

ANNUAL REPORT 1998 99 ANNUAL REPORT 1998 99

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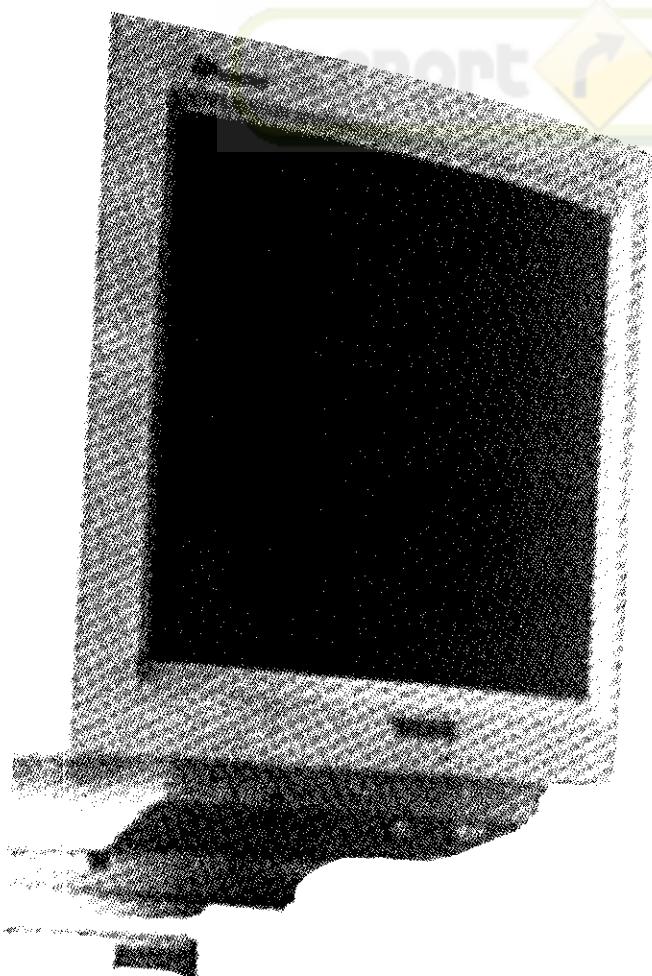
REPORT

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BOARD OF DIRECTORS

Dr. L.S. Kanodia	Chairman
Mrs. A.L. Kanodia	Director
Mr. R.L. Kanodia	Director
Mr. R.K. Saraswat	Director
Mr. D.V. Thakore	Director
Mr. K.C. Katiyar	Director

AUDITORS

Kanu Doshi Associates
Mumbai

SOLICITORS

Crawford Bayley & Company
Mumbai

BANKERS

State Bank Of India
Punjab National Bank
ICICI Banking Corporation Ltd.
IndusInd Bank Ltd.
The Vysya Bank Ltd.

REGISTERED OFFICE

Unit Nos. 117-120, SDF IV,
Seepz, Andheri (East),
Mumbai 400 096.



CHAIRMANS' STATEMENT

Dear Members

I have a great pleasure in presenting the results of the Company for the Financial Year 1998-99. You will be happy to note that the Company has achieved all round improvements in its performance. In our pursuit of becoming truly a global player we have, as a step forward, opened a branch office in Australia and I am confident that we will be in a position to take greater benefit of the opportunities available globally and meet with the stringent demands of our clients in a more efficient manner.

ACHIEVEMENTS DURING THE YEAR

During the year your Company has achieved PCMM level II, thereby perhaps becoming the first few Software Company in the world to achieve this distinction. The quality of the services and products that we deliver to our clients have always been important to us and I am pleased to inform you that your Company has achieved about 5.5 sigma level of accuracy in its Electronic Publishing business. The year 1999-2000 is declared as Datamatics Quality Year. Virtually all Business Units have received ISO Certification already.

Your Company is the first company in SEEPZ which has acquired a 512 kbps fiber optic lease line from Mumbai to U.S.A. Further, the Company has introduced a system of off loading of jobs to its Vendor through modems. This has resulted in speedy and efficient delivery of services to our clients.

EXPANSION

The Company has, to implement its expansion programs and to meet with its future needs for the space for its operations acquired a building in Marol Industrial Area, MIDC, Andheri (East), Mumbai admeasuring about 40000 sq. ft. including basement and about 2550 sq. ft. of premises in SDFVI in SEEPZ.

IT INDUSTRY - CHALLENGES AND OPPORTUNITIES

The IT industry the world over is moving at a tremendous pace. We being the leading player in the field of Electronic Publishing, Back Office Processing and Data Warehousing, in India are confident that it shall grow from strength to strength.

EMPLOYEES

I have full faith in the employees of the Company, its most important asset, who will take the Company to new heights of quality, performance and value returns for its shareholders, clients and to society.

The Company has always provided the most congenial and challenging work environment to all our employees. I attribute the success of the Company to the creative and innovative skills of our work force who have risen to a challenge posed to them by their skills, dedication and commitment to the Company and its clients.

I am looking forward to the coming years with great hope. Certainly with our emphasis on maintaining and providing consistently the quality services to our clients, the future looks very bright and encouraging.

Dr. L. S. Kanodia
Chairman



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting herewith the 11th Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 1999.

FINANCIAL RESULTS

The summarised financial results for the year are as under :

	<u>March 31, 1999</u>	<u>(Rs. in lacs)</u> <u>March 31, 1998</u>
Gross Income (including other income)	1165.09	872.29
Profit before tax	318.92	226.24
Profit after tax	306.43	213.62
Interim Dividend on - Preference Shares	6.32	0
- Equity Shares	32.17	0
Transfer to Reserves	275.00	210.00
Balance carried forward	68.23	79.29

During the year, your Company recorded a gross income of Rs. 1165.09 lacs as against Rs. 872.29 lacs in the previous year, an increase of 33.57%. The profit before tax at Rs. 318.93 lacs is higher by almost 41% against the previous years' profit of Rs. 226.24 lacs.

The Government of Maharashtra has declared the year 1999 - 2000 as the Information Technology year thereby granting various incentives to the Information Technology Industry. Your Company has got itself registered as an I.T. Software Company to be eligible for the various incentives granted by the Government.

OUTLOOK

Future holds challenges and opportunities for the Company and the management and the employees of the Company are geared up for the same. Emphasis on the accuracy and consistency in the processes is paying good dividend by way of increased clients satisfaction and confidence and thereby more business opportunities for the Company.

EXPANSION PROGRAMME

As part of the ongoing expansion programme your Company has acquired from Alpice Finance Limited a premises situated at plot No. 58, MIDC, Marol Industrial Area, Andheri (East), Mumbai - 400 093, measuring approx. 40,000 sq. ft (including basement). The operations from the said premises will commence by October, 1999. With the acquisition of the aforesaid premises and allotment of one unit to the Company in SDF VI in SEEPZ, the Company has now sufficient space for handling its increased operations.



FINANCE

During the year State Bank of India has sanctioned working capital finance to the tune of Rs.3.30 crores and a term loan of Rs.4.45 crores. Further, Export Import Bank of India has also sanctioned a term loan of Rs.10 crores. The aforesaid financial assistance will be utilised for the Capital expenditure in furnishing the acquired premises and to meet Company's working capital requirements. The Company has also issued 750000 53% Redeemable Cumulative Preference Shares of Rs.10/- each at a premium of Rs. 30/- per share on a private placement basis. In the current year the Company has issued 28125 53% Redeemable Cumulative Preference Shares of Rs.10/- each at a premium of Rs. 30/- per share on a private placement basis. The Company has also plans to come out with a rights issue for 340000 equity shares of Rs.10/- each.

BONUS ISSUE

Your Board of Directors are pleased to inform you that it has recommended a bonus issue in the ratio of two equity shares for every one equity share held by the member as on August 30, 1999 and a resolutions for approving the same are included in the notice of 11th Annual General Meeting to be held on August 30, 1999. The bonus shares shall qualify for dividend on a pro rata basis from the date of allotment.

DIVIDEND

During the year, the Company has paid an interim dividend at the rate of 53% to the preference shareholders and 10% to the equity shareholders of the Company. In view the expansion plans and also to consolidate the financials of the Company, your Board do not recommend any final dividend for the year.

DIRECTORS

Dr. L. S. Kanodia and Mrs. A. L. Kanodia, the Directors of the Company retires by rotation but being eligible, offers themselves for re-appointment.

SUBSIDIARY COMPANY

In the current year your Company has further acquired 125000 shares of its subsidiary Company viz. Datamatics Softworld Private Limited (DSPL) (formerly known as Boshu Information Systems Private Limited) and upon acquisition of the aforesaid shares DSPL became a wholly owned subsidiary Company of your Company. Your directors further like to inform you that with a view of taking synergistic advantages in the operations and to take greater advantage of the opportunities available in the global market, the Board of directors of DSPL and your directors have decided to merge DSPL with your Company and necessary formalities therefor are being taken-up.

Y2K COMPLIANCE

Being in the Information Technology sector, Computers form the heart of the operations of the Company. All the required steps are being taken up to make the existing computer systems Y2K compliant before October, 1999.

FOREIGN EXCHANGE EARNINGS

The total foreign exchange earned by the Company during the year was Rs. 1126.45 lacs and the foreign exchange expenditure was at Rs. 251.97 lacs.

**CONSERVATION OF ENERGY**

Since the Company is in the business of information technology, power is utilised for computer equipments, air conditioners and office equipments. The Company has taken steps to ensure that there is no wastage of energy.

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 clients both in India and abroad.

POLLUTION AND ENVIRONMENTAL CONTROL

The business of the Company does not generate any pollution or effluents.

FIXED DEPOSITS

For the first time your company has started accepting deposits from public and consequently pursuant to the provisions of Section 43A of the Companies Act, 1956 your Company is deemed to have become Public Limited Company. There are no matured, unclaimed or overdue deposits.

AUDITORS

Messrs. Kanu Doshi Associates, Chartered Accountants, Mumbai hold office until the conclusion of the forthcoming Annual General Meeting of the Company and are recommended for re-appointment. The Company has received a certificate from them to the effect that their appointment, if made, would be within the limits laid down under Section 224 (1B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, is given in the Annexure to this report.

ACKNOWLEDGMENTS

Yours Directors are grateful to the bankers and financial institutions for their continued support, assistance and unstinted co-operation. Your Directors also commends the sincere and whole hearted efforts put in by the employees of the Company.

For and on behalf of the Board

Mumbai,
Dated : 30th July, 1999

Dr. L. S. Kanodia
Chairman

