

Sustaining Green... Managed Printing Solutions



BOARD OF DIRECTORS



From left to right :

Mr. Sudhir Prakash, Mr. G H Visweswara, Mr. H V Gowthama, Mr. Ram N Agarwal, Mr. H K Nanjunda Swamy, Mr. Shankar Jaganathan and Dr. AL Rao.

Mr. B R Ganesh and Mr. Tej Sharma (Not in picture)



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Company Secretary & Compliance Officer
S Kannan

Auditors
CGS & Co.,
Chartered Accounts, Bangalore

Bankers
Axis Bank Ltd.,
HDFC Bank Ltd.,



LETTER TO SHAREHOLDERS

Dear Shareholders,


This is my first communication to you as Chairman of Datanet Systems Limited. I am proud and excited to lead the entire team of Datanet for exploitation of immense business opportunities in the Managed Printing Solutions (MPS) business. MPS market is expanding the world over particularly in India. Indian MPS market is currently estimated to be about 6 billion pages per month. Of these, we are currently printing about 40 million pages per month on 16,000 printers under our management across India. MPS market in India is growing in excess of 25% per annum and likely to grow even faster in value as the color printing takes shape in India. As the only organized sector pan-India, MPS provider, we are in unique position to offer a value promise to our customers in every part of the country. Let us get together and build the business for all around benefits to our stakeholders.



We are pioneers in spreading MPS culture in the country and we must maintain our leadership status which is envied by many multinationals.

I thank all the shareholders, customers, vendors, employees and all others for the continued support and encouragement.

All the best in coming years.



Ram N Agarwal
Executive Chairman



NEWLY JOINED DIRECTORS OF THE COMPANY

Ram N Agarwal

Executive Chairman

Ram Narayan Agarwal (Ram) pioneered to create India's largest employee owned company Wipro e-Peripherals in 2000. He led an employee buy-out of IT Peripherals business from Wipro.

Prior to this, during his tenure of 23 years at Wipro, Ram led multiple business units and functional areas. Ram led many of Wipro's initiatives in Brand Building, Innovation and Six Sigma. He also seeded Wipro's Software business during its early stages and was responsible for many Technical Collaboration Agreements.

Ram has been an Executive Council Member of Manufacturing Association of Information Technology, an IT Product Promotion body in India. Ram is a first generation leader from Jhansi, a small town in India.

Ram completed Engineering Graduation from IIT, Kanpur with Post Graduation in Management from IIM, Kolkata.

Shankar Jaganathan

Director

Shankar Jaganathan, aged 50 years, is a Chartered Accountant and Law Graduate. He has varied experience in Corporate, academic and social sectors.

He worked with Wipro Limited for 18 years. He was Corporate Treasurer for the period from 1995 to 2003. He also headed the Technology Initiative Program and Academic and Pedagogy function in Azim Premji Foundation from 2003 to 2006.

He is currently practicing as a Management Consultant and focused in research, writing and teaching. He is the author of the book Corporate Disclosures 1553-2007, published by Routledge.

Dr. A L Rao

Director

Dr. A. L. Rao is a reputed consultant in the areas of IT Strategies, R & D and Quality Management.

Prior to becoming an IT consultant, Dr. Rao worked in a leading IT company for more than 26 years. He joined as a founder member and contributed significantly towards building a multi billion dollar IT Business. During his years as Head of R&D, he spearheaded the development and launch of locally designed computers in the Indian market. He has been instrumental in seeding and growing a number of IT business practices and IT services including Testing Services, Business Intelligence, Data Warehousing and e-Enabling.

Dr. Rao was elected a Fellow of the Indian National Academy of Engineering for distinguished contribution to Computer Science & Engineering. Dr. Rao did his MSc. and PhD from Andhra University, Vizakhapatnam, India.



LEADERSHIP TEAM



SANDEEP KUMAR GOYAL

S KANNAN

SANJEEV ARORA

DEEPAK A. CHARI

BUSINESS OVERVIEW

Communication of information has a pivotal role in the business. The on-going demands of communication led to the invention of the type-writer. Typewriter is the primary ancestor of the printer industry.

The era of "impact printers" began soon, where usage of dot matrix printers and ink-jet printers commenced and type writers were sidelined. Dot-matrix printers were widely used for official and commercial purposes until laser-jet came into picture.

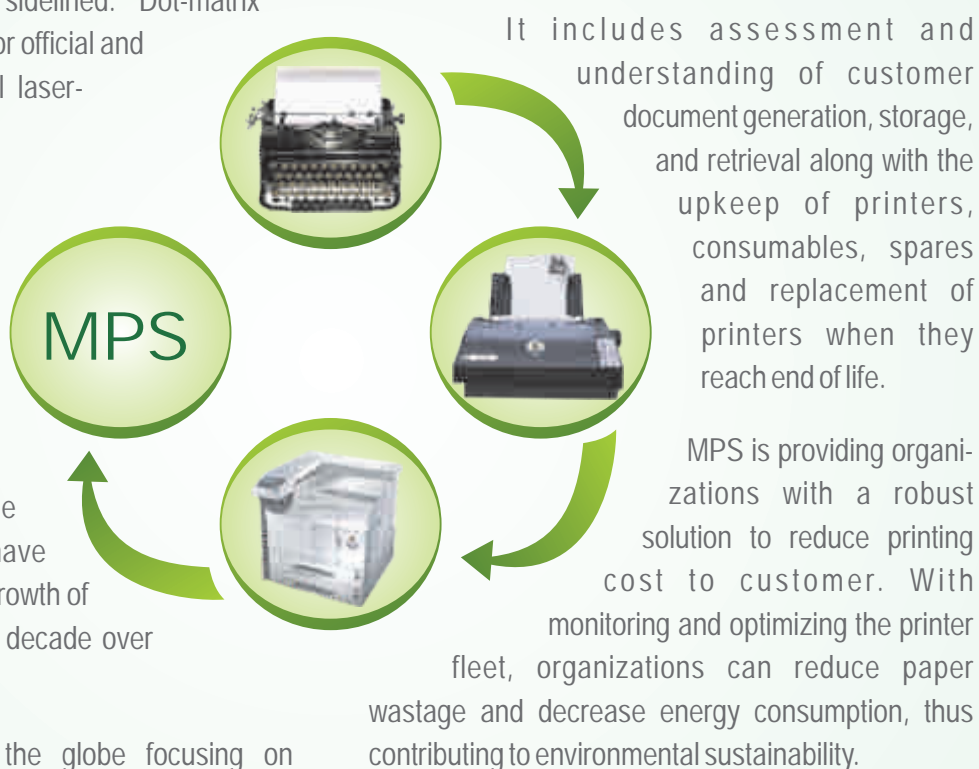
After the invention of laserjet printers in the year 1969, by a leading manufacturer of printers/copiers, the printer industry never looked behind. Improving technology, speed and the emerging IT industry have continuously boosted the growth of the printer market in India decade over decade.

With companies across the globe focusing on reducing costs, there emerged a requirement for new and innovative solutions to cut down on printing costs and increase efficiency. Organizations are especially looking at a switch from the capex to opex model by getting in to complete document management by an external consultancy with an expertise on Managed Printing Solutions (MPS). The implementation of MPS can reduce costs up to 30% of the total printing cost per annum along with significant reduction in the carbon foot print.

Hence, the printing industry is now moving to a new

era, the future of the printing and imaging industry - Managed Printing Solutions.

MPS, being the future of the printing and imaging industry, focuses on providing complete management of printing / copying / scanning /document handling.



Managed Print Solutions market continues to experience explosive growth, according to research¹. Studies indicate that the world market grew from \$20B in 2008, further to \$24B in 2009, and is forecasted to become a \$68B market by 2014. The market's 24% compound annual growth rate (CAGR) continued, despite the 2008 economic crisis and slow recovery in North America and Western Europe. As per forecasts, this rapid double-digit growth will continue for the next five years at a 22% increase in CAGR (2009-14).



MPS in India

With India emerging as a favorite IT destination and as an international hub of business and knowledge outsourcing during the global downturn, a huge opportunity was created for the MPS business. Enterprises started focussing on the core competencies, and non-core job of printing was given to MPS experts. This led to enhancement of personnel productivity, system efficiency and reduction in cost for the organisations. MPS, being phenomenally accepted in the Indian market, currently draws US\$86 million² in annual revenue and is expected to grow at US\$140 million by 2014.

Major industries for MPS adoption include IT, BPO, financial services, manufacturing and healthcare, of which the majority are enterprise customers. Although enterprise corporate in India are the most likely to engage in an MPS program, the number of Small and Medium Business is also growing. There is still an untapped MPS Small and Medium Business market, which is very large. There are 35 million SMB units in India, making it the second largest SMB market amongst BRIC (Brazil, Russia, India and China) and US market.³

SERVICE LOCATIONS

- 90+ locations across India
- All connected online through ERP

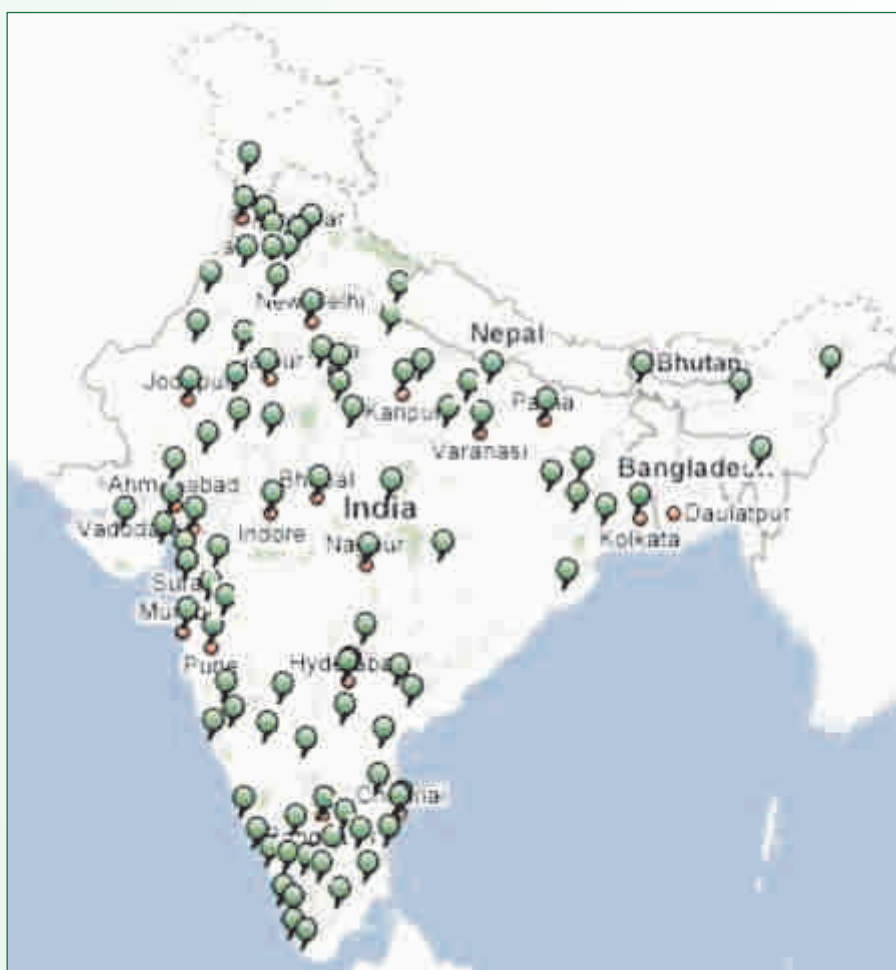
OUR MPS BUSINESS

WeP is the pioneer of Managed Printing Solutions in India, with business starting from the year 2002. With our extensive network and expertise in the business; we have grown over the period and manage close to 16000+ printers/copiers across 1500+ locations for 600 customers.

We are the first Indian company to provide printing solutions and set organizations free from the hassle of managing printers to focus better on their core business. Besides reducing printing costs to the organization, MPS contributes to environmental objectives of organizations.

1. MPS Market Size, Share, and Forecast Report" from Photizo Group, leading research and consulting firm for the managed print services market.

2 & 3. Mpsinsights from Photizo Group





OUR OFFERING IN MPS

ASSET PLUS SOLUTION (APS)

We offer Asset Plus Service Solution under MPS, offering customers an option of No capital investment from their end. We monitor and understand customer's current and future requirements and deploy appropriate assets to meet the same.

We provide laser printers, multifunction devices, dot matrix, line matrix, scanners, ID card printers etc., which are best suited for customer requirements. These products are designed with long lasting components and adhere to the environmental standards to reduce energy consumption and minimize the adverse effect on the environment through better e-waste management.

FULL SOLUTION (FSS)

As the MPS business grew and customer expectation from MPS increased, we decided to leverage on our expertise and explore the opportunities of managing the customer's existing printer infrastructure. This line of service is highly challenging as it involves managing of a vast range of different printer/copier brands. We conduct a complete assessment and analysis on the current set up of the client to suggest optimization for the control and monitoring of the documents.

We are a brand agnostic company, and believe in providing solutions and not merely products to meet the customers' printing requirement. Our forte lies in managing any type of printers like dot-matrix, ink-jet and laser-jet at any location in India.

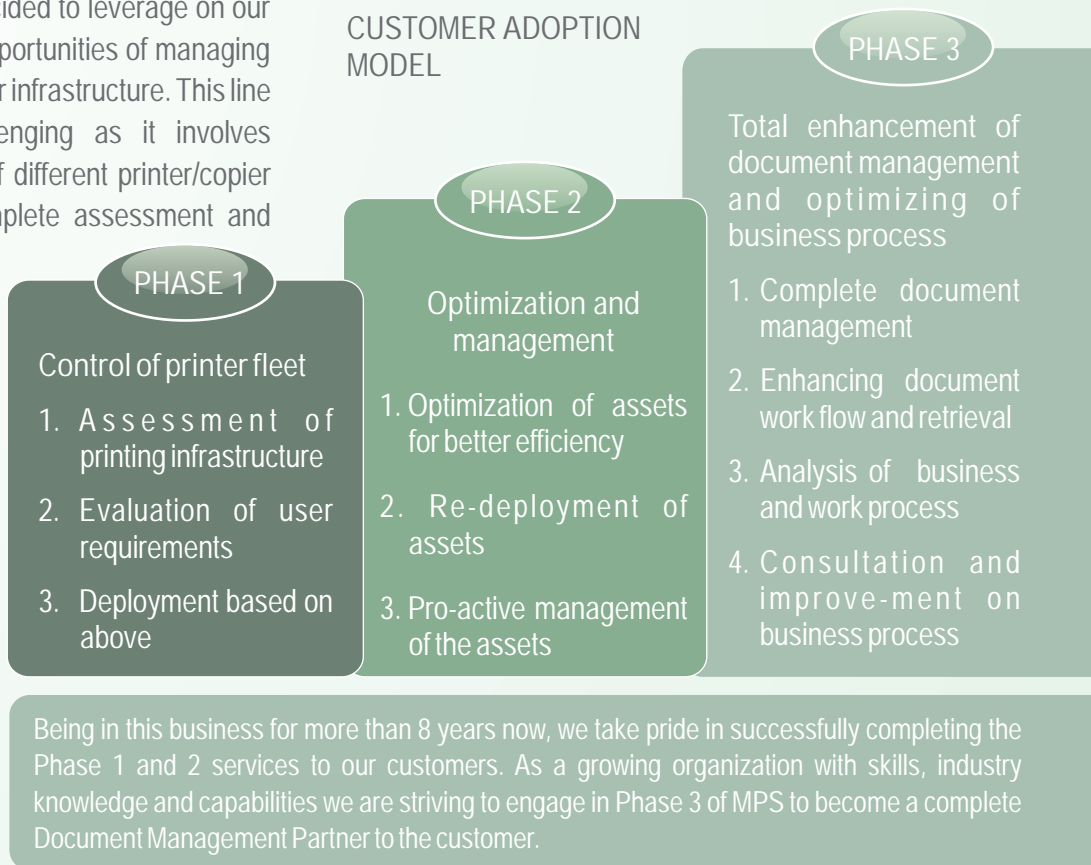
FSS includes supply of toners, consumables, maintenance kits, plastic parts, maintenance and upkeep of printer. FSS also offers replacement of the printers as and when they reach end of life.

BULK PRINTING SOLUTIONS (BPS)

Bulk Printing Solutions comprises of large scale printing jobs for customers. We take up bulk printing either at the customer site by deploying printers/scanners during the project period to ensure the security of documents or off-site in our location based on the criticality and confidentiality. We have successfully delivered many Government projects.

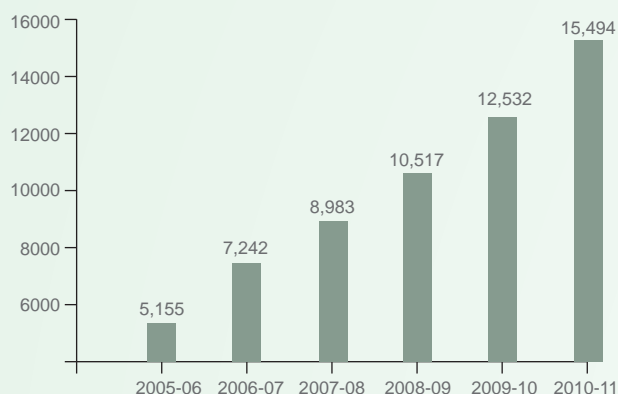
We have opened two exclusive print centers at Bangalore for bulk printing and to provide instant and easy access to printing and finishing solutions.

CUSTOMER ADOPTION MODEL





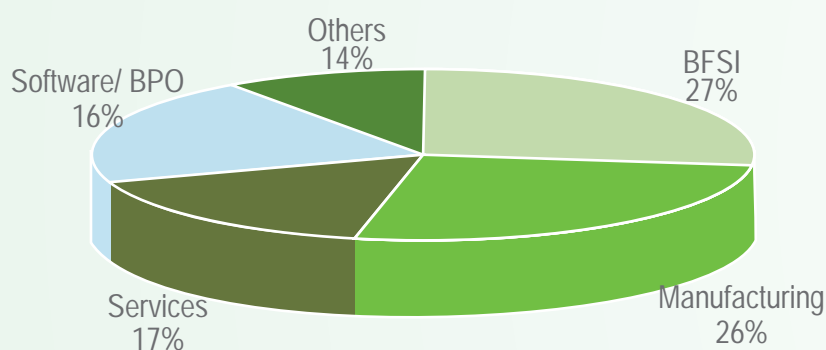
Assets Under Management



Asset Base



Segment wise revenue 2010-11



BENEFITS TO DATANET CUSTOMER

As an MPS provider we strive to understand customer's pain area in management of printing and imaging infrastructure. Benefits offered by us put us in a unique leading position in the industry:

- A single window solution for multi location support for all printing and imaging technologies across India under a single contract
- Management of customer owned printers thus saving cost
- Various customized reports to customers to control and optimize costs
- Provide best in class and latest technology solutions like secure printing, color printing
- Option for a mix of capex / opex model based on customer needs
- Fulfillment of long term as well as short term printing requirements
- Reduction in e-waste

Implementation of MPS at customer organizations has resulted in continuous reduction in printing costs to the customer