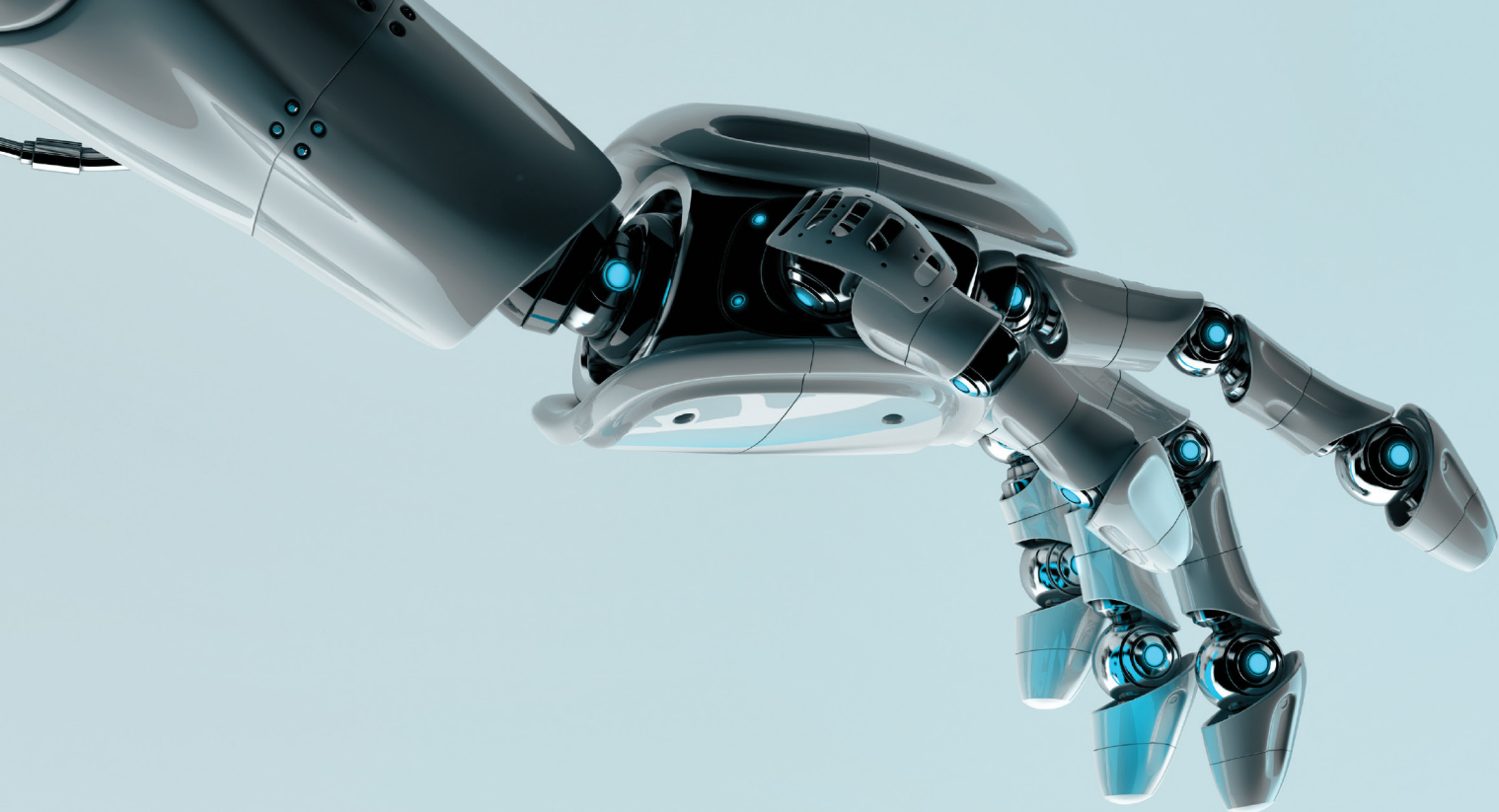


ROBOTIC PROCESS AUTOMATION

ANNUAL REPORT 2016

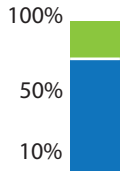




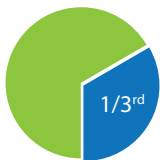
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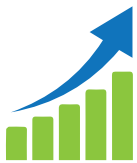
ROBOTIC PROCESS AUTOMATION



Up to 75% cost can be reduced by implementing RPA in any project or business.
~ KPMG



1/3rd of jobs across the globe will be automated by 2025
~ Gartner



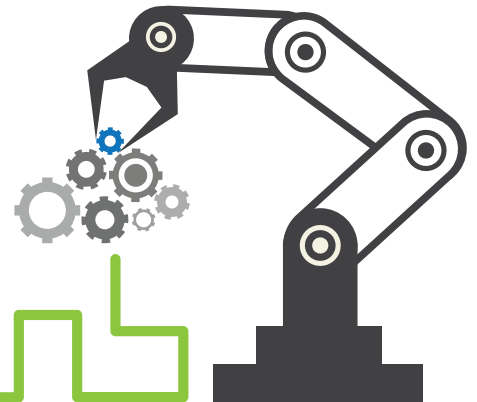
RPA is forecasted to grow at 60.5% CAGR between 2014 to 2020
~ Transparency Market Research

47%

BPO buyers consider automation as a critical factor of the BPO service provider capabilities
~ HfS Research



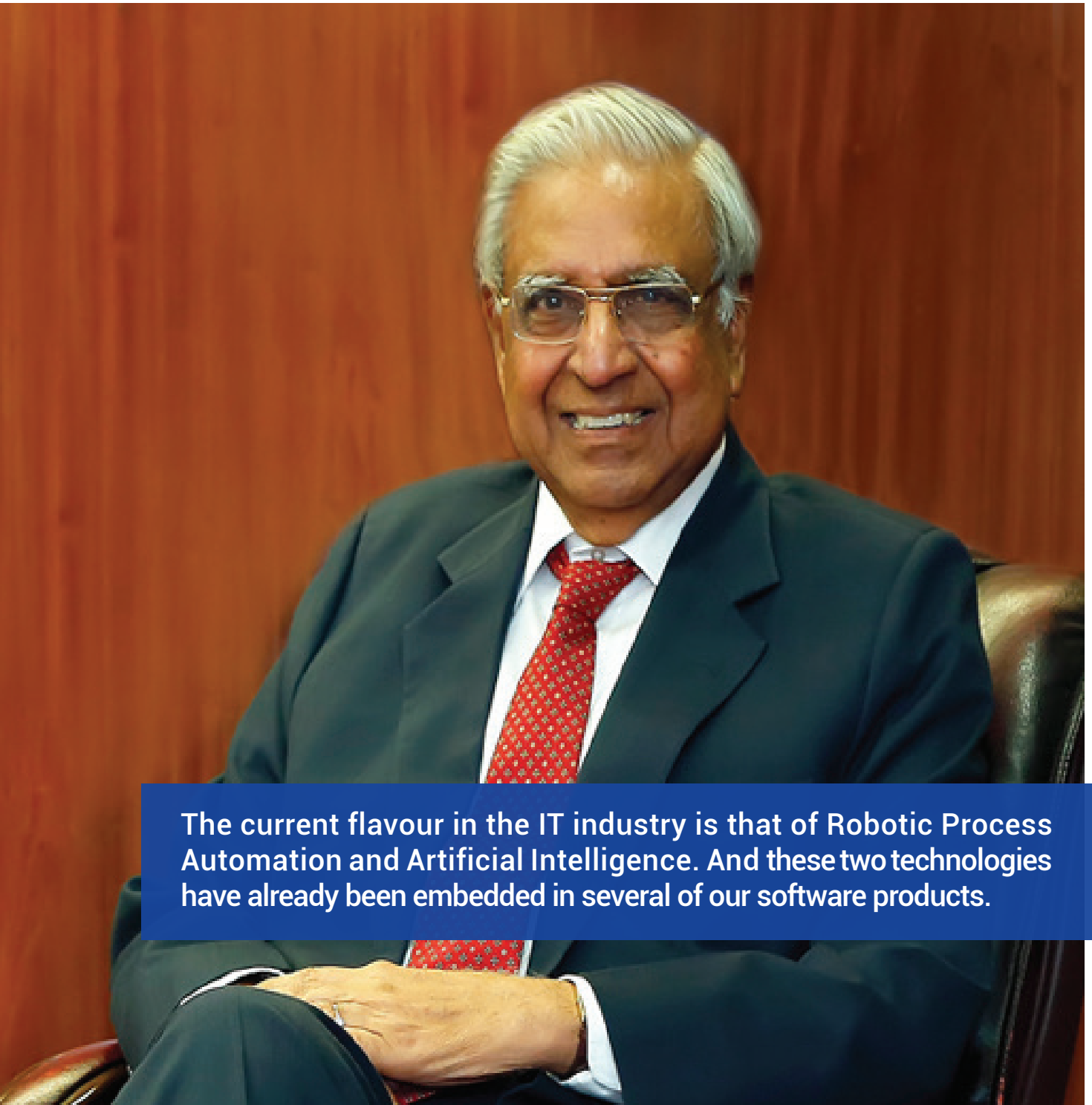
Although the current BPM spend impacted by RPA is low, it grew at over 100 per cent CAGR over the last two years and is expected ultimately to impact 30-40 per cent of total BPM spend.
~ NASSCOM



Robotic Process Automation (RPA) - the next productivity revolution

RPA has the potential to dramatically improve customer experience by automating the process, reducing errors, extending service hours, speeding up processing and enabling employees to focus on customer with trickier issues that genuinely require human intervention.

CHAIRMAN'S MESSAGE



The current flavour in the IT industry is that of Robotic Process Automation and Artificial Intelligence. And these two technologies have already been embedded in several of our software products.

Dear Shareholders,

Your Company, Datamatics Global Services had a fairly good year during 2015-16. Our revenues, including our wholly owned subsidiaries grew by about 12%. Our consolidated revenue remains flat, marginally lower by 1%, primarily due to drop in revenue of our joint ventures / (not wholly owned subsidiaries) which include Cybercom Datamatics, CIGNEX Datamatics and Lumina Datamatics.

The current flavour in the IT industry is that of Robotic Process Automation and Artificial Intelligence. The media is replete with articles of these two subjects. I am pleased to inform you that your Company had foreseen the impact of these two technology waves and have been working on both of them for several years. Consequently, we believe that we are technologically ahead of our competitors in this area. These two technologies have been embedded in several of our software products including i-Q and i-Bridge.

To serve our customers better and provide them the competitive edge, we continue to explore opportunities to acquire products / divisions / companies in the space adjoining our business.

In line with our strategic focus to help our customers in their 'Data to Intelligence' journey, we acquired 1Key suite of products from MAIA Intelligence in the Business Intelligence space. This product has been rechristened as 'nSights' suite. It caters to strategic, tactical and operational data analysis and reporting needs of multiple vertical industries. It also provides dashboards for smart devices.

We also acquired Appear IQ, a cloud based product in the Digital Eco Systems space, which we have rebranded as 'iMobile'. It enables Mobile Application Development

12%



The revenue of
Datamatics Global
Services Ltd. (excluding
CIGNEX Datamatics &
Lumina Datamatics)
grew by about 12%

and manages multiple applications in real-time.

I would also like to inform you that in July 2016 we acquired additional equity in Lumina Datamatics, a company in the Publishing BPO and e-Retail BPO space. This company has consequently become a 100% subsidiary of your Company.

We have received a very large number of awards this year, significant among them is **IMC IT Product Award** for i-Bridge, our smart robotic process automation software. Your Company has also received the **CIO's CHOICE AWARDS 2016** for two of our products i-Q and nSights. Lumina Datamatics recently won the **Corporate Excellence Award** at the 12th Indo American Corporate Excellence Awards.

Your Company has taken a conscious decision to provide services to Indian corporates, particularly, banks and insurance companies, which should also benefit from the company's knowhow, acquired in the international arena.

To support the ever growing business of our global clients, we recently commissioned a 22,000 sq. ft. facility in Puducherry. This Center of Excellence offers state-of-the-art facilities and is fully compliant with ISMS standards. The

center has a seating capacity of 1200 employees.


Your Company continues to remain financially prudent. CRISIL has given Datamatics an A1 credit rating. We are committed to delivering value to all our stakeholders with the highest standards of governance.

I wish to sincerely thank our shareholders and employees for their continued support.

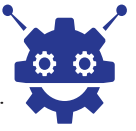
Yours sincerely,

Dr. Lalit S Kanodia
Ph.D., M.I.T. (USA)
Chairman

VICE-CHAIRMAN & CEO'S MESSAGE

A portrait of a middle-aged man with grey hair and glasses, wearing a dark blue pinstripe suit, a white shirt, and a red and gold patterned tie. He is smiling and looking directly at the camera. The background is a blurred outdoor scene with green foliage and a building with large windows.

Datamatics has been successfully using Robotic Process Automation (RPA) technology as a key enabler to help clients in their digital transformation journey. Our solutions use iBots, a family of intelligent robots, to offer improved business efficiency and effectiveness.



Dear Shareholders,

We live in extraordinary times, where technology is reshaping our lives in a fundamental way. Social, Mobile, Analytics, Cloud (SMAC) and increasingly the Internet of Things (IoT) have become driving forces behind the rapid evolution of digital businesses.

At Datamatics, we have been preparing for this shift and helping our customers take a leap forward to lead in the digital world. At the same time we continue to sharpen and strengthen traditional service lines, as business need for those is growing in parallel.

From where we stand today, the future looks vastly different, driven by an increasingly digital landscape. Creating a new world, which is much more connected and collaborative, and in this new digital world, data remains at the core of an organizations' competitive advantage. We take pride in being the Data Management experts. I am happy to share that two of our products - iQ and nSights received recognition by the Indian CIO and IT decision maker community, under Document Management and Business Intelligence categories respectively. Being acknowledged by industry experts in multiple categories for supporting our clients in their 'Data to Intelligence' journey stands as testimony to our focus and growing recognition in this niche. We shall continue our endeavors to innovate and expand our enterprise offerings to help our customers maintain a competitive edge by gaining business insights.

As we move forward, Robotic Process Automation (RPA) will be another game changer. RPA solutions can help

enterprises simplify, automate and transform their businesses. Datamatics has been successfully using Robotic Process Automation (RPA) technology as a key enabler to help clients in their digital transformation journey. Our solutions use iBots, a family of intelligent robots, to offer improved business efficiency and effectiveness by emulating human actions & decision making and automating them, without making changes to the underlying systems and processes. Our clients across sectors have been able to realize tangible benefits with our innovative approach towards smart automation which include increased productivity, reduced cycle time, improved accuracy, compliance and consequently reduced cost.

Technology is and will always be the great amplifier of our human potential. To capitalize on the evolving digital landscape and new age technologies, we shall continue to consider partnering or acquiring companies that help us advance our business objectives.

Recently, to keep pace with the new digital ecosystems, Datamatics acquired AppearlQ, a product by Appear Network. AppearlQ, a leading Mobile Application Development Platform (MADP) helping its global clients to extend their enterprise software to the mobile world. It operates on free and open-source SDK and is ready to be used by anyone from anywhere.

Post aquisition, AppearlQ has been rechristened as iMobile. This acquisition holds greater significance for us, since this product has been well appreciated by the transport vertical. The platform has been selected by Swedish Transportation Infrastructure provider

As we move forward, Robotic Process Automation (RPA) will be another game changer. RPA solutions can help enterprises simplify, automate and transform their businesses.

for collecting real time data from various sensors in the infrastructure spread. With Datamatics gaining strength in the Automatic Fare Collection (AFC) segment, we should be able to leverage iMobile for our customers in this niche segment.

The growing world of IoT and convergence of SMAC and Smart Systems is changing how companies do business. The world as we know it, has transformed and is redefining the imperatives and opportunities for future growth. At Datamatics, we shall continue to leverage the power of this evolving & thriving digital ecosystem to maximize business value.

Thank you all for being an integral part of our journey. I am sure that together we will continue on our successful journey and achieve even greater heights and thus build a true smart India and a smart global world at large.

Yours sincerely,

Rahul L. Kanodia
Vice Chairman & CEO

SEIZING THE ROBOTIC PROCESS AUTOMATION (RPA) MARKET OPPORTUNITY

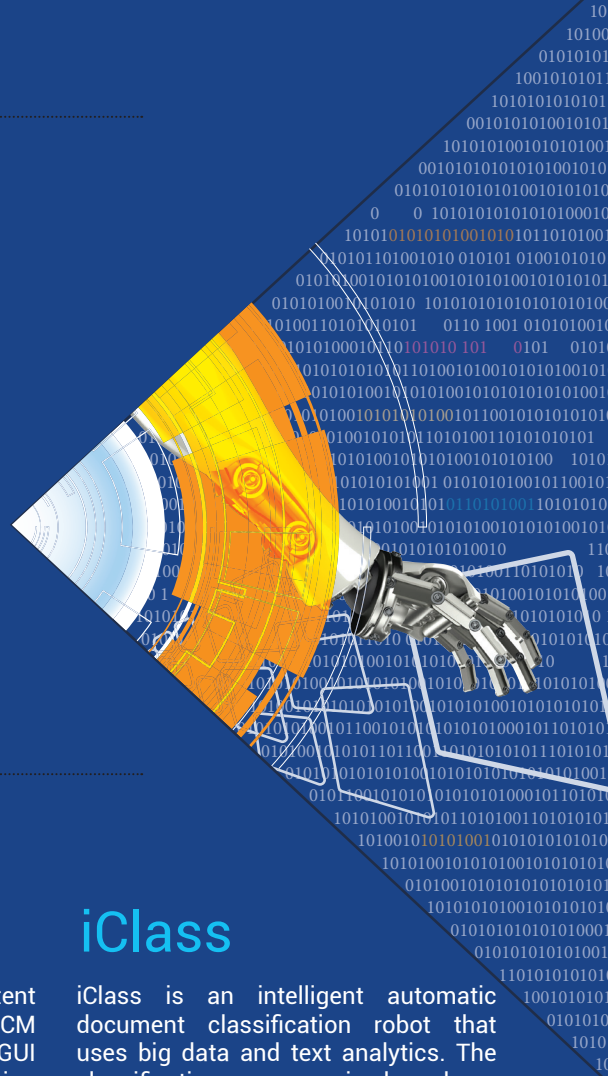
Changing nature of work has led to several technological advancements. Today, enterprises are challenged by tectonic shifts in nearly all aspects of their businesses. Be it economic, technology, or changing consumer preferences, all these and many more factors are forcing organizations to adopt smart automation solutions.

One technology that is gaining rapid favor is Robotic Process Automation (RPA). RPA combines automation with the adaptability and awareness of artificial intelligence. This adaptability and awareness lends RPA the edge over traditional business process automation technology.

Ample reasons are favoring this shift and its robust adoption; viz. cost reduction for onshore process operations as well offshore delivery, improved service delivery, enhanced process quality, speed, and governance.



At Datamatics, we foresee RPA as the unstoppable force in the outsourcing business. Today several of Datamatics' products leverage the power of Intelligent Robots (iBots) to enable business operations to remain agile and cost effective through rapid automation of manual, rule based processes. Some of the path-breaking products that have been developed by Data Labs' expert team include:



iBridge

iBridge is an award winning smart process automation software robot that can make complex and tedious manual processes fast, accurate and user friendly. It uses robots to obtain and populate information across multiple software platforms and enables two way transfer of information between any two systems without the use of an API.

iCM

iCM robot automates the content migration process across multiple ECM platforms. It provides an intuitive GUI that facilitates an easy way of defining migration parameters. It also exports the content automatically along with metadata, security, roles & groups in a secure manner, thus reducing the migration cycle time by 30% to 40%.

iClass

iClass is an intelligent automatic document classification robot that uses big data and text analytics. The classification process is based on a hybrid approach that combines machine learning, rules, and content analytics. It makes use of historical data to enable the system auto learn classification rules and then use that knowledge for auto classifying incoming documents.

iConcile

iConcile offers banks a smart and fully integrated robot that allows them to automatically reconcile bank statements. The smart automation process involves converting auto downloaded bank statements to standard MT940 format, matching them against SAP entries.

MarketWatch

MarketWatch makes use of robots to provide precise and accurate pricing of predefined competitor products. This enables clients to reset product prices on their respective portals, offer best possible deals and stay ahead of competition.

Product Classification

Product Classification makes use of technology and algorithms for pattern identification and to check the correct classification of products. It is achieved by using robots to crawl through various public domain sites and identify most appropriate product classification.

BOARD OF DIRECTORS



DR. LALIT S. KANODIA, CHAIRMAN & WHOLE TIME DIRECTOR

Dr. Lalit S. Kanodia, the founder and Chairman of Datamatics Group of Companies is one of the pioneers in the Indian Software and Offshore Services Industry. He founded Datamatics in 1975, prior to which he was the founder CEO of Tata Consultancy Services.

After obtaining degree in engineering from India's premier technology institute, IIT - Bombay, Dr. Kanodia completed his MBA and Doctorate in Management from MIT (USA). He is a Ford Foundation Fellow.

Dr. Kanodia's leadership has led Datamatics to be conferred with various awards over the years, including the Most Innovative Software Product Award at the hands of the Prime Minister, the Ramkrishna Bajaj National Quality Award for Services and the International Asia Pacific Quality Award.



MR. RAHUL L. KANODIA , VICE CHAIRMAN & CEO

Mr. Rahul L Kanodia holds an MBA degree from Columbia University (USA), with a major in Business Strategy & Marketing and a minor in Mergers & Acquisition and Turnaround Management. He has two Bachelor degrees from H. R. College (India), with specialization in Finance & Accounting, and Babson College (USA), with specialization in Management Information Systems.

He has been the Chief Architect for re-positioning and transforming Datamatics from a service led organization to a solutions organization whilst focusing on delivering next-generation business solutions to address the customers' strategic and operational challenges.

Mr. Rahul L Kanodia serves as the Chairman for the Western Region of ESC (Electronics and Computer Software Export Promotion Council, Government of India's largest Electronics and IT trade facilitation organization), and is a member of NASSCOM's Regional Council. He serves on the Advisory Board of Columbia University's India Business Initiative (New York), and the Client Advisory Board of Citi Commercial Bank Asia (Hong Kong).



MR. SAMEER L. KANODIA , EXECUTIVE DIRECTOR

Mr. Sameer L Kanodia is a B.Sc. in Business Administration from Bryant University, USA, with Marketing as a major, graduating with honors. Among the honors he earned during his undergraduate years was being featured in the Dean's list throughout the program. He subsequently received his Masters in Business Administration from Bryant University, USA, with Finance as a major. Mr. Sameer L Kanodia has been spearheading the Company's successful expansion in Tier II cities like Nashik and Puducherry.

He is currently serving on the Board of Trustees at Bryant University, since February 2008.



MRS. ASHA L. KANODIA , NON EXECUTIVE NON INDEPENDENT DIRECTOR

Mrs. Asha L. Kanodia is a Non-Executive Non-Independent Director of the Company. She is an arts graduate in Psychology from University of Mumbai. She studied Social Psychology at Massachusetts Institute of Technology (MIT), Boston, (USA). Mrs. Asha L. Kanodia is an Interior Designer. She has designed most of the offices of Datamatics. She has over 40 years of experience in Interior Designing.