

**17<sup>TH</sup> ANNUAL REPORT 2009-2010****BOARD OF DIRECTORS****PRAKASH B RANE** (Managing Director)**SUPRIYA P RANE****M N AHMED****DR. AJIT C KULKARNI****Registered Office :**5, Unique Industrial Estate, Off Veer Savarkar Marg, Prabhadevi,  
Mumbai 400 025, (India)

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**Marketing Office :**

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Tel.: +91 22 25273567/68/69 Fax: +91 22 25273564

**Auditors :**

M/s. S. P. Sule &amp; Associates

**Bankers :**

CANARA BANK

**Registrars & Share Transfer Agents :**M/s. Mondkar Computer Private Limited 21, Shakeel Niwas, Mahakali Caves Road,  
Andheri (E), Mumbai 400 093. • Tel.: +91 22 28366620 / 28207201

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### NOTICE

Notice is hereby given that Seventeenth Annual General Meeting of the Members of **ABM KNOWLEDGEWARE LIMITED** will be held at 1st Floor, Dadar Bhagini Samaj, 3rd Lane, Hindu Colony, Dadar (E), Mumbai - 400 014, on Thursday, the 29<sup>th</sup> day of July, 2010 at 10.00a.m. to transact following business:-

#### AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2010, Profit & Loss Account for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend
3. To appoint a Director in place of Mr. M.N.Ahmed, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Ajit C Kulkarni, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold the office from the conclusion of this Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### AS SPECIAL BUSINESS :

6. To Consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution: **"RESOLVED THAT** pursuant to the provisions of section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII of the said Act (including any statutory modification or re-enactment thereof for the time being in force) the relevant provisions of Articles of Association of the Company, consent and approval be and is hereby accorded to the re-appointment of Mr. Prakash B Rane as the Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> April, 2010 till 31<sup>st</sup> March, 2015 and payment of remuneration to Mr. Prakash B Rane with retrospective effect and with a liberty to either party to terminate the appointment by giving 3 month's notice in writing anytime to the other party.

#### Remuneration :

- A) Basic Salary of Rs. 3,25,000/- (Rs.39,00,000/- annualized basis)
- B) Perquisites: In addition to the Basic Salary referred to in (A) above, Mr. Prakash B Rane shall be entitled to the following:
  - a) Medical Allowance Rs. 15000 p.a.
  - b) Leave Travel Concession in accordance with the rules of the Company for self and family not exceeding Rs.2,85,000/- p.a.
  - c) Provision of a car with chauffeurs for official as well as personal use, provision of credit cards for use of Company's business, Fees of clubs including admission fee, Personal Accident Insurance, Entertainment Expenses and electricity, gas, water charges, mobile phones, telephones at residence.
  - d) Gratuity, Contribution to Provident Fund, Contribution to Superannuation Fund, Encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites aforesaid and Mr. Prakash B Rane shall be entitled to the same as per Schedule XIII of the Companies Act, 1956.
- C) Commission:

At the rate of 3% of the net profits for the year but not exceeding two years' salary in each year, subject to the overall ceilings stipulated in sections 198, 309(3) of the Companies Act, 1956.

**RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorized to make necessary changes in the terms of appointment of Mr. Prakash B Rane within the permissible limit set out by sections 198 and 309 of the Companies Act, 1956, in the best interest of the Company.

**RESOLVED FURTHER** that in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. Prakash B Rane as the Managing Director, the remuneration payable to Mr. Prakash B Rane including perquisites, set out in the aforesaid clauses (A) and (B) of this Resolution as a minimum remuneration.

**By Order of the Board  
For ABM Knowledgeware Ltd.**

**Date: 29th May, 2010  
Place: Mumbai**

**Prakash B Rane  
Managing Director**



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### NOTES:

1. The Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in the respect of Special Business under the Item No. 6 of the Notice set out above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULE TIME OF THE ANNUAL GENERAL MEETING. A BLANK PROXY FORM IS ENCLOSED HERewith.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24<sup>th</sup> July, 2010 to 28<sup>th</sup> July, 2010 (both days inclusive) for determining the names of the members eligible for the dividend, if approved. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as the close of the business hours on 23<sup>rd</sup> July, 2010.
4. All the documents referred to in Accompanying Notice and other Statutory Registers are open for inspection at the Registered Office of the Company on all working days between 11.00 am to 1.00 pm upto the date of Annual General Meeting.
5. Members are requested to :-
  - i) Note that copies of Annual Report will not be distributed at the Annual General Meeting.
  - ii) Bring their copies of Annual Report, Notice and Attendance slip duly completed and signed at the Meeting.
  - iii) Quote their Folio/Client ID & DP ID Nos. in all correspondence.
6. Members are requested to notify immediately any changes of address to their Depository Participant/Company's Registrar viz. Mondkar Computers Pvt. Ltd. in respect of their holdings in electronic form and in respect of shares held in physical form, to the Secretarial Department at the Registered Office of the Company or to Company's Registrar viz. Mondkar Computers Pvt. Ltd.
7. Payment of Dividend:
  - Members holding shares in physical form, are advised to submit particulars of account, viz. name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 23<sup>rd</sup> July, 2010 to the Registrar & Share Transfer Agent of the Company.
  - Members holding shares in demat form are advise to inform the particulars of their bank account to their respective Depository Participants.
8. SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN card to the Company/ RTA for registration of transfers and for securities market transactions and off-market/private transactions involving transfer of shares in physical form of listed companies. Accordingly, members holding shares in physical mode should attach a copy of their PAN card for every transfer request sent to the Company / Registrar of the Company.
9. The Equity Shares of the Company are meditated for trading in the compulsory demat mode. The ISIN allotted for the Company's share is INE850B01018.
10. Members may avail of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the Form-2B as prescribed in the Companies (Central Government's) General Rules and Forms, 1956, any person to whom their shares in the Company shall vest on occurrence of events stated in the Form. Form-2B is to be submitted in duplicate to Company's Registrar and Share Transfer Agent. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
11. As required by Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited, the relevant details of the Directors retiring by rotation and eligible for re-appointment/appointment is given in Corporate Governance Report on Page No. 16.
12. Members desirous of getting any information on the Accounts at the Annual General Meeting are requested to addressed their queries to Company at least seven days prior to the Meeting, so that the information required can be made readily available at the Meeting.
13. Members informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

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14. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are requested to be transferred to the Investor Education & Protection Fund of the Central Government. After such a transfer, there remains no claim of the members whatsoever on the said amount. Therefore, members are advised to encash their Dividend Warrants immediately on receipt.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACTS, 1956 IN RESPECT OF SPECIAL BUSINESS:****ITEM NO. 6**

As recommended by Remuneration Committee the Board of Directors at its Meeting held on 22<sup>nd</sup> March, 2010 re-appointment of Mr. Prakash B Rane as the Managing Director of the Company for a further period of five years w.e.f. April 01, 2010, subject to the approval of the shareholders, at the forthcoming Annual General Meeting, on such terms and conditions laid out in the resolution mentioned in item no.6.

Mr. Prakash B Rane is B. Tech., M.M.S and has been associated with the Company for last 10 years. He has an excellent academic record. The Board of Directors notice that he has been instrumental in spearheading the growth of the Company as a result of his continuous efforts and hard work the Company has attained a leadership position in niche of e-governance in a short span of time. He is a sole Executive Director taking care of the Company's business. In view of the valuable contributions towards overall developments and strategies of the Company the Board of Directors recommends this resolution to be passed as Special Resolution by the members of the Board at the ensuing Annual General Meeting.

Mr. Prakash B Rane has conceptualized e-governance solution in the space of IT-enabling citizen services, Urban Local bodies, Utility Companies which have won several national and international awards. In the opinion of the Board of Directors Mr. Prakash B Rane was and is the most suitable candidate for the post of the Managing Director of the Company.

He will remain entrusted with substantial powers of the management according to the Section 2(26) of the companies Act, 1956. He shall also exercise his powers subject to the control and directions of the Board.

Mr. Prakash B Rane is also one of the Promoters of the Company holding 47,71,150 Equity Shares singly. His wife, Mrs. Supriya Rane is also holding 12,27,000 Equity Shares. Together with her and other relatives, Mr. Prakash B Rane is holding 60.025% of the total paid up capital.

No Director is interested in this Special Resolution except Mr. Prakash B Rane and Mrs. Supriya P Rane, she, being related to Mr. Prakash B Rane. The explanatory statement together with the accompanying Notice is and should be treated as an abstract u/s 302 of the Companies Act, 1956.

**17<sup>TH</sup> ANNUAL REPORT 2009-2010****DIRECTORS' REPORT**

Your Directors are pleased to present the 17<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

**1. FINANCIAL RESULTS:**

	<b>(Amount in Rs.)</b>	
	<b>Year ended 31.03.2010</b>	<b>Year ended 31.03.2009</b>
Gross Income	432,888,368	449,875,627
Less: Service Tax	43,928,576	35,104,182
Gross Income ( net of Service Tax)	388,959,792	414,771,445
Less : Total expenditure	285,089,482	323,496,030
Gross Profit before		
Depreciation & Taxation	103,870,310	91,275,415
Less: Depreciation	1,488,042	1,515,578
Net Profit before Tax	102,382,268	89,759,837
Less: Provision for Taxation	33,645,905	30,405,293
Net Profit After Tax	68,736,363	59,354,544

**2. OPERATIONS OF THE COMPANY**

There is a marginal drop in the revenues compared to last year. This is largely attributed to the long period of "Code of Conduct" during last year owing to elections in the Central and State. During this period the decision making process in govt. departments slows down substantially affecting order closures and execution. The net profit has shown increase due to efficient execution of orders on hand and investments made in creating ERP skills within Company during earlier period.

**3. DIVIDEND**

During this year, the Directors of the Company recommend a final dividend @10% per share subject to the approval of the Shareholders of the Company. The Dividend will be paid in accordance with the applicable rules and regulations U/s.205 of the Companies Act, 1956. The total amount of dividend on equity shares for the financial year 2009-10 would be Rs.1.17 crores, including dividend tax and surcharge thereon, which is same as for the last year.

**4. SEBI REGULATION & LISTING FEES**

According to clause 51 of the Listing Agreement, it is compulsory to file electronically the Annual Report, Corporate Governance Report, Shareholding Pattern, etc. on its website [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) till March 31, 2010. With effect from April 01, 2010 SEBI has deleted the clause 51 of EDIFAR filing. We have filled all the reports on EDIFAR as well as Corporate Filing Dissemination System website. All the compliances including payment of annual listing fees for the year under review have been paid to Bombay Stock Exchange Ltd. within the time stipulated by SEBI, where your Company's shares are listed.

**5. CORPORATE GOVERNANCE**

Your Company follows all the rules and regulations along with the compliances laid down in the clause 49 of the Listing Agreement. As required by the clause 49, a detailed Corporate Governance Report is included in the Annual Report. Corporate Governance is the most important part of the Annual Report which deals with the compositions, committees and the code of conduct followed by the Company.

A certificate from Auditors of the Company regarding the compliances stipulated in Corporate Governance is annexed to this report along with Management Discussion and Analysis Report.



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### 6. PUBLIC DEPOSITS

The Company has neither invited nor accepted any deposits during the year under review.

### 7. RETIRING DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Associations of the Company, Mr. M.N.Ahmed and Dr. Ajit C Kulkarni, the Directors, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The details of these Directors are included in the Corporate Governance Report. Your Directors recommend the re-appointment of Mr. M.N.Ahmed and Dr. Ajit C Kulkarni as Directors, for your approval.

The Board of Directors of the Company express their deep condolences on the sad demise Shri. Shrikar Kulkarni, Director of the Company on 15<sup>th</sup> January, 2010 and pray that his departed soul may rest in eternal peace.

The Board placed on record its deep sense of appreciation for the invaluable contributions made by Shri Shrikar Kulkarni during his tenure as a Director of the Company from 27<sup>th</sup> October, 2005 to 15<sup>th</sup> January, 2010.

### 8. AUDITORS

The Statutory Auditors of Your Company, M/s. S.P.Sule & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting. The Audit Committee of the Board has recommended their re-appointment as Auditors for the year 2010-2011. M/s. S.P.Sule & Associates have confirmed their eligibility and willingness to continue to act as Auditors of the Company.

### 9. RE-APPOINTMENT OF MANAGING DIRECTOR

In view of the performance of the Company on all the fronts as well as continued efforts and efficient leadership by Mr. Prakash B. Rane, the Remuneration Committee in its Meeting dated 18<sup>th</sup> March, 2010 recommended to the Board for the revision of his remuneration and suggested that he should be paid the remuneration as per Sections 198 and 309 of the Companies Act, 1956 instead of Schedule XIII thereof for the period of 5 years upto 31<sup>st</sup> March, 2015.

The Board reviewed the recommendation and came to a conclusion that the recommendation of the Remuneration Committee should be adopted and be placed before the Shareholders at the 17<sup>th</sup> Annual General Meeting. Therefore the Board hereby recommends the passing of Special Resolution to pay remuneration to Mr. Prakash B. Rane as per section 198 and 309(3) of the Companies Act, 1956 after considering all the provisions as per section 349 and 350 of the Act.

It may be noted that as per Section 309(3) of the Companies Act, 1956, Mr. Prakash B. Rane would be paid remuneration within the overall limit of 5% of the Net Profit calculated as per the provisions of 349 and 350 of the Act. In any financial year, if the Company has no profit or its profits are inadequate, the remuneration payable to Mr. Prakash B. Rane including perquisites, set out in the Clause (A) and (B) of this Special Resolution as a minimum remuneration.

The details of the remuneration package are forming part of the Special Resolution and Corporate Governance Report on Page Nos. 2 and 15 respectively.

### 10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT.

In the past Annual Reports focus of the Management Discussion and Analysis Report (MDA) has been predominantly on your Company and industry issues were dealt in relation to your Company. Majority of the issues dealt earlier remain consistent this year too. As a result, this year the MDA would deal with the larger aspect of the industry so as to give you a broader perspective of the industry .

#### A. Industry Structure and Developments:

In FY 2009 following trends were observed :

- In FY 2009, domestic market (including hardware) grew at nearly 19 per cent in INR terms to reach US\$ 24.3 billion; domestic software and services market reached US\$ 12.5 billion. The e-Governance industry is an obvious beneficiary of this upward trend.
- Technology adoption in the domestic market also reported steady gains in FY 2009. This segment is expected to



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reach US\$ 24.3 billion in FY 2009, reporting healthy growth across all key segments.

- Domestic IT services spends are estimated to grow 20 per cent to touch US\$ 8.3 billion and are showing strong signs of increasing sophistication as building enterprise IT infrastructures and applications, networking and communication become key priorities for India Inc.
- Hardware segment reached US\$ 11.8 billion in FY 2009, a growth of 17 per cent over FY 2008. This is also a reflection of the overall growth shown by the domestic industry, e-Governance being an integral part of the same.

### Technology trends

As per EU document of e-Governance in 2020, large number of technology needs to be watched for and they are going to play major role in ensuring the reach of e-Governance benefits to large population. These includes mobile devices (PDAs, wearable computers, MP3-players, mobile phones), intelligent agents, Sensors, language processing technologies, semantic technologies, RFID and biometrics, ICT infrastructures (WiFi, WiMAX, Broadband), web 2.0 technologies (social software). These technologies and products can increase transparency, change accountability paradigm and also make services accessible to all stakeholders. Few technology trends such as Data Fusion, Cloud Computing and Semantic Web in e-Governance are some technologies to watch for in future in context of e-Governance.

India has seen a rapid pace of growth over the last decade due to liberalization and market oriented policies followed by successive Governments. There still remain substantial challenges to ensure that the benefits of growth can reach the masses. Over the next decade, India would need an economy that is driven by growth and creation of jobs to ensure poverty alleviation and facilitation of an equitable societal framework.

While the demographic dividend and largely young population will remain an advantage, it could also prove to be disaster if there a lack of effective and efficient management of this strength. It is in this context that e-Governance initiatives becomes one of the most critical aspect for the success of India in the coming decade. The current scenario – While many state governments and government departments are independently involved with IT service providers to improve their service delivery models, there is a lack of a larger plan and strategy followed uniformly by State and Central Govt. due to very design of the powers of the State and Central Govt.

This could, in the future, create scalability problems and also pose challenges when there needs to be integration or creation of a single platform to share information. While on one hand independent services could excel due to the IT based intervention, this approach will not lead to large benefits in the long run.

The future and Dream UIDAI project – In a bold and strategic move, the present Government at the Centre has announced and undertaken the project that in effect will create the largest database in the world. The Unique Identification Development Authority of India (UIDAI) project is a step towards assigning a unique number to each individual in the country that would remain a permanent identifier right from birth to death of the individual. The UID would dispose the need for a person to produce multiple documentary proofs of his/her identity for availing of any Government service or private services like opening of a bank account. It would also serve as the basis for many e-Governance services incorporating online verification of a person's identity. This project is of course complex and greatly challenging. The largest database as of today (in the United States) of this kind is that of 120 million people and in India this will be about 1.2 billion people. If things go right for the UIDAI, the ability to align all e-Governance initiatives on a single platform for delivery and thereby to make the world's largest democracy also the best governed country could become a dream turned to reality.

### B. Existing Opportunities and Outlook:

Recent Initiatives in Information Technology Sector that would directly benefit your Company are as under :

- **National e-Governance Plan (NeGP):** The Government of India accords high priority to improve the quality of the citizens by providing basic services at their doorstep and has formulated a NeGP covering 27 mission mode projects and eight support components to be implemented at Central, State and Local Government levels, at an estimated cost of US\$ 4.71 billion. Department of Information Technology has issued guidelines for Capacity

Building and Institutional Framework for e-Governance under NeGP. This initiative would have significant impact on the speed of implementation of the e-Governance projects .

- **State Wide Area Networks (SWANs):** The Government of India has approved a scheme for establishing SWANs across the country in 29 states/ 6 UTs with a total outlay of US\$ 682.27 million over a period of five years. During 2008, SWAN has been implemented in 5 states/UTs. Department of Information Technology has issued guidelines for Technical and Financial Support for establishment of **State Data Centre (SDC)**. SDCs have been identified as one of the important elements of the core infrastructure for supporting e-Governance initiatives under NeGP. It is proposed to create data repositories/data centres in various States/UTs so that common secured data storage could be maintained to serve host of e-Governance applications. Department of Information Technology has issued guidelines for Technical and Financial Support for establishment of State Data Centre (SDC). This would provide the vital delivery mechanism for implementation of E-government projects by reducing time and cost required for successful implementations.
- **Common Service Centres (CSCs):** The objective of CSCs is to develop a platform that can enable Government, private and social sector organizations to align their social and commercial goals for the benefit of the rural population in the remote corners of the country through a combination of IT-based as well as non-IT-based services. CSC requests for proposals (RFPs) have been issued for 25 States /UTs. Of these, 23 States / UTs have completed the service centre agency (SCA) selection process covering 1,02,827 CSCs. CSCs are envisaged to be the cutting edge for the citizens to obtain e-Gov services across country. Once the country gets well populated by the CSCs, the demand for the content for delivering services through CSCs will get momentum which will ultimately lead to higher demand for successful implementation of citizen centric e-Gov projects which is inherent strength of your Company.
- **National Knowledge Network:** National Knowledge Commission has recommended setting up of high-speed digital broadband network with adequate capabilities and access speed to encourage sharing of resources and collaborative research. The primary objective of the proposed integrated National Knowledge Network is to provide gigabit broadband connectivity to all institutions of higher learning and research in the country. An allocation of Rs. 100 crore was made in the year 2008-09 for implementing the scheme. Just like SWANs and SDCs the penetration of broadband will expedite the rolling out of the e-Gov project faster and cheaper.
- **Community Information Centres (CIC):** Government has initiated the setting up the CICs in the hilly and far-flung rural areas of the country with an objective to bring the benefits of ICT to the people for socio-economic development of these regions and to alleviate the digital divide between urban and non-urban areas.
- **Creating Digital Opportunity:** To enable wide proliferation of ICT in Indian languages, DIT has taken a major initiative to make available software tools & fonts in various Indian languages freely to the general public. While your Company has already done substantial advancement in offering bilingual solutions, this initiative by Govt. of India would help in expanding e-Gov market.

These developments would result in simplifying the process of deployment of e-Gov project in addition to reducing the costs of the implementation. It would also reduce the Total Cost of Ownership of the projects. As a overall impact of these developments the e-Gov industry will get a major boost.

#### C. Business Threats :

e-Governance initiatives face a long list of challenges. Earlier annual reports have dealt with these in brief. This report would give you a deeper insight of the issues so that you can have a better understanding of the industry your company is operating in. The list of challenges range from technology management, process re-engineering, sustenance, change management, manpower, development of infrastructure, etc. In the recent developments mentioned in Para above, many of the challenges mentioned below have been acknowledged and efforts have begun in the direction of addressing the same.

Some of the major requirements for success are listed below:



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- Educating citizens about the value of e-Government.
- Ensuring access, to useful information and services.
- Coordinating local, regional, and national e-Government initiatives.
- Developing methods and performance indicators, to assess the services and standards of e-Government.
- Providing consistent and reliable electricity, telecommunications, and Internet Access.
- Addressing issues of language and communication.
- Including individuals with disabilities in e-Government.
- ICT HR development and sustainable plan in governments Road map for e-Governance.

### KEY ISSUES FOR E-GOVERNANCE:

Some pertinent issues posing threat to large scale roll out of e-Governance can be outlined as under:

**Funding:** Funding for the projects that are already underway is secured. But for large scale roll out of e-Gov funding can become a foremost issue in e-Governance initiatives. Large e-Governance initiatives can be funded either through the Government sector or through the private sector. Private sector funding is possible for certain project that have the feasibility of creating a service that is chargeable to citizen.

**Management of Change:** The delivery of Government services through the electronic media including EDI, Internet and other IT based technologies would necessitate procedural and legal changes in the decision and delivery making processes. It demands fundamental changes in Government decision management. The employees need to be delegated more authority. De-layering of the decision-making levels leads to re-engineering and appropriate sizing of the decision-making machinery. These changes need not only be accepted by the Government and citizens but also be accepted by various interests groups like Employees unions. Under such circumstances bringing in a change will involve changing the mindsets of the people, and a complete Reengineering process needs to be carried out for the same. This will involve training of the personnel at all levels, more so, at the lower rung of Government management organizations. There will also be a loss of vested interests and power amongst the legislature and the executive, which may lead, to resistance to change. There are various capacity building initiatives that are undertaken by state and central govt. This will result in gradual acceptance of the new paradigm by the employees leading to higher degree of success of e-Governance initiatives.

**Privacy:** The privacy of the citizen also needs to be ensured while addressing the issues. Whenever a citizen gets into any transaction with a Government agency, he shells out lot of personal information, which has possibility of misuse by any vested interest. Thus, the citizen should be ensured that the information flow would pass through reliable channels and seamless network.

**Authentication:** Secured ways of transactions for the Government services are another issue of concern. The identity of citizens requesting services needs to be verified before they access or use the services. Here, digital signature will play an important role in delivery of such services. But the infrastructure needed to support them is very expensive and requires constant maintenance. Hence, a pertinent need still survives, compelling the authorities to ensure the authenticity in their transactions thereby gaining absolute trust and confidence of the citizen.

**Standardization:** Defining the standards for the various Government services is another issue that needs to be addressed. The standards need to be worked out not only for the technologies involved but also for issues like naming of websites to creating E-Mail addresses.

It is necessary to address these challenges through a well articulated plan in a time bound manner. That will ensure the unleashing of the large potential residing in e-Government opportunity for a Company such as yours.

### D. Business Strategies and Planning :

Our target customers are those Government organizations with whom citizen needs to deal at the cutting edge for seeking Citizen Services or Consumer Services. This e-Government business is a blend of ICT and Administrative Reforms. This aspect necessitates us to possess some core domain strengths for ensuring success of projects as



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well as effective assistance to customers in carrying out administrative reforms. Our current business focus is on niche domains like providing e-Governance solutions to Municipal Bodies (G2B & G2C); CRM solution for Electricity Distribution Companies (G2C) and Automation of Billing, Accounting and Collection for Water Distribution Authorities (G2B, G2C). Additionally, we have the practice of ERP implementation. We have developed the exclusive skill required for providing Subject Matter Expertise required for ERP implementation in large gov. organizations. This practice also includes services for enabling 'Change Management' during and after "Go Live" of the ERP implementation. This skill is found to be critical for e-Gov clients for sustaining the investment in e-Gov projects. This skill coupled with ABM's overall e-Gov expertise is unique in the industry. Initial few years of our operations were focused in developing in-depth domain knowledge in chosen areas and building e-Gov solutions with proven track record that can be replicated with ease and offer best domain practices to customers. In last two years we have been successful in achieving of some of the objectives within Maharashtra. We now plan to focus on scaling our operation at the national level. We have successfully executed large e-Gov projects on our own as well as by partnering with larger companies like Siemens, HCL, SAP. Using our proven solutions, domain strengths, relationship with strategic partners we plan different initiatives to scale our revenues and client base.

### E. Material Development in Human Resources:

Your Company recognizes the importance of its human resource assets which are integral to the Company's ongoing success and enable the Company to deliver superior performance year after year. The Company has embarked on a number of Human Resource initiatives to enhance the productivity of the organization in general and each individual employee in particular. Several training programmes were executed to strengthen the employee assets.

### F. Discussion on financial performance with respect to the operational performance.

	(Amount in Rs.)	
	Year ended 31.03.2010	Year ended 31.03.2009
Gross Income	432,888,368	449,875,627
Less: Service Tax	43,928,576	35,104,182
Gross Income ( net of Service Tax)	388,959,792	414,771,445
Less : Total expenditure	285,089,482	323,496,030
Gross Profit before Depreciation & Taxation	103,870,310	91,275,415

There is a marginal drop in the revenues compared to last year. This is largely attributed to the long period of "Code of Conduct" during last year owing to elections in the Central and State. During this period the decision making process in govt. departments slows down substantially affecting order closures and execution. The net profit has shown increase due to efficient execution of orders on hand and investments made in creating ERP skills within Company during earlier period.

### 11. INFORMATION UNDER SECTION 217(1)(e)

The information required to be furnished under Section 217 (1) (e) of the Companies Act, 1956, is annexed to this Report as Annexure-A.

### 12. PARTICULARS OF EMPLOYEES

Information as per section 217(2A) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forms a part of the Director's Report. As per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders of the Company, excluding the statement of particulars of employees under section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the same may write to the Compliance Officer at the Registered Office of the Company.