

# ANNUAL REPORT 1999-2000



**Datamatics Technologies Ltd.**

*We Manage Knowledge*



## BOARD OF DIRECTORS

BOARD OF DIRECTORS	DR. L. S. KANODIA	— <i>Chairman</i>
	MRS. A. L. KANODIA	— <i>Director</i>
	MR. R. L. KANODIA	— <i>Director</i>
	MR. R. K. SARASWAT	— <i>Director</i>
	MR. M. G. DIWAN	— <i>Director</i>
	MR. K. C. KATIYAR	— <i>Director</i>
	MR. D. V. THAKORE	— <i>Director</i>

PRESIDENT AND  
CHIEF EXECUTIVE OFFICER

MR. MANISH MODI

COMPANY SECRETARY

MR. RAJIV JOSHI

AUDITORS

KANU DOSHI ASSOCIATES

*Chartered Accountants, Mumbai*

SOLICITORS

CRAWFORD BAYLEY & COMPANY

*Solicitors, Mumbai*

BANKERS

STATE BANK OF INDIA

BANK OF INDIA

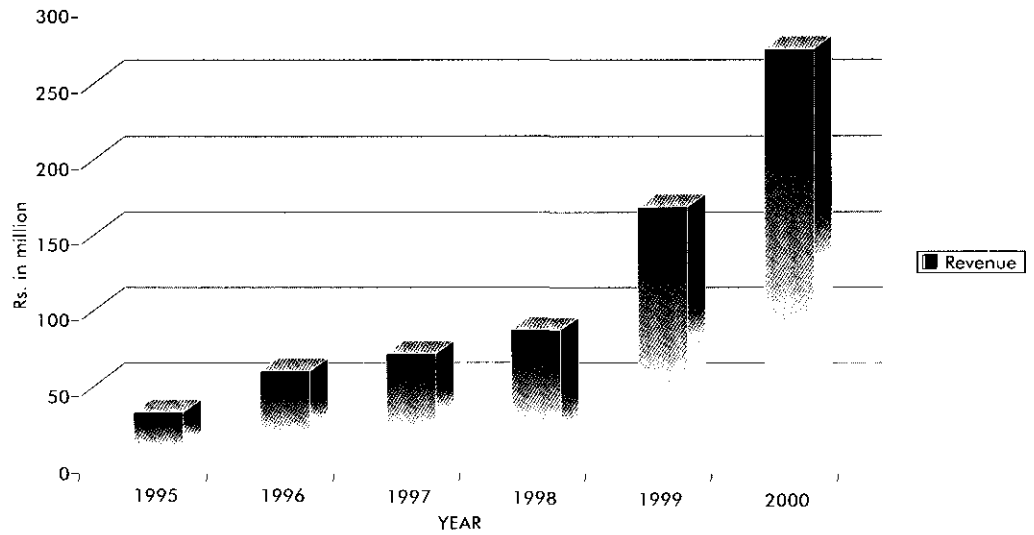
REGISTERED OFFICE

UNIT NO. 117-120, SDF IV,  
SEEPZ, ANDHERI (EAST),  
MUMBAI - 400 096.



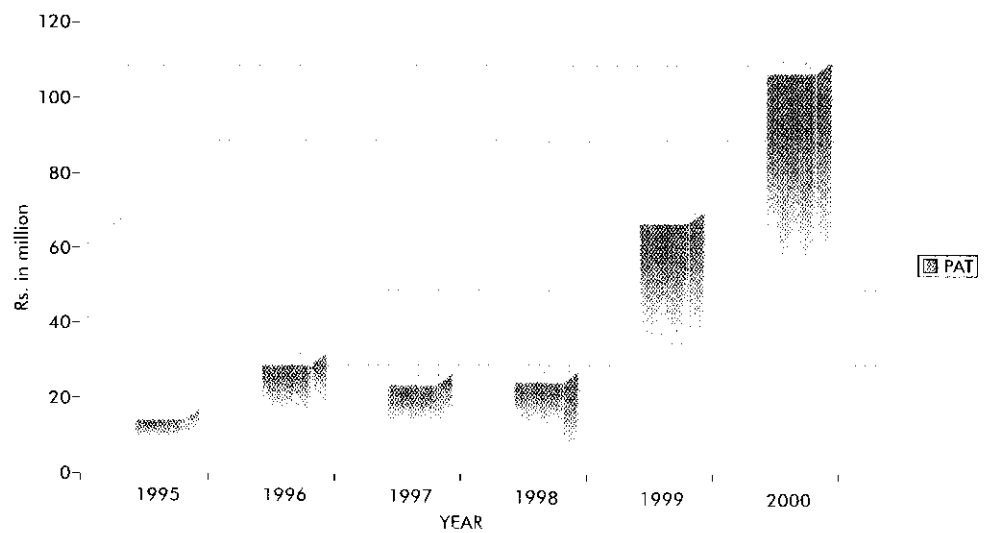
## FINANCIAL HIGHLIGHTS

REVENUE



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## DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting herewith the 12th Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 2000.

### FINANCIAL RESULTS

The summarised financial results for the year are as under :

		(Rs. in lacs)	
	March 31, 2000	March 31, 1999	
		(Only DTL*)	(Consolidated)
Gross Income	2739.78	1172.04	1695.66
Profit before tax	1078.67	318.93	653.74
Profit after tax	1036.67	306.43	638.63
Interim Dividend on - Preference Shares	41.24	6.32	6.32
— Equity Shares	44.99	32.17	32.17
Transfer to Reserves	900.00	275.00	575.00
Balance carried forward	86.64	68.23	144.02

\* Datamatics Technologies Limited

During the year under review, your Company has recorded a gross income of Rs. 2739.78 lacs as against Rs. 1695.66 lacs (on consolidated basis) in the previous year, an increase of 61.5%. The profit before tax at Rs. 1078.67 lacs is higher by 62.3% against the previous years' profit of Rs. 638.63 lacs (on consolidated basis). Summarised consolidated Balance Sheet and Profit and Loss Account are attached with the Directors' Report for your information and comparison.

### OUTLOOK

Future holds new challenges and opportunities for the Company, and the management and the employees are geared up to face them.

Knowledge Management (KM), which encompasses Data Warehousing, Knowledge Portals (K-Portal), Web Enabling, E-commerce and Business Process Outsourcing, remains the focus of the company. It is estimated that business in the area of Knowledge Management will grow to approximately US\$ 142 billion by the year 2008. Your Directors' are confident that the Company's emphasis on accuracy and consistency in the process, which results in increased client's satisfaction and confidence, shall certainly generate more business opportunities for the Company.



## EXPANSION PROGRAMME

As part of the ongoing expansion programme, your Company had acquired, during the year under review, from Alpic Finance Limited, a premise located at Plot No. 58, MIDC, Marol, Andheri (East), Mumbai 400 093, admeasuring approx. 40000 sq. ft. of office space. The Company commenced its operations at the said premises from 2nd February, 2000 onwards. This facility will be dedicated to Web Based solutions. The Company has been allotted a unit of about 7219.76 sq. ft. by the SEEPZ administration in SDF IV in SEEPZ. This unit dedicated to Bespoke Solutions, has already commenced software development. The Company is now well equipped to take advantage of increased global business opportunities.

## FINANCE

During the year under review, the Company had issued and allotted 340000 equity shares of Rs. 10/- each for cash at par on rights basis and 4,40,000 Equity Shares of Rs. 5/- each at a premium of Rs. 170/- per Equity Share to the employees of the Company and friends, business associates, and others.

To establish offshore offices, acquisitions, Joint Ventures and alliances, with a view to augment resources for the Company's ongoing expansion plans and to redeem the Preference shares and repay the Term Loans, the Company has planned a Public Issue of 3400000 Equity Shares of Rs. 5/- each to be issued for cash at such premium as may be derived by the Book Building process. The said Public Issue is planned sometime during June/July, 2000, depending upon market conditions and advice from the Lead Managers.

## BONUS ISSUE

Two bonus issues were made during the Financial Year 1999-2000, i.e on August 30, 1999, in the ratio of two equity shares for every one equity share held and on November 26, 1999, in the ratio of one equity share for every two equity shares held.

## ALTERATIONS IN MEMORANDUM AND ARTICLES OF ASSOCIATION

The Authorised Share Capital of the Company has been increased from Rs.15 crore to Rs.25 crore during the year under review. It was thereafter amended by passing a Special Resolution at the Extraordinary General Meeting of the Company held on December 27, 1999 by splitting the face value of the Equity shares of Rs. 10/- each, into face value per Equity Share of Rs. 5/- each.

The Company has adopted new set of regulations by passing a Special Resolution at the Extraordinary General Meetings held on December 27, 1999 and February 4, 2000 and as a consequence the Company became a Public Limited Company. The Registrar of Companies, Maharashtra has by its Certificate of Change of Name issued on January 13, 2000 dropped the word "Private" from the name of the Company.



## DIVIDEND

During the year, the Company has declared an interim dividend at the rate of 53% to the preference shareholders and 5% to the equity shareholders of the Company to be paid out of the profits of the company for the year under review. In view of the expansion plans and also to consolidate the financials of the Company, your Board does not recommend any final dividend for the year.

## DIRECTORS

Dr. L. S. Kanodia and Mr. Dilip Thakore, the Directors of the Company, retire by rotation but being eligible, offer themselves for re-appointment.

Mr. Mukund G. Diwan, has been inducted on the Board of Directors of the Company on November 15, 1999 as an additional Director of the Company and pursuant to the provisions of Section 260 of the Companies Act, 1956 holds office up to the date of the ensuing 12th Annual General Meeting of the Company. A post-graduate in Mathematics and IFA from the Institute of Actuaries, London, Mr. Diwan the Ex-Chairman of the Life Insurance Corporation of India, brings with him over 37 years of experience in the Insurance sector. The Company has received from few members, notice pursuant to Section 257 of the Companies Act, 1956 for his appointment as Director of the Company. Necessary resolution has been incorporated in the accompanying notice for the 12th Annual General Meeting. Your Board of Directors are of the opinion that the vast experience and the expertise of Mr. Diwan particularly in the insurance industry will be of immense value and beneficial to the Company and hence recommend the passing of the resolution.

## APPOINTMENT OF MANAGER

Your Directors are pleased to inform you that Mr. Manish Modi, an Electrical Engineer from Virginia Tech University, USA and having over 12 years experience in marketing, business development and general administration, has been appointed as the President and Chief Executive Officer of the Company for a period of Five years with effect from February 1, 2000. Mr. Modi's appointment, as aforesaid, was made under section 2(24), 269 read with 388, Schedule XIII and other applicable provisions of the Companies Act, 1956 and his appointment and remuneration payable to him was approved at the Extraordinary General Meeting of the Company held on February 4, 2000. Prior to Mr. Modi's appointment as aforesaid, he was holding the position of Sr. Vice President of the Company.

## SUBSIDIARY COMPANY

Datamatics Softworld Private Limited (DSPL), the wholly owned subsidiary of your Company was, with a view to create better synergy in the operations and to take greater advantage of the opportunities available in the global market, merged with your Company with effect from April 1, 1998 by an order of the Bombay High Court passed on August 19, 1999.



## Y2K COMPLIANCE

Being in the Information Technology sector, computers form the heart of the Company's operations. Hence, all our existing computer systems are Y2K compliant.

## FOREIGN EXCHANGE EARNINGS

The total foreign exchange earned from exports by the Company during the year was Rs. 2561.68 lacs and the foreign exchange expenditure was at Rs. 474.40 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

Upto March 31, 2000 the Company has accepted fixed deposits of Rs. 118.79 lacs from the public. A deposit of Rs. 5,000/- has matured and has remained unclaimed.

## 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

The particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956, read with the companies (Particulars of employees) Rule 1975 are given in a separate Annexure to this Report. This annexure, however, is not attached with the Report and Accounts to the shareholders of the Company in line with the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956. Shareholders who are interested in obtaining these particulars may please write to the Company Secretary, at the Company's Registered Office.



## ACKNOWLEDGMENTS

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

For and on behalf of the Board

Place: Mumbai  
Date: April 17, 2000

Dr. L. S. Kanodia  
*Chairman*







## ANNEXURE TO THE DIRECTORS' REPORT

### CONSOLIDATED BALANCE SHEET

	AS ON 31.03.2000 RUPEES	AS ON 31.03.99 RUPEES
<b>SOURCES OF FUNDS</b>		
<b>Shareholders Funds:</b>		
Share Capital	159,981,250	39,700,000
Reserves and Surplus	204,055,282	158,549,602
	<u>364,036,532</u>	<u>198,249,602</u>
<b>Loan Funds:</b>		
Secured Loans	76,903,054	12,300,003
Unsecured Loans	10,913,127	15,932,508
	<u>87,816,181</u>	<u>28,232,511</u>
	<u>451,852,713</u>	<u>226,482,113</u>
<b>APPLICATION OF FUNDS:</b>		
<b>Fixed Assets:</b>		
Gross Block	201,979,552	48,950,724
Less: Depreciation	18,392,763	11,438,537
Net Block	183,586,789	37,512,187
Capital Work in Progress & Advances against Capital Expenditure	4,373,817	589,349
<b>Investments</b>	10,053,611	10,453,272
<b>Current Assets, Loans and Advances</b>		
a) Sundry Debtors	126,521,001	69,626,609
b) Cash and Bank Balances	136,969,347	122,629,980
c) Other Current Assets	51,331	5,928
d) Loans and Advances	35,671,749	9,619,722
	<u>299,213,428</u>	<u>201,882,239</u>
<b>Less: Current Liabilities and Provisions</b>		
a) Current Liabilities	25,057,458	15,193,903
b) Provisions	25,131,380	9,414,493
	<u>50,188,838</u>	<u>24,608,396</u>
<b>Net Current Assets</b>	249,024,590	177,273,843
<b>Miscellaneous Expenditure</b> (to the extent not written off/adjusted):		
Preliminary expenses	4,813,906	653,462
	<u>451,852,713</u>	<u>226,482,113</u>



## ANNEXURE TO THE DIRECTORS' REPORT CONSOLIDATED PROFIT & LOSS ACCOUNT

	1999-00 RUPEES	1998-99 RUPEES
<b>INCOME</b>		
Export of Computer Software & related Information Technology Services	256,168,071	164,312,878
Profit on sale of investments	9,598,711	694,845
Other Income	8,211,554	4,558,200
	<u>273,978,336</u>	<u>169,565,923</u>
<b>EXPENDITURE</b>		
Operational Expenses	154,182,103	99,186,311
Interest	4,524,532	1,277,909
Depreciation	7,270,557	3,649,553
Preliminary Expenses written off	134,250	77,684
	<u>166,111,442</u>	<u>104,191,457</u>
Profit before tax	107,866,894	65,374,466
Less: Provision for Tax on Income	4,200,000	1,511,000
Profit after tax	103,666,894	63,863,466
<b>PRIOR PERIOD ADJUSTMENTS</b>		
Less: Short Provision for Taxation	10,094,451	22,895
Add: Excess Provision for Depreciation	69,142	-
Add: Excess Provision of expenses	191,929	-
	<u>93,833,514</u>	<u>63,840,571</u>
Balance brought forward from last year	14,401,802	12,294,664
	<u>108,235,316</u>	<u>76,135,235</u>
<b>APPROPRIATIONS:</b>		
Dividend on Preference Shares @ 53%	4,124,063	631,644
Interim Dividend on Equity Shares (Pro-rata)	4,498,986	3,216,932
Tax on Dividend	948,535	384,857
Transfer to General Reserve	90,000,000	57,500,000
Balance carried forward	8,663,732	14,401,802
	<u>108,235,316</u>	<u>76,135,235</u>