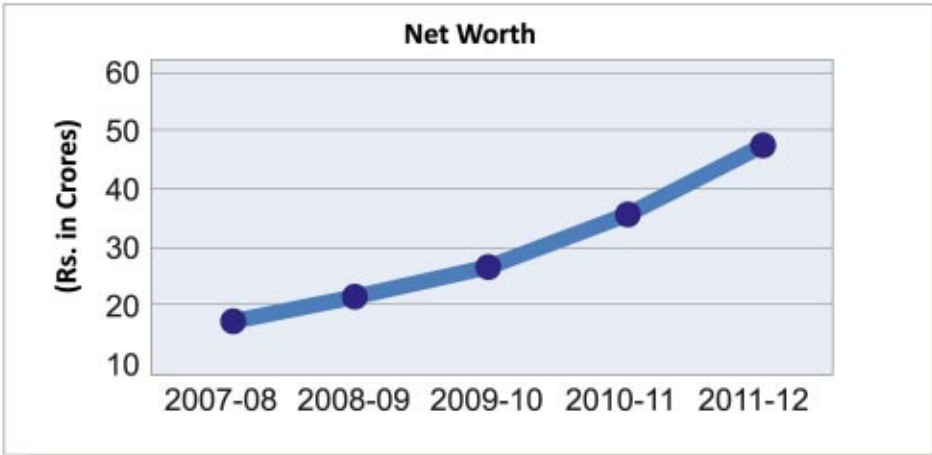
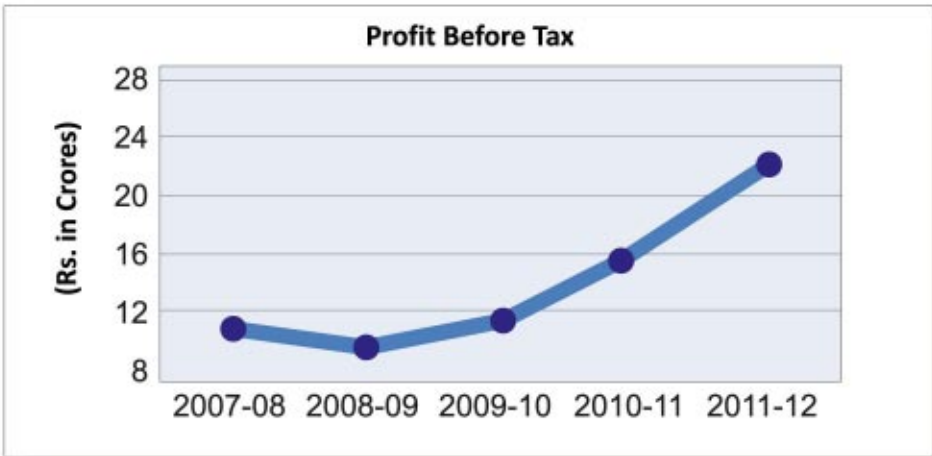
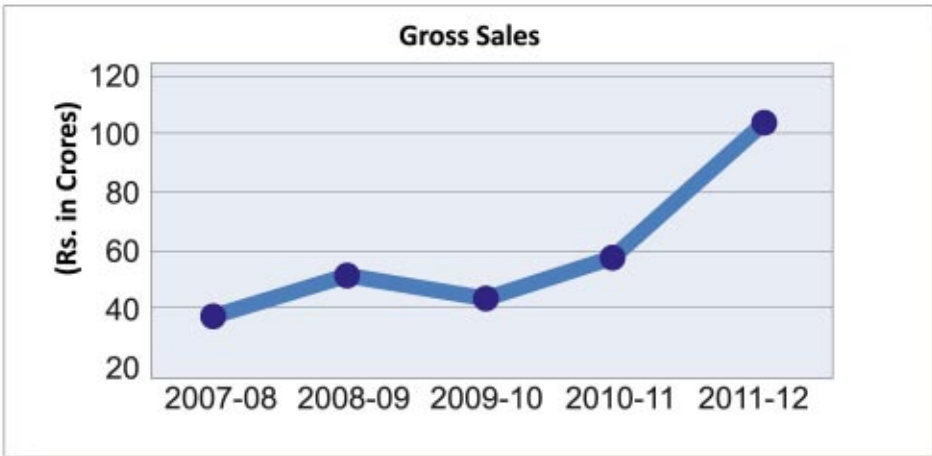




## ABM Knowledgeware Limited

*A Leading e-Government Software and Solutions Company in India*

**19TH ANNUAL REPORT 2011-2012**



**BOARD OF DIRECTORS**

**PRAKASH B. RANE** (Managing Director)

**SUPRIYA P. RANE**

**M. N. AHMED**

**DR. AJIT C. KULKARNI**

**SHARADCHANDRA ABHYANKAR**

**Registered Office :**

5, Unique Industrial Estate, Off Veer Savarkar Marg, Prabhadevi,  
Mumbai 400 025, (India)

Tel.: +91 22 24374687/24379402/24310256 • Fax: +91 22 24309953

**Auditors :**

M/s. S. P. Sule & Associates

**Bankers :**

CANARA BANK

**Registrars & Share Transfer Agents :**

M/s. Universal Capital Securities Pvt. Ltd 21, Shakil Niwas, Mahakali Caves Road,  
Andheri (E), Mumbai 400 093. • Tel.: +91 22 28207203 - 05 / 28257641

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## NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of **ABM KNOWLEDGEWARE LIMITED** will be held at 1<sup>st</sup> Floor, Dadar Bhagini Samaj, 3<sup>rd</sup> Lane, Hindu Colony, Dadar (E), Mumbai- 400 014 on Wednesday, the 25<sup>th</sup> day of July, 2012 at 10.00 a.m. to transact the following business:

### AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012, 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 Auditors of the Company to hold the office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

### AS SPECIAL BUSINESS:

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

**“RESOLVED THAT** in partial modification of Resolution passed at the 17<sup>th</sup> Annual General Meeting (“AGM”) of the Company held on 29<sup>th</sup> July, 2010 for the re-appointment of and remuneration payable to Mr. Prakash B. Rane, as Managing Director of the Company for a period of 5 years with effect from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2015 and in accordance with the provisions of sections 198, 269, 309 and 310 read with Schedule XIII to the Companies Act, 1956, and other applicable provisions, if any, the Company hereby approves the revision and variation in terms of remuneration of Mr. Prakash B. Rane payable to him by way of salary, commission on net profits, perquisites and allowance within and upto the maximum limit as determined and fixed by the Board and approved herein by the Shareholders by virtue of this Resolution, subject to the condition that the remuneration payable to Mr. Prakash B. Rane shall not exceed the maximum permissible limits prescribed under Sections 198, 309 and 310 of the Companies Act, 1956, read with Schedule XIII to the Act with effect from 1<sup>st</sup> April, 2011, for the remaining tenure of his appointment and to the extent as have been approved by the Board of Directors and as set out in the Explanatory Statement annexed to the Notice convening the 19<sup>th</sup> AGM.”

**“RESOLVED FURTHER THAT** Mr. Prakash B. Rane shall be entitled to receive remuneration with effect from 1<sup>st</sup> April, 2011 till 31<sup>st</sup> March, 2015 as stated below:

#### Remuneration:

- A) **Salary:** In the scale of ₹ 3,25,000/- per month to ₹ 8,00,000/- per month with authority to the Board at its absolute discretion, upon due recommendation of the Remuneration Committee to fix the salary within the scale, from time to time.
- B) **Commission:** Commission as determined by the Board of Directors on recommendation of Remuneration Committee, which will be payable at end of each financial year after the annual accounts are approved by the Board, subject to the overall ceilings stipulated in sections 198 and 309 of the Companies Act, 1956.

**“RESOLVED FURTHER THAT**, save and except to the extent remuneration herein revised, all other existing terms, condition and stipulations relating to his re-appointment and perquisites and allowances payable to Mr. Prakash B. Rane as contained in the Special Resolution which had been approved by the Shareholders at the

17<sup>th</sup> AGM, held on 29<sup>th</sup> July, 2010, shall remain in full force and unchanged.”

“**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 shall be as set out in Special Resolution passed at 17<sup>th</sup> AGM and clause (A) of this Resolution as a minimum remuneration.”

“**RESOLVED FURTHER THAT** in event of any statutory amendments, modifications, Substitutions, relaxations or re-enactments to Schedule XIII to the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorized and empowered to vary, alter, increase, enhance or widen the scope of remuneration including salary, perquisites, commission and/or allowances to the extent but within the maximum permissible limits for payment of managerial remuneration specified in Schedule XIII to the said Act and other applicable provisions, if any, of the Companies Act, 1956 as amended, from time to time, without any further reference to the Members of the Company in General Meeting.”

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

**Date: 19<sup>th</sup> May, 2012  
Place: Mumbai**

**Prakash B. Rane  
Managing Director**

**NOTES:**

1. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, in respect of Special Business under item No. 5 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. THE INSTRUMENT OF PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING. A BLANK PROXY FORM IS ENCLOSED HERewith.**  
Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. 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.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 20<sup>th</sup> July, 2012 to 24<sup>th</sup> July, 2012 (both days inclusive) for determining the names of the members eligible for the dividend, if approved.
5. Dividend on Equity Shares, if declared at the Meeting, shall be paid within 30 days from the date of Annual General Meeting to the Shareholders whose names appear on the Register of Members of the Company as on 19<sup>th</sup> July, 2012. In case of shares held in dematerialized form, the dividend thereon shall be paid to the beneficial owners, as per list provided by the Depositories for the said purpose.
6. Members are requested to notify immediately any change in their address to the Company's Registrar & Share Transfer Agent, quoting their folio number.
7. Members holding shares in single name and physical form are advised to make nomination in respect of their

shareholding in the Company by sending their requests in Form 2B (in duplicate) to the Secretarial Department at the Registered Office of the Company or Company's Registrar and Share Transfer Agent.

8. Members are 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.
9. Members are hereby informed that dividend which remains unclaimed / unencashed over a period of Seven years, has to be transferred as per the provisions of Section 205A and 205C of the Companies Act, 1956 by the Company to "The Investor Education & Protection Fund" constituted by the Central Government. It may be please be noted that once unclaimed / unencashed dividend is transferred to "The Investor Education & Protection Fund" as above, no claims shall lie in respect of such amount by the Shareholder.
10. As per requirement of Clause 49 of the Listing Agreement signed by the Company with the The Bombay Stock Exchange Limited, for appointment of the Director / re-appointment of the retiring Director, a statement containing details of the concerned Director is given in Corporate Governance Report on Page No. 15.
11. Members are requested to bring their copies of Annual Report, Notice and Attendance slip duly completed and signed at the Meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at Meeting.
12. 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 a.m. to 1.00 p.m. upto the date of Annual General Meeting.
13. Members are requested to send their queries, if any on the operations of the Company, to reach the Company atleast seven days before the Meeting, so that the information can be complied in advance.
14. **MCA'S GREEN INITIATIVE**

Ministry of Corporate affairs has taken a green initiative by permitting companies to send various documents like notices, annual reports including annual accounts etc, to its Members through electronic mode. Keeping in spirit with the said initiative, we again request you to update your Email IDs with your respective DPs in case of shares held in electronic form and with Registrar and Share Transfer Agent, M/s Universal Capital Securities Pvt. Ltd. in case of shares held in physical form. Email is better method to receive the communications quickly, with least cost implications and have longer shelf life. You are always entitled to receive on a specific request a physical copy of the Annual Report of the Company and all other documents.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, IN RESPECT OF SPECIAL BUSINESS:**

##### **ITEM NO. 5**

At the 17<sup>th</sup> Annual General Meeting ("AGM") of the Company held on 29<sup>th</sup> July, 2010, the Members of the Company had re-appointed Mr. Prakash B. Rane as the Managing Director of the Company for a period of 5 years commencing on 1<sup>st</sup> April, 2010 and ending on 31<sup>st</sup> March, 2015, on the terms and conditions and at the remuneration payable to him as set out in the Special Resolution and contained in the Agreement entered into by the Company with Mr. Prakash B. Rane.

The Board of Directors ("the Board") has at its Meeting held on 19<sup>th</sup> May, 2012, on due recommendation of the Remuneration Committee, determined and fixed the maximum limit for remuneration comprising of salary, allowance,

perquisites and commission payable to Mr. Prakash B. Rane from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2015, subject to the limits contained in Sections 198 and 309 and all other applicable provisions of the Companies Act, 1956 including Schedule XIII to the Act is as under:

#### Remuneration

- A) **Salary:** In the scale of ₹ 3,25,000/- per month to ₹ 8,00,000/- per month with authority to the Board at its absolute discretion, upon due recommendation of the Remuneration Committee to fix the salary within the scale from time to time.
- B) **Commission:** Commission as determined by the Board of Directors on recommendation of Remuneration Committee, which will be payable at end of each financial year after the annual accounts are approved by the Board, subject to the overall ceilings stipulated in sections 198 and 309 of the Companies Act, 1956.
- C) **Perquisites:** In addition to Salary (A) and Commission (B) referred to above, Mr. Prakash B. Rane shall be entitled to the following:
- a) Medical Allowance ₹ 15000 per annum.
  - b) Leave Travel Concession in accordance with the rules of the Company for self and family not exceeding ₹ 2,85,000/- per annum.
  - 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.

While deciding the remuneration of Mr. Prakash B. Rane, the committee took into consideration the appointee's deep knowledge, hard work and experience he gathered during his long association with the Company and other relevant factors and arrived at a consensus to bring about objectivity in determining the remuneration package.

With the approval of the Members to the proposed Resolution, the Board will have the discretion and delegated authority of the Members of the Company to fix and revise the salary within overall ceiling as specified under the relevant provisions of Companies Act, 1956.

All other existing terms of remuneration, save and except as have been proposed to be revised in the manner as set out in the Explanatory Statement forming part of this Resolution attached to this Notice of AGM and also contained in the agreement with Mr. Prakash B. Rane shall remain unchanged and unaltered and shall remain in force till the expiry of his tenure.

Mr. Prakash B. Rane and Mrs. Supriya P. Rane may be deemed to be interested in the proposed Resolution to the extent of remuneration payable to Mr. Prakash B. Rane. None of the other director is interested in the Resolution.

## DIRECTORS' REPORT

Your Directors are pleased to present their 19<sup>th</sup> Annual Report together with the Audited Accounts of the Company highlighting the business operations and financial results of your Company for the year ended 31<sup>st</sup> March, 2012.

### 1. FINANCIAL RESULTS :

(Amount in ₹)

	Year ended 31.03.2012	Year ended 31.03.2011
Gross Income	1,030,029,121	589,496,479
Less: Service Tax	90,314,082	53,241,297
Gross Income (net of Service Tax)	939,715,039	536,255,182
Less: Total expenditure	709,922,799	375,578,296
Gross Profit before Depreciation & Taxation	229,792,240	160,676,886
Less: Depreciation	2,998,297	2,496,722
Net Profit before Tax	226,793,943	158,180,164
Less: Provision for Taxation	74,749,905	52,508,309
Net Profit After Tax	152,044,038	105,672,125

### 2. OPERATIONS OF THE COMPANY :

The operations of the Company, compared to last year, have shown significantly higher revenues and profitability. The increased profitability is due to more efficient operations coupled with effective and cost control measures as well as some large onetime orders executed during the year.

### 3. DIVIDEND :

Your Directors have recommended a final dividend at the rate 15% per equity share for the financial year ended 31<sup>st</sup> March, 2012. The dividend will be payable to all the shareholders, whose names appear in the Register of Members as on 19<sup>th</sup> July, 2012. If the dividend recommended is approved at the 19<sup>th</sup> Annual General Meeting, a sum of ₹ 1,74,35,293 (including dividend tax and surcharge) will become payable.

### 4. LISTING FEES :

All the compliances including payment of annual listing fees for the year under review have been paid to the Bombay Stock Exchange Limited, where your Company's shares are listed, within the stipulated time.

### 5. CORPORATE GOVERNANCE :

The Management of ABM has positioned Corporate Governance as one of their top-priority management issues in recognition of the responsibilities they bear toward their stakeholders. Our Company's philosophy on Corporate Governance envisages attainment of highest level of transparency, accountability and fairness in respect of its operations and achievement of highest internal standards in Corporate Governance. The Company believes that all actions and operations must sub serve its best business interest and enhance overall shareholders' value. We are also committed to achieving a sustainable society by meeting societal needs and expectations.

In pursuance to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, Corporate Governance Report is given elsewhere and forms part of this Report.

A certificate from Auditors of the Company regarding compliance of the conditions of Corporate Governance



as stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited is annexed to this report along with Management Discussion and Analysis Report.

**6. PUBLIC DEPOSITS :**

During the year under review, the Company has not accepted any fixed deposits from the public, and as on March 31, 2012 the Company had no unclaimed deposits or interest thereon due to any depositor.

**7. DIRECTORS :**

As per Article of Association of the Company, Mr. M. N. Ahmed retires by rotation and being eligible offer himself for re-appointment at this Annual General Meeting. The Board of Directors has recommended his re-appointment for consideration of the Shareholders. The brief resume of Mr. M. N. Ahmed is given in the Corporate Governance Report.

**8. AUDITORS :**

M/s. S. P. Sule & Associates, Chartered Accountants, Statutory Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment as Statutory Auditors for the financial year 2012-13. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the limit prescribed under section 224(1B) of the Companies Act, 1956.

**9. REVISION OF THE REMUNERATION OF MANAGING DIRECTOR :**

In the 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 recommended to the Board for the revision of his remuneration and suggested that he should be paid the remuneration as per the limits contained in Sections 198, 309, 310 and all other applicable provisions of the Companies Act, 1956 including Schedule XIII to the Act.

The Board reviewed the recommendation and came to conclusion that the recommendation of the Remuneration Committee should be adopted and be placed before the Shareholders at the 19<sup>th</sup> Annual General Meeting. Therefore the Board hereby recommends the passing of Special Resolution to pay remuneration to Mr. Prakash B. Rane comprising of salary, allowance, perquisites and commission from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2015, subject to the limits contained in Sections 198, 309, 310 and all other applicable provisions of the Companies Act, 1956 including Schedule XIII to 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 and the Clause (A) of this Special Resolution as minimum remuneration.

The details of the remuneration package are forming part of the Special Resolution and Corporate Governance Report on Page Nos. 2 and 14 respectively.

**10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**

**A. Industry Structure and Development :**

The e Governance industry in India has been growing due to sustained interest shown by Central and State Govt. apart from numerous PSUs, Autonomous bodies etc. Central Govts. have continued to drive further the 31 Mission Mode Projects which form the core of opportunity offered by Central and State Govts. Though there have not been large scale successes visible after MCA 21 kind of projects, many pockets of excellence have been observed in States and Govt bodies. Preference to PPP model is seen in

some of the recent tenders floated by Govts. Participation of IT industry in e gov projects has been generally unchanged compared to previous years and competition landscape is also by and large unchanged. The focus areas of your Company such as Municipalities, Water Bodies, ERP, Accounting Reforms, Property tax Reforms have been offering satisfactory opportunities across states. Use of Cloud computing and mobility solutions have been finding larger acceptability in govts though large scale adoption may take some more time.

#### **B. Existing Opportunities and Outlook :**

Your company has been doing business predominantly in Western India with high focus in Maharashtra. The focus in Maharashtra will be continued. Efforts have been initiated in other states for replicating successes in Maharashtra. While the response has been encouraging the gestation periods are longer as in any e-Government project. The decision making in Govt. procurement processes has been impacted due to overall sentiments in society and has resulted into slowdown of process of finalization of tenders. Venturing into newer geographies and such slowdown is likely to pose challenges in this coming year. Your Company is preparing itself for such challenges and is determined to overcome the same.

#### **C. Business Threats :**

e-Governance initiatives face a long list of challenges. There is no significant change in these parameters. The list of challenges range from technology management, process re-engineering, sustenance, change management, manpower, development of infrastructure, etc. 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 :**

- 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 Government's Road Map for e-Governance.

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 :**

Your Company plans to make offerings in "Software As A Service-(SaaS)" by leveraging cloud computing. Your Company also plans to make foray into other sectors such as Defense and Agriculture. Efforts to market Company's offerings in wider geography will continue.

#### **E. Human Resource Management :**

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 focuses on both Traditional as well as Strategic HR practices. It is observed that both practices are necessary on their part but owing to the current competitive scenario, Strategic HR slightly scores high. The Company continued to provide internal platformsto the employees to engage with