



Datamatics Technologies Ltd.

*We Manage Knowledge*

Annual Report 2004 - 2005

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# Company Facilities

## India & Overseas



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# Board of Directors



**Dr. Lalit S. Kanodia**  
Chairman &  
Whole-Time Director



**Manish Modi**  
Managing Director & CEO



**M.G. Diwan**  
Director



**R.K. Saraswat**  
Director



**Asha Kanodia**  
Director



**Shahzaad Dalal**  
Director



**Sudhir Deshpande**  
Director



**Vidur Bhogilal**  
Executive Director &  
Chief Financial Officer

## **Sr. Manager Legal & Dy. Company Secretary**

Divya Kumari

## **Auditors**

Kanu Doshi Associates

## **Bankers**

State Bank of India

## **Solicitors**

Crawford Bayley & Co.  
Udwadia & Udeshi

## **Registrars and Share Transfer Agents**

Intime Spectrum Registry Ltd.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West) Mumbai  
400 078  
Tel: +91 22 5555 5454  
Fax: +91 22 5555 5353

## **Registered Office**

Unit No. 117-120 SDF IV, SEEPZ,  
Andheri (E). Mumbai 400 096.  
Tel: +91 22 5697 5300  
Fax: +91 22 2829 1673

## **Corporate Office**

Knowledge Centre, Plot No. 58,  
Street No. 17,  
MIDC Marol, Andheri (East),  
Mumbai: 400 093. India.  
Tel: 91 22 56971177  
Fax: 91 22 28343669

## **Chennai Office**

Municipal Door No. 36, Barnaby  
Road, Kilpauk,  
Chennai 600 010  
Tel: 91 44 5205 8888  
Fax: 91 44 5202 7178

# Letter to Shareholders

Dear Shareholders,

The financial year 2004-05 was an eventful year in the history of the Company. Your company's maiden IPO was listed on the Bombay and National Stock Exchanges on 7th May, 2004.

Your company has been trying to increase its business and, simultaneously, consolidate its operations, particularly in the USA. Last year, your company merged three of its U.S. subsidiaries, viz. Datamatics Technologies Inc., Corpay Solutions Inc. and Saztec International Inc. and the merged entity is now called Datamatics Technologies Inc. This consolidation has resulted in cost rationalization, the fruits of which will accrue in the current year. This consolidation has also resulted in the company presenting a stronger unified face to its U.S. customers. It has also resulted in much better coordination between our sales and marketing teams. Though our U.S. subsidiary incurred a loss during the current financial year, the above actions, coupled with increased volumes and productivity initiatives, will bear fruits during the current financial year.

About 90% of the company's consolidated revenues are from our U.S. customers. The balance business comes from Europe and the rest of the world. Through its strategic initiatives, your company expects to increase its business from Europe, and has already made some significant breakthroughs in this market.

As all of you are aware, the company is engaged in the Business Process Outsourcing (BPO), also called Information Technology Enabled Services (ITES). Your company is not in the voice segment of this market. Our clients currently include several of the Fortune 10 companies. We believe we are today uniquely positioned as a leading third party non-voice BPO player in India.

The exports of ITES/ITS from India increased from by about 35% in FY.2004-05. Besides the ability to manage growth and change, such rapid expansion presents daunting personnel management challenges, such as pressure on salaries and high attrition rates. The BPO industry is both capital and man-power intensive. Unfortunately, the country's current education system is ill-equipped to meet with the rapidly increasing demands of this sector. Your Company has therefore, to expend considerable resources in training.

Most analysts recognize the BPO industry as a Sunrise industry. India is now established as the destination of choice for most companies worldwide. Your company is well po-



Dr. Lalit S. Kanodia



Manish Modi

sitioned to exploit this opportunity and grow rapidly in the forthcoming years.

Your company's consolidated revenue grew by 45% during the last financial year, though, our profits before tax, dipped by 12%. This dip was caused by losses in our overseas subsidiaries and branches, as also a decline in our software related services, which is a lumpy part of our business.

The present Finance Bill increased the Fringe Benefit Tax which will particularly impact companies in the ITS and ITES business, including your company. Due to the very nature of our business, travel, conveyance, use of hotels, boarding and lodging constitute legitimate business expenses. Your company may unfortunately, have to pay tax on such expenses.

Your company continues to remain focused on two primary businesses, i.e. the Content Management, Back-Office Processing. Your company has 4 of the 5 largest publishing companies as its clients, and they, continue to increase their business with your company. The Back Office Processing business of your company is also growing.

Your company continues to focus on quality, and all our units are ISO certified. Our software services have been certified by SEI CMM level 5, which is the highest level of certification.

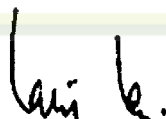
Your company also has received Security Certification in the form of BS7799.

We are pleased to inform you that your Company has been included in the top 40 companies Worldwide in the BPO space by "The Black Book of Outsourcing".

Your company provides a global delivery model and dual shore delivery for its customers, particularly in the USA. We currently have 1027 employees including over 300 overseas, in our offices in the USA, UK, Germany. Besides, we also deploy around 1450 Knowledge Associates.

Keeping our Shareholders' interest in view, your Board of Directors have recommended a final dividend of 25%, which will take the total dividend payment for FY.2004-05 to 50%.

We would like to take this opportunity to thank all our shareholders and convey to them and their families our best wishes.



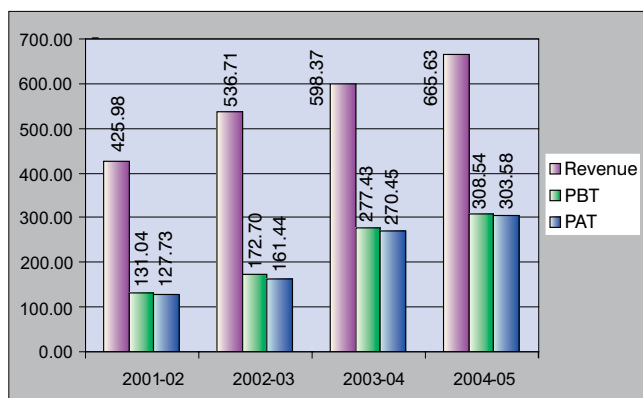
Dr. Lalit S. Kanodia  
Chairman &  
Whole-Time Director



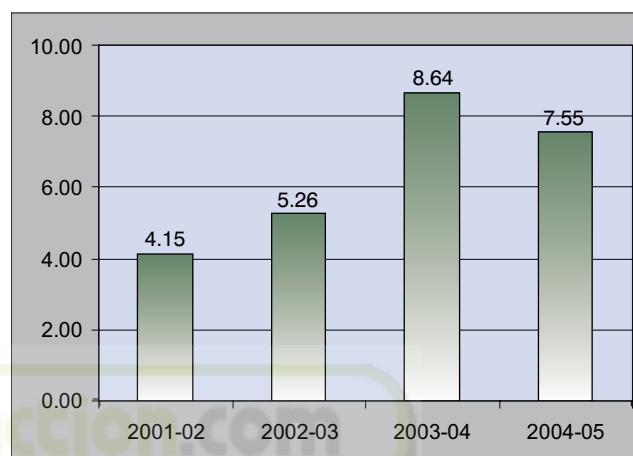
Manish Modi  
Managing Director  
& CEO

# Financial Highlights (Datamatics Technologies Ltd.)

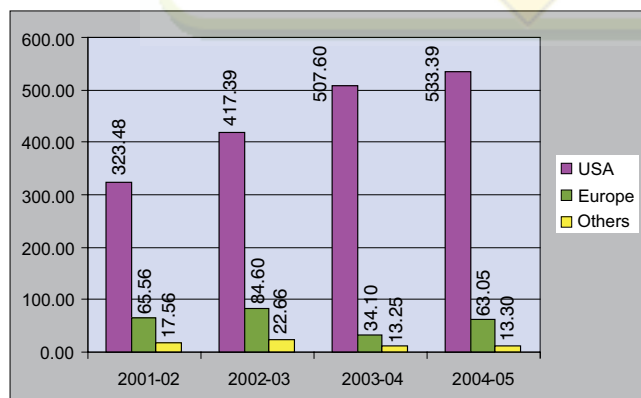
**Revenue / PBT / PAT (Rs. in Million)**



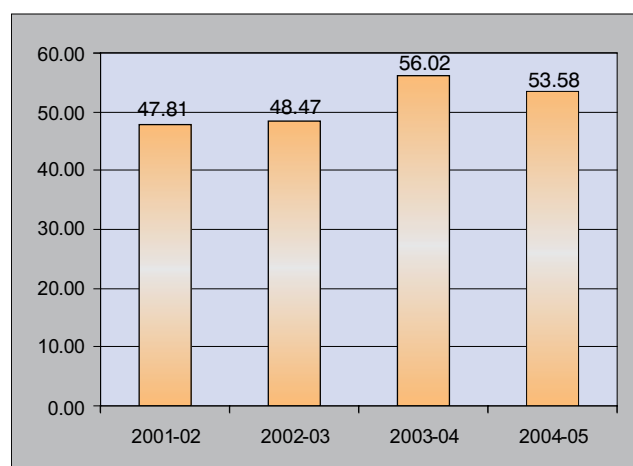
**EPS Rs. (Diluted)**



**Break-up of Revenue by Region (Rs. in Million)**

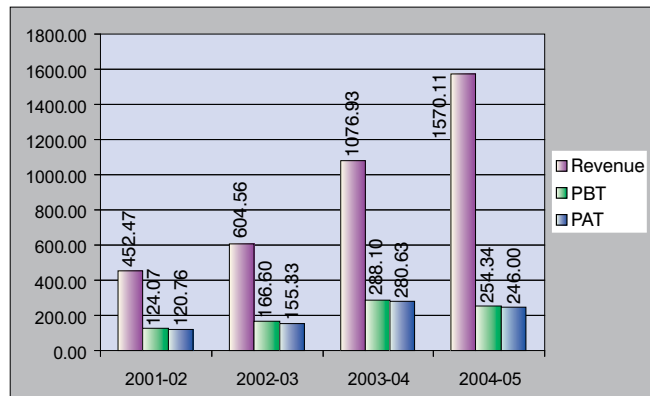


**Operating Profit as % to Operating Revenue**

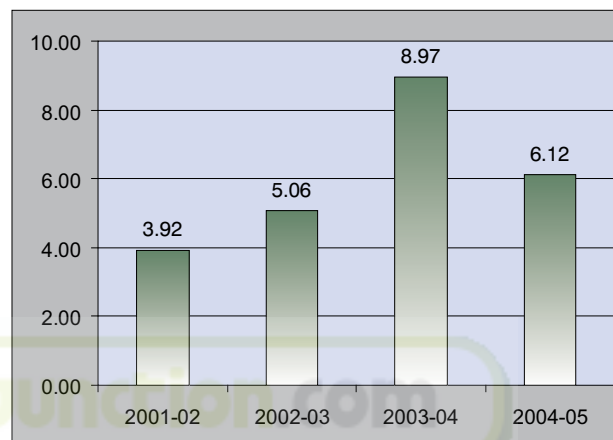


# Financial Highlights (Consolidated)

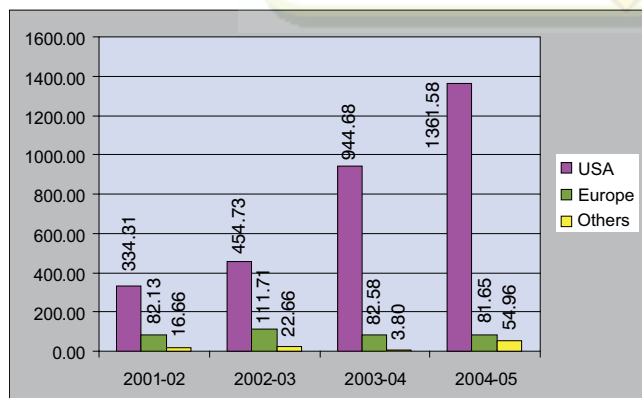
**Revenue / PBT / PAT (Rs. in Million)**



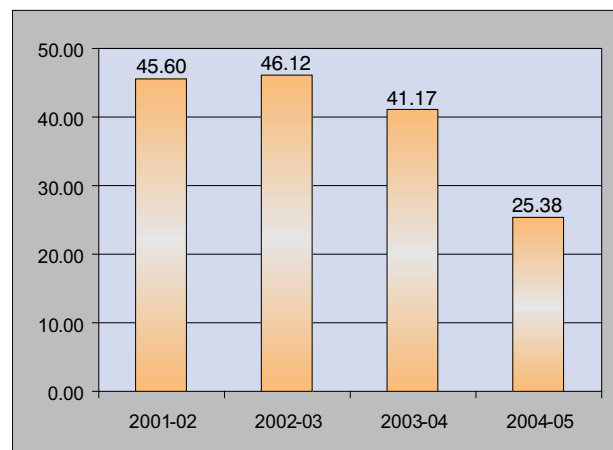
**EPS Consolidated Rs. (Diluted)**



**Break-up of Revenue by Region (Rs. in Million)**

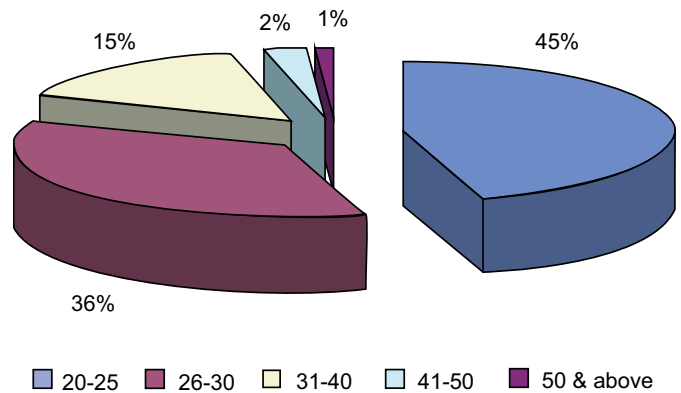


**Operating Profit as % to Operating Revenue**

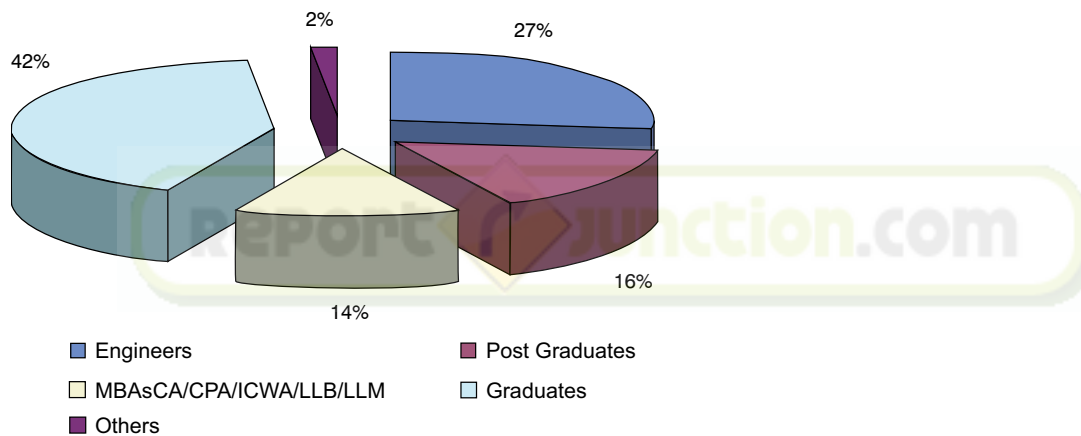




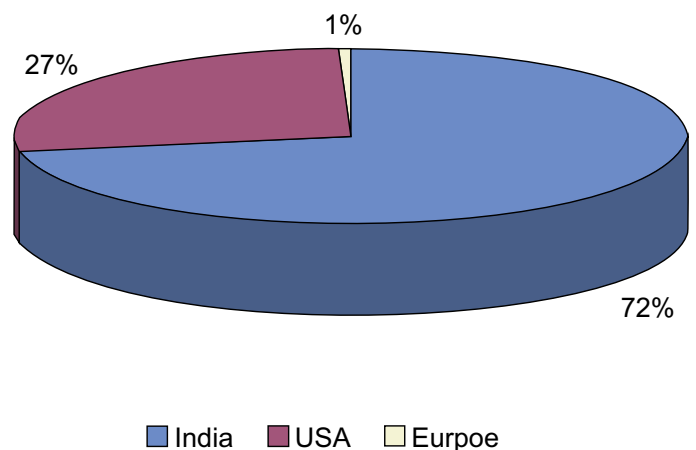
**Breakup by Age**



**Breakup by Qualification**



**Breakup by Geographical Location (Consolidated)**



# Present Business

## Business of the Company

Datamatics Technologies Ltd. is a premier provider of business process outsourcing solutions and specializes in providing services in the areas of Back Office Services, Content Management and Consulting Services. Founded in 1975, the Datamatics Group is recognized as one of India's leading Information Technology and BPO services organizations. Datamatics Technologies Limited has been consistently delivering efficient and trustworthy solutions for several global leaders including four of the top 25 Fortune 500 companies. Your Company provides services in the following areas: -

### Back Office Services

- Accounts Payable
- Tax Returns Processing
- Market Research Forms Processing
- Healthcare Claims Processing

### Content Management

- Publishing Services
- Financial Document Processing
- Litigation Support Services

### Consulting Services

- Data Warehousing and Business Intelligence
- Data Integration
- Document Management and Workflow

## Back Office Services

Datamatics provides transaction-processing functions for Accounting, Claims, Payroll, Tax forms and Resumes. Our approach to the Back Office Services business is through a dual emphasis on skill and scale. "Skill" denotes the technical and managerial competency in a specific domain while "scale" reflects the ability to create a high volume "World Class Processing Capability".

## Content Management

Datamatics provides end-to-end solutions to convert raw data into information and knowledge. We have significant expertise and experience in enriching data from any available form to the form required by our clients. Thus, information that is trapped in various formats, often on paper, is assigned a context and stored in a repository to enable comparison and retrieval. The data delivery services provide efficient and effective means to make the processed data available in optimum time, minimizing delays and improving the value of service.

## Consulting Services

The effectiveness and efficiency in providing BPO services are largely dependent on managing the entire process using a well-defined workflow involving even the vendors / suppliers as well as customers of the enterprise. Datamatics software support team develops proprietary tools and processes to automate as many process as possible. This differentiates our company from our competitors with respect to managing large-scale operations and improving productivity.