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very second, technology revolutionises the way we do business. Which is why Datamatics Technologies Ltd. (DTL) way back in 1992, looked way beyond into the future, transforming terabytes of information into insight, action and profitability for organisations worldwide.

Today, DTL's several knowledge management solutions focus on empowering organisations in critical decision-making - turning knowledge into power, making mind over matter, matter for you.



BOARD OF DIRECTORS - DATAMATICS TECHNOLOGIES LIMITED

BOARD OF DIRECTORS

Dr. L.S. Kanodia - Chairman
Mrs. A. L Kanodia
Mr. R. L. Kanodia
Mr. R. K. Saraswat
Mr. M. G. Diwan
Mr. D. V. Thakore

**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 (E),
Mumbai - 400 096.

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 13th Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 2001.

FINANCIAL RESULTS

The summarized financial results for the year are as under:

	(Rs. in million)	
	March 31, 2001	March 31, 2000
Gross Income (including other income)	297.46	273.98
Profit before tax	85.00	107.87
Profit after tax	83.30	103.67
Interim Dividend on - Preference Shares	2.71	4.12
- Equity Shares	15.27	4.50
Transfer to Reserves	10.00	90.00
Balance carried forward	61.14	8.66

During the year under review, your Company has recorded a gross income of Rs.297.46 million as against Rs. 273.98 million in the previous year, an increase of 8.57%.

The reduced profit before tax at Rs. 85 million as against Rs. 107.87 million in the previous year was primarily on account of considerable resources of the Company being expended on creation of infrastructure, recruitment and training of additional manpower for projects which were planned in the year under review but had to be deferred at the customers' request to the next year.

OUTLOOK

In spite of overall slow down in the world economy, your Directors are confident of higher growth and profitability of the business of the Company in the next financial year and are prepared for the new challenges and opportunities. The confidence of the management in the growth of the Company emanates from the nature of the business of the Company, expertise of the Company to meet the demanding requirements of its clients, adaptability to fresh ideas and challenges and continued support from our esteemed clients reflected in the present order book. The company has also laid the foundation to offer a wider range of comprehensive services in publishing, workflow, GIS, data transformation, data warehousing and other related domains.

FINANCE

During the year under review the Company had issued and allotted 247,000 equity shares of Rs.5/- each for cash at a premium of Rs.170/- per equity share to Infologix (BVI) Limited, a foreign body corporate.

DIRECTORS' REPORT

Further, the company has, during the year under review, redeemed 778,125, 53% redeemable preference shares of Rs.10/- each issued at a premium of Rs.30/- per share. The Company has also issued, during the year under review, fresh 3,000,000 11% redeemable preference shares of Rs. 10/- each issued for cash at par to the Global Trust Bank Limited.

The Board of Directors had to defer the planned IPO due to unfavourable stock market conditions and advice from the lead managers.

INVESTMENTS

During the year under review your Company has made further investments by acquisition of 2,018,174 shares of Saztec International Inc., a NASDAQ listed Company incorporated in USA. Prior to the said acquisition, the Company was holding 200,000 shares of Saztec acquired during the financial year 1996-97.

Further, during the year your Company has incorporated Datamatics Infosolutions Limited (DIL) of which it holds 90 % of the paid-up capital. DIL was incorporated to implement the project of software development and export. This company has been allotted unit no. 20 and 24 in SDF-I within SEEPZ-SEZ for its business.

DIVIDEND

The Company has declared and paid an interim dividend on prorata basis at the applicable rate to the preference shareholders and 10% to the equity shareholders of the Company 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

Mrs. Asha Kanodia and Mr. Rahul Kanodia, the Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

Mr. K. C. Katiyar, resigned as director of the Company with effect from June 25, 2001 as he moved his residence to New Delhi. Your Directors wish to place on record their sincere appreciation of the valuable guidance and advice received from him during his tenure as a Director.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors would like to inform the members that the Audited Accounts for the financial year ended March 31, 2001, audited by the Statutory Auditors Messrs. Kanu Doshi Associates, Chartered Accountants, Mumbai, are in conformity with the requirements of the Companies Act, 1956. Further, as required under the provisions of Section 217(2AA) of the Companies Act, 1956 the Board of Directors of your Company confirms that:

- in preparation of the annual accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgements 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 and of the profit or loss of the Company for that period;

DIRECTORS' REPORT

- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis.

FOREIGN EXCHANGE EARNINGS

The total foreign exchange earned by the Company during the year was Rs.289.38 million and the foreign exchange expenditure was at Rs. 62.38 million.

CONSERVATION OF ENERGY

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

TECHNOLOGY ABSORPTION

On going efforts are being 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

The Company has pre-paid on March 31, 2001 all the fixed deposits accepted from the public.

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.

AUDIT COMMITTEE

The Audit Committee consisting of three Non-Executive Directors was constituted on January 25, 2001. The powers, duties and responsibilities of the Audit Committee are as per the provisions of Section 292A of the Companies Act, 1956. The members of the Audit Committee are Dr. L. S. Kanodia, Mr. R. K. Saraswat and Mr. M. G. Diwan. Dr. L. S. Kanodia has been elected as the Chairman of the Audit Committee.

DIRECTORS' REPORT**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) Rules, 1975 are given in a separate annexure to this report. This annexure, however, is not sent with the Report and Accounts to the Shareholders of the Company in line with 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

Your 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

DR. L. S. KANODIA
CHAIRMAN

Place : Mumbai

Date : August 10, 2001



AUDITORS' REPORT

To the Members of

DATAMATICS TECHNOLOGIES LIMITED

We have audited the attached Balance Sheet of DATAMATICS TECHNOLOGIES LIMITED as at March 31, 2001 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion the Profit and Loss account and Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of section 211 of Companies Act, 1956.
 - (e) Based on the information and representations received, we report that directors of the Company, do not, prima facie, have any disqualification as referred to in Section 274 (1)(g) of the Companies Act, 1956.
- 3.. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2001 and
 - (b) in the case of Profit and Loss Account, of the Profit for the year ended on that date.

For KANU DOSHI ASSOCIATES
Chartered Accountants

Place: Mumbai
Date: August 10, 2001

JAYESH PARMAR
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of the Auditors' Report of even date on the accounts for the year ended March 31, 2001)

As required by Clause 4(A), (B) and (C) of the Manufacturing and other Companies (Auditors' Report) Order, 1988 and in terms of the information and explanations given to us and on the basis of such checks as we considered appropriate and to the extent applicable to the company, we further state that:

1. The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets. We have been informed that on account of rapidly expanding fixed assets base, physical verification was not done during the period but is planned in the near future.
2. None of the Fixed Assets have been revalued during the year.
3. According to information and explanations given to us, the Company did not possess any stock of finished goods, stores, spare parts and raw materials. Hence, the question of commenting on the physical verification and valuation of the same does not arise.
4. The Company has taken unsecured loans from other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the rate of interest and the terms and conditions of such loans, are prima facie not prejudicial to the interest of the Company. We are informed that there are no companies under the same Management, as defined under Section 370(1-B) of the Companies Act, 1956.
5. The Company has granted unsecured loans to the companies listed in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the rate of interest and the terms and conditions of such loans, wherever applicable / stipulated, are prima facie not prejudicial to the Company. We are informed that there are no companies under the same Management, as defined under Section 370(1-B) of the Companies Act, 1956.
6. In respect of loans or advances in the nature of loans given to employees and other parties, they are generally repaying the principal amounts as stipulated and are also generally regular in payment of interest wherever applicable/stipulated.
7. On the basis of selective checks carried out during the course of our audit and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business with regard to purchase of stores including components, plant and machinery, equipment and other assets and for sale of services.
8. In our opinion and according to information and explanations given to us, the transaction of purchase/sale of goods made in pursuance of contracts or arrangements entered in the register maintained u/s. 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices as available with the company for such goods.
9. According to the information and explanations given to us, there is no stock of unserviceable or damaged stores, spares and consumables and as such no provision for such loss is necessary in the accounts.
10. According to the information and explanations given to us, in respect of the deposits accepted from the public, the

ANNEXURE TO THE AUDITORS' REPORT

provisions of Section 58A of the Companies Act, 1956, and the rules framed thereunder have been complied with. The Company has prepaid all the Fixed Deposits on March 31, 2001. With regard to interest on prepayment of Fixed Deposits, refer Note No. 11 of Schedule 'P'.

11. The Company does not generate any realisable by-products or scrap.
12. The Company has an internal audit system. The scope and coverage of internal audit needs to be extended and strengthened so as to make it commensurate with the size of the Company and nature of its business.
13. We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
14. The Company is generally regular in depositing Provident Fund and Employees State Insurance dues with appropriate authorities.
15. According to the information and explanations given to us, there were no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax and customs duty outstanding as at the last day of the financial year, for a period of more than 6 months from the date they became payable.
16. No personal expenses of employees or directors have been charged to the revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
17. We have been informed that the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, are not applicable to the Company.
18. In respect of service activities of the Company, it has a reasonable system of recording receipts for services rendered. The matters pertaining to recording issues and consumption of material and stores and allocating materials consumed to the relative job do not arise considering the nature of services rendered.
19. In respect of service activities of the Company, the allocation of man hours consumed on each job are not practicable considering the nature of services rendered.
20. In respect of allocation of labour to jobs, there is a reasonable system of authorization at proper levels with necessary control and also a system of internal control commensurate with the size of the Company and the nature of its business.

For KANUDOSHI ASSOCIATES
Chartered Accountants

Place: Mumbai
Date: August 10, 2001

JAYESH PARMAR
Partner