recruitment strategy ensured that employee addition was clearly aligned to business demand. Your Company continues to invest in human resources development. The total number of employees including subsidiaries as of March 31, 2010 was 2,757. For further details regarding material developments in Human Resources, please refer to the Directors' Report.

#### **Cautionary Statement**

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

**Auditors' Report on Consolidated Financial Statements of Datamatics Global Services Limited (formerly known as Datamatics Technologies Limited) and its subsidiaries**
**To the Board of Directors of**
**DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED)**

1. We have audited the attached Consolidated Balance Sheet of DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED the Company) and its Subsidiaries (the Company and its Subsidiaries constitute "the group") as at March 31, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of subsidiary Datamatics Software Services Limited, which reflect total asset of Rs. 873.54 Lacs as at March 31, 2010, total revenues of Rs. 1,012.08 Lacs for the year then ended, have been audited by us.
4. We further report that in respect of the following subsidiaries, we did not carry out the audit. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of the other auditors. The details of assets and revenue in respect of the said subsidiaries are given below:

(Amount in Rupees)

Name of the Subsidiary	Total Assets	Total Revenue
Datamatics Global Services Inc.	232,202,537	1,048,762,016
Datamatics Global Services Pty. Limited	7,114,553	9,982,977
Datamatics Global Services GmbH	44,319,531	105,369,022
Datamatics Technologies U.K. Limited	1,441,548	6,502,658
Datamatics Infotech Limited	27,101,203	175,362,173
Datamatics Global Technologies Limited	87,790,941	7,603,779

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

(Amount in Rupees)

Name of the Subsidiary/Joint Venture	Total Assets	Total Revenue
Datamatics Global Technologies AG. (Subsidiary)	41,411,365	62,163,761
Cybercom Datamatics Information Solution Limited (Joint Venture – 50%)	101,983,396	99,237,436

6. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21- "CONSOLIDATED FINANCIAL STATEMENTS" and Accounting Standard 27- "Financial Reporting of Interests in Joint Ventures" prescribed by the Central Government under Section 211(3C) of the Companies Act, 1956 and on the basis of the separate audited financial statement of the parent Company and its subsidiaries and the unaudited financial statement of the subsidiaries and joint ventures included in the consolidated financial statements.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the information and explanations given to us and read with Significant Accounting Policies and with other notes thereon, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of the affairs of the group as at March 31, 2010;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

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

Place: Mumbai  
Date : May 25, 2010

Arati Parmar  
Partner  
Membership No.: 102888

**CONSOLIDATED BALANCE SHEET AS AT**

	<b>Schedule</b>	<b>March 31, 2010 Rupees</b>	<b>March 31, 2009 Rupees</b>
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share Capital	<b>A</b>	<b>298,246,685</b>	504,571,685
Reserves and Surplus	<b>B</b>	<b>2,092,282,317</b>	1,974,560,542
		<b>2,390,529,002</b>	2,479,132,227
Loan Funds	<b>C</b>		
Secured Loans		<b>39,161,132</b>	90,927,644
Deferred Tax Liability (Net) (Refer Note No. 8 in Schedule 'O')		<b>14,364,546</b>	16,556,909
		<b>2,444,054,680</b>	2,586,616,780
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
Gross Block	<b>D</b>	<b>1,366,918,710</b>	1,290,895,122
Less : Accumulated Depreciation		<b>556,338,895</b>	489,633,350
Net Block		<b>810,579,815</b>	801,261,772
Capital Work in Progress		<b>90,482,366</b>	38,860,375
Investments	<b>E</b>	<b>543,137,963</b>	871,124,975
Current Assets, Loans and Advances			
a) Interest accrued on Investments		—	2,978,813
b) Sundry Debtors	<b>F</b>	<b>498,686,621</b>	635,694,890
c) Cash and Bank Balance	<b>G</b>	<b>142,835,736</b>	212,599,738
d) Loans and Advances	<b>H</b>	<b>769,538,041</b>	574,127,704
		<b>1,411,060,398</b>	1,425,401,145
Less: Current Liabilities and Provisions	<b>I</b>		
a) Current Liabilities		<b>260,418,557</b>	390,919,192
b) Provisions		<b>150,787,305</b>	159,112,295
		<b>411,205,862</b>	550,031,487
Net Current Assets		<b>999,854,536</b>	875,369,658
		<b>2,444,054,680</b>	2,586,616,780
Significant Accounting Policies	<b>N</b>		
Notes to Accounts	<b>O</b>		

The schedules referred to above and the notes thereon form an integral part of the Financial Statements

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

Arati Parmar  
Partner  
Membership No. 102888

R. K. Saraswat  
Director

Divya Kumat  
Vice President – Legal  
& Company Secretary

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

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated: May 25, 2010



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	Schedule	For 2009-10 Rupees	For 2008-09 Rupees
<b>INCOME</b>			
Income from Operations		<b>2,527,534,571</b>	2,929,684,175
Group Share in Joint Venture		<b>96,280,842</b>	71,783,338
Other Income	<b>J</b>	<b>131,128,058</b>	105,460,038
		<b>2,754,943,471</b>	<b>3,106,927,551</b>
<b>EXPENDITURE</b>			
Purchase of IT Products and Licenses		<b>4,370,525</b>	11,525,546
Operational Expenses	<b>K</b>	<b>2,145,032,054</b>	2,372,640,816
Administration and Other Overheads	<b>L</b>	<b>261,961,303</b>	300,128,924
Interest	<b>M</b>	<b>2,726,409</b>	7,359,104
Depreciation and Amortisation		<b>80,024,262</b>	86,232,634
		<b>2,494,114,553</b>	<b>2,777,887,024</b>
Exchange Fluctuation on Consolidation		<b>260,828,918</b>	329,040,527
		<b>2,850,624</b>	39,987
Profit/(Loss) before Tax		<b>263,679,542</b>	329,080,514
Provision for Income Tax and Wealth Tax		<b>52,549,354</b>	39,754,893
Provision for Deferred tax		<b>(1,908,721)</b>	6,471,239
Provision for Fringe benefit tax		<b>—</b>	7,672,281
Profit/(Loss) after Tax		<b>213,038,909</b>	275,182,101
Tax Adjustment of earlier years		<b>8,887,437</b>	162,977
Profit/(Loss) after Tax		<b>221,926,346</b>	275,345,078
Balance brought forward from last year		<b>137,178,959</b>	18,748,792
Amount Available for Appropriations		<b>359,105,305</b>	294,093,870
<b>APPROPRIATIONS</b>			
Final Dividend on Equity Shares (F.Y. 2007-08)		<b>—</b>	26,250
Tax on Final Dividend (F.Y. 2007-08)		<b>—</b>	4,462
Proposed Dividend on Equity Shares		<b>73,686,671</b>	73,642,921
Tax on Dividend		<b>12,238,435</b>	12,515,614
Dividend on Preference Shares		<b>—</b>	17,715,000
Tax on Preference Dividend		<b>—</b>	3,010,664
Transfer to General Reserve		<b>50,000,000</b>	50,000,000
Transfer to Capital Redemption Reserve - Group share in Joint Venture		<b>6,160,000</b>	—
Amount carried forward		<b>217,020,199</b>	137,178,959
		<b>359,105,305</b>	<b>294,093,870</b>
Earnings per share (Face Value Rs. 5 each) in Rs.			
Basic		<b>3.77</b>	4.32
Diluted		<b>3.76</b>	4.31
(Refer Note No. 14 of Schedule 'O')			
Significant Accounting Policies	<b>N</b>		
Notes to Accounts	<b>O</b>		

The schedules referred to above and the notes thereon form an integral part of the Financial Statements

As per our report of even date

For Kanu Doshi Associates

Chartered Accountants

Firm Registration No. 104746W

Arati Parmar

Partner

Membership No. 102888

R. K. Saraswat

Director

Divya Kumat

Vice President – Legal  
& Company Secretary

For and on behalf of the Board

Dr. Lalit S. Kanodia

Chairman

Rahul Kanodia

Vice Chairman & CEO

Vidur Bhogilal

Executive Director  
& Chief Financial Officer

Place : Mumbai

Dated : May 25, 2010

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****SCHEDULE 'A'****SHARE CAPITAL****AUTHORISED**

100,000,000 (P.Y. 100,000,000) Equity shares of Rs. 5/- each .

30,000,000 (P.Y. 30,000,000) Redeemable Preference Shares of Rs 10/- (P.Y. Rs. 5/-) each.

**ISSUED, SUBSCRIBED & PAID UP**

58,949,337 (P.Y. 58,914,337) Equity Shares of Rs.5/- each fully paid up.

Nil (P.Y. 1,400,000) 8% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (fixed tenure)

Nil (P.Y. 7,300,000) 8% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (without fixed tenure)

Nil (P.Y. 11,950,000) 9% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (without fixed tenure)

350,000 (P.Y. 350,000) 8% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each

**TOTAL****Note:**

1. Out of the above, 28,480,000 (P.Y. 28,480,000) Equity Shares of Rs. 5/- each have been allotted as fully paid Bonus Shares by capitalisation of General Reserve and Share Premium.

2. Employee Stock Option Scheme - Refer Note No. 9 in Schedule 'O'.

3. Out of the above, 18,150,000 (P.Y. 18,150,000) equity shares of Rs. 5/- each are issued without consideration being received in cash.

4. Out of the above, 31,813,742 equity shares of Rs. 5/- each are held by the Holding Company, Delta Infosolutions Private Limited.

**SCHEDULE 'B'****Reserves and Surplus****CAPITAL RESERVE**

Balance as per last Balance Sheet

**CAPITAL REDEMPTION RESERVE**

Balance as per last Balance Sheet

Add: Transferred From General Reserve during the year

Group share in Joint Venture

**SECURITIES PREMIUM**

Balance as per last Balance Sheet

Add: Received on issue of Equity shares during the year

**EMPLOYEE STOCK OPTION OUTSTANDING**

Employee Stock Option Outstanding

Less: Deferred Employee Compensation

(Refer Note No. 9 in Schedule 'O')

**FOREIGN EXCHANGE FLUCTUATION RESERVE**

Balance as per last Balance Sheet

Add/(Less): Exchange Fluctuation for Current Year

**GENERAL RESERVE**

Balance as per last Balance Sheet

Add/(Less): Transferred From Profit &amp; Loss during the year

Add/(Less): Pursuant to the scheme of Arrangement and/or Amalgamation entered in the previous year 2008-09 (Net)

Add/(Less): Transferred to Capital Redemption Reserve

Group share in Joint Venture

Surplus in Profit And Loss Account

Group Share in Joint Venture in Surplus in Profit and Loss Account

**TOTAL**

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
100,000,000 (P.Y. 100,000,000) Equity shares of Rs. 5/- each .	500,000,000	500,000,000
30,000,000 (P.Y. 30,000,000) Redeemable Preference Shares of Rs 10/- (P.Y. Rs. 5/-) each.	300,000,000	300,000,000
	<b>800,000,000</b>	<b>800,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
58,949,337 (P.Y. 58,914,337) Equity Shares of Rs.5/- each fully paid up.	294,746,685	294,571,685
Nil (P.Y. 1,400,000) 8% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (fixed tenure)	—	14,000,000
Nil (P.Y. 7,300,000) 8% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (without fixed tenure)	—	73,000,000
Nil (P.Y. 11,950,000) 9% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (without fixed tenure)	—	119,500,000
350,000 (P.Y. 350,000) 8% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each	3,500,000	3,500,000
<b>TOTAL</b>	<b>298,246,685</b>	<b>504,571,685</b>
<b>Note:</b>		
1. Out of the above, 28,480,000 (P.Y. 28,480,000) Equity Shares of Rs. 5/- each have been allotted as fully paid Bonus Shares by capitalisation of General Reserve and Share Premium.		
2. Employee Stock Option Scheme - Refer Note No. 9 in Schedule 'O'.		
3. Out of the above, 18,150,000 (P.Y. 18,150,000) equity shares of Rs. 5/- each are issued without consideration being received in cash.		
4. Out of the above, 31,813,742 equity shares of Rs. 5/- each are held by the Holding Company, Delta Infosolutions Private Limited.		
<b>SCHEDULE 'B'</b>		
<b>Reserves and Surplus</b>		
<b>CAPITAL RESERVE</b>		
Balance as per last Balance Sheet	3,524,880	3,524,880
	<b>3,524,880</b>	<b>3,524,880</b>
<b>CAPITAL REDEMPTION RESERVE</b>		
Balance as per last Balance Sheet	37,781,250	37,781,250
Add: Transferred From General Reserve during the year	206,500,000	—
Group share in Joint Venture	6,160,000	—
	<b>250,441,250</b>	<b>37,781,250</b>
<b>SECURITIES PREMIUM</b>		
Balance as per last Balance Sheet	1,078,430,217	1,076,192,967
Add: Received on issue of Equity shares during the year	1,648,500	2,237,250
	<b>1,080,078,717</b>	<b>1,078,430,217</b>
<b>EMPLOYEE STOCK OPTION OUTSTANDING</b>		
Employee Stock Option Outstanding	—	1,884,000
Less: Deferred Employee Compensation	—	(1,884,000)
(Refer Note No. 9 in Schedule 'O')		
	<b>—</b>	<b>—</b>
<b>FOREIGN EXCHANGE FLUCTUATION RESERVE</b>		
Balance as per last Balance Sheet	9,681,930	(6,664,343)
Add/(Less): Exchange Fluctuation for Current Year	(19,627,965)	16,346,274
	<b>(9,946,035)</b>	<b>9,681,930</b>
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	689,693,822	540,984,013
Add/(Less): Transferred From Profit & Loss during the year	50,000,000	50,000,000
Add/(Less): Pursuant to the scheme of Arrangement and/or Amalgamation entered in the previous year 2008-09 (Net)	(300,000)	98,709,809
Add/(Less): Transferred to Capital Redemption Reserve	(206,500,000)	—
Group share in Joint Venture	18,269,485	18,269,485
	<b>551,163,307</b>	<b>707,963,307</b>
Surplus in Profit And Loss Account	153,686,982	106,659,553
Group Share in Joint Venture in Surplus in Profit and Loss Account	63,333,217	30,519,406
<b>TOTAL</b>	<b>2,092,282,317</b>	<b>1,974,560,542</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b>SCHEDULE 'C'</b>		
<b>LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
From Banks		
Vehicle Loan (Repayable within one year Rs. Nil (P.Y. 583,615))	—	583,615
Working Capital Loan		
Cash/Packing Credit (Working Capital loan from Standard Chartered Bank is secured by way of Pari passu Charge on Hypothecation of Stock and Book Debts and Moveable Fixed Assets of the Company both past and present and by way of lien on 11,666,855 units of Mutual Funds).	39,161,132	90,344,029
<b>TOTAL</b>	<b>39,161,132</b>	<b>90,927,644</b>
<b>SCHEDULE 'D'</b>		
<b>FIXED ASSETS</b>		
Land *	391,128,846	391,128,846
Buildings	124,920,662	124,232,387
Leasehold Improvements	10,281,441	10,734,689
Machinery & Equipment	139,680,132	143,596,051
Vehicles	26,114,417	21,550,038
Furniture & Fixtures	121,493,641	121,473,068
Computer Equipments	291,514,092	288,942,908
<b>Intangible Assets:</b>		
Computer Softwares		
Internal developed softwares	17,745,656	18,800,386
Other softwares	233,193,418	161,060,536
Other Intangible Assets	62,368	69,458
Group share in Joint Venture	10,784,037	9,306,756
Total Gross Block	1,366,918,710	1,290,895,122
<b>Less: Accumulated Depreciation and Amortisation</b>		
Buildings	13,352,925	11,319,727
Leasehold Improvements	6,450,605	6,368,355
Machinery & Equipments	65,000,497	65,035,773
Vehicles	8,975,679	8,614,439
Furniture & Fixtures	60,127,633	53,119,641
Computer Equipments	221,334,052	197,319,418
<b>Intangible Assets:</b>		
Computer Softwares		
Internal developed softwares	17,745,651	18,800,386
Other softwares	157,608,373	125,320,987
Other Intangible Assets	53,113	47,878
Group share in Joint Venture	5,690,367	3,686,746
Total Depreciation	556,338,895	489,633,350
Net Fixed Assets	810,579,815	801,261,772

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

**\* Note :**

- (1) The above amount includes freehold land of Rs. 51,271,714 (P.Y. Rs. 51,271,714) and leasehold land of Rs. 339,857,132 (P.Y. Rs. 339,857,132).
- (2) Gross Block includes Rs. 317,231,030 (P.Y. Rs. 317,231,030) being the amount added on revaluation of land in the previous year, based on report issued by approved independent valuer.

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b>SCHEDULE 'E'</b>		
<b>Investments (At Cost)</b>		
<b>Long Term Investments</b>		
<b>UNQUOTED (Non-Trade)</b>		
<i>Investments in Bonds</i>		
Nil (P.Y. 6,580) 5.50 % Rural Electrification Bonds of Rs. 10,000 each	—	65,800,000
1,100 (P.Y. Nil) NABARD 19 Bonds of Rs. 9,482.28 each	<b>10,430,504</b>	—
100 (P.Y. Nil) 6.85 % India Infrastructure Finance Co. Ltd. Bonds of Rs. 102,450 each	<b>10,323,822</b>	—
<i>Investments in Debentures</i>		
Nil (P.Y. 10) debentures of Rs. 1,000,000 each of Edelweiss Securities Pvt. Ltd.	—	10,100,000
Nil (P.Y. 500,000) debentures of Rs. 100 each of DSP Merrill Lynch Capital Ltd.	—	50,750,000
Nil (P.Y. 20) debentures of Rs. 1,000,000 each of Barclays Investments and Loans (India) Ltd.	—	20,110,300
400 (P.Y. Nil) debentures of Rs. 100,000 each of Edelweiss Capital Ltd.	<b>40,330,900</b>	—
100 (P.Y. Nil) debentures of Rs. 100,000 each of RBS Fin. Services (India) Pvt. Ltd.	<b>10,110,300</b>	—
<b>Current Investments (At Cost or Market Value, whichever is less)</b>		
Investments in Portfolio Management Services (PMS)		
Reliance Capital Asset Management Ltd.	<b>7,219,372</b>	5,689,225
(Refer Note No. 13 in Schedule 'O')		
<b>Long Term Investments</b>		
Unquoted (Non Trade) (In Other Companies)		
3,500 (P.Y. 3,500) fully paid equity shares of Matrix Advisors (India) Pvt. Ltd. of Rs. 10 each	<b>175,000</b>	175,000
Aggregate of Unquoted Investment (Non Trade)	<b>175,000</b>	175,000
<b>B. QUOTED (Non-Trade)</b>		
<b>In shares</b>		
a) 900 (P.Y. 900) fully paid Equity Shares of Rs. 10 each of Cybertech Ltd.	<b>510,767</b>	510,767
Less: Provision for diminution in value	<b>494,297</b>	503,162
	<b>16,470</b>	7,605
b) 3,660 (P.Y. 3,660) fully paid Equity Shares of Rs. 2 each of Wipro Ltd.	<b>3,739,473</b>	3,739,473
Less: Provision for diminution in value	<b>1,152,037</b>	2,874,700
	<b>2,587,436</b>	864,774
c) 5,000 (P.Y. 5,000) fully paid equity shares of Re. 1 each of Vikas VSP Ltd.	<b>552,950</b>	552,950
Less: Provision for diminution in value	<b>389,950</b>	508,950
	<b>163,000</b>	44,000
<b>Current Investments (At Cost or Market Value, whichever is less)</b>		
a) 56 (P.Y. 56) fully paid Equity Shares of Dana Holding Corporation	<b>266,416</b>	155,223



**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b>In Units of Mutual Funds</b>		
Nil (P.Y. 4,488,789) Units of Prudential ICICI Mutual Funds	—	77,682,027
3,789,028 (P.Y. 5,279,007) Units of Reliance Mutual Funds	<b>42,502,214</b>	91,552,189
Nil (P.Y. 7,019,058) Units of IDFC Mutual Funds	—	81,107,765
7,173,557 (P.Y. 8,413,405) Units of Birla Mutual Funds	<b>79,256,582</b>	152,932,003
Nil (P.Y. 441,298) Units of DSP Merrill Lynch Mutual Funds	—	4,895,757
2,000,000 (P.Y. Nil) Units of Kotak Mutual Funds	<b>20,000,000</b>	—
2,977,770 (P.Y. 27,455) Units of Franklin Templeton Mutual Funds	<b>30,000,000</b>	4,000,000
Nil (P.Y. 5,000,000 ) Units of Religare Mutual Funds	—	50,000,000
2,000,109 (P.Y. 1,198,201) Units of Tata Mutual Funds	<b>20,001,085</b>	20,004,201
Nil (P.Y. 2,000,000) Units of Fortis Mutual Funds	—	20,000,000
82,843 (P.Y. 82,843) Units of SBI Mutual Funds	<b>2,291,671</b>	2,291,671
1,398,577 (P.Y. 61,365) Units of Sundaram BNP Paribas Mutual Funds	<b>20,001,884</b>	4,992,962
Nil (P.Y. 97,181) Units of DWS Credit Opportunities Fund	—	1,000,000
<b>Liquid Funds - Current Investment (At Cost or Market Value, whichever is less)</b>		
1,561,485 (P.Y. 6,835,805) Units of Fortis Mutual Funds	<b>21,159,012</b>	89,294,722
2,575,277 (P.Y. Nil) Units of Birla Mutual Funds	<b>45,007,335</b>	—
291,589 (P.Y. Nil) Units of Prudential ICICI Mutual Funds	<b>49,900,000</b>	—
4,415,509 (P.Y. 1,223,076) Units of Kotak Mutual Funds	<b>50,006,968</b>	15,504,719
Nil (P.Y. 2,896) Units of DSP Merrill Lynch Mutual Funds	—	3,471,581
Nil (P.Y. 443,231) Units of Reliance Mutual Funds	—	9,507,476
Nil (P.Y. 3,440,575) Units of DWS Mutual Funds	—	41,407,132
4,216,264 (P.Y. 1,409,084) Units of LIC Mutual Funds	<b>63,737,364</b>	19,108,747
Group share in Joint Venture	<b>17,650,627</b>	28,675,897
Aggregate of Quoted Investments	<b>464,548,064</b>	718,500,449
<b>TOTAL INVESTMENTS</b>	<b>543,137,963</b>	871,124,975
Market Value of Quoted Investment	<b>456,621,603</b>	702,239,660
Note: Includes Rs. 298.94 million (P.Y. Rs. 411.24 million) of Unutilised Balance of IPO fund, invested in Mutual Funds		
<b>SCHEDULE 'F'</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured		
Outstanding for a period exceeding six months	<b>75,558,469</b>	138,396,204
Considered good	<b>7,909,392</b>	24,403,314
Considered doubtful	<b>400,696,310</b>	484,414,217
Others, considered good	<b>484,164,171</b>	647,213,734
Less : Provision for Doubtful Debts	<b>7,909,392</b>	24,403,314
	<b>476,254,779</b>	622,810,421
Group share in Joint Venture	<b>22,431,842</b>	12,884,469
<b>TOTAL</b>	<b>498,686,621</b>	635,694,890

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b>SCHEDULE 'G'</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	649,735	1,880,179
Cheques on Hand	6,981,556	3,804,180
Foreign Currency on hand	548,636	520,951
Balance with Banks		
In Current Accounts	95,537,353	84,537,525
In Fixed Deposit Accounts	12,353,792	102,320,037
In Margin Accounts *	12,954,638	11,957,193
In Exchange Earner's Foreign Currency Account	6,350,181	4,532,908
In Unclaimed Dividend Accounts	1,892,967	1,578,839
In Share Refund Accounts	941,800	941,800
Group share in Joint Venture	4,625,079	526,126
<b>TOTAL</b>	<b>142,835,736</b>	<b>212,599,738</b>
* Out of the above Rs. 5,776,250 are marked as Lien for Guarantees issued by Banks on behalf of the Company.		
<b>SCHEDULE 'H'</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good for value to be received in Cash or in Kind, unless otherwise specified)		
Other Advances		
– Considered Doubtful	6,042,708	6,042,708
– Others, Considered Good	10,282,098	14,667,567
Advance Payment of Income Tax (Net of provision)	43,944,462	35,817,389
Advance Tax - FBT (Net)	872,839	451,058
Deposits (Trade)	15,588,778	43,715,682
Interest Accrued	19,866,226	21,828,595
Other Receivables	652,607,164	452,623,181
Group share in Joint Venture	26,376,474	5,024,232
	775,580,749	580,170,412
Less: Provision for Bad & Doubtful Advances	6,042,708	6,042,708
<b>TOTAL</b>	<b>769,538,041</b>	<b>574,127,704</b>
<b>SCHEDULE 'I'</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
a. Sundry Creditors	61,670,595	79,364,972
b. Investor Education and Protection Fund (Not due)		
– Unclaimed Dividend	1,768,996	1,446,445
– Unclaimed Maturity Deposit	139,491	210,899
– Share Application Money	941,800	941,800
c. Advance received from customer	9,363,888	14,205,214
d. Other Liabilities	103,704,943	151,398,601
Group share in Joint Venture	6,462,639	1,289,147
	184,052,351	248,857,078
Employees Liabilities	76,366,206	142,062,114
(Included Rs. 5,315,000 (P.Y. 5,785,600) due as commission to Chairman, Managing Director and Whole Time Director)		
<b>TOTAL</b>	<b>260,418,557</b>	<b>390,919,192</b>
<b>B. PROVISIONS</b>		
For Proposed Dividend on Equity Shares	73,686,671	73,642,921
For Tax on Equity Dividend	12,238,435	12,515,614
For Proposed Dividend on Preference Shares	—	17,715,000
For Tax on Preference Dividend	—	3,010,664
For Gratuity	38,738,458	27,813,963
For Leave Encashment	23,958,919	23,137,494
Group share in Joint Venture	2,164,822	1,276,639
<b>TOTAL</b>	<b>150,787,305</b>	<b>159,112,295</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****SCHEDULE 'J'****OTHER INCOME**

	<b>For 2009-10 Rupees</b>	<b>For 2008-09 Rupees</b>
Interest from banks & others	<b>87,565,394</b>	39,848,582
Dividend on Investments	<b>844,679</b>	603,072
Profit on Sale of Investments (Net)	<b>37,000,647</b>	61,691,860
Others	<b>910,215</b>	1,306,476
Provision for diminution in value of investments	<b>1,850,529</b>	—
Group share in other income of Joint Venture	<b>2,956,594</b>	2,010,048
<b>TOTAL</b>	<b><u>131,128,058</u></b>	<b><u>105,460,038</u></b>

**SCHEDULE 'K'****OPERATIONAL EXPENSES**

Knowledge Associates/Vendor Charges	<b>257,556,030</b>	388,289,066
Consultancy Charges/Consumables	<b>2,876,374</b>	583,002
Electricity	<b>43,359,516</b>	45,728,932
Payments to and expenditure for employees		
a. Salaries, Wages, Bonus & allowances	<b>1,438,573,428</b>	1,503,899,386
b. Contribution to Provident Fund and other funds	<b>92,982,628</b>	82,052,561
c. Welfare Expenditure	<b>33,001,652</b>	37,569,420
d. Directors' Remuneration	<b>37,576,728</b>	34,513,404
Group share in Joint Venture in Payments to and expenditure for employees	<b>35,103,985</b>	25,181,742
Technical Fees	<b>16,405,874</b>	24,520,950
Partnership Fees	<b>560,163</b>	—
Travelling Expenses	<b>167,907,788</b>	211,279,957
Link Charges	<b>15,823,537</b>	15,749,665
Group share in Joint Venture	<b>3,304,351</b>	3,272,730
<b>TOTAL</b>	<b><u>2,145,032,054</u></b>	<b><u>2,372,640,816</u></b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	For 2009-10 Rupees	For 2008-09 Rupees
<b>SCHEDULE 'L'</b>		
<b>ADMINISTRATION AND OTHER OVERHEADS</b>		
Rent	42,213,586	88,518,113
Rates and Taxes	2,555,652	2,876,128
Communication Expenses	19,853,289	21,544,760
Legal and Professional charges	49,222,619	31,585,139
Remuneration to Auditors	2,307,236	2,393,927
Repairs and Maintenance :		
– Building	3,682,232	1,924,271
– Plant & Machinery	13,519,156	13,496,074
– Others	17,363,302	18,945,687
Insurance Premium	10,541,900	11,327,097
Sales Commission and Marketing Expenses	9,796,048	20,309,728
Board Sitting Fees	355,000	260,000
Advertisement and Sales Promotion Expenses	2,116,586	2,378,330
Lease Rent and Hire Charges	5,237,853	894,328
Entertainment Expenses	1,934,841	5,212,918
Miscellaneous Expenses	11,443,745	17,823,557
Sundry Balances/Bad Debts/Preliminary Expenses Written Off (Net)	14,784,356	1,002,354
Loss on Sale of Fixed Assets	1,652,120	296,736
Loss on Sale of Partnership	—	86,020
Provision for Bad & Doubtful debts	5,439,436	9,574,813
Exchange Fluctuation (Net)	542,580	11,156,451
Bank & Other charges	4,099,735	5,792,408
Recruitment Expenses	11,299,391	7,459,104
Subscription Charges	2,226,652	2,260,389
Printing & Stationery	13,566,879	8,663,393
Photocopying Charges	558,686	596,766
Security Charges	4,179,549	4,334,036
Provision for diminution in value of investments	—	413,975
Group share in Joint Venture	11,468,874	9,002,422
<b>TOTAL</b>	<b>261,961,303</b>	<b>300,128,924</b>
<b>SCHEDULE 'M'</b>		
<b>INTEREST</b>		
To Financial Institutions and Banks	2,519,715	5,103,873
To Others	206,694	2,255,231
<b>TOTAL</b>	<b>2,726,409</b>	<b>7,359,104</b>



## Schedules forming part of the consolidated financial statements for the year ended March 31, 2010

### Schedule 'N'

#### Significant Accounting Policies

#### 1 Company Overview :

Datamatics Global Services Limited (DGSL) was incorporated on November 3, 1987 as Interface Software Resources Private Limited. The name of the Company was changed to Datamatics Technologies Private Limited on December 18, 1992 . On December 27, 1999, the Company converted itself from a Private Limited Company into a Public Limited Company and the name of the Company was changed to Datamatics Technologies Limited on January 13, 2000. The name of the Company was changed from "Datamatics Technologies Limited" to "Datamatics Global Services Limited" (DGSL) with effect from January 17, 2009.

Datamatics delivers smart, next-generation solutions that address the customers' business challenges. Product innovation, IP-creation and technology collaboration form the core of the Company's positioning as a "one-stop-smart solution provider". Datamatics is geared to provide the solutions, support and enhancement that are based on smart technology platforms that deliver competitive advantage to customers.

#### 2 Principal accounting policies :

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

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

##### 2.2 Basis of Consolidation :

These Consolidated financial statements include the financial statements of Datamatics Global Services Limited and its subsidiaries and Joint Ventures. The subsidiaries and Joint Ventures considered in the consolidated financial statements as at March 31, 2010 and as at March 31, 2009 are summarized below:

	2009-10		2008-09	
	Country of incorporation	% of shareholding	Country of incorporation	% of shareholding
<b>A) Name of the Subsidiary</b>				
Datamatics Global Services Inc. (Formerly known as Datamatics Technologies Inc.) (DGSI)	USA	100	USA	100
Datamatics Global Services GmbH (Formerly known as Datamatics Technologies GmbH) (DGSGmbH)	Germany	100	Germany	100
Datamatics Technologies U.K. Limited (DTUK)	UK	100	UK	100
Datamatics Software Services Limited (DSSL)	India	100	India	100
Datamatics Infotech Limited (DIL)	UK	100	UK	100
Datamatics Global Services Pty. Limited (Formerly known as Datamatics Australia Pty. Ltd.) (DGSPL)	Australia	100	Australia	100
Datamatics Global Technologies Limited (DGTL)	Mauritius	100	Mauritius	100
Datamatics Global Technologies AG (DGTAG)	Switzerland	100	Switzerland	100
Datamatics Global Technologies GmbH (DGTG) (Refer Note no. 11 in Schedule 'O')	Germany	100	—	—
Datamatics Infotech Inc. (DII) (Refer Note no. 12 in Schedule 'O')	—	—	USA	100
Datamatics America Inc. (DAI) (Refer Note no. 12 in Schedule 'O')	—	—	USA	100
<b>B) Name of the Joint Venture</b>				
Cybercom Datamatics Information Solutions Ltd. (CDIS)	India	50	India	50
Acron Technologies Pvt. Ltd. (formerly known as Datamatics Yash Technologies Pvt. Ltd.)	—	—	India	49.90

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2010

### Schedule 'N' (Contd.)

#### Significant Accounting Policies (Contd.)

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

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

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

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

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

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

Depreciation is provided on Straight Line Method except for leasehold and freehold land by the Parent Company and its Indian Subsidiary as stated in the significant accounting policies forming integral part of the financial statement. Whereas the foreign subsidiaries have provided depreciation on methods and at the rates required/permissible by the local laws, so as to write off the assets over their estimated useful life. The aggregate Gross Block of Rs. 186,013,213 of foreign subsidiaries have charged depreciation at the rates other than those prescribed under Schedule XIV of the Companies Act, 1956. Intangible assets are amortised over a period of three years for which the Company expects the benefits to accrue except for Joint Ventures where it is amortised over 5 years. Leasehold Premises is being depreciated over 15 years.

#### 2.4 Goodwill/Capital Reserve :

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

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

#### 2.5 Leases :

##### Lease Rent Transactions :

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

#### 2.6 Revenue recognition :

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

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

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

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

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

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2010

### Schedule 'N' (Contd.)

#### Significant Accounting Policies (Contd.)

##### 2.7 Employee Retirement Benefits :

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

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

##### 2.8 Foreign Currency Transactions :

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

Monetary items denominated in foreign currencies at the Balance Sheet date are translated at the Balance Sheet date rates.

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

##### 2.9 Foreign Currency Translation :

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

Net exchange difference resulting from the above translation of financial statements of foreign subsidiaries is recognized in the consolidated Profit and Loss Account.

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

##### 2.10 Derivative Instruments and Hedge Accounting :

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

##### 2.11 Investments :

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

##### 2.12 Taxation :

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

##### 2.13 Deferred Tax :

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.

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2010

### Schedule 'N' (Contd.)

#### Significant Accounting Policies (Contd.)

##### 2.14 Borrowing Cost :

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

##### 2.15 Cash Flow Statement :

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

##### 2.16 Earnings per share :

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

##### 2.17 Employee Stock Option Scheme :

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

##### 2.18 Impairment of Assets :

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

## SCHEDULE 'O'

### NOTES TO ACCOUNTS

#### 1 Contingent Liability :

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

Contingent Liabilities to the extent not provided for :

	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
(a) Details of guarantees and sureties outstanding as at		
(i) Guarantees given by Banks to Embassy Centre	405,295	405,295
(ii) Guarantees given by Banks to the Customs Authority	1,275,750	989,250
(iii) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 84,398.70	4,650,000	4,650,000
(iv) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 50,000	—	3,234,000
(b) Disputed Income Tax Liability	6,030,769	12,545,357
(c) Sales Tax	229,000	229,000
(d) Others	5,434,236	5,549,736

#### 2 Capital and other commitments :

Estimated amount of contracts on capital account remaining to be executed and not provided for Rs. 69.53 million (P.Y. Rs. 20.50 million).



## Schedules forming part of the consolidated financial statements for the year ended March 31, 2010

### Schedule 'O' (Contd.)

#### Notes to Accounts (Contd.)

- 3 Forward Contracts Outstanding as on 31.03.2010 is USD 6.50 million (P.Y. USD 2.85 million) (equivalent to Rs. 316.01 million (P.Y. Rs. 129.55 million)).

#### 4 Redemption of DGSL Preference Shares :

During the year, the Company redeemed its redeemable non-cumulative preference shares as detailed below :

- (a) 8% 1,400,000 Preference shares of Rs. 10/- each fully paid-up with fixed tenure;
- (b) 8% 7,300,000 preference shares of Rs. 10/- each fully paid-up without fixed tenure; and
- (c) 9% 11,950,000 preference shares of Rs. 10/- each fully paid-up without fixed tenure.

And accordingly Capital Redemption Reserve of Rs. 206,500,000 is created under Section 80 of the Companies Act, 1956.

#### 5 Employee Benefits :

Defined Benefit Plans :

(Amount in Rupees)

	2009-10	2008-09
I. Expenses recognised during the year ended 31st March, 2010		
1. Current Service Cost	8,062,032	9,331,759
2. Interest Cost	2,558,228	2,935,314
3. Actuarial Losses/(Gains)	6,156,824	(9,612,016)
<b>Total Expenses</b>	<b>16,777,084</b>	2,655,057
II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2010		
1. Present value of defined benefit obligation	38,738,458	27,813,963
2. Net Asset/(Liability)	(38,738,458)	(27,813,963)
III. Recognition of Net Asset/(Liability) recognised in the Balance Sheet during the year ended 31st March, 2010		
1. Net Asset/(Liability) at the beginning of the year	(27,813,963)	(29,560,430)
2. Expenses as per I above	(16,777,084)	(2,655,057)
3. Employer contributions	5,852,589	4,401,524
Net Asset/(Liability) at the end of the year	(38,738,458)	(27,813,963)
IV. Actuarial Assumption		
1. Discount Rate	7.50%	7.75%
2. Salary Escalation	3.50%	3.50%
3. Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

#### Note:

- (a) Provision towards liability for Leave Encashment made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value liability is Rs. 23,958,919 (P.Y. Rs. 23,137,494) based upon following assumptions:

	2009-10	2008-09
Discount Rate	7.50%	7.75%
Salary Escalation	3.50%	3.50%

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2010

### Schedule 'O' (Contd.)

#### Notes to Accounts (Contd.)

#### 6 Segmental Information :

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

Performance of Business Segment is as follows :

	(Rupees in 000's)	
	31.03.2010	31.03.2009
<b>Revenue</b>		
Sales	2,623,815	3,001,468
Segment result profit	132,551	223,620
Other Income	131,128	105,460
Direct Taxes	41,753	53,735
Profit from Ordinary Activities	221,926	275,345
Net Profit	221,926	275,345
<b>Other Segment Information</b>		
Capital Expenditure (Net)	92,537	109,988
Depreciation and amortisation	80,024	86,233
Non-Cash Expenses other than depreciation (Net)	20,022	13,228
<b>Particulars of Segment Assets and Liabilities</b>		
Segment Assets	1,609,296	1,677,650
Investments	543,138	871,125
Bank Deposits	25,308	114,277
Other Assets	677,518	473,596
<b>Total Assets</b>	<b>2,855,261</b>	<b>3,136,648</b>
Segment Liabilities	361,592	531,476
Other Liabilities	103,140	126,040
<b>Total Liabilities</b>	<b>464,732</b>	<b>657,516</b>

#### Geographic Segment

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

	(Rs. In 000's)	
Geographic Location	31.03.2010	31.03.2009
USA	1,353,231	1,733,356
Europe	934,979	1,082,490
Others	335,606	185,622
<b>Total</b>	<b>2,623,815</b>	<b>3,001,468</b>

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2010

### Schedule 'O'

#### Notes to Accounts

#### 7 Related party disclosures :

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

(A) Associate Companies and Joint Ventures

Datamatics Financial Software Services Limited  
 Datamatics Dataprocessors  
 Datamatics Applied DSP Private Limited  
 Anemone Management Consultancy Private Limited  
 Datascan Services

(C) Relatives Of Key Managerial Personnel

Mrs. Asha Kanodia  
 Mrs. Priyadarshini Kanodia  
 Datamatics Staffing Services

(B) Key Managerial Personnel

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

(D) Holding Company

Delta Infosolutions Private Limited

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

(Amount in Rupees)

Nature of transaction	Refer to (i) A above		Refer to (i) B above		Refer to (i) C above		Refer to (i) D above	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
<b>Expenses Incurred by Related Parties</b>	—	13,555,865	—	—	—	—	—	—
Datamatics Financial Software Services Ltd.	—	13,555,865	—	—	—	—	—	—
<b>Managerial Remuneration</b>	—	—	<b>31,611,728</b>	28,007,804	—	—	—	—
Dr. L. S. Kanodia	—	—	<b>3,245,866</b>	3,104,529	—	—	—	—
Mr. Rahul Kanodia	—	—	<b>6,568,052</b>	5,874,356	—	—	—	—
Mr. Vidur Bhogilal	—	—	<b>6,093,898</b>	6,103,209	—	—	—	—
Mr. Sameer Kanodia	—	—	<b>3,567,197</b>	2,547,270	—	—	—	—
Mr. Micheal Thuleweit	—	—	<b>12,136,715</b>	10,378,439	—	—	—	—
<b>Commission</b>	—	—	<b>5,315,000</b>	5,785,600	—	—	—	—
Dr. L. S. Kanodia	—	—	<b>2,657,500</b>	2,892,800	—	—	—	—
Mr. Rahul Kanodia	—	—	<b>2,657,500</b>	2,892,800	—	—	—	—
<b>Equity Shares issued</b>	—	—	—	25,869,875	—	64,545,030	—	—
<b>Proposed Dividend</b>	—	—	<b>8,376,840</b>	6,557,959	<b>8,032,198</b>	16,169,443	<b>39,767,178</b>	—
<b>Preference Shares issued</b>	—	25,200,000	—	—	—	—	—	—
<b>Preference Shares redeemed</b>	<b>25,200,000</b>	—	—	—	—	—	<b>181,300,000</b>	—
<b>Preference Dividend</b>	—	2,128,000	—	—	—	—	—	—
<b>Salaries</b>	—	—	—	—	<b>540,600</b>	270,300	—	—
Mrs. Priyadarshini Kanodia	—	—	—	—	<b>540,600</b>	270,300	—	—
<b>Recruitment Expenses</b>	—	—	—	—	<b>767,215</b>	380,361	—	—
Datamatics Staffing Services	—	—	—	—	<b>767,215</b>	380,361	—	—
<b>Loans and Advances Refunded during the year</b>	<b>100,000</b>	1,450,000	—	—	—	—	—	—
Anemone Management Consultancy Private Ltd.	—	1,450,000	—	—	—	—	—	—
Datamatics Applied DSP Private Ltd.	<b>100,000</b>	—	—	—	—	—	—	—
<b>Loans and Advances Given during the year</b>	—	—	—	—	<b>1,999,929</b>	—	—	—
Datamatics Staffing Services	—	—	—	—	<b>1,999,929</b>	—	—	—

## Schedules forming part of the consolidated financial statements for the year ended March 31, 2010

### Schedule 'O' (Contd.)

#### Notes to Accounts (Contd.)

Nature of transaction	Refer to (i) A above		Refer to (i) B above		Refer to (i) C above		Refer to (i) D above	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
<b>Payables</b>	—	—	<b>5,315,000</b>	5,887,939	—	—	—	—
Dr. L. S. Kanodia	—	—	<b>2,657,500</b>	2,892,800	—	—	—	—
Mr. Rahul Kanodia	—	—	<b>2,657,500</b>	2,995,139	—	—	—	—
<b>Receivables</b>	—	100,000	—	—	<b>1,999,929</b>	—	—	—
Datamatics Applied DSP Private Ltd.	—	100,000	—	—	—	—	—	—
Datamatics Staffing Services	—	—	—	—	<b>1,999,929</b>	—	—	—

#### Note:

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

#### 8 Deferred Tax :

- (i) During the year ended 31st March 2010, the Company has reversed deferred tax liability of Rs. 1,908,721 in the Profit & Loss Account.
- (ii) The break up of deferred tax assets and liabilities as at 31st March 2010 is as under :

(Amount in Rupees)

#### Deferred Tax Liability/(Asset)

Others  
Provision for Doubtful debts  
Timing difference on account of Depreciation  
Net deferred tax liability/(Asset)

As at 31.03.2010	As at 31.03.2009
(21,046,584)	(16,473,318)
—	(3,651,391)
<b>35,411,130</b>	<b>36,681,618</b>
<b>14,364,546</b>	<b>16,556,909</b>

- (iii) On the basis of prudence, net deferred tax asset of Rs. 27,574,676 pertaining to Datamatics Software Services Limited (DSSL) has not been recognised in the accounts.

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

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

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

Under General Employee Stock Option Plan, 2005, 238,000 options were granted during the financial year 2006-07 and all vesting period were falling till 31.03.10. Originally granted shares were revised to 57,000 (P.Y. 116,800) shares due to conditions which restrict the entitlement to the employees. Out of the shares vested, Nil shares (P.Y. Nil) were exercised and allotted.

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

Under the Key Employees Stock Option Plan, 2006, 180,000 options were granted during the financial year 2006-07 and all vesting period were falling till 31.03.10. Out of the shares vested, 35,000 shares (P.Y. 47,500) were exercised and allotted in the current year. The Scheme has ceased to be in operation in the current year.

Accordingly equity share capital is Rs. 294,746,685 (58,949,337 shares).

- 10 During the year, the Company invested in 8% Non-Cumulative Redeemable preference share capital of USD 1,200,000 in Datamatics Global Technologies Limited, incorporated in Mauritius. The said shares are redeemable at the option of the Company.
- 11 During the year, Datamatics Global Technologies AG [wholly owned subsidiary of the Company in Switzerland] acquired the BSS Accelerators Programs from Devoteam Danet GmbH, a German IT consulting and Services Company. The solution automates individual business processes for telecommunications operators and utility organizations such as integrated service delivery, billing and settlement, mediation and output management.
- 12 Company's two wholly owned subsidiaries in the US, namely Datamatics Infotech Inc and Datamatics America Inc merged with and into Datamatics Technologies Inc [wholly owned subsidiary of the Company in the US] with effect from April 01, 2009. The name of Datamatics Technologies Inc was subsequently changed to Datamatics Global Services Inc.
- 13 Portfolio Management services are provided by the Portfolio Manager – Reliance Capital Asset Management Ltd. (RCAML) registered with SEBI vide registration No. INP000000423. The portfolio Manager is engaged in investing funds in accordance with SEBI (Portfolio Managers) Regulations, 1993 of its client – Datamatics Global Services Ltd. in Securities and providing portfolio management services to its clients.

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



## Schedules forming part of the consolidated financial statements for the year ended March 31, 2010

### Schedule 'O'

#### Notes to Accounts

#### 14 Earning Per Share :

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

	As At 31.03.2010	As At 31.03.2009
a) Net Profit after Taxation (Rs.)	221,926,346	275,345,078
Less: Dividend on Preference Shares	—	(17,715,000)
Less: Tax on Preference Dividend	—	(3,010,664)
Profit attributable to equity shareholders	221,926,346	254,619,414
b) Weighted average number of Outstanding equity shares Considered for basic EPS	58,926,145	58,896,789
Add: Weighted number of Stock Options outstanding and allotted during the year	23,192	17,548
Add: Weighted number of stock options outstanding as on 31.3.2010	57,000	143,996
Considered for diluted EPS	59,006,337	59,058,333
c) Earnings per share (Nominal value per share Rs. 5 each)		
Basic (Rs.)	3.77	4.32
Diluted (Rs.)	3.76	4.31

#### 15 Leases :

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

	Amount in Rs.	
	March 31, 2010	March 31, 2009
Amount due within one year from the Balance Sheet date	20,110,766	17,015,559
Amount due in the period between one year and five years	26,031,790	21,852,564
Amount due later than five years	—	9,452,845

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

Lease Rent	42,213,586	88,518,113
------------	------------	------------

#### 16 Prior period Comparatives :

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

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

As per our report of even date

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

Arati Parmar  
Partner  
Membership No. 102888

R. K. Saraswat  
Director

Divya Kumat  
Vice President – Legal  
& Company Secretary

Place : Mumbai  
Dated : May 25, 2010

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

**Cash Flow Statement for the year ended March 31, 2010**

	2010 Rupees	2009 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	263,679,542	329,080,514
Adjusted for:		
Exchange fluctuation on Translation	(2,850,623)	(39,987)
Depreciation and amortization	80,024,262	86,232,634
Interest Expenses	2,726,409	7,359,104
(Profit)/Loss on sale of Fixed Assets	1,652,120	—
(Profit)/Loss on sale of Partnership	—	86,020
Sundry Balances Written (back)/off	—	1,002,354
Interest Received	(87,565,394)	(39,848,582)
Dividend Received	(844,679)	(603,072)
(Profit)/Loss on sale of Investments	(37,000,647)	(61,691,860)
Provision for diminution in the value of investment	(1,850,529)	413,975
Bad Debts Written off	14,784,356	—
Provision for doubtful debts	5,439,436	9,574,813
Employee Stock Option Expenses	1,648,500	2,237,250
Operating Profit before Working Capital Changes	239,842,753	333,803,165
Adjusted for:		
(Increase)/Decrease in Sundry Debtors	137,008,269	(81,443,791)
(Increase)/Decrease in Loans and Advances	16,117,328	(257,306,612)
(Decrease)/Increase in Current Liabilities	(129,687,000)	155,997,539
Cash Generated from Operations	263,281,350	151,050,301
Tax Paid	50,503,439	63,911,202
Net Cash From Operating Activities	212,777,911	87,139,099
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Sale/(Purchase) of Fixed Assets	(144,781,762)	(106,824,369)
Exchange Fluctuation on Fixed Assets	(23,455,762)	—
Sale/(Purchase) of Investments	127,987,011	184,068,550
Interest on Fixed Deposit & Others	87,565,394	39,848,582
Payment towards acquisitions	—	(17,019,534)
Profit on sale of Investment	37,000,647	61,691,860
Dividend Received	844,679	603,072
Net Cash from Investing Activities	85,160,207	162,368,159
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of share capital	175,000	3,737,500
Repayment of Preference Share Capital	(206,500,000)	—
Proceeds/(repayment) from Long Term Borrowings	(51,766,513)	(23,710,239)
Short Term Loan	—	(8,951,000)
Interest	(2,726,409)	(7,359,104)
Final Equity Dividend Paid	(73,642,921)	(30,563,878)
Tax paid on dividend	(12,515,614)	(5,194,332)
Preference Dividend paid	(17,715,000)	—
Tax paid on Preference dividend	(3,010,664)	—
Net Cash Flow from Financing Activities	(367,702,121)	(72,041,053)
Net Increase in Cash and Cash Equivalent during the Year	(69,764,003)	177,466,205
Less: Cash acquired upon merger	—	18,895,020
Cash and Cash equivalents as at beginning of the period	212,599,738	54,028,553
Cash and Cash equivalents as at the end of the period	142,835,736	212,599,738

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

Arati Parmar  
Partner  
Membership No. 102888

Place : Mumbai  
Dated : May 25, 2010

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

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

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

## 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, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, according to the information and explanations given to us during the course of the audit and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Companies (Accounting Standards) Rules, 2006 and/or the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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 Rs. 731,278,219 in six of its wholly owned subsidiaries and has also extended loans and advances of Rs. 139,592,553 to these subsidiaries. As discussed in Note No. 22 of Schedule 'O', the net worth of these subsidiaries has declined. These investments are for long term and of strategic nature. In view of this, we are unable to comment on whether provision, if any, for the diminution in the value of investments is required to be made.
  - (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and the Note No. (vi) above in particular and the other notes thereon in general, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

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

Place : Mumbai  
Date : 25th May, 2010

Arati Parmar  
Partner  
Mem. No.: 102888

**ANNEXURE TO THE AUDITOR'S REPORT**

**(Referred to in paragraph 3 of our Report of even date on the accounts of DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED) for the year ended March 31, 2010)**

- (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 its 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 thereunder are not applicable. As per the information and explanation given to us, the Company has complied with directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA of the Companies Act, 1956 and the rules framed thereunder with regard to the repayment of deposits during the year.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and nature of its business.
- (viii) We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
- (ix)
  - (a) According to the information and explanations given to us and on the basis of records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.
  - (b) The disputed statutory dues aggregating Rs. 60,30,769 pending before the appropriate authorities are as under:

Sr. No.	Name of the Statute	Nature of the dues	Forum where the dispute is pending	Amount in Rs.
1	Income Tax Act, 1961	Income Tax	Appellate Tribunal	78,362
2	Income Tax Act, 1961	Income Tax	Commissioner of Income tax (Appeals)	25,35,405
3	Income Tax Act, 1961	Income Tax	Deputy Commissioner of Income Tax	34,17,002
			Total	60,30,769

- (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. 21 of Schedule 'O' of the accounts aggregating to Rs. 7,219,372. 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. 25 of Schedule 'O' to the Financial Statements.
- (xxi) On the basis of our examination and according to the information and explanation given to us, no fraud, on or by the Company, has been noticed or reported during the course of our audit.

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

Place : Mumbai  
Date : 25th May, 2010

Arati Parmar  
Partner  
Mem. No.: 102888



**BALANCE SHEET AS AT**

	<b>Schedule</b>	<b>March 31, 2010 Rupees</b>	<b>March 31, 2009 Rupees</b>
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share Capital	<b>A</b>	<b>294,746,685</b>	501,071,685
Reserves and Surplus	<b>B</b>	<b>2,718,153,664</b>	2,559,416,216
		<b>3,012,900,349</b>	3,060,487,901
Loan Funds	<b>C</b>		
Secured Loans		<b>39,161,132</b>	86,049,631
Deferred Tax Liability (Net) (Refer Note no. 14 in Schedule 'O')		<b>14,918,429</b>	16,556,909
		<b>3,066,979,910</b>	3,163,094,441
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
Gross Block	<b>D</b>	<b>1,166,286,451</b>	1,153,210,221
Less : Accumulated Depreciation		<b>440,808,783</b>	379,679,319
Net Block		<b>725,477,668</b>	773,530,902
Capital Work in Progress		<b>64,676,662</b>	25,834,000
Investments	<b>E</b>	<b>1,321,030,760</b>	1,587,069,595
Current Assets, Loans and Advances			
a) Interest accrued on Investments		—	2,978,813
b) Sundry Debtors	<b>F</b>	<b>323,534,256</b>	407,697,811
c) Cash and Bank Balance	<b>G</b>	<b>63,855,051</b>	136,253,126
d) Loans and Advances	<b>H</b>	<b>822,052,298</b>	629,138,320
		<b>1,209,441,605</b>	1,176,068,070
Current Liabilities and Provisions	<b>I</b>		
a) Current Liabilities		<b>107,769,906</b>	244,386,956
b) Provisions		<b>145,876,879</b>	155,021,170
		<b>253,646,785</b>	399,408,126
Net Current Assets		<b>955,794,820</b>	776,659,944
		<b>3,066,979,910</b>	3,163,094,441
Significant Accounting Policies	<b>N</b>		
Notes to Accounts	<b>O</b>		

The schedules referred to above and the notes thereon form an integral part of the Financial Statements

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

Arati Parmar  
Partner  
Membership No. 102888

R. K. Saraswat  
Director

Divya Kumat  
Vice President – Legal  
& Company Secretary

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

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated : May 25, 2010

**PROFIT AND LOSS ACCOUNT**

	<b>Schedule</b>	<b>For 2009-10 Rupees</b>	<b>For 2008-09 Rupees</b>
<b>INCOME</b>			
Services:			
Export		<b>1,308,957,551</b>	1,591,750,851
Other Income	<b>J</b>	<b>136,479,884</b>	109,463,873
		<b>1,445,437,435</b>	<b>1,701,214,724</b>
<b>EXPENDITURE</b>			
Operational Expenses	<b>K</b>	<b>970,342,316</b>	1,127,710,976
Administration & Other Overheads	<b>L</b>	<b>132,822,251</b>	165,472,326
Interest	<b>M</b>	<b>2,542,618</b>	6,983,500
Depreciation and amortization		<b>62,405,081</b>	74,597,874
		<b>1,168,112,266</b>	<b>1,374,764,676</b>
Profit/(Loss) before Tax		<b>277,325,169</b>	326,450,048
Provision for Income Tax and Wealth Tax		<b>44,150,000</b>	34,712,000
Provision for Deferred Tax (Refer Note no. 14 in Schedule 'O')		<b>(1,638,479)</b>	6,471,239
Provision for Fringe Benefit tax		<b>—</b>	7,347,000
Profit/(Loss) after Tax		<b>234,813,648</b>	277,919,809
Tax Adjustment of earlier years		<b>8,500,406</b>	—
Profit/(Loss) after Tax		<b>243,314,054</b>	277,919,809
Balance brought forward from last year		<b>408,822,508</b>	287,817,610
Amount Available for Appropriations		<b>652,136,562</b>	565,737,419
<b>APPROPRIATIONS :</b>			
Final Dividend on Equity Shares (F.Y. 2007-08)		<b>—</b>	26,250
Tax on Final Dividend (F.Y. 2007-08)		<b>—</b>	4,462
Proposed Dividend on Equity Shares		<b>73,686,671</b>	73,642,921
Tax on Equity Dividend		<b>12,238,435</b>	12,515,614
Dividend on Preference Shares		<b>—</b>	17,715,000
Tax on Preference Dividend		<b>—</b>	3,010,664
Transfer to General Reserve		<b>50,000,000</b>	50,000,000
Amount Carried Forward		<b>516,211,456</b>	408,822,508
		<b>652,136,562</b>	<b>565,737,419</b>
Earnings per share (Face value Rs. 5 each) in Rs.			
Basic (Annualised)		<b>4.13</b>	4.37
Diluted (Annualised)		<b>4.12</b>	4.35
(Refer Note no. 13 in Schedule 'O')			
Significant Accounting Policies	<b>N</b>		
Notes to Accounts	<b>O</b>		

The schedules referred to above and the notes thereon form an integral part of the Financial Statements

As per our report of even date

For Kanu Doshi Associates

Chartered Accountants

Firm Registration No. 104746W

Arati Parmar

Partner

Membership No. 102888

R. K. Saraswat

Director

Divya Kumat

Vice President – Legal  
& Company Secretary

For and on behalf of the Board

Dr. Lalit S. Kanodia

Chairman

Rahul Kanodia

Vice Chairman & CEO

Vidur Bhogilal

Executive Director  
& Chief Financial Officer

Place : Mumbai

Dated: May 25, 2010

## Schedules forming part of Financial Statements

### SCHEDULE 'A'

#### SHARE CAPITAL

##### AUTHORISED

100,000,000 (P.Y. 100,000,000) Equity shares of Rs. 5/- each

30,000,000 (P.Y. 30,000,000) Redeemable Preference Shares of Rs 10/- each

#### ISSUED, SUBSCRIBED & PAID UP

58,949,337 (P.Y. 58,914,337) Equity Shares of Rs. 5/- each fully paid up

Nil (P.Y. 1,400,000) 8% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (fixed tenure)

Nil (P.Y. 7,300,000) 8% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (without fixed tenure)

Nil (P.Y. 11,950,000) 9% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each (without fixed tenure)

#### TOTAL

#### Notes:

1. Out of the above, 28,480,000 (P.Y. 28,480,000) Equity Shares of Rs. 5/- each have been allotted as fully paid Bonus Shares by capitalisation of General Reserve and Share Premium.
2. Employee Stock Option Scheme - Refer Note No. 16 in Schedule 'O'
3. Out of the above, 18,150,000 (P.Y. 18,150,000) equity shares of Rs. 5/- each are issued without consideration being received in cash.
4. Out of the above, 31,813,742 equity shares of Rs. 5/- each are held by the Holding Company, Delta Infosolutions Private Limited.

### SCHEDULE 'B'

#### RESERVES AND SURPLUS

##### CAPITAL RESERVE

Balance as per last Balance Sheet

##### CAPITAL REDEMPTION RESERVE

Balance as per last Balance Sheet

Add: Transferred from General Reserve

##### SECURITIES PREMIUM

Balance as per last Balance Sheet

Add : Received on issue of Equity shares during the year

##### EMPLOYEE STOCK OPTION OUTSTANDING

Employee Stock Option Outstanding

Less: Deferred Employee Compensation

(Refer Note no. 16 in Schedule 'O')

##### GENERAL RESERVE

Balance as per last Balance Sheet

Add/(Less) : Transferred from Profit and Loss Account

Add/(Less) : Pursuant to the Scheme of Arrangement and/or Amalgamation entered in the previous year 2008-09 (Net)

Add/(Less) : Transferred to Capital Redemption Reserve

Surplus in Profit And Loss Account

#### TOTAL

As at  
March 31, 2010  
Rupees

As at  
March 31, 2009  
Rupees

500,000,000

500,000,000

300,000,000

300,000,000

800,000,000

800,000,000

294,746,685

294,571,685

—

14,000,000

—

73,000,000

—

119,500,000

294,746,685

501,071,685

3,524,880

3,524,880

3,524,880

3,524,880

37,781,250

37,781,250

206,500,000

—

244,281,250

37,781,250

1,078,430,216

1,076,192,966

1,648,500

2,237,250

1,080,078,716

1,078,430,216

—

1,884,000

—

(1,884,000)

—

—

1,030,857,362

885,574,975

50,000,000

50,000,000

(300,000)

95,282,387

(206,500,000)

—

874,057,362

1,030,857,362

516,211,456

408,822,508

2,718,153,664

2,559,416,216

## Schedules forming part of Financial Statements

### SCHEDULE 'C'

#### LOAN FUNDS

##### Secured Loans

##### From Banks

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Vehicle Loan (Repayable within one year Rs. Nil (P.Y. Rs. 583,615))	—	583,615
Working Capital Loan Cash/Packing Credit (Working Capital loan from Standard Chartered Bank is secured by way of Pari passu Charge on Hypothecation of Stock and Book Debts and Moveable Fixed Assets of the Company both past and present and by way of lien on 11,666,855 units of Mutual Funds).	39,161,132	85,466,016

#### TOTAL

39,161,132	86,049,631
------------	------------

### SCHEDULE 'D'

#### FIXED ASSETS

(Rupees)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Balance as on 1-Apr-09	Additions During the year	Deletions/ Adjustment During the year	Balance as on 31-Mar-10	Balance as on 1-Apr-09	Additions During the year	Deletions/ Adjustment During the year	Balance as on 31-Mar-10	Balance as on 31-Mar-10	Balance as on 31-Mar-09
LAND*	391,128,846	—	—	391,128,846	—	—	—	—	391,128,846	391,128,846
BUILDINGS	124,232,398	688,264	—	124,920,662	11,319,730	2,033,195	—	13,352,925	111,567,737	112,912,668
LEASEHOLD PREMISES	6,764,989	—	—	6,764,989	2,915,003	428,225	—	3,343,228	3,421,762	3,849,986
COMPUTERS	236,570,245	2,293,615	—	238,863,860	158,921,045	23,409,937	—	182,330,982	56,532,879	77,649,200
AIR CONDITIONERS	28,086,437	158,516	—	28,244,953	8,379,585	1,317,997	—	9,697,582	18,547,371	19,706,852
ELECTRICAL FITTINGS	44,859,739	702,000	—	45,561,739	12,299,169	2,136,738	—	14,435,908	31,125,831	32,560,570
OFFICE EQUIPMENTS	28,990,209	782,877	—	29,773,086	12,264,897	1,168,878	—	13,433,775	16,339,311	16,725,313
VEHICLES	20,869,774	8,483,895	3,841,853	25,511,816	7,973,077	1,679,004	1,275,617	8,376,464	17,135,352	12,896,697
FURNITURE & FITTINGS	114,009,394	73,153	—	114,082,547	49,344,320	6,568,178	—	55,912,498	58,170,048	64,665,074
PLANT & MACHINERY	8,179,676	—	—	8,179,676	848,259	388,533	—	1,236,792	6,942,884	7,331,417
<b>INTANGIBLE ASSETS</b>										
COMPUTER SOFTWARE										
INTERNAL DEVELOPED SOFTWARE	9,563,000	—	—	9,563,000	9,563,000	—	—	9,563,000	—	—
OTHER SOFTWARE	139,955,514	3,735,763	—	143,691,277	105,851,234	23,274,396	—	129,125,629	14,565,648	34,104,280
<b>GRAND TOTAL</b>	<b>1,153,210,221</b>	<b>16,918,083</b>	<b>3,841,853</b>	<b>1,166,286,451</b>	<b>379,679,319</b>	<b>62,405,081</b>	<b>1,275,617</b>	<b>440,808,783</b>	<b>725,477,668</b>	<b>773,530,903</b>
PREVIOUS YEAR TOTAL	543,024,286	610,185,935	—	1,153,210,221	197,803,204	74,597,874	107,278,241	379,679,319	773,530,902	—

\*Notes:

- The above amount includes Freehold land of Rs. 51,271,714 (P.Y. Rs. 51,271,714) and Leasehold land of Rs. 339,857,132 (P.Y. Rs. 339,857,132).
- Gross Block Includes Rs. 317,231,030 (P.Y. Rs. 317,231,030) being the amount added on revaluation of Land in the Previous Year, based on report issued by approved Independent Valuer.

## Schedules forming part of Financial Statements

### SCHEDULE 'E'

#### INVESTMENTS (AT COST)

##### Long Term Investments

##### UNQUOTED (Non-Trade)

##### Investments in Bonds

Nil (P.Y. 6,580) 5.50 % Rural Electrification Bonds of Rs. 10,000 each	—	65,800,000
1,100 (P.Y. Nil) NABARD 19 Bonds of Rs. 9,482.28 each	<b>10,430,504</b>	—
100 (P.Y. Nil) 6.85 % India Infrastructure Finance Co. Ltd. Bonds of Rs. 102,450 each	<b>10,323,822</b>	—

##### Investments in Debentures

Nil (P.Y. 10) debentures of Rs. 1,000,000 each of Edelweiss Securities Pvt. Ltd.	—	10,100,000
Nil (P.Y. 500,000) debentures of Rs. 100 each of DSP Merrill Lynch Capital Ltd.	—	50,750,000
Nil (P.Y. 20) debentures of Rs. 1,000,000 each of Barclays Investments and Loans (India) Ltd.	—	20,110,300
400 (P.Y. Nil) debentures of Rs. 100,000 each of Edelweiss Capital Ltd.	<b>40,330,900</b>	—
100 (P.Y. Nil) debentures of Rs. 100,000 each of RBS Financial Services (India) Pvt Ltd.	<b>10,110,300</b>	—

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

##### Investments in Portfolio Management Services (PMS)\*\*

Reliance Capital Asset Management Limited (Refer Note no. 21 in Schedule 'O')	<b>7,219,372</b>	5,689,225
--	------------------	-----------

##### Long Term Investment (At Cost)

##### A UNQUOTED (Trade)

##### Investment in shares

##### In subsidiary Companies

300,001 (P.Y. 300,001) fully paid equity shares of Datamatics Technologies UK Limited, a company incorporated in United Kingdom of Pound 1 each	<b>23,886,584</b>	23,886,584
1,000 (P.Y. 1,000) no par value fully paid common stock in Datamatics Global Services Inc., a company incorporated in USA.	<b>644,042,966</b>	630,665,966
Nil (P.Y. 30,000) fully paid common stock of Datamatics Infotech Inc., a company incorporated in USA.	—	13,377,000
50,000 (P.Y. 50,000) fully paid equity shares of Datamatics Australia Pty Ltd of AUD 1 each	<b>1,562,846</b>	1,562,846
20,000 (P.Y. 20,000) fully paid equity shares of Datamatics Infotech Limited, UK of UKP 1 each	<b>1,711,255</b>	1,711,255
218,605 (P.Y. 218,605) fully paid equity shares of Datamatics Software Services Limited of Rs.10 each	<b>2,040,324</b>	2,040,324
Share Capital held in Datamatics Global Services GmbH, a company incorporated in Germany	<b>57,342,090</b>	57,342,090
50,000 (P.Y. 50,000) fully paid equity shares of Datamatics Global Technologies Limited, a company incorporated in Mauritius	<b>2,524,875</b>	2,524,875
1,200,000 (P.Y. Nil) fully paid Non Cumulative Redeemable 8% Preference shares of Datamatics Global Technologies Limited, a company incorporated in Mauritius	<b>56,244,000</b>	—
50,000 (P.Y. 50,000) fully paid equity shares of Datamatics Global Technologies AG, a company incorporated in Switzerland	<b>2,255,000</b>	2,255,000

##### In Other Companies

##### Unquoted (Non Trade)

3,500 (P.Y. 3,500) fully paid equity shares of Matrix Advisors (India) Private Limited of Rs. 10 each	<b>175,000</b>	175,000
419,990 (P.Y. 419,990) fully paid equity shares of Cybercom Datamatics Information Solutions Limited of Rs. 10 each	<b>4,199,900</b>	4,199,900
Nil (P.Y. 4,990) fully paid equity shares of Acron Technologies Private Limited (Formerly known as Datamatics Yash Technologies Private Limited) of Rs. 10 each	—	49,900
Nil (P.Y. 616,000) fully paid 8% Redeemable Non-Cumulative Preference shares of Cybercom Datamatics Information Solutions Limited of Rs. 10 each	—	6,160,000

##### Aggregate of Unquoted Investments

<b>795,984,840</b>	<b>745,950,740</b>
--------------------	--------------------



## Schedules forming part of Financial Statements

### SCHEDULE 'E' (Contd.)

#### B QUOTED (Non-Trade)

##### In shares

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
a) 900 (P.Y. 900) fully paid Equity Shares of Rs. 10 each of Cybertech Ltd.	510,767	510,767
Less: Provision for dimunition in value	494,297	503,162
	16,470	7,605
b) 3,660 (P.Y. 3,660) fully paid Equity Shares of Rs. 2 each of Wipro Ltd.	3,739,473	3,739,473
Less : Provision for dimunition in value	1,152,035	2,874,700
	2,587,438	864,774
c) 5,000 (P.Y. 5,000) fully paid Equity Shares of Rs. 1 each of Vikas WSP Ltd.	552,950	552,950
Less : Provision for dimunition in value	389,950	508,950
	163,000	44,000

##### In units of Mutual funds

Nil (P.Y. 4,488,789) Units of Prudential ICICI Mutual Funds	—	77,682,027
3,789,028 (P.Y. 5,279,007) Units of Reliance Mutual Funds	42,502,214	91,552,189
Nil (P.Y. 7,019,058) Units of IDFC Mutual Funds	—	81,107,765
7,173,557 (P.Y. 8,413,405) Units of Birla Mutual Funds	79,256,582	152,932,003
Nil (P.Y. 441,298) Units of DSP Merrill Lyunch Mutual Funds	—	4,895,757
2,000,000 (P.Y. Nil) Units of Kotak Mutual Funds	20,000,000	—
2,977,770 (P.Y. 27,455) Units of Franklin Templeton Mutual Funds	30,000,000	4,000,000
Nil (P.Y. 5,000,000) Units of Religare Mutual Funds	—	50,000,000
2,000,109 (P.Y. 1,198,201) Units of Tata Mutual Funds	20,001,085	20,004,201
Nil (P.Y. 2,000,000) Units of Fortis Mutual Funds	—	20,000,000
82,843 (P.Y. 82,843) Units of SBI Mutual Funds	2,291,671	2,291,671
1,398,577 (P.Y. 61,365) Units of Sundaram BNP Paribas Mutual Funds	20,001,884	4,992,962

##### Liquid Funds – Current Investment (At Cost or Market Value, whichever is less)

1,561,485 (P.Y. 6,835,805) Units of Fortis Mutual Funds	21,159,012	89,294,722
2,575,277 (P.Y. Nil) Units of Birla Mutual Funds	45,007,335	—
291,589 (P.Y. Nil) Units of Prudential ICICI Mutual Funds	49,900,000	—
4,415,509 (P.Y. 1,223,076) Units of Kotak Mutual Funds	50,006,968	15,504,719
Nil (P.Y. 2,896) Units of DSP Merrill Lyunch Mutual Funds	—	3,471,581
Nil (P.Y. 443,231 ) Units of Reliance Mutual Funds	—	9,507,476
Nil (P.Y. 3,440,575 ) Units of DWS Mutual Funds	—	41,407,132
4,216,264 (P.Y. 1,409,084 ) Units of LIC Mutual Funds	63,737,364	19,108,747

Aggregate of Quoted Investment	446,631,022	688,669,328
--------------------------------	-------------	-------------

#### TOTAL INVESTMENTS

	1,321,030,760	1,587,069,595
--	---------------	---------------

Market Value of Quoted Investment	456,621,603	672,157,353
-----------------------------------	-------------	-------------

Note: Includes Rs. 298.94 million (P.Y. Rs. 411.24 million) of Unutilised Balance of IPO fund, invested in Mutual Funds

(Refer Note no. 25 in Schedule 'O')

## Schedules forming part of Financial Statements

### Notes:

#### Details of Investment bought and sold during the year :-

	As at March 31, 2010
<b>1. During the year, the company had purchased:</b>	<b>No. of units</b>
(a) BIRLA	25,234,673
(b) DSP BLACKROCK	474
(c) DWS	4,200,726
(d) FORTIS	18,347,758
(e) HSBC	6,913,076
(f) ICICI	15,645,400
(g) KOTAK	18,694,354
(h) LIC	157,989,297
(i) RELIANCE	11,534,784
(j) RELIGARE	4,531,438
(k) SUNDARAM	2,445,461
(l) TATA	4,826,642
(m) TEMPLETON	2,977,770
<b>2. During the year, the company had sold/redeemed:</b>	<b>No. of units</b>
(a) BIRLA	23,899,244
(b) DSP BLACKROCK	444,668
(c) DWS	7,641,301
(d) FORTIS	25,622,078
(e) HSBC	6,913,076
(f) ICICI	19,842,600
(g) IDFC	7,019,058
(h) KOTAK	13,501,920
(i) LIC	155,182,117
(j) RELIANCE	13,467,994
(k) RELIGARE	9,531,438
(l) SUNDARAM	1,108,250
(m) TATA	4,024,734
(n) TEMPLETON	27,455
<b>** 3. During the year, the company had purchased under PMS Scheme:</b>	<b>No. of shares</b>
(a) Amara Raja Batteries Ltd.	570
(b) Balrampur Chini Mills Ltd.	1,562
(c) Bank of Baroda	315
(d) Bharti Tele-Ventures Ltd.	461
(e) Emkay Global Financial Services Ltd.	2,913
(f) Escorts Ltd.	3,497
(g) Financial Technologies I Ltd.	138
(h) Gujarat Industries Power Co. Ltd.	2,238
(i) Hindustan Petroleum Corporation Ltd.	111

## Schedules forming part of Financial Statements

### Notes:

#### Details of Investment bought and sold during the year :-

#### \*\* 3. During the year, the company had purchased under PMS Scheme: (contd.)

	As at March 31, 2010
	No. of shares
(j) HEG Ltd.	966
(k) Hindustan Unilever Ltd.	1,026
(l) Indian Oil Corporation Ltd.	432
(m) Indraprastha Gas Ltd.	374
(n) Infosys Technologies Ltd.	103
(o) ITC Ltd.	442
(p) Jagran Prakashan Ltd.	1,830
(q) KEC International Ltd.	125
(r) Micro Inks Ltd.	756
(s) Oil and Natural Gas Corporation Ltd.	205
(t) Oil India Ltd.	168
(u) Sonata Software Ltd.	7,106
(v) Strides Arcolab Ltd.	1,550
(w) Tata Consultancy Services Ltd.	390
(x) Supreme Industries Ltd.	823
(y) United Phosphorous Ltd.	849
	No. of units
(z) Reliance Liquid Fund	445,275

#### \*\* 4. During the year, the company had sold under PMS Scheme:

	No. of shares
(a) CCL Products (India) Ltd.	1,246
(b) Gujarat Industries Power Co. Ltd.	2,238
(c) Hindustan Unilever Ltd.	1,026
(d) Hitachi Home and Life Solutions (India) Ltd.	2,320
(e) Indraprastha Gas Ltd.	374
(f) IPCA Laboratories Ltd.	207
(g) Jagran Prakashan Ltd.	1,830
(h) Micro Inks Ltd.	756
(i) Mphasis Ltd.	229
(j) Rallis India Ltd.	1,072
(k) SKF India Ltd.	1,509
(l) Strides Arcolab Ltd.	1,550
	No. of units
(m) Reliance Liquid Fund	537,813

#### 5. During the year, the company has made/sold the following investments:

Datamatics Global Technologies Limited (Refer Note no. 17 in Schedule 'O')

Acron Technologies Private Limited (Formerly known as Datamatics Yash Technologies Private Limited)

(Refer Note no. 26 in Schedule 'O')

## Schedules forming part of Financial Statements

### SCHEDULE 'F'

#### SUNDRY DEBTORS

Unsecured

Outstanding for a period exceeding six months

Considered Good

Considered Doubtful

Others, Considered Good

Less : Provision for Doubtful Debts

#### TOTAL

(Refer Note no. 23 in Schedule 'O')

### SCHEDULE 'G'

#### CASH & BANK BALANCES

Cash on Hand

Cheques on Hand

Foreign Currency On Hand

Balance with Scheduled Banks

In Current Accounts

In Fixed Deposit Accounts

In Margin Accounts \*

In Exchange Earner's Foreign Currency Account

In Unclaimed Dividend Accounts

In Share Refund Accounts

#### TOTAL

\* Out of the above Rs. 5,776,250 are marked as Lien for Guarantees issued by Banks on behalf of the Company.

### SCHEDULE 'H'

#### LOANS & ADVANCES

(Unsecured, considered good for value to be received

in Cash or in Kind, unless otherwise specified)

Loans and Advances to Subsidiaries (Net) (Refer Note no. 15 and 24 in Schedule 'O')

Advance Payment of Tax (Net of provision for tax Rs. 126,750,728 (P.Y. Rs. 85,912,128))

Advance Tax — FBT (Net of provision for fringe benefit tax Rs. 21, 207,000 (P.Y. Rs. 21,188,000))

Deposits

Interest Accrued

Other Receivables

Other advances

— Considered Doubtful

— Others, Considered Good

Less: Provision for bad & doubtful advances

#### TOTAL

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b>SCHEDULE 'F'</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured		
Outstanding for a period exceeding six months		
Considered Good	61,824,315	117,212,837
Considered Doubtful	—	10,742,548
Others, Considered Good	261,709,941	290,484,974
	323,534,256	418,440,359
Less : Provision for Doubtful Debts	—	10,742,548
<b>TOTAL</b>	<b>323,534,256</b>	<b>407,697,811</b>
(Refer Note no. 23 in Schedule 'O')		
<b>SCHEDULE 'G'</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on Hand	194,707	761,130
Cheques on Hand	6,981,556	3,804,177
Foreign Currency On Hand	548,636	520,951
Balance with Scheduled Banks		
In Current Accounts	21,977,470	9,836,091
In Fixed Deposit Accounts	12,013,096	102,320,037
In Margin Accounts *	12,954,638	11,957,193
In Exchange Earner's Foreign Currency Account	6,350,181	4,532,908
In Unclaimed Dividend Accounts	1,892,967	1,578,839
In Share Refund Accounts	941,800	941,800
<b>TOTAL</b>	<b>63,855,051</b>	<b>136,253,126</b>
* Out of the above Rs. 5,776,250 are marked as Lien for Guarantees issued by Banks on behalf of the Company.		
<b>SCHEDULE 'H'</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured, considered good for value to be received		
in Cash or in Kind, unless otherwise specified)		
Loans and Advances to Subsidiaries (Net) (Refer Note no. 15 and 24 in Schedule 'O')	140,607,872	132,153,982
Advance Payment of Tax (Net of provision for tax Rs. 126,750,728 (P.Y. Rs. 85,912,128))	9,310,006	9,125,835
Advance Tax — FBT (Net of provision for fringe benefit tax Rs. 21, 207,000 (P.Y. Rs. 21,188,000))	701,282	315,301
Deposits	13,007,867	27,342,058
Interest Accrued	19,866,226	21,828,595
Other Receivables	630,278,876	422,332,133
Other advances		
— Considered Doubtful	6,042,708	6,042,708
— Others, Considered Good	8,280,169	16,040,416
	828,095,006	635,181,028
Less: Provision for bad & doubtful advances	6,042,708	6,042,708
<b>TOTAL</b>	<b>822,052,298</b>	<b>629,138,320</b>

## Schedules forming part of Financial Statements

### SCHEDULE 'I'

#### CURRENT LIABILITIES AND PROVISIONS

##### A. CURRENT LIABILITIES

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
a. Sundry Creditors (Refer Note no. 27 in Schedule 'O')		
— for Capital Goods	7,295,479	8,199,254
— for Vendors	987,064	2,908,655
— for Expenses	4,162,317	13,095,688
b. Advance received from Customer	9,363,888	12,297,506
c. Investor Education and Protection Fund (Not due)		
— Unclaimed Dividend	1,768,996	1,446,445
— Unclaimed Interest on Fixed Deposit	139,491	210,899
— Share Application Money	941,800	941,800
d. Other Liabilities	24,393,220	72,212,678
	<b>49,052,255</b>	111,312,925
Employees Liabilities (Included Rs. 5,315,000 (P.Y. 5,785,600) due as commission to Chairman, Managing Director and Whole Time Director) (Refer Note no. 20 in Schedule 'O')	<b>58,717,651</b>	133,074,031

#### TOTAL

**107,769,906** **244,386,956**

##### B. PROVISIONS

For Proposed Dividend on Equity Shares	73,686,671	73,642,921
For Tax on Equity Dividend	12,238,435	12,515,614
For Proposed Dividend on Preference Shares	—	17,715,000
For Tax on Preference Dividend	—	3,010,664
For Gratuity	37,694,834	26,494,586
For Leave Encashment	22,256,939	21,642,385

#### TOTAL

**145,876,879** **155,021,170**

**For 2009-10** **For 2008-09**  
**Rupees** **Rupees**

### SCHEDULE 'J'

#### OTHER INCOME

Interest from banks [TDS Rs. 1,343,764 (P.Y. Rs. 222,501)]	7,932,217	4,262,180
Interest from others [TDS Rs. 9,255,156 (P.Y. Rs. 9,318,785)]	87,967,211	42,043,459
Dividend on Investments — Non Trade (Trade Nil)	844,679	603,072
Profit on Sale of Investments — Non Trade (Net)	36,809,867	61,691,860
Sundry Balances Written back (Net)	398,259	—
Miscellaneous Income	677,122	724,385
Bad Debt Recovery	—	138,917
Provision for diminution in value of investments	1,850,529	—
<b>TOTAL</b>	<b>136,479,884</b>	<b>109,463,873</b>



## Schedules forming part of Financial Statements

### SCHEDULE 'K'

#### OPERATIONAL EXPENSES

	For 2009-10 Rupees	For 2008-09 Rupees
Knowledge Associates/Vendor Charges	27,003,383	32,299,402
Consumables	—	583,002
Electricity	38,710,314	39,562,731
Payments to and expenditure for employees		
a. Salaries, Wages, Bonus & allowances (Refer Note no. 16 in Schedule 'O')	664,712,599	769,548,935
b. Contribution to Provident Fund and other funds	27,566,360	31,868,374
c. Welfare Expenditure	29,074,276	28,523,102
d. Directors Remuneration (Refer Note no. 20 in Schedule 'O')	25,440,013	24,134,964
Technical Fees	14,638,221	19,558,521
Travelling Expenses	127,651,167	166,132,504
Link Charges	15,545,983	15,499,441
<b>TOTAL</b>	<b>970,342,316</b>	<b>1,127,710,976</b>

### SCHEDULE 'L'

#### ADMINISTRATION & OTHER OVERHEADS

Rent	17,610,677	43,057,220
Rates and Taxes	2,527,156	2,611,438
Communication Expenses	8,433,954	9,375,019
Legal and Professional charges	16,312,242	17,696,310
Remuneration to Auditors	939,327	1,231,837
Repairs and Maintenance :		
– Building	1,604,496	1,924,271
– Plant & Machinery	13,482,540	13,241,368
– Others	8,413,169	8,772,347
Insurance Premium	3,090,644	3,697,649
Sales Commission	8,690,543	17,353,594
Board Sitting Fees	355,000	260,000
Advertisement and Sales Promotion Expenses	886,124	1,675,702
Subscription Charges	2,226,652	1,885,646
Lease Rent & Hire Charges	2,544,871	762,984
Entertainment Expenses	1,406,742	1,599,835
Sundry Balances Written off (Net)	—	14,217
Miscellaneous Expenses	6,741,224	8,803,920
Loss on sale of Fixed Assets	1,652,120	296,736
Loss on Sale of Partnership	—	86,020
Bad debts Written off	14,289,210	—
Exchange Fluctuation (Net)	4,591,631	11,085,915
Bank & Other charges	2,496,379	5,070,344
Recruitment Expenses	6,418,572	6,219,883
Printing & Stationery	3,510,417	3,574,933
Photocopying Charges	549,884	586,732
Security Charges	4,048,677	4,174,431
Provision for diminution in value of investments	—	413,975
<b>TOTAL</b>	<b>132,822,251</b>	<b>165,472,326</b>

### SCHEDULE 'M'

#### INTEREST

To Financial Institutions and Banks	2,519,715	5,103,873
To Others	22,903	1,879,627
<b>TOTAL</b>	<b>2,542,618</b>	<b>6,983,500</b>

## Schedules forming part of Financial Statements for the year ended March 31, 2010

### Schedule 'N'

#### 1 Company Overview

Datamatics Global Services Limited (DGSL) was incorporated on November 3, 1987 as Interface Software Resources Private Limited. The name of the company was changed to Datamatics Technologies Private Limited on December 18, 1992. On December 27, 1999, the company converted itself from a Private Limited Company into a Public Limited Company and the name of the Company was changed to Datamatics Technologies Limited on January 13, 2000. The name of the Company was changed from "Datamatics Technologies Limited" to "Datamatics Global Services Limited" (DGSL) with effect from January 17, 2009.

Datamatics delivers smart, next-generation solutions that address the customers' business challenges. Product innovation, IP-creation and technology collaboration form the core of the Company's positioning as a "one-stop-smart solution provider". Datamatics is geared to provide the solutions, support and enhancement that are based on smart technology platforms that deliver competitive advantage to customers.

#### 2 Significant Accounting Policies

##### I. System of Accounting:

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

##### II. Use of Estimates:

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

##### III. Revenue Recognition:

Revenue from services is recognized based on time and material and billed to the clients as per the terms of the contract. In the case of fixed price contracts, revenue is recognized on periodical basis based on units executed and delivered. Revenue/Income from sale of traded goods is recognized on dispatch of goods. Sales are exclusive of taxes, wherever applicable.

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

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

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

##### V. Depreciation and amortization:

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

##### VI. Valuation of Inventories:

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.

##### VII. Investments:

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

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

###### Other Investments:

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

Overseas Investments are carried at their original rupee cost.

## Schedules forming part of Financial Statements for the year ended March 31, 2010

### Schedule 'N' — Significant Accounting Policies (Contd.)

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

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

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

Actuarial gains and losses are charged to Profit and Loss account and are not deferred.

#### IX. Leave Travel Allowances:

Encashment of Leave Travel Allowances is accounted on cash basis.

#### X. Foreign Currency Transactions:

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

#### XI. 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 and the profit/loss arising thereon is accounted in the year of settlement of forward contract. The Company does not use the forward contract for speculative purposes.

#### XII. Lease Rent Transactions:

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

#### XIII. Taxation:

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

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

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

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

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

#### XIV. Borrowing Cost:

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

#### XV. Cash Flow Statement:

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

## Schedules forming part of Financial Statements for the year ended March 31, 2010

### Schedule 'N' — Significant Accounting Policies (Contd.)

#### XVI. Earnings per share:

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

#### XVII. Employee Stock Option Scheme:

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

#### XVIII. Impairment of Assets:

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

### Schedule 'O'

#### NOTES TO THE ACCOUNTS

##### 1. Contingent Liability:

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

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

	31.03.2010 (Rs.)	31.03.2009 (Rs.)
(a) Details of guarantees and sureties outstanding as at		
(i) Guarantees given by Banks to Embassy Centre	405,295	405,295
(ii) Guarantees given by Banks to the Customs Authority	1,134,250	989,250
(iii) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 84,398.70	4,650,000	4,650,000
(iv) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 50,000	—	3,234,000
(b) Disputed Income Tax Liability	6,030,769	12,545,357
(c) Sales Tax	229,000	229,000
(d) Others	5,434,236	5,549,736

##### 2. Capital and other commitments:

Estimated amount of contracts on capital account remaining to be executed and not provided for Rs. 69.53 Million (P.Y. Rs. 20.50 Million).

3. Forward and Options Contracts Outstanding as on 31.03.2010 is USD 6.50 million (P.Y. USD 2.85 million) (equivalent to Rs. 316.01 million (P.Y. Rs. 129.55 million)). The foreign currency exposures that are not hedged by a derivative instrument or otherwise is Rs. 69.84 million (P.Y. Rs. 296.11 million).

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

Audit Fees	660,000	684,690
Certification/Others	258,078	519,328
Out of Pocket Expenses	21,249	27,819
	<u>939,327</u>	<u>1,231,837</u>

## Schedules forming part of Financial Statements for the year ended March 31, 2010

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

#### 5. Redemption of Preference Shares:

During the year, the Company redeemed all its redeemable non-cumulative preference shares as detailed below:

- 8% 1,400,000 Preference shares of Rs. 10/- each fully paid-up with fixed tenure;
- 8% 7,300,000 preference shares of Rs. 10/- each fully paid-up without fixed tenure; and
- 9% 11,950,000 preference shares of Rs. 10/- each fully paid-up without fixed tenure.

And accordingly Capital Redemption Reserve of Rs. 206,500,000 is created under section 80 of the Companies Act, 1956.

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

	2010 (Rs. in 000's)	2009 (Rs. in 000's)
(i) FOB Value of Exports of ITES/BPO Segment	1,308,958	1,591,751
(ii) Income in foreign currency - Interest	102	296
(iii) Expenditure in foreign currency (on accrual basis)		
CIF value of Import of capital goods	1,451	9,151
Commission	8,691	17,354
Foreign Travel	90,635	121,819
Others	6,987	24,368
Total	107,764	172,692
Net dividend remitted in foreign exchange		
No. of Non-resident Shareholders	109	104
No. of equity shares held on which dividend was due	363,973	363,029
The year to which the dividend relates	2008-09	2007-08
Amount remitted equivalent in dollar (\$)	\$9,482.41	\$3,847.63

7. 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.

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

#### 9. Employee Benefits

Defined Benefit Plans:

	2009-10	(Rs.) 2008-09
<b>I. Expenses recognised during the year ended 31st March, 2010</b>		
1. Current Service Cost	7,208,148	8,644,171
2. Interest Cost	2,410,213	2,780,866
3. Actuarial Losses/(Gains)	6,788,322	(8,884,425)
Total Expenses	16,406,683	2,540,612
<b>II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2010</b>		
1. Present value of defined benefit obligation	37,694,834	26,494,586
2. Net Asset/(Liability)	(37,694,834)	(26,494,586)
<b>III. Recognition of Net Asset/(Liability) recognised in the Balance Sheet during the year ended 31st March, 2010</b>		
1. Net Asset/(Liability) at the beginning of the year	(26,494,586)	(28,279,344)
2. Expenses as per I above	(16,406,683)	(2,540,612)
3. Employer contributions	5,206,435	4,325,370
Net Asset/(Liability) at the end of the year	(37,694,834)	(26,494,586)



## Schedules forming part of Financial Statements for the year ended March 31, 2010

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

#### IV. Actuarial Assumption

1. Discount Rate
2. Salary Escalation
3. Mortality

2009-10	2008-09
<b>7.50%</b>	7.75%
<b>3.50%</b>	3.50%
<b>LIC (1994-96)</b>	LIC (1994-96)
<b>Ultimate</b>	Ultimate

Note:

- a. Provision towards liability for Leave Encashment made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value liability is Rs. 22,256,939 (P.Y. Rs. 21,642,385) based upon following assumptions:

	2009-10	2008-09
Discount Rate	<b>7.50%</b>	7.75%
Salary Escalation	<b>3.50%</b>	3.50%

10. 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:**

	(Rs. in 000's)	
	31.03.2010	31.03.2009
<b>Revenue</b>		
Sale to external customers	<b>1,308,958</b>	1,591,751
Segment result profit	<b>140,845</b>	216,986
Other Income	<b>136,480</b>	109,464
Direct Taxes	<b>42,512</b>	48,530
Profit from Ordinary Activities	<b>234,814</b>	277,920
Net Profit	<b>234,814</b>	277,920
<b>Other Segment Information</b>		
Capital Expenditure	<b>16,918</b>	100,386
Depreciation and amortization	<b>62,405</b>	74,598
Non Cash Expenses other than depreciation (Net)	<b>15,341</b>	2,634
<b>Particulars of Segment Assets and Liabilities:</b>		
Segment Assets	<b>1,203,623</b>	1,301,953
Investments	<b>1,321,031</b>	1,587,070
Bank Deposits	<b>24,968</b>	114,277
Other Assets	<b>771,005</b>	559,203
<b>Total Assets</b>	<b>3,320,627</b>	3,562,503
Segment Liabilities	<b>204,033</b>	375,974
Other Liabilities	<b>103,694</b>	126,040
<b>Total Liabilities</b>	<b>307,726</b>	502,014

#### Geographic Segment

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

	(Rs. in 000's)	
Geographic Location	31.03.2010	31.03.2009
USA	<b>592,015</b>	754,392
Europe	<b>489,473</b>	750,052
Others	<b>227,469</b>	87,306
<b>TOTAL</b>	<b>1,308,958</b>	1,591,750

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

## Schedules forming part of Financial Statements for the year ended March 31, 2010

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

#### 11. 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 Limited  
 Datamatics Software Services Limited  
 Datamatics Global Technologies Limited  
 Datamatics Global Technologies AG  
 Datamatics Infotech Limited  
 Datamatics Global Services Pty. Limited  
 Datamatics Global Technologies GmbH

(C) Key Managerial Personnel

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

(B) Associate Companies and Joint Ventures:

Datamatics Financial Software Services Limited  
 Cybercom Datamatics Information Solutions Limited  
 Acron Technologies Pvt. Ltd. (Formerly known as Datamatics Yash Technologies Private Limited)  
 Datamatics Applied DSP Private Limited  
 Anemone Management Consultancy Private Limited  
 Datascan Services

(D) Relatives of Key Managerial Personnel

Mrs. Asha Kanodia  
 Mrs. Priyadarshini Kanodia  
 Datamatics Staffing Services

(E) Holding Company

Delta Infosolutions Private Limited

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

(Amount in Rupees)

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	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
<b>Sales</b>										
<b>Technical Services</b>	<b>318,835,068</b>	392,264,939	—	—	—	—	—	—	—	—
Datamatics Global Services Inc.	<b>284,589,077</b>	318,218,353	—	—	—	—	—	—	—	—
Datamatics Global Services GmbH	<b>20,210,453</b>	49,887,165	—	—	—	—	—	—	—	—
Datamatics Technologies UK Ltd.	—	1,703,252	—	—	—	—	—	—	—	—
Datamatics Global Technologies Ltd.	—	1,622,720	—	—	—	—	—	—	—	—
Datamatics Global Technologies GmbH	<b>3,062,199</b>	—	—	—	—	—	—	—	—	—
Datamatics Global Services Pty. Ltd.	<b>1,650,817</b>	—	—	—	—	—	—	—	—	—
Datamatics Infotech Ltd.	<b>9,322,522</b>	20,833,449	—	—	—	—	—	—	—	—
<b>Technical Fees</b>	<b>2,957,497</b>	—	—	—	—	—	—	—	—	—
Datamatics Global Services Inc.	<b>2,957,497</b>	—	—	—	—	—	—	—	—	—
<b>Expenses Incurred by Related Parties</b>	<b>50,659</b>	3,901,929	—	13,569,221	—	—	—	—	—	—
Datamatics Global Services Inc.	—	2,829,211	—	—	—	—	—	—	—	—
Datamatics Global Services GmbH	—	1,059,253	—	—	—	—	—	—	—	—
Datamatics Software Services Ltd.	<b>50,659</b>	13,465	—	—	—	—	—	—	—	—
Cybercom Datamatics Information Solutions Ltd.	—	—	—	13,356	—	—	—	—	—	—
Datamatics Financial Software Services Limited	—	—	<b>13,555,865</b>	—	—	—	—	—	—	—
<b>Expenses Incurred for Related Parties</b>	<b>734,043</b>	23,853,285	—	1,202,439	—	—	—	—	—	—
Datamatics Global Services GmbH	—	7,051,743	—	—	—	—	—	—	—	—
Datamatics Technologies UK Ltd.	<b>80,672</b>	—	—	—	—	—	—	—	—	—
Datamatics Software Services Ltd.	<b>305,405</b>	16,599,267	—	—	—	—	—	—	—	—
Datamatics Infotech Ltd.	—	202,275	—	—	—	—	—	—	—	—
Datamatics Global Services Pty. Ltd.	<b>347,966</b>	—	—	—	—	—	—	—	—	—
Cybercom Datamatics Information Solutions Ltd.	—	—	—	1,202,439	—	—	—	—	—	—

## Schedules forming part of Financial Statements for the year ended March 31, 2010

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

Nature of transaction	Refer to (i) A above		Refer to (i) B above		Refer to (i) C above		Refer to (i) D above		Refer to (i) E above	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
<b>Managerial Remuneration</b>	—	—	—	—	<b>19,475,013</b>	17,629,364	—	—	—	—
Dr. L. S. Kanodia	—	—	—	—	<b>3,245,866</b>	3,104,529	—	—	—	—
Mr. Rahul Kanodia	—	—	—	—	<b>6,568,052</b>	5,874,356	—	—	—	—
Mr. Vidur Bhogilal	—	—	—	—	<b>6,093,898</b>	6,103,209	—	—	—	—
Mr. Sameer Kanodia	—	—	—	—	<b>3,567,197</b>	2,547,270	—	—	—	—
<b>Commission</b>	—	—	—	—	<b>5,315,000</b>	5,785,600	—	—	—	—
Dr. L. S. Kanodia	—	—	—	—	<b>2,657,500</b>	2,892,800	—	—	—	—
Mr. Rahul Kanodia	—	—	—	—	<b>2,657,500</b>	2,892,800	—	—	—	—
<b>Equity Shares issued</b>	—	—	—	—	—	25,869,875	—	64,545,030	—	—
<b>Proposed Dividend</b>	—	—	—	—	<b>8,376,840</b>	6,557,959	<b>8,032,198</b>	16,169,443	<b>39,767,178</b>	—
<b>Preference Shares issued</b>	—	—	—	25,200,000	—	—	—	—	—	—
<b>Preference Shares redeemed</b>	—	—	<b>25,200,000</b>	—	—	—	—	—	<b>181,300,000</b>	—
<b>Preference Dividend</b>	—	—	—	2,128,000	—	—	—	—	—	—
<b>Salaries</b>	—	—	—	—	—	—	<b>540,600</b>	270,300	—	—
Mrs. Priyadarshini Kanodia	—	—	—	—	—	—	<b>540,600</b>	270,300	—	—
<b>Recruitment Expenses</b>	—	—	—	—	—	—	<b>767,215</b>	380,361	—	—
Datamatics Staffing Services	—	—	—	—	—	—	<b>767,215</b>	380,361	—	—
<b>Interest income</b>	<b>9,047,675</b>	6,951,001	—	—	—	—	—	—	—	—
Datamatics Global Services GmbH	<b>101,851</b>	295,636	—	—	—	—	—	—	—	—
Datamatics Software Services Ltd.	<b>8,945,824</b>	6,655,365	—	—	—	—	—	—	—	—
<b>Loans and Advances Refunded during the year</b>	<b>64,875,140</b>	24,733,147	<b>100,000</b>	1,450,000	—	—	—	—	—	—
Datamatics Global Services Inc.	<b>18,715,344</b>	5,747,659	—	—	—	—	—	—	—	—
Datamatics Technologies UK Ltd.	<b>576,225</b>	250,058	—	—	—	—	—	—	—	—
Datamatics Software Services Ltd.	<b>40,109,820</b>	18,421,472	—	—	—	—	—	—	—	—
Datamatics Global Services GmbH	<b>158,281</b>	313,957	—	—	—	—	—	—	—	—
Datamatics Infotech Ltd.	<b>5,270,216</b>	—	—	—	—	—	—	—	—	—
Datamatics Global Services Pty. Ltd.	<b>45,254</b>	—	—	—	—	—	—	—	—	—
Anemone Management Consultancy Private Limited	—	—	—	1,450,000	—	—	—	—	—	—
Datamatics Applied DSP Private Ltd.	—	—	<b>100,000</b>	—	—	—	—	—	—	—
<b>Loans and Advances Given during the year</b>	<b>64,978,621</b>	48,290,732	—	—	—	—	<b>1,999,929</b>	—	—	—
Datamatics Global Services Inc.	<b>18,017,757</b>	6,697,304	—	—	—	—	—	—	—	—
Datamatics Technologies UK Ltd.	<b>495,554</b>	250,058	—	—	—	—	—	—	—	—
Datamatics Global Services GmbH	<b>2,417,659</b>	1,089,370	—	—	—	—	—	—	—	—
Datamatics Software Services Ltd.	<b>36,462,884</b>	40,254,000	—	—	—	—	—	—	—	—
Datamatics Infotech Ltd.	<b>6,872,159</b>	—	—	—	—	—	—	—	—	—
Datamatics Global Services Pty. Ltd.	<b>712,608</b>	—	—	—	—	—	—	—	—	—
Datamatics Staffing Services	—	—	—	—	—	—	<b>1,999,929</b>	—	—	—
Investment in Equity Shares	—	4,779,875	—	—	—	—	—	—	—	—
Datamatics Global Technologies Ltd.	—	2,524,875	—	—	—	—	—	—	—	—
Datamatics Global Technologies AG	—	2,255,000	—	—	—	—	—	—	—	—
<b>Investment in Preference Shares</b>	<b>56,244,000</b>	—	—	—	—	—	—	—	—	—
Datamatics Global Technologies Ltd.	<b>56,244,000</b>	—	—	—	—	—	—	—	—	—
<b>Payables</b>	<b>2,957,497</b>	—	—	—	<b>5,315,000</b>	5,887,939	—	—	—	—
Dr. L. S. Kanodia	—	—	—	—	<b>2,657,500</b>	2,892,800	—	—	—	—
Mr. Rahul Kanodia	—	—	—	—	<b>2,657,500</b>	2,995,139	—	—	—	—
Datamatics Global Services Inc.	<b>2,957,497</b>	—	—	—	—	—	—	—	—	—
<b>Receivables</b>	<b>261,225,523</b>	253,990,296	—	100,000	—	—	<b>1,999,929</b>	—	—	—
Datamatics Global Services Inc.	<b>87,510,909</b>	110,795,146	—	—	—	—	—	—	—	—
Datamatics Global Services GmbH	<b>36,692,692</b>	19,007,027	—	—	—	—	—	—	—	—
Datamatics Software Services Ltd.	<b>121,053,625</b>	115,555,160	—	—	—	—	—	—	—	—
Datamatics Global Technologies GmbH	<b>2,263,480</b>	—	—	—	—	—	—	—	—	—
Datamatics Infotech Ltd.	<b>11,038,680</b>	8,632,963	—	—	—	—	—	—	—	—
Datamatics Global Services Pty. Ltd.	<b>2,666,137</b>	—	—	—	—	—	—	—	—	—
Datamatics Applied DSP Private Ltd.	—	—	—	100,000	—	—	—	—	—	—
Datamatics Staffing Services	—	—	—	—	—	—	<b>1,999,929</b>	—	—	—

Note:

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

## Schedules forming part of Financial Statements for the year ended March 31, 2010

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

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

(Amount in Rupees)

	March 31, 2010	March 31, 2009
Amount due not later than one year from the balance sheet date	5,756,760	5,756,760
Amount due in the period between one year and five years	9,941,863	15,698,623
Amount due later than five years	—	—

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

Lease Rent	17,610,677	43,057,220
------------	------------	------------

### 13. Earning Per Share

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

	As of 31.03.2010		As of 31.03.2009
(a) Net Profit after taxation (Rs.)	243,314,054		277,919,809
Less: Dividend on Preference Shares	—	(17,715,000)	
Less: Tax on Preference Dividend	—	(3,010,664)	(20,725,664)
Profit attributable to equity shareholders	243,314,054		257,194,145
(b) Weighted average number of Outstanding equity shares			
Considered for basic EPS including shares allotted pursuant to the scheme	58,926,145		58,896,789
Add : Weighted number of Stock Options allotted during the year	23,192		17,548
Add : Weighted number of Stock Options outstanding as on 31.3.2010	57,000		143,996
Considered for diluted EPS	59,006,337		59,058,333
(c) Earnings per share			
(Nominal value per share Rs. 5 each)			
Basic (Rs.)	4.13		4.37
Diluted (Rs.)	4.12		4.35

### 14. Deferred Tax:

- (i) During the year ended 31st March, 2010, the company has reversed deferred tax liability of Rs. 1,638,479 in the Profit & Loss Account.
- (ii) The break up of deferred tax assets and liabilities as at 31st March, 2010 is as under:

(Amount in Rupees)

Deferred Tax Liability/(Asset)	As at 31.03.2010	(Credit)/ Charge	As at 31.03.2009
Others	(20,488,781)	(4,015,463)	(16,473,318)
Provision for Doubtful debts	—	3,651,391	(3,651,391)
Timing difference on account of Depreciation	35,407,210	(1,274,407)	36,681,618
Net deferred tax liability/(Asset)	14,918,429	(1,638,479)	16,556,909

15. The Company had provided Working Capital Loan of Euro 100,000 to its subsidiary Datamatics Technologies GmbH at a interest rate of 1% p.a. above the LIBOR rate, and of Rs. 123,024,769 to its subsidiary Datamatics Software Services Limited at a interest rate of 8% p.a.

## Schedules forming part of Financial Statements for the year ended March 31, 2010

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

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

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

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

Under General Employee Stock Option Plan, 2005, 238,000 options were granted during the financial year 2006-07 and all vesting period were falling till 31.03.10. Originally granted shares were revised to 57,000 (P.Y. 116,800) shares due to conditions which restrict the entitlement to the employees. Out of the shares vested, Nil shares (P.Y. Nil) were exercised and allotted.

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

Under the Key Employees Stock Option Plan, 2006, 180,000 options were granted during the financial year 2006-07 and all vesting period were falling till 31.03.10. Out of the shares vested, 35,000 shares (P.Y. 47,500) were exercised and allotted in the current year. The Scheme has ceased to be in operation in the current year.

Accordingly equity share capital is Rs. 294,746,685 (58,949,337 shares).

17. During the year, the company invested in 8% Non Cumulative Redeemable Preference Share capital of USD 1,200,000 in Datamatics Global Technologies Limited, incorporated in Mauritius. The said shares are redeemable at the option of the Company.
18. During the year, Datamatics Global Technologies AG [wholly owned subsidiary of the Company in Switzerland] acquired the BSS Accelerators Programs from Devoteam Danet GmbH, a German IT consulting and Services Company. The solution automates individual business processes for telecommunications operators and utility organizations such as integrated service delivery, billing and settlement, mediation and output management.
19. Company's two wholly owned subsidiaries in the US, namely Datamatics Infotech Inc and Datamatics America Inc merged with and into Datamatics Technologies Inc. [wholly owned subsidiary of the Company in the US] with effect from April 01, 2009. The name of Datamatics Technologies Inc. was subsequently changed to Datamatics Global Services Inc.
20. Managerial Remuneration under section 198 of the Companies Act, 1956 paid or payable during the year, to the directors is as under:

	31.03.2010 (Rs.)	31.03.2009 (Rs.)
Salaries and Allowances **	17,171,150	15,978,277
Commission Payable *	5,965,000	6,505,600
Approximate money value of perquisites and benefits	2,303,863	1,651,087
<b>TOTAL</b>	<b>25,440,013</b>	<b>24,134,964</b>

\* The amount of commission payable includes Rs. 650,000 (P.Y. Rs. 720,000) payable to non-wholetime directors.

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

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

	2010 (Rs.)
Profit Before Tax as per Profit and Loss Account	277,325,169
Add: Directors Remuneration paid/provided	25,440,013
Loss on sale of Fixed Assets	1,652,120
Less: Provision for diminution in value of investments	1,850,529
Less: Profit on Sale of Investments	36,809,867
Net Profit in accordance with Section 198(1)/349	265,756,907
Maximum remuneration payable, subject to the overall ceiling of sections 198 and 309	
To Whole time Directors @ 10% of Profit computed above	26,575,691
To Other Directors @ 1% of Profit computed above	2,657,569

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



## Schedules forming part of Financial Statements for the year ended March 31, 2010

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

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

22. The Company has Rs. 139,592,553 (P.Y. 123,521,020) as outstanding Loans and Advances (Refer note 24 below) and Rs. 731,278,219 (P.Y. 713,934,964) as investment in six of its 100% Subsidiaries at the year end. The net worth of these subsidiaries has declined. The Company has assured Financial Support. These investments are for long term and are of strategic nature. As the management is confident of turning around the subsidiaries in the near future provision for diminution in the value, if at all required, is not made.

23. Sundry Debtors includes the following due from subsidiaries: (Amount in Rupees)

Particulars	Balance Outstanding as on 31.03.2010	Maximum amount outstanding during the year	Balance Outstanding as on 31.03.2009	Maximum amount outstanding during the year
Datamatics Global Services Inc.	87,315,746	113,359,364	109,817,880	155,395,541
Datamatics Global Services GmbH	29,387,607	32,228,886	12,018,433	25,402,426
Datamatics Global Services Pty Ltd.	1,650,817	1,650,817	—	—
Datamatics Global Technologies GmbH	2,263,480	2,263,480	—	—
<b>TOTAL</b>	<b>120,617,651</b>	<b>149,502,548</b>	<b>121,836,313</b>	<b>180,797,966</b>

24. Loans and advances to Subsidiaries consist of follows: (Amount in Rupees)

Particulars	Balance Outstanding as on 31.03.2010	Maximum amount outstanding during the year	Balance Outstanding as on 31.03.2009	Maximum amount outstanding during the year
Datamatics Global Services Inc.	195,163	11,794,135	977,266	4,425,466
Datamatics Global Services GmbH	7,305,085	8,347,880	6,988,594	8,087,736
Datamatics Software Services Ltd.	121,053,625	121,160,651	115,555,160	122,606,329
Datamatics Infotech Ltd.	11,038,680	15,408,649	8,632,963	12,854,700
Datamatics Global Services Pty Ltd.	1,015,320	1,015,320	—	—
<b>TOTAL</b>	<b>140,607,872</b>	<b>157,726,635</b>	<b>132,153,982</b>	<b>147,974,231</b>

25. IPO funds raised and utilized till date (Rs in 000's)

Description	31.03.2010	31.03.2009
Funds Raised	935,000	935,000
Funds Utilized		
Expenses Relating to IPO	60,865	60,865
Investment in Subsidiaries (Refer Note no. 17 in Schedule 'O')	146,000	146,000
Repayment of Secured Loans	64,738	64,738
Investment in Fixed Assets	47,000	47,000
Corporate purposes including strategic initiatives and acquisitions**	317,461	205,157
<b>TOTAL</b>	<b>636,064</b>	<b>523,760</b>
Balance unutilized (Invested in Mutual Funds)	<b>298,936</b>	<b>411,240</b>

\*\* 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 Rs. 64,676,662 (P.Y. 25,834,000). The investment of Rs. 56,244,000 (P.Y. 4,779,875) made in Subsidiaries at Mauritius (P.Y. Mauritius and Switzerland) is also included above.

## Schedules forming part of Financial Statements for the year ended March 31, 2010

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

#### 26. Particulars of Investments in Joint Ventures:

##### Cybercom Datamatics Information Solutions Ltd :

	2009-10 (Rs.)	2008-09 (Rs.)
a) Equity Share Capital	4,199,900	4,199,900
b) Preference share Capital (Proportion of Interest)	—	6,160,000
i) Datamatics Global Services Limited	50%	50%
ii) Cybercom Group Europe AB	50%	50%

During the year Cybercom Datamatics Information Solutions Ltd. has redeemed its preference shares.

c) Country of Incorporation	India	India
-----------------------------	-------	-------

##### Acron Technologies Private Limited (Formerly known as Datamatics Yash Technologies Private Limited):

a) Equity Share Capital (Proportion of Interest)	—	49,900
i) Datamatics Global Services Limited	—	49.90%
ii) Yash Technologies Private Limited	—	49.90%

During the year the investment in equity shares of Acron Technologies Private Limited has been sold out.

b) Country of Incorporation	India	India
-----------------------------	-------	-------

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

(Amount in Rupees)

	2009-10	2008-09
<b>A) Assets:</b>		
a) Fixed Assets (Net Block)	5,093,668	5,620,010
Capital work-in-progress	25,805,704	10,258,875
b) Investments	17,650,627	28,675,897
c) Current Assets, Loans and advances:		
Sundry Debtors	22,431,842	12,884,469
Cash and Bank Balances	4,625,079	526,126
Loans and Advances	26,376,474	5,024,232
<b>B) Liabilities:</b>		
1) Current Liabilities and Provisions:		
Liabilities	8,409,755	2,514,679
Provisions	2,164,822	1,276,639
<b>C) Reserves and Surplus</b>	87,762,702	48,788,891
<b>D) Income:</b>		
a) Sales and Export Incentives	96,280,842	71,783,338
b) Other Income	2,956,594	2,010,048
<b>E) Expenditure:</b>		
a) Employee Costs	35,103,985	25,181,742
b) Administrative, Selling and Other Expenses	15,805,470	12,275,152
c) Depreciation	2,021,695	1,821,919
d) Provision for Current Tax	8,000,000	3,900,000
e) Provision for Deferred Tax	(270,242)	—
f) Provision for Fringe Benefit Tax	—	95,173
<b>F) Contingent Liability</b>	141,500	—

## Schedules forming part of Financial Statements for the year ended March 31, 2010

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

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

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

**28. Prior period comparative:**

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

**29.** Figures are rounded off to the nearest of rupee.

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

Arati Parmar  
Partner  
Membership No. 102888

R. K. Saraswat  
Director

Divya Kumat  
Vice President – Legal  
& Company Secretary

Place : Mumbai  
Dated: May 25, 2010

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

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

**Cash Flow Statement for the year ended March 31, 2010**

	2010 Rupees	2009 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	<b>277,325,169</b>	326,450,048
Adjusted for:		
Depreciation and amortization	<b>62,405,081</b>	74,597,876
Interest Expenses	<b>2,542,618</b>	6,983,500
(Profit)/Loss on sale of Fixed Assets	<b>1,652,120</b>	296,736
(Profit)/Loss on sale of Partnership	<b>—</b>	86,020
Sundry Balances Written (back)/off	<b>(398,259)</b>	14,217
Interest Received	<b>(95,899,428)</b>	(46,305,639)
Dividend Received	<b>(844,679)</b>	(603,072)
(Profit)/Loss on sale of Investments	<b>(36,809,867)</b>	(61,691,860)
Provision for diminution in the value of investment	<b>(1,850,529)</b>	413,975
Bad Debts Written off	<b>14,289,210</b>	—
Employee Stock Option Expenses	<b>1,648,500</b>	2,237,250
Operating Profit before Working Capital Changes	<b>224,059,937</b>	302,479,051
Adjusted for:		
(Increase)/Decrease in Sundry Debtors	<b>84,163,555</b>	31,371,267
(Increase)/Decrease in Loans and Advances	<b>10,634,985</b>	(334,033,062)
(Decrease)/Increase in Current Liabilities	<b>(138,854,832)</b>	89,927,924
	<b>(44,056,292)</b>	(212,733,869)
Cash Generated from Operations	<b>180,003,645</b>	89,745,182
Tax Paid	<b>34,507,583</b>	48,756,058
Net Cash From Operating Activities	<b>145,496,062</b>	40,989,124
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Sale/(Purchase) of Fixed Assets	<b>(54,846,627)</b>	(88,241,427)
Sale/(Purchase) of Investments	<b>66,038,834</b>	176,318,336
Interest on Fixed Deposit & Others	<b>95,899,428</b>	46,305,639
Payment towards acquisitions	<b>—</b>	(17,019,534)
Profit on sale of Investment	<b>36,809,867</b>	61,691,860
Dividend Received	<b>844,679</b>	603,072
Net Cash from Investing Activities	<b>144,746,180</b>	179,657,946
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of share capital	<b>175,000</b>	237,500
Repayment of Preference Share Capital	<b>(206,500,000)</b>	—
Proceeds/(repayment) from Long Term Borrowings	<b>(46,888,497)</b>	(28,588,252)
Short Term Loan	<b>—</b>	(8,951,000)
Interest	<b>(2,542,619)</b>	(6,983,500)
Final Equity Dividend Paid	<b>(73,642,921)</b>	(30,563,878)
Tax paid on equity dividend	<b>(12,515,614)</b>	(5,194,334)
Preference Dividend paid	<b>(17,715,000)</b>	—
Tax paid on Preference dividend	<b>(3,010,664)</b>	—
Net Cash Flow from Financing Activities	<b>(362,640,317)</b>	(80,043,464)
Net Increase in Cash and Cash Equivalent during the Year	<b>(72,398,075)</b>	140,603,606
Less: Cash acquired upon merger	<b>—</b>	18,895,020
Cash and Cash equivalents as at beginning of the period	<b>136,253,126</b>	14,544,540
Cash and Cash equivalents as at the End of the period	<b>63,855,051</b>	136,253,126

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

Arati Parmar  
Partner  
Membership No. 102888

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

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

Rahul Kanodia  
Vice Chairman & CEO

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated : May 25, 2010

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

### I. Registration Details

Registration No.	45205
State Code	11
Balance Sheet Date	3/31/2010

### 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	3,066,979,910
Total Assets	3,066,979,910

#### a. Sources of Funds

Paid up Capital	294,746,685
Reserves and Surplus	2,718,153,664
Secured Loans	39,161,132
Unsecured Loans	—
Deferred Tax Liability	14,918,429

#### b. Application of Funds

Net Fixed Assets	790,154,330
Net Current Assets	955,794,820
Investments	1,321,030,760

### IV. Performance of the Company

Turnover	1,308,957,551
Other Income	136,479,884
Total Expenditure	1,168,112,266
Profit Before Tax	277,325,169
Profit After Tax	243,314,054
Earning Per Share	
Basic	4.13
Diluted	4.12
Dividend %	25%

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

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

For and on behalf of the Board

Dr. Lalit S. Kanodia  
Chairman

R. K. Saraswat  
Director

Rahul Kanodia  
Vice Chairman & CEO

Divya Kumat  
Vice President — Legal  
& Company Secretary

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

Place : Mumbai  
Dated: May 25, 2010



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

Name of the Subsidiary Company	Datamatics Global Services Inc	Datamatics Technologies UK Limited	Datamatics Global Services GmbH	Datamatics Software Services Limited	Datamatics Infotech Limited	Datamatics Global Services Pty Limited	Datamatics Global Technologies Limited	Datamatics Global Technologies AG
1. Financial Year of the Company	31-03-2010	31-03-2010	31-03-2010	31-03-2010	31-03-2010	31-03-2010	31-03-2010	31-03-2010
2. Shares of the Subsidiary Company held by Datamatics Global Services Limited	1,000 Common Stock 100%	300,001 Ordinary Shares 100%	Nil 100%	218,605 Equity Shares 100%	20,000 Ordinary Shares 100%	50,000 Equity Shares 100%	50,000 Ordinary Shares 100%	50,000 Ordinary Shares 100%
a. Number								
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 (542,571)	GBP (37,666)	EURO (220,017)	INR (14,150,264)	GBP (77,068)	AUD 13,764	USD (20,096)	CHF (56,643)
b. For the previous financial years of subsidiaries since it became the Holding Company's Subsidiary	USD (4,780,239)	GBP (298,279)	EURO (858,379)	INR (21,900,682)	GBP 27,519	AUD 27,780	USD (3,402)	Nil
4. The Net aggregate amount of the subsidiaries Profit/(Loss) so far as it concerns the members of the Holding Company and is dealt within the Company accounts.								
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
Place : Mumbai	Dr. Lalit S. Kanodia Chairman
Dated : May 25, 2010	Rahul Kanodia Vice Chairman & CEO
	Vidur Bhogilal Executive Director & Chief Financial Officer
	R. K. Saraswat Director
	Divya Kumat Vice President — Legal & Company Secretary

**Financial Details of the Subsidiary Companies for the Year Ended March 31, 2010**

	Datamatics Global Services Inc	Datamatics Global Services GmbH	Datamatics Technologies UK Limited	Datamatics Software Services Limited	Datamatics Infotech Limited	Datamatics Global Services Pty Limited	Datamatics Global Technologies Limited	Datamatics Global Technologies AG
Closing Exchange rate against Indian Rupee as on March 31, 2010	44.92	60.61	68.14	—	68.14	41.06	44.92	42.44
(a) Paid up capital	1,251,866,586	63,641,084	20,441,813	5,686,050	1,362,783	2,053,069	56,150,000	2,122,021
(b) Reserves	(1,174,739,322)	(65,362,187)	(22,891,062)	(62,863,695)	6,609,960	352,042	749,904	(2,403,965)
(c) Total Assets	232,202,537	44,319,531	1,441,548	87,353,547	27,101,203	7,114,553	87,790,941	41,411,365
(d) Total Liability	155,075,273	46,040,635	3,890,797	144,531,191	19,128,460	4,709,443	30,891,037	41,693,310
(e) Details of Investment (except in case of investment in the subsidiaries)	266,416	—	—	100	—	—	—	—
(f) Turnover	1,048,762,016	105,304,238	6,424,828	100,409,048	174,192,063	9,969,283	7,598,449	62,162,938
(g) Profit/(Loss) before taxation	(24,372,306)	(13,335,371)	(2,566,528)	(14,524,214)	(5,255,481)	855,051	902,714	(2,403,965)
(h) Provision for taxation	—	—	—	(373,951)	(4,170)	289,898	—	—
(i) Profit/(Loss) after taxation	(24,372,306)	(13,335,371)	(2,566,528)	(14,150,264)	(5,251,311)	565,152	902,714	(2,403,965)
(j) Proposed dividend	—	—	—	—	—	—	—	—

For and on behalf of the Board

Vidur Bhogilal  
Executive Director  
& Chief Financial Officer

Dr. Lalit S. Kanodia  
Chairman

Divya Kumat  
Vice President — Legal  
& Company Secretary

R. K. Saraswat  
Director

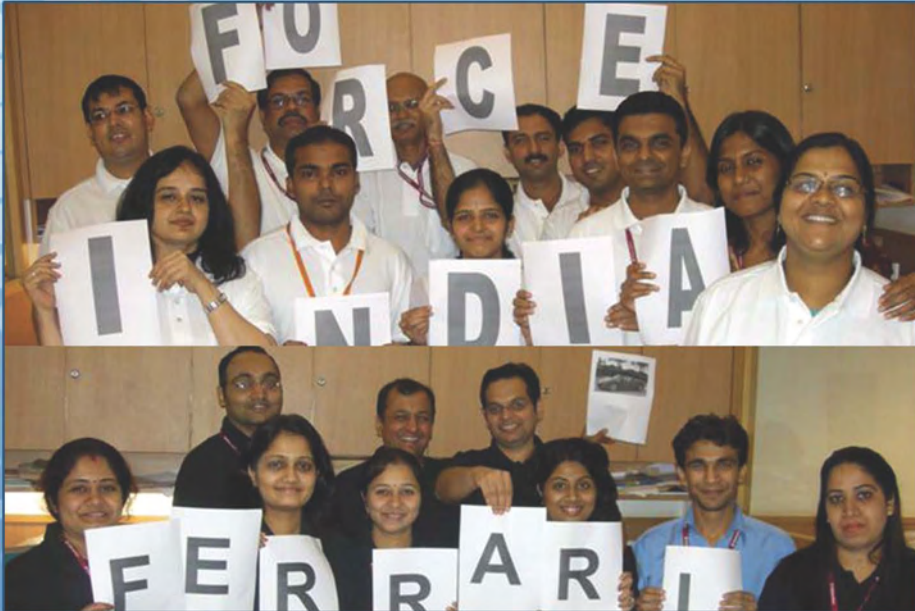
Rahul Kanodia  
Vice Chairman & CEO

Place : Mumbai  
Dated : May 25, 2010

Rs. in Million

	Consolidated		
	Current Year	Previous Year	Growth (%)
<b>For the year</b>			
Operating Revenue	<b>2,623.82</b>	3,001.47	(12.58)
Total revenue	<b>2,754.94</b>	3,106.93	(11.33)
Operating Profit	<b>473.63</b>	617.30	(23.27)
Operating Profit % Revenue	<b>18.05</b>	20.57	—
Profit before tax	<b>263.68</b>	329.08	(19.87)
PBT as % to Total revenue	<b>9.57</b>	10.59	—
PAT	<b>221.93</b>	275.35	(19.40)
PAT as % to Total revenue	<b>8.06</b>	8.86	—
<b>Earnings per share</b>			
Basic	<b>3.77</b>	4.32	(12.88)
Diluted	<b>3.76</b>	4.31	(12.76)
Dividend per share	<b>1.25</b>	1.25	—
Dividend amount including tax	<b>85.93</b>	86.16	(0.27)
Average net worth	<b>2434.83</b>	2176.64	11.86
PAT % to average NW	<b>9.11</b>	12.65	—
<b>At the end of the year</b>			
Total assets	<b>2444.05</b>	2586.62	(5.51)
Fixed assets (net)	<b>901.06</b>	840.12	7.25
Cash and cash equivalents	<b>601.52</b>	927.51	(35.15)
Total debt	<b>39.16</b>	90.93	—
Net worth	<b>2390.53</b>	2479.13	(3.57)
Equity	<b>294.75</b>	294.57	0.06

[illegible]



The Corporate Finance & Accounts team has implemented SAP across all its functions. The transition to SAP will be a major boost for our Company's accounts receivables and accounts payables. It will allow faster, smarter decision-making. Reports are now available on our fingertips. There is far greater control on the costs and how the money is spent. All leading to a more robust and agile organization.



Dr. C. M. Dwivedi, President and Global Head - Corporate HR, Datamatics Global Services Limited, added another achievement to his illustrious career this year by being awarded the HR Super Achiever Award by the Asia Pacific HRM Congress in Mumbai. Dr. Dwivedi won the award amid participation from 18 countries and was one of the only three people to have been nominated by the Global Advisory Council in this category.





Datamatics Delivery Centre of Excellence, Nashik

## India

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

Unit No. 110,117-120, SDF IV  
SEEPZ -SEZ, Andheri (East),  
Mumbai – 400 096  
Tel: +91(22)6102 0501- 0504  
Fax: +91(22) 2829 1673

Unit No. 172,189,190 A-C,  
SDF VI,SEEPZ - SEZ, Andheri (East)  
Mumbai – 400 096  
Tel: +91(22) 6102 1001, 1177-1187  
Fax: +91(22) 2829 1368, 0120

Unit No. 155, SDF V  
SEEPZ- SEZ, Andheri (East)  
Mumbai – 400 096  
Tel: +91(22) 6102 0933  
Fax: +91(22) 2829 0755

Suyojit Datamatics Knowledge Centre  
Unit No S1-S3, Mumbai Agra Road,  
Mumbai Naka, Nasik – 422 002  
Tel: +91(253) 6102222  
Fax: +91(253) 6102271

Crompton House  
3.M.G.R, Salai (K.H.Road)  
Nungambakkam  
Chennai – 600 034  
Tel: +91(44) 3911 3333  
Fax: +91(44) 3911 3334

Alpine Arch No. 19,  
SF-3, Langford Road,  
Bangalore – 560 025  
Tel: + 91(80) 6531 0067

## USA

31572 Industrial Road, Suite 400,  
Livonia, MI-48150,  
Tel: +1 (734) 525 4400  
Fax: +1 (734) 525 4455

Suite 210  
56 Middlesex Turnpike,  
Burlington MA-01803  
Tel: +1 (781) 425 5248  
Fax: +1 (781) 425 5242

Suite 100,  
510 Thornall Street,  
Metropark, NJ 08837 USA  
Tel: +1 (732) 767 9500  
Fax: +1 (732) 635 0600

## UK

8 The Square,  
Stockley Park, Uxbridge,  
UB 11 1FW  
Tel: +44 (208) 610 6105  
Fax: +44 (208) 610 6870

1 Doughty Street,  
London  
WC1N 2PH

## Germany

Gerhart-Hauptmann-Straße 20  
64347 Griesheim  
[info@datamatics.de](mailto:info@datamatics.de)  
Tel: +49-6155-848614  
Fax: +49-6155-848615

Im Leuschner Park 3  
64347 Griesheim  
[info@datamatics.de](mailto:info@datamatics.de)  
Tel: +49-6155-848614  
Fax: +49-6155-848615

## Switzerland

MSJG Rechtsanwälte & Notare,  
Vorstadt 32, 6302 Zug.  
Tel: +41 (41) 725 2525  
Fax: +41 (41) 710 0585

## Mauritius

3rd Floor, Harbour Front Building,  
President John Kennedy Street,  
Port Louis, Republic of Mauritius  
Tel: +230 212 5150  
Fax: +230 212 7375

## Australia

Monash Business Centre Pty Ltd.  
468 Blackburn Road,  
Glen Waverly, Victoria 3149  
Tel: (03) 9803 8722  
Fax: (03) 9887 8539

