



ABM Knowledgeware Limited

Frontrunners in e-Government in India

20th Annual Report
2012-2013

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
www.abmindia.com

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

Compliance Officer

Mrs. Sarika Ghanekar
E-mail : sarika.ghanekar@abmindia.com

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NOTICE

Notice is hereby given that the Twentieth 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 Wednesday, the 24th day of July, 2013 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 31st March, 2013, 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. Sharadchandra D. Abhyankar, 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 Annual General Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

**Date: 27th May, 2013
Place: Mumbai**

**Prakash B Rane
Managing Director**

NOTES:

1. **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.**
2. **PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE HOLDING THE MEETING. A BLANK PROXY FORM IS ENCLOSED HERewith.**
3. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting, pursuant to Section 187 of the Companies Act, 1956 are advised to send a duly certified copy of the Board Resolution authorizing their representative, attend and vote at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 20th July, 2013 to 23rd July, 2013 (both days inclusive).
5. The Dividend recommended by the Board, if declared at the AGM, will be paid to those members or their mandates whose name appears on the Register of Member of the Company as on 19th July, 2013. In respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.
6. Individual members who wish to nominate a person under section 109A of the Companies Act, 1956 may furnish us

required details in prescribed Form 2B.

7. Members who continue to hold shares in physical form are requested to intimate any changes in their address immediately to Company's Registrar & Transfer Agent, M/s. Universal Capital Securities Pvt. Ltd. Further, please note that in the case of dematerialized shares any changes required in Address, Bank details, Bank Mandate, ECS Mandate etc. are to be intimated to your Depository Participant (DP) and not to Company or our Registrar.
8. Pursuant to Section 205C of the Companies Act, 1956, unclaimed/unencashed dividends are to be transferred to the "Investor Education and Protection Fund" of the Central Government after a period of 7 years from the date of declaration. Shareholders who have not encashed/claimed and/or misplaced the dividend are requested to write to Registrar and Share Transfer Agent of the Company for claiming the dividend.
9. Brief resume, details of shareholding and other Directorship of Non-Executive Directors seeking election as required under Clause 49 of the Listing Agreement are provided in Corporate Governance Report on Page No. 12.
10. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company, in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form, to enable the Company to serve documents in electronic form.
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. 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.
13. 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.
14. Members seeking any information with regard to accounts are requested to write to atleast seven days before the Meeting to facilitate keeping the information ready.

DIRECTORS' REPORT

**To the Members of
ABM Knowledgeware Limited**

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2013.

1. FINANCIAL RESULTS :

	(Amount in ₹)	
	Year ended 31.03.2013	Year ended 31.03.2012
Gross Income	754,395,241	1,030,029,121
Less: Service Tax	64,939,189	90,314,082
Gross Income (net of Service Tax)	689,456,052	939,715,039
Less: Total expenditure	500,467,030	709,922,799
Gross Profit before Depreciation & Taxation	188,989,022	229,792,240
Less: Depreciation	3482,387	2,998,297
Net Profit before Tax	185,506,635	226,793,943
Less: Provision for Taxation	59,883,715	74,749,905
Net Profit After Tax	125,622,920	152,044,038

2. OPERATIONS OF THE COMPANY :

The revenues of the Company have dropped compared to last year. Last year's gross revenues of ₹ 103 Crores included execution of a single order of approximately ₹ 32 Crores. That is one of the reasons for the drop in revenues. However the drop in profitability is lesser compared to the proportion of drop in the revenues due to efficient operations, coupled with effective and cost control measures.

3. DIVIDEND :

Keeping in view the performance of the Company and other relevant considerations, your Directors recommend payment of dividend @15% on the paid up capital of the Company absorbing an amount of ₹ 1,74,35,293/- including dividend tax of ₹ 24,33,643/- for the year ended 31st March, 2013. The dividend, if approved by the shareholders, will be paid to those members, whose names appear on the Register of Members as on the book closure date.

4. LISTING FEES :

Your Company's shares are listed in The Bombay Stock Exchange Limited, Mumbai and the Annual Listing fees for the year under review have been paid.

5. CORPORATE GOVERNANCE :

The Company has in practice a comprehensive system of Corporate Governance. A separate Report on Corporate Governance forms part of the Annual Report. A certificate of Company's Statutory Auditors regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

6. PUBLIC DEPOSITS :

Your Company has not accepted deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 during the year under review.

7. DIRECTORS :

Dr. Ajit C Kulkarni and Mr. Sharadchandra D. Abhyankar, Directors of the Company, are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A brief profile of the Directors retiring by rotation and seeking re-election, to be provided as per Clause 49 of the Listing Agreement, 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. The Audit Committee of the Board has recommended their re-appointment as Auditors for the year 2013-14. M/s. S. P. Sule & Associates have confirmed their eligibility and willingness to continue to act as Auditors of the Company.

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

We have relied extensively on the reports published by NASSCOM while elaborating some of the following sections.

A. Industry Structure and Development :

E-governance is being increasingly viewed as an enabler and facilitator of 'good governance', where the scope of good governance includes attributes such as a service-centric approach, citizen-centricity, anytime, anywhere delivery of services, integrated delivery of services, focus on outcomes, accountability, promoting right to information, inclusion of disadvantaged communities and a focus on awareness and communications.

The Indian Government has been leveraging solutions and services from the IT industry to transform the manner in which it renders services. Deep focus on the eGovernance domain and a partnership approach, have enabled the various IT companies like ABM to contribute significantly to the success stories in eGovernance. The Department of Information Technology, Government of India has helped in giving a fillip to eGovernance initiatives, through its National eGovernance Programme (NeGP) and several Mission Mode Projects, both at the Centre and the States.

At the heart of India's National eGovernance strategy lies the NeGP, which has a vision of taking public services closer to the common man both in urban and rural India at affordable costs. NeGP is a multi-stakeholder programme which primarily focuses on making critical public services and information available, empowering the citizen at the grass roots level and promoting rural entrepreneurship. It marks a paradigm shift from a government-centric and process-centric, to a citizen-centric approach. In order to realise the vision of the NeGP, to make government services available to citizens on an anytime, anywhere basis, the Union and State Governments have made significant strides to build the core e Infrastructure that supports such offerings. From State Wide Area Networks (SWANs), State Data Centres (SDCs), State Service Delivery Gateways (SSDGs) and one-stop-service access points, the Common Services Centres (CSCs) State Governments across India have made rapid progress.

The competition scenario has not undergone significant changes and more or less remains unchanged. Some national players coupled with some regional player still form part of the vendor ecosystem competing in this space.

B. Existing Opportunities and Outlook :

The growing maturity and evolution of eGovernance rollouts in India has meant that, from the earlier focus on hardware-centric procurement, most projects are now moving to defining services and outcomes. Most Project DPRs, RFPs and Services Agreements and Contracts are demonstrating a fundamental shift in the way Government is procuring IT and IT services. Hardware and even application development are now being considered more as building blocks towards an end outcome rather than as key requirements. The

relationship between the Government, the buyer and industry, the service provider, is moving towards a more strategic relationship over a 5-7 year term. This has been the direction for some of the larger Mission Mode NeGP Projects both at the Centre and States and eGovernance Infrastructure Projects like SWAN, SDC.

Recognising that NeGP is a multi-stakeholder environment and ownership of design, implementation of projects rests with Ministries and States, Government is urging these ministries and departments to choose technologies that are best suited to meet their requirements, while ensuring that these applications are interoperable. To realise this, the Government of India has also set up an institutional mechanism to evolve/adopt standards for eGovernance.

Government is also looking at building internal capacities for project management and implementation. It is now focusing on not only training and sensitizing its employees but also tapping the talent pool from the private sector under an ambitious capacity building programme in the National eGovernance Division (NeGD).

More recently, to ensure ubiquitous access to public services, the Government has been planning for a legal framework mandating delivery of all public services electronically by a fixed date. Once the electronic delivery of services bill is enacted, eGovernance projects will receive a greater fillip, and we can expect a vast improvement in Government functioning and citizen services.

C. Business Threats :

The reality today is that several projects and their execution are facing challenges. Some projects have failed or been shelved because of flaws at different stages, their conceptualisation, scope definition, vendor selection and poor execution due to shortcomings both on the Government and the implementing vendor's side. Issues related to Public Procurement of IT projects (eGovernance projects) are a cause for concern for both buyers (i.e. Government Departments) and potential bidders.

Scandals and Scrutiny are demotivating eGov champions to undertake new projects. This in turn is slowing down the finalization of projects or initiation of new ambitious projects.

NASSCOM identified 170 unique issues related to procurement of IT services. The research showed that the challenges were focused around the following issues:

- Project execution, project conceptualisation and scope of work.
- Contracts, T&C.
- Absence of a project champion of issues.
- Delays in deliverables from the Government.
- Delays in timely sign offs to vendors by departments.
- Project bids incorporating many non-IT items that increased project cost.
- Absence of counter guarantees in SLAs, to deal with defaults by the Government and Government agencies.
- Government expectation is that industry changes its focus from product orientation to citizen service delivery in Governance projects.
- The feeling among policymakers is that industry is still oriented towards the supply of IT goods and services and the service orientation which is at the core of all eGovernance services is lacking.

D. Business Strategies and Planning:

Your company has been focusing on the strategy of building long term relationships with customers by giving reliable and effective services to them and by demonstrating full commitment. Another strategy is to try and win projects in areas which have potential to replicate the same across other states in India. This strategy will continue as a prime strategy.

Company's office in Delhi has been able to cover important states in north India and build useful sales prospects in areas of Company's strength.

Company has plans to enter into newer domains like Tourism and Financial sectors in the eGovernance domain and hopes to achieve some breakthroughs in current year.

E. Human Resource Management :

At ABM we believe in building an organization having Human Resource with world class capabilities and high performance culture. We further believe that human resource happens through structured approaches for employee engagement, resourcing, performance and competency based development. The functioning and activities were further aligned to Company's ongoing success and enabled the Company to deliver superior performance, year after year. Leadership development is one of the key initiatives of the Company. We seek to create an environment of transparency, fairness and mutual respect wherein the aspirations of every employee in particular and the goal of the enterprise in general are aligned to achieve mutual benefit on a long term continual basis.

The Company continued to provide internal platforms to the employees to engage with higher management, share views and have an open dialogue on organizational matters including its policies and practices. This individual relations-environment for the company remained highly cordial and conducive for achieving organization's objectives. With flexible policies, emphasis on employee satisfaction and building better relationships with customers are given prime importance. To keep up the morale of the employees, end number of motivational and welfare measures already exist in the Company. We have, in vogue, a week's induction schedule for new joiners on senior position, covering existing projects and various departments of the Company as well.

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

(Amount in ₹)

	Year ended 31.03.2013	Year ended 31.03.2012
Gross Income	754,395,241	1,030,029,121
Less: service Tax	64,939,189	90,314,082
Gross Income(net of Service Tax)	689,456,052	939,715,039
Less: Total expenditure	500,467,030	709,922,799
Gross profit before Depreciation & Taxation	188,989,022	229,792,240

The revenues of the Company have reduced but the profitability has not been affected in same proportion due to efficient operations.

10. INFORMATION UNDER SECTION 217(1)(e) :

The information required to be furnished Under Section 217 (1) (e) of the Companies Act, 1956, and the Rules made thereunder, is provided in Annexure-A, forming part of the Report.

11. PARTICULARS OF EMPLOYEES :

The information as per section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming a part of Directors' Report for the year ended 31st March, 2013 is as follows:

Name of the Employee	Mr. Prakash B Rane
Age	47 years
Designation	Managing Director
Gross Remuneration	* ₹ 105.88 Lacs
Qualification	B.Tech., M.M.S.
Date of Commencement of the employment	27 th April, 2000
Number of years Experience	20 years
Previous Employment	Advent Business Machines Pvt. Ltd

***Note:** Gross Remuneration includes salary (excluding Employer's share of PF Contribution) and commission for the year ended on 31st March, 2013.

12. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards in accordance with provisions of the Companies Act, 1956 have been followed and that no material departures have been made from the same ;
- b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2013 and of the Profit or Loss of the Company for that period;
- c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) we have prepared the Annual Accounts on a going concern basis.

13. ACKNOWLEDGEMENT :

Your Directors take this opportunity to thank all the stakeholders including Shareholders, Financial Institutions, Banks, Customers, Regulatory and Government Authorities for their continued support and cooperation extended to the Company.

Your Directors wish to place on record their appreciation for the invaluable contribution made and excellent co-operation extended by the employees at all levels, who through their competence and hard work, have enabled your Company achieve good performance year after year and look forward to their support in the future as well.

For and on behalf of the Board

Date: 27th May, 2013

Place: Mumbai

Prakash B Rane

Managing Director

ANNEXURE 'A'

INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE RULE 2 OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988

Conservation of Energy:

Your Company consumes energy mainly for the operation of its software development, thus the consumption of electricity is negligible. In order to conserve the electricity, the Air conditioners are kept at a moderate temperature and all the electrical equipments are turned off, whenever they are not required by the Office Staff.

Technology Absorption, Adoption & Innovation and Research and Development

Your Company has continued its focus on 'productisation of services' by innovative business models. Company is putting in efforts to make its flagship solutions cloud ready and acquire technologies to leverage Cloud Computing in an efficient manner. Efforts are also invested in building mobility solutions around company's flagship products.

Foreign Exchange Earnings and Outgo:

Due to extensive focus and scope in the domestic market, your Company decided to dedicate its resources for addressing the local market and hence has not been any export turnover during this financial year.