

August 27, 2014

To,
Corporate Communication Department
Bombay Stock Exchange Limited
Phiroze Jeejeeboy Towers
Dalal street, Mumbai- 400 001

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai- 400 051

**Sub: Covering letter of the Annual Audit Report to be filed with the Stock Exchanges
Pursuant to Clause 31 of the Listing Agreement**

Ref No.: SEBI Circular No. CIR/CFD/DIL/7/2012, dated August 13, 2012

**BSE Scrip Code: 532528
NSE Code: DATAMATICS EQ**

FORM A

| | | |
|---|--|--|
| 1 | Name of the Company | Datamatics Global Services Limited |
| 2 | Annual financial statements for the year Ended | March 31, 2014 |
| 3 | Type of Audit Observation | <p><u>Emphasis of Matter</u></p> <p>The observation set out in para "Emphasis of Matter" of Independent Auditors Report [Refer page no. 86] and the corresponding Notes to Accounts, as referred therein, in Note to Accounts No. 42 in Annual Report [Refer page no. 117].</p> <p>The Audit Committee at its meeting held on May 28, 2014 considered the para on Emphasis matter of standalone independent audit report and discussed both with the management and statutory auditors that the net worth of subsidiary companies has declined. The management explained that the investments in subsidiaries are for long term and are of strategic nature. Further the management is confident of turning around the subsidiaries in the near future. Hence, it was decided not to make any provision for diminution in the value of investment made in the subsidiaries.</p> |
| 4 | Frequency of observation | Since financial year ended March 31, 2005 |

For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W


Manoj Kumar Pati

Partner
Membership No. 504536





Rahul L. Kanodia
Vice Chairman & CEO

For Datamatics Global Services Limited



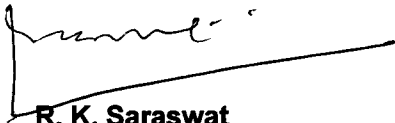
Vidur V. Bhogilal
Executive Director & CFO

For Datamatics Global Services Limited



Rahul L. Kanodia
Vice Chairman & CEO

For Datamatics Global Services Limited



R. K. Saraswat
Chairman of Audit Committee

Solutions Evolve.
Quality Endures.

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IN EVERY BUSINESS LANDSCAPE, THERE EXIST A NUMBER OF SPACES WHICH COMPANIES AIM TO OCCUPY TO GAIN A LONG-TERM AND SUSTAINABLE ADVANTAGE OVER THEIR COMPETITORS.

These spaces become strongholds as these firms develop distinct strategies for growth and expansion, based on their control over these spaces.

Within the IT business landscape, volumes and headcount are amongst the prominent spaces that companies vie to occupy, retain and grow. Because the IT business is primarily a skill and technology driven business, based on outsourcing and off-shoring solutions for overseas clients, growth is directly linked to volumes, and volumes are closely correlated to headcount. This is the linear business model that most IT service firms follow, and have grown with this model.

However, there exists within the IT landscape one more space. Intangible and constantly changing, this space has remained central even as new technologies emerge and new solutions evolve. This space, often easy to understand, but difficult to define, is the QUALITY space.

QUALITY has defined Datamatics, ever since IT started changing the world. While others pursued size and chased volumes, we also focussed on QUALITY. Today, when clients anywhere in the world think of QUALITY, the first name that they think of is DATAMATICS.

QUALITY at Datamatics has many hues and colours. It has many directions and dimensions. It has many platforms and levels. QUALITY at Datamatics goes beyond functionality and features, beyond security and testing, and beyond architecture and analysis.

QUALITY at Datamatics is about doing it right, doing it right always, doing it right amidst intense pressure and stress, doing it right across geographies and locations, doing it across functions and divisions, doing it right for every need and every requirement of every customer, shareholder and employee.

AT DATAMATICS, QUALITY IS BOTH A LEGACY AND A VALUE WE HAVE INHERITED FROM OUR VISIONARY FOUNDER, THE FATHER OF THE IT REVOLUTION IN INDIA – DR. LALIT S. KANODIA, WHO HAS INCULCATED AND INGRAINED QUALITY AS A CULTURE, CUSTOM AND CHARACTER AT DATAMATICS.

Chairman's Message



Dear Shareholders,

It is always a pleasure and privilege to share with you the review of your Company's performance as well as an overview of its future direction and course.

Let me commence by heartily congratulating everyone on an exceptional and outstanding performance achieved by the Company during the year 2013-14. We made spectacular progress in all our businesses which ensured that the topline increased by nearly 33% and net profits after tax rose by 85% as compared with the previous year. I am sure you join me in applauding the sincere efforts put in by every Datamatician, without whose determination and passion for excellence, your Company would have been unable to deliver these positive results, especially considering the difficult operating environment, both globally as well as in India.

India has always been a land of learning. From Nalanda and Takshila universities to IIMs and IITs, we have a rich tradition of institutions imparting top quality knowledge. A key reason why India could emerge as an IT super-power was because of its ability to deliver quality solutions when computers revolutionised our world. Today, we are at the cusp of another such revolution – **the digital revolution**.

Rapid advances in technology, mobile internet and smart devices are once again disrupting the technology landscape, challenging established models and mindset to move forward. We need to

move with the cheese. The new growth areas today are SMAC – Social Media, Mobility, Analytics and Cloud. Open Source is another technology I would like to add to SMAC. These changes have already started re-shaping our lives, and it is in these emergent technologies that future growth, both of the IT industry, as well as our Company is embedded.

At Datamatics, we had foreseen these developments, and as part of our growth strategy, had acquired CIGNEX in 2011 to expand our presence in the Open Source space. We had merged our Digital Publishing and eRetail Solutions business with PreMedia Global of Chennai, since renamed as Lumina Datamatics Limited, to evolve as the 4th largest company in the publishing BPO space in the world.

Both CIGNEX and Lumina are now totally integrated with DATAMATICS and have contributed significantly to the excellent results for the year 2013-14.

QUALITY has always been paramount at DATAMATICS. After being in the technology business for 38 years, we firmly believe that driven by changes in technology and models, SOLUTIONS EVOLVE, but QUALITY ENDURES. And that is why, we have chosen QUALITY as the theme for this year's Annual Report to showcase the different facets of QUALITY, and how as a Company, QUALITY ENDURES at DATAMATICS.

Looking ahead, I am excited about the future and the opportunities that abound in the IT space. Emerging technologies like SMAC, Open Source hold immense potential for growth,

as does Healthcare. To capitalise on these opportunities, we will have to transform our companies into dominant niche players, each becoming a big fish in a small pond. Collectively, when we combine these small ponds, we can create an ocean. We have crossed a total revenue of ₹ 700 crores this year, and our next target is to strive and break the ₹ 1,000 crores barrier. We are confident that we will be able to achieve this with a mix of organic and inorganic growth initiatives. We are planning to list one or two of our companies in the US in the next few years. On the delivery front, we are keen to develop more Delivery Centres in Tier II cities to tap local talent, reduce attrition, cut costs, but more importantly provide opportunities for the youth there. Our Delivery Centre in Nashik is a step in the right direction.

At the heart of our success are our PEOPLE. At DATAMATICS, we have some of the best talent in the country, a fact underlined by the various awards and industry recognitions accorded to DATAMATICIANS.

We continue to maintain the highest standards of corporate governance in the organisation. Good Corporate Governance has five essential elements: **fairness, transparency, accountability, responsibility and independence**. It is important that companies reveal their information punctually, adequately, clearly, accurately and comparably, and it should be easy for all stakeholders to access. Stakeholders today include investors, customers, employees, vendors, partners, the government and society.

Datamatics has been identified as India's **most respected Software Company in Corporate Governance** among 5000+ IT Companies. This Award was conferred upon Datamatics at the 5th Annual India Leadership Conclave & Indian Affairs Business Leadership Awards 2014, held in Mumbai on July 18, 2014. This award places Datamatics in the august company of winners at the event including Anil Dhirubhai Ambani, Chairman, Anil Dhirubhai Ambani Group; Dr. Mukesh Batra, Padma Shri, Chairman, Dr. Batra's Positive Health Clinic; Shiv Nadar, Founder Chairman, HCL Technologies Ltd. and Naresh Goyal, CMD, Jet Airways Ltd.

While we continue to excel in our performance, we are also equally at the forefront in serving our society. We won the **Best Corporate Social Responsibility Practices Award** at the Global CSR Excellence and Leadership Awards. At DATAMATICS, success is always shared.

I thank you for your sustained faith and trust in the Company and assure you that even as we drive the Company into the next phase of growth, we will do so with our single-minded focus on QUALITY - because even as **SOLUTIONS EVOLVE, QUALITY ENDURES**.

Yours sincerely,

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



Quality

= CUSTOMER DRIVEN EXCELLENCE

CUSTOMERS ARE OUR RAISON D'ETRE

In the IT business, the product is the service, the service is the solution, and the solution is again, the product. In this fuzzy, and often over-lapping offering, customers measure QUALITY using three chief metrics: functionality, time and cost.

In other words, every service, solution and product that we develop, deploy and deliver must uniquely integrate accelerated time-to-market, maximised productivity and efficiency, shorter turn-around times, a lower total cost of ownership while consistently adding value to our customers.

IN ONE WORD - EFFICIENCY

At Datamatics, efficiency begins with understanding the customer's implied and stated requirements and ends with the customer feeling delighted with the services that meet these requirements. The degree to which all the associated processes address these two ends decides the quality of the service.

To ensure efficiency and quality, we have a robust process frame-work that is amongst the best in the industry. These are underlined with globally recognised certification such as ISO 9001, SEI CMMi and ITIL.

ISO 9001 - The ISO 9001 certification specifies that a company needs to demonstrate an ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements.

SEI-CMMi - CMMi in software engineering and organisational development is a process improvement approach that provides organisations with the essential elements for effective process improvement. CMMi helps integrate traditionally separate organisational functions, set process improvement goals and priorities, provide guidance for quality processes, and provide a point of reference for appraising current processes.

The ITIL (Information Technology Infrastructure Library) is a globally recognised collection of best practices for information technology (IT) service management.

We imbibe the best practices of the industry to retain our quality edge. Our rigorous compliance audits across various functions and levels ensure that non-conformance is immediately corrected, because Quality, is also conformance.

To scale up from efficiency to higher efficiency, we have a Continuous Improvement (CI) programme based on Lean Six Sigma and Kaizen practices, to guarantee Quality at Source and first-time-right. With over 30,000 person hours of CI trainings, 300 Lean Six Sigma Projects and over 1500 Kaizen projects, the financial and customer benefits have been amongst the highest in the industry.

DATAMATICS WAS ONE OF THE FIRST FIVE COMPANIES IN THE WORLD TO BE CERTIFIED AT P-CMM LEVEL 5.

WE ARE THE FIRST AND THE ONLY IT COMPANY TO HAVE WON THE ASIA PACIFIC QUALITY AWARD FOR SERVICES.

QUALITY = PROTECTING CUSTOMER DATA

Our clients include several Fortune 500 companies, who trust us with confidential and extremely sensitive information. Ensuring protection of this invaluable information is a critical aspect of QUALITY at Datamatics.

Our Information Security Management systems are geared to guarantee uncompromising security for clients' information, and are certified to international standards of ISO 27001, SSAE 16, HIPAA and PCI. Regular Vulnerability Assessment and Penetration Tests are conducted to ensure that our technological set up is robust and will withstand virus attacks. Disaster Recovery and Business Continuity Plans which are tested and continuously improved, ensure our customer's have uninterrupted service for critical processes and almost no downtime for the rest.

While we protect the information of our clients, we also work closely with them to ensure compliance with all local laws of the specific countries and geographies that we service.

QUALITY = CONSISTENTLY HIGH CUSTOMER RATINGS

The final and ultimate validation of QUALITY always comes from customers. At Datamatics, we have seven parameters to measure customer satisfaction revolving around our service.

The seven parameters we ask our customers to rate us are Responsiveness, Flexibility, Quality of Solutions, Schedule Adherence, Value-addition, Quality of Engagement, Approachability

We are proud to state that our overall customer satisfaction rating is consistently close to 5 on an ascending scale of 1-6. A significant number of our customers, including some of the Fortune 500 companies, consistently rate us a perfect 6/6 on all the parameters.

WHAT OUR CUSTOMERS SAY

The Datamatics team has been an invaluable asset to the Accounting Research Manager product. They are timely, accurate, and a pleasant team to work with. – One of the world's largest publisher.

I would definitely recommend Datamatics. The communication is on a high-level quality, always easy and efficient. All expectations are exceeded and deliveries as expected. There is immediate reaction to feedbacks, and a very strong feeling of engagement into our project. - One of the world's largest online marketplace.

Turn around time and quality exceeds our requirements. Flexibility to meet targets is excellent. - Leading Enterprise for Business Process and Document Management.

Datamatics has always been prompt, even on our occasional rush jobs. Datamatics were life savers during this busy time in the market research industry. We could not have gotten through the holidays without them. Leading Market Research Agency.

Vice Chairman & CEO's Message




Dear Shareholders,

It is indeed fulfilling and rewarding when strategies, plans and efforts come together to create results that are directional as well as progressive. At Datamatics, in 2013-14 we delivered a robust, all-round performance making us one of the fastest growing IT/ITeS Company among all the listed outsourcing companies on the Bombay Stock Exchange and the National Stock Exchange.

We crossed the significant ₹ 700 crore mark in revenues, and nearly touched the ₹ 100 crore mark in EBIDTA. What makes this performance more pronounced is the fact that it was achieved amidst challenging global and domestic business environments.

Growth in most advanced economies of the world continued to be slow. Employment across most countries and sectors remained weak, affecting confidence levels, both for consumers as well as investors. In India, the economy continued to be pressurised by high inflation and an alarming fiscal deficit, forcing the government to keep the monetary policy tight.

In the face of these challenging and difficult global and domestic operating



circumstances, our performance stood out. We delivered:

For the year 2013-2014, the Company's revenue grew 33.4% from ₹ 550 crores to ₹ 734 crores, while the EBIDTA grew 72% from ₹ 57 crores to ₹ 98 crores. Consequently, the earnings per share grew from ₹ 4.55 per share to ₹ 8.26 per share, a growth of 81%. The Compounded Annual Growth Rate (CAGR) of the Company for the last three years is nearly 39%, one of the best in the industry.

Driving this remarkable performance were both the IT and ITeS services. The growth was driven largely by a strong sales pipeline, high conversion ratio, and the merger of our publishing business with PreMedia Global. Primary contribution is from the Publishing, Banking, Finance, Insurance, and Government & Public Services sectors. We added a large number of new clients during the year. The US market particularly has seen a very healthy growth of 50.51% despite the fact that the overall US economy underperformed as compared with 2013. Datamatics continues to be bullish on the prospects in this market. The EBIDTA margins have improved on the back of higher operational efficiency,

transitioning more work to Tier II cities such as Ahmedabad, Nashik, and Puducherry and better price realisation from customers. To support the growth in business, Datamatics has increased its total head count from 4,637 on 31st March 2013 to 6,793 on 31st March 2014.

Looking ahead, the election of a stable government after three decades has ushered in a new wave of confidence and resurgence in the Indian economy. As we move forward into 2014-15, I am confident we will build on this momentum. Our future growth plans have a combination of organic and inorganic initiatives. While we continue to focus on our core business areas, we have firm plans to capitalise on new opportunities in Digital Transformation, Enterprise Content Management (ECM) and Portal Solution, Open Source and Platform-based services. We will continue to build strong eco-system partnerships in the areas of domain, technology and geography, to generate differentiated solutions for our customers.

Quality has always been our top priority and continues to remain in sharp focus, creating a distinct competitive advantage. Quality at Datamatics goes beyond product and

services, and forms an integral part of the Datamatics culture. The industry has always been kind in recognising the Company's performance, and this year too, Datamatics featured prominently at various industry platforms by winning prestigious awards.

I thank you for your faith and confidence in Datamatics, and assure you that we will continue in our quest to be the first name and the last word in QUALITY.

Yours sincerely,

Rahul. L. Kanodia
Vice Chairman & CEO



Quality

= CULTURE OF EFFICIENCY

QUALITY IS THE RESULT OF A CAREFULLY
CONSTRUCTED CULTURAL ENVIRONMENT.
IT HAS TO BE THE FABRIC OF THE
ORGANISATION, NOT PART OF THE FABRIC.

~ Philip Crosby.

The IT business is unlike any other business. Unlike manufacturing, there are no plants and machinery producing goods that constantly assure sales. Unlike mining, there are no captive sources of natural resources that guarantee success and growth.

The IT business is about ingenuity, inventiveness and imagination to create next generation solutions that enable businesses all over deliver higher efficiencies.

The IT business is all about people and talent, about culture and cohesiveness.

At Datamatics, we have always recognised the significance of workplace QUALITY culture in our pursuit of Excellence. We understand the importance of culture in keeping our people inspired, excited and enthused. We appreciate the value of training, skill-development and self-improvement, and its deep connection with excellence.

QUALITY at Datamatics is not a measurement or a metric, but CULTURE.

Research has indicated a strong connection between positive attitudes and the quality of the workplace. Creating an environment that employees can benefit from, as well as placing emphasis on their personal and professional growth has a direct result and strong correlation to the market values and output for the company.

At Datamatics, the culture of QUALITY emanates from the top management that is passionate about recruiting, retaining and rewarding its people. The people policy is woven around:

- Recruit the best, give them the right platform and empower them.
- Deploy a performance management system that relates to customer service (and monitor progress).
- Reward and recognise customer service excellence.
- Continuously develop them by offering superior training programmes that provide employees the opportunity to enhance not only their work productivity, but their personal development as well.
- Keep them happy and motivated by engagement programmes.
- Career planning, by systematically matching individual career goals and capabilities with opportunities for their fulfilment.

REWARD & RECOGNITION

At Datamatics, sincere efforts are appreciated and awarded with the same degree of reciprocity – personally, positively and pro-actively. When people realise that their efforts are specifically recognised, they instantly bond with the organisational goal and mission, inspired and motivated to continue to contribute more with their skills and effort.

We have one of the best Reward & Recognition schemes in the industry. From Annual Awards to Spot Awards, from Individual Awards to Team Awards, the efforts of our people are rewarded and recognised at every opportunity.



uality

= SUSTAINING EXCELLENCE

QUALITY IS NOT AN ACT,
IT IS A HABIT.

~ Aristotle.

At Datamatics, QUALITY is never a short-term target that is to be achieved once. Our short, middle and long-term goal is to sustain and ENDURE QUALITY.

Our view of QUALITY is inspired by the key principles of business transformation, first outlined by W. Edwards Demming, widely considered to be the father of Total Quality Management:

Improve constantly and forever every process for planning, production and service.

At Datamatics, QUALITY is not a destination, but a constant journey to continuous improvement. Our most important business resource is talent, and therefore, managing talent is the key to ENDURE QUALITY.

OUR TALENT STRATEGY

Our talent strategy is designed around the HR mission of:

“We will ensure customer satisfaction by executing best people practices with passion and innovation”.

Our talent strategy comprises of a comprehensive People Development Programme. At the core of our People Development Programme is Learning & Development.

SUCH HAS BEEN THE QUALITY OF TALENT OF OUR PEOPLE THAT THEY REGULARLY WIN AWARDS FOR PROJECTS FROM TOP INTERNATIONAL CLIENTS.

LEARNING & DEVELOPMENT (L&D)

Driven by the Global HR & CSR Head, L&D is an on-going activity and process at Datamatics that consists of imbibing the latest technology and ensuring our people are certified for these. This includes:

New Technologies like:

- IQA - Internal Quality Audits
- PMP - Project Management Preparatory
- ITIL - Information Technology Infrastructure Library

Training for new technologies consists of both in-house training as well as specialised training which is out-sourced.

Today, our people are certified for all cutting-edge technology such as COBIT, AGILE, ITIL, etc.

In addition, we regularly participate in LQA and PMP certification.

While keeping abreast of technology is important, we also realise that with change in technology, changes in process are inevitable. Therefore, ensuring that our process also change and evolve in line with evolving technology is critical in our quest to ENDURE QUALITY, and deliver solutions that leverage the latest technology to create the highest value for our customers.

Our training calendar reflects this strong correlation between technology and quality. Considering we are in the IT business which has one of the highest rates of innovations and new technology, as much as 50% of our entire training calendar is focussed on upgrading and up-skilling of technology skills. Technology skill training is closely followed by training in QUALITY, which comprises almost 30% of our training calendar. This relentless and unwavering focus on training and technology has been at the heart of the QUALITY culture at Datamatics.

As next-generation solution providers, our people have to interact and understand diverse client requirements. With clients spread over many countries and spanning varied cultures, our people need to have the requisite behavioural skills that are critical to create a high level of trust and faith, and a spirit of partnership with our clients. That is why, 20% of our training calendar is dedicated to polishing behavioural skills of our people.

Executive Director & CFO's Message



Dear Shareholders,

The year 2013-14 was indeed a remarkable year at DATAMATICS. It was a year when our own businesses as well as the ones we recently acquired, performed exceptionally to generate a record-breaking consolidated revenue of ₹ 734 crores and an impressive net profit of ₹ 58 crores.

A large part of this increased revenue has come from the businesses acquired by the Company in the last two years. The digital publishing business under Lumina Datamatics, formed by the merger of Pre Media Global and Datamatics' eRetail & Publishing Limited in 2013, contributed handsomely to the revenues of the Company.

The improvement in margins was a natural outcome of the increased topline, as we were able to allocate our expenses on a larger base. A depreciating rupee further added to the cause.

In the rapidly advancing world of IT and ITeS, growth is a combination of both organic as well as inorganic initiatives.

Consider this :

The IT industry in India has seen over 800 M&As. Global IT giants have all used M&A to drive growth and expand their presence in more geographies and segments. IBM is estimated to have made a total of 119 acquisitions, while Microsoft has made 156 and Oracle 86.

At Datamatics, we have made 6 M&As in the past. Each of these merger/acquisition has given the Company a fresh impetus of growth. Acquiring or buying out a business is one thing, successfully integrating it with the existing business and making the acquisition work is a totally different achievement which is possible only through meticulous strategic planning and flawless execution. That is why, on a global average, only about half of all mergers and acquisitions are successful.

Our most recent M&As are great examples of how we can leverage M&A to also become the engine of our growth. The CIGNEX and VISTA acquisitions, and PreMedia Global (PMG) merger have been successfully integrated as per the integration plans. A critical aspect of successful integration is the role of the acquiring company – it has to provide the right support in terms of finance, management, infrastructure as well as marketing. Another crucial aspect is the culture, where employees of the company being acquired have to be assured of their job safety, as well as be made to feel welcome as part of the new, larger company. These issues, often not emphasised, are fundamental to the

success of M&A, particularly so in case of IT M&A, where people form the core of the business are the appreciating asset of a company.

At Datamatics, the success we have achieved in seamlessly integrating CIGNEX, VISTA and PMG has given us immense confidence. We are constantly on the lookout for opportune businesses that we can acquire, and we are convinced we will be able to fast-track growth by making inorganic growth an integral part of our overall growth strategy.

Our sustained focus and discipline on financial stability has ensured high credit ratings. This year, our credit rating of A1+ was re-affirmed by CRISIL. A1+ is the highest rating available to any company in the world, and signifies a strong degree of safety regarding timely payment of financial obligations. This rating reasserts the financial stability and low risk profile of the Company, helping us raise US\$ 9 million as external commercial borrowing (ECB).

DATAMATICS today ranks #2 in CAGR growth for the preceding three years across all BSE listed IT companies. This is indeed remarkable, and we are confident that we will be able to build further on this success, and achieve greater heights in the days to come.

Here's looking forward to another eventful and exciting year!

Yours sincerely,

Vidur V. Bhogilal
Executive Director & CFO

We performed exceptionally to generate a record-breaking consolidated revenue of ₹ 734 crores and an impressive net profit of ₹ 58 crores.

At Datamatics, the success we have achieved in seamlessly integrating CIGNEX, VISTA and PMG has given us immense confidence.

DATAMATICS today ranks #2 in CAGR growth across all BSE listed IT companies.



uality

= ATTRIBUTES OF THE AWARDS

QUALITY REFERS TO THE AMOUNTS OF
THE UNPRICED ATTRIBUTES CONTAINED
IN EACH UNIT OF THE PRICED ATTRIBUTE

(Leffler, 1982)

Awards and certification are both a reflection as well as a confirmation of our single-minded determination to ENDURE QUALITY. Over the years, Datamatics has won more awards for QUALITY than any other IT company in India.

These awards not only re-affirm our place amongst leading QUALITY IT companies in the world, but also communicate our deeper commitment to QUALITY as a PURPOSE, which is not always evident or explained through mere listing of the awards.

The jury and the panel, the fraternity and the forum, the context and the contest, the competitors and the geography – all create a unique attribute that conveys a deeper significance of these awards.

The QUALITY awards that we have won over the years are impressive in their sheer numbers, but what makes them imposing and inspiring is the wider and fuller narrative they convey.



P-CMM VERSION II CERTIFICATION

Datamatics is the first IT company in the world to get the P-CMM (People Capability Maturity Model) Version 2.0, Level 5 certified by KPMG for its HR processes.

ASIA PACIFIC QUALITY AWARD IN SERVICES

Datamatics is the first and the only company in India to have won the Asia Pacific Quality Award in Services from amongst hundreds of companies in 38 countries that include the USA, Canada, Russia, China, Israel, Japan and Australia.

The Asia Pacific region covers all countries in Asia as well as those in the rim of the Pacific Ocean.

The APQO is linked with fifteen other quality or standards organisations in the world. Its members include several hundred National Quality Organisations including the American Society of Quality as core members, as well as corporate and individual members.

IMC RAMKRISHNA BAJAJ NATIONAL QUALITY AWARD

Instituted by the Indian Merchants' Chamber in 1995 and modelled on the Malcolm Baldrige National Quality Awards in the US, the Ramkrishna Bajaj National Quality Award is given to companies that demonstrate outstanding customer orientation and performance excellence.

IMC IT AWARD FOR QUALITY

The latest QUALITY award won by Datamatics was the IMC IT Award for Quality in January 2014. What makes this award unique is the fact that the jury consists of five former NASSCOM presidents - Atul Nishar, F.C. Kohli, Ganesh Natarajan, Harish Mehta and Subramaniam Ramadorai, a former president of Computer Sciences of India - Hemant Sonawala and a former president of CIO Klub - Shirish Gariba.

THE INDIAN MERCHANTS' CHAMBER IS PERHAPS THE OLDEST CHAMBER OF TRADE, COMMERCE AND INDUSTRY IN INDIA AND HAS OVER 5,000 MEMBERS TODAY. IT HAS THE DISTINCTION OF HAVING MAHATMA GANDHI AS ITS MEMBER – THE ONLY TRADE ASSOCIATION TO HAVE THIS UNIQUE DISTINCTION.

"The award is a testament to our continual focus on quality. We maintain quality standards, not only as project requirements, but as a way of life at the organisation."

Rahul L. Kanodia, Vice Chairman and CEO

CSR = Making a Difference

QUALITY IS A DEGREE OF
EXCELLENCE. QUALITY IS AN
INHERENT FEATURE.

~ (Webster English Dictionary)

Much before CSR became a buzzword among companies in India, Datamatics was already practising it to make a difference and create a positive impact on the communities, cultures, societies and environments in which it operates.

CSR is a part of corporate strategy at Datamatics to meet the Company's goals. It is endorsed by the leadership, linked to specific objectives and aligned with core competencies. The **CSR@datamatics** is a carefully outlined plan made in consultation with stakeholders of the Company. Aligning with the guiding principles of the UN Global Compact, the overall aim of the CSR initiatives at Datamatics is to drive meaningful long-term sustainable contribution to the society and environment by linking this contribution to the inclusive, profitable growth objective of the organisation. Our focus is on generating employment for those who need it but are unable to undertake regular commute to office, to reach out to the underserved with employment opportunities to help them become financially independent. Our goals are aligned to empower women with gender equality policies at the workplace and to contribute to the environment by training employees to lead a low carbon foot-print lifestyle at home and in the office.

ASHA

We have christened our CSR initiatives as ASHA. ASHA tries to ignite hope for the less privileged communities of society. This is a social contribution activity for employees to raise funds for social welfare causes. Through employee fundraisers AND community contribution, Datamatics and its employees contribute to social welfare facilities nationwide. Moreover, all through the year, employees enthusiastically volunteer to participate in seasonal and holiday events at a variety of social welfare initiatives in and around the workplace



KNOWLEDGE ASSOCIATES (KA) MODEL

Datamatics pioneered the unique Knowledge Associate (KA) model to enable a variety of people to work from home. These Knowledge Associates include qualified homemakers, the physically challenged, differently-abled and retired people.

The KA model provides qualified ladies with domestic constraints the freedom to work from home. Besides a regular means to earn, the KA model also gives them the opportunity to learn new skills, provides a break from the daily house

chores and mental stimulation. It gives them the flexibility of time, freedom to work and a sense of accomplishment and achievement on their own terms.

The KA model has also been a boon for physically challenged people who find it difficult to get employment elsewhere. Datamatics has been associated with the Chembur based NGO **NASEOH** for the past 10-12 years. Datamatics not only provided employment to these people, but also donated computers to **NASEOH**. Since then, more than 50 physically challenged people have benefited from this facility. Many of them have been able to buy their own PCs and start working from their own homes. Adequate training and feedback is provided by Datamatics to achieve the high quality standards that every customer demands.

Apart from housewives and physically challenged people, many retired people, students and free lancers have also been associated with Datamatics as KAs.

Datamatics has been associated with more than 5,000 Knowledge Associates for the past 20 years. KAs can work from any corner of the country.

Besides home based professionals, Datamatics also engages people in rural BPOs and contributes to creating employment in rural areas.

RURAL EMPLOYMENT FROM RURAL BPO

BRIDGING THE RURAL – URBAN DIVIDE

Our rural sourcing initiatives are generating employment opportunities in rural and semi-urban villages and towns for inclusive growth. Datamatics benefits from the good-will and availability of quality human resources resulting in lowered attrition rates and high level of dedication to work.

This initiative also aims at reducing the pressure on the already overcrowded and over-stressed metropolitan infrastructure of big cities where jobless people from the rural areas usually migrate in search of employment. By making gainful employment available to qualified rural candidates, we offer them an opportunity to live a life of dignity in their home-towns with a much better life-style than what they would expect as jobless migrants in the cities. This initiative thus aligns with the UN Global Compact guiding principles of human rights to fair employment opportunities for labour.

SUPPORTING A HOME FOR THE HOMELESS

Mumbai streets are not paved with gold. But if one looks carefully, one will find little gems around the dark corners, under the bridges and on railway platforms. What matters here is how many of us have the intention of looking at them.

Datamatics is associated with **SNEHASADAN** - a home for more than 20,000 homeless children through its in-house initiative JOSH. We have various initiatives where we contribute through various JOSH activities. Our employees also voluntarily contribute towards this noble cause.

JOY OF GIVING WEEK

One week prior to Christmas, Datamatics celebrates the "Joy of Giving Week" where employees are given a chance to shower their blessings on the children by giving books, toys, clothes or cash for the children so that they also get gifts on Christmas and hence, manage to bring a smile on the children's faces.

WOMEN EMPOWERMENT

Datamatics is committed to the promotion of gender equality & the empowerment of women in the society.

GENDER EQUALITY

At Datamatics, we believe gender equality is an integral to the development of human society. Our hiring policies and career growth opportunities are strictly performance based. We believe in equal opportunities for all and growth prospects are always merit based.

REGULAR MEDICAL CHECK-UP

Regular camps are set-up in association with reputed hospitals for women employees to provide free medical check-up. This initiative is managed by a committee of women, with members spanning across all grades in the organisation.

BLOOD DONATION DRIVES

Datamatics encourages its employees to donate blood and in case of emergency or for any accident, employees can avail the service and utilise the blood from the blood bank. It helps serve as a ready database for acute emergencies and also helps the society in general.

EMPOWERING WITH SKILLS

We have collaborated with an NGO- **SOURCE FOR CHANGE**, to train rural women employees on certain projects to empower them. We arranged web based training for the team for Data Capture project - BAV (Brand Asset Value) and empowered them to earn a living.



TERI- SOLAR LANTERNS

One of the challenges facing the world today is to provide sustainable energy to all its citizens. The task is massive but solutions often come from small, localised initiatives. **Lighting a Billion Lives®** is one such initiative.

Datamatics has partnered with TERI (The Energy and Resource Institute) to provide solar lanterns with one solar charging station in Navapada Village in Wada district on the occasion of the festival of lights - Spreading Light and Enlightening Lives. It was a part of a campaign launched by TERI in 2007 called **Lighting a Billion Lives** with a vision to provide clean and affordable source of light to un-electrified or poorly electrified villages of India.

PAYROLL GIVING PROGRAMME

We have also launched a Payroll Giving Programme, to mobilise corporate citizenship. This programme would enable employees to donate a small part of their salary towards our CSR initiatives. It is completely voluntary, and employees have the option to change or discontinue their monthly contribution. This voluntary activity has displayed the open-heart and righteous attitude

of every employee of Datamatics. The participation brings forth a community of champions coming together for the wellness of society.

CARING FOR THE ENVIRONMENT

GrowTrees.com

GrowTrees.com is an official campaign partner of the United Nations Environment Programmes Billion Tree Campaign and is also the official partner of WWF Cities for forest Campaign.

The website offers individuals and companies worldwide the facility of growing a tree or trees to honour or remember someone, or offset carbon emission, for which an electronic certificate is issued by the company.

In order to support this noble cause, Datamatics plants trees on employees' birthdays through Growtrees.com in Kumbhalgarh, Rajasthan. An E-certificate is given to employees on their birthday. Till date, we have planted 6,140 trees.

- 5,843 planted for employees
- 143 planted for family members
- 154 planted for clients

RecycleKaro.com

- RecycleKaro is a provider of recycling and renewable energy solutions.
- RecycleKaro collects paper from our various offices and in turn provide us with notepads with Datamatics branding and a pulping certificate. Till date, we have recycled 1,047 kgs. of paper.

EYE ON CARBON FOOTPRINT

Mass Commuting Arrangement

With a view to reduce the number of private vehicles, we initiated the Mass Commuting Arrangement. Over half of our employees in Mumbai are availing of this facility which has helped take off at least few hundred private vehicles from the roads.

In Mumbai alone, we currently have over 750 employees using our mass commuting arrangements consisting of 15 buses. This is clearly 750 two-wheelers or four-wheelers off the roads, clubbed into just 15 buses plying across Mumbai. We also conduct awareness programmes towards the benefits of car-pooling for those who cannot avail the mass-commuting option.

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.

As Chairman at Datamatics, Dr. Kanodia drives strategic initiatives. His 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.

Dr. Kanodia has been an Executive Member of NASSCOM, the apex body of the IT-BPO industry in India. He was Honorary Consul General of Chile in India (2002-2014). He has held several eminent positions with various industry associations. He is a member of the Executive Board of MIT (USA).



MR. RAHUL L. KANODIA, VICE CHAIRMAN & CEO

Rahul has an MBA degree from Columbia University (USA), with a major in Business Strategy & Marketing, and a minor in Mergers & Acquisitions and Turnaround Management. He also has two Bachelor degrees from Babson College (USA), and H. R. College (India).

An entrepreneur at heart, Rahul established the offices of Datamatics America in 1992 in New York at the young age of twenty-five. He forged alliances with global leaders in networking, mobile computing and security solution. He initiated organisational restructuring and financial re-engineering for supporting rapid growth and innovation. Under his dynamic leadership, Datamatics has created a global footprint as a leading provider of IT & BPO services & solutions with successful deployments in over 60 countries.

Rahul 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 also a member of NASSCOM's Regional Council.



MR. VIDUR V. BHOGILAL, EXECUTIVE DIRECTOR & GROUP CFO

Vidur is a qualified Chartered Accountant (CA), Cost Accountant (ICWA) from India and a Certified Public Accountant (CPA) from the U.S. He is also a law graduate. Vidur stood first in India in the CPA Examination and is also a rank holder in the CA and ICWA examinations. He was awarded a gold medal for securing the highest scores in the ICWA final examination for the Quantitative Techniques and Management Information Systems subject.

Vidur has over 20 years' professional experience in strategic restructuring, M&A, corporate governance, finance, administration and legal. He is actively driving the growth of CIGNEX Datamatics as Chairman and Lumina Datamatics as Vice Chairman. In Datamatics, Vidur has managed several successful acquisitions, mergers & restructuring in India, US, Germany and UK and played a key role in forex management, financial planning and controls, investor relationship management and fund raising.

He was ranked as finalist in CFO Awards 2013 and also got Datamatics ranked as finalist for the Corporate Deal of the Year in 2014 for the most recent



MR. SAMEER L. KANODIA, EXECUTIVE DIRECTOR

Sameer 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.

Sameer has spearheaded the Company's successful expansion in Tier II cities like Nashik and Puducherry. Besides being actively involved, he also drives various strategic initiatives, expansion plans and go-to-market strategies.

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



MR. SHAHZAAD S. DALAL, NON EXECUTIVE INDEPENDENT DIRECTOR

Mr. Dalal is a Management Graduate from the USA.

Mr. Dalal is the Chairman & Chief Executive Officer of IL&FS Investment Advisors LLC which is a fully owned subsidiary of IL&FS Investment Managers Ltd., one of India's leading Private Equity Fund Managers with US\$ 3.2 billion under management.



MR. R. K. SARASWAT, NON EXECUTIVE INDEPENDENT DIRECTOR

Mr. Saraswat commerce graduate and a Fellow Member of The Institute of Chartered Accountants of India.

He has more than 40 years of experience in Finance & Accounts. Prior to his retirement from Datamatics Limited as Director (Finance), he was the President of S. M. Dyechem Limited and Senior Vice President of Grasim.



MR. SUDHIR C. DESHPANDE, NON EXECUTIVE INDEPENDENT DIRECTOR

Mr. Deshpande is an Civil Engineer from the University of London. He completed his Mechanical Engineering (M. Phil) from the King's College, University of London. He has also obtained a Certificate of Post Graduate Study in Engineering from University of Cambridge, the UK.

Mr. Deshpande has more than 45 years of experience in Design Engineering. He specializes as a Geotechnical Consultant especially in Soil Testing Techniques.



MR. DILEEP C. CHOKSI, NON EXECUTIVE INDEPENDENT DIRECTOR

Mr. Choksi is a Chartered Accountant in practice for over 35 years. He is also qualified as a Lawyer and a Cost Accountant.

Mr. Choksi's areas of specialization include tax advisory and litigation, structuring of collaborations and joint ventures, executive advisory and decision support, and corporate restructuring with a focus on start-up, turnaround and change management strategies.

Mr. Choksi contributed in the preparation of Kanga and Palkhivala's The Law and Practice of Income Tax (Eighth Edition) by late Mr. N.A. Palkhivala and Mr. B.A. Palkhivala.



MR. DILIP D. DANDEKAR, NON EXECUTIVE INDEPENDENT DIRECTOR

Mr. Dandekar holds a Government Commercial Diploma. He served as the President of the Indian Merchants' Chamber and Maharashtra Chamber of Commerce, Industry and Agriculture. He is a member of the Executive Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI).

Mr. Dandekar is the Chairman of Kokuyo Camlin Ltd and Camlin Fine Sciences Ltd. He is currently the Honorary Consul of Mongolia, Mumbai, Maharashtra State. He has over 42 years of experience in the field of marketing, administration and overall management of companies.



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). She has also completed several part time courses while in England at the Stanhope Institute.

Mrs. Asha L. Kanodia is an Interior Designer. She has designed most of our Offices of the company. She has over 40 years of experience in Interior Designs.




uality

= STAR PERFORMANCES

QUALITY IS THE EXPRESSION OF
HUMAN EXCELLENCE.

QUALITY is ingrained and embedded in every employee at Datamatics, and is reflected in every project we undertake and every solution we deliver.

Our customers have always appreciated the extra effort and attention our teams put into every project, right down to the minutest details.



POSTFINANCE APPRECIATION

PostFinance, one of Switzerland's leading financial institutions appreciated the exemplary efforts of the Datamatics Team which included R Sethuraman, Subu Achyutuni, Mohit Dixit, Mayur Kshirsagar, Kishore Thota and Paresh Rahate for Project 2710

"This was an extraordinary effort and is very much appreciated from PostFinance as a whole, and the Project and Investigation business units in particular. In this period of time, Datamatics team has worked overtime (possibly on weekends as well) to make the success of the project. The quality of the delivered changes was so high, that we could minimize and take the risk of such late changes in order to go live with all business requirements met."

ICICI PRUDENTIAL

ICICI Prudential Life Insurance Co Ltd awarded "Best Vendor for New Business Issuance" to Datamatics at the ICICI Prudential Tatva Awards held on 7th April, 2014 at The Lalit Hotel, Mumbai. The team was exceptionally led by Ramaswamy Subramanian, Dilip Sahu, Satish Pandita, Rajat Sehgal and Manoj Menon.

Datamatics ensures very high level of data accuracy and quality services that enables ICICI Prudential to service its customers with exceptional efficiency.

UHC AWARD

The Healthcare Team at Datamatics, led by Deepak Shetty, Pravin Poojary, Sandip Chavan, Gopal Ranjan and Senthil Nathan, was felicitated by United Healthcare (UHC) with "GLOBAL QUALITY CHALLENGE AWARD".

The award was presented at their Semi-Annual UHC Operations Global Quality Challenge held on 7th March 2014 at The TRIDENT, Gurgaon. Datamatics has won this award for the 5th time in a row surpassing all expectations set by Client on Quality Metrics and providing outstanding quality at processing stage.

Others who competed in this category were some of the well known vendors.

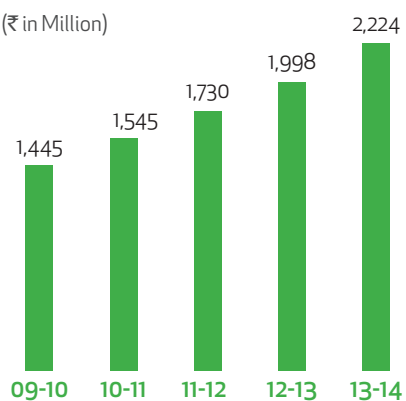
Financial Overview

5 YEARS STANDALONE

(₹ in Million)

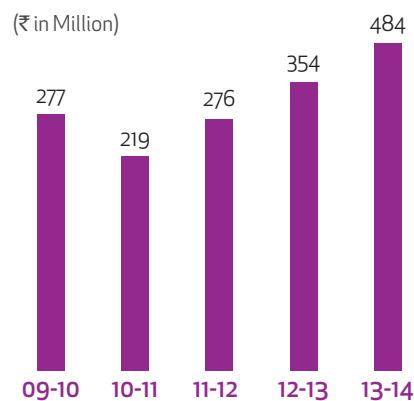
| Particulars | 2009-10 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 |
|------------------------|---------|-----------|-----------|-----------|-----------|
| Revenue + Other Income | 1,445 | 1,545 | 1,730 | 1,998 | 2,224 |
| PBT | 277 | 219 | 276 | 354 | 484 |
| PAT | 243 | 213 | 219 | 294 | 414 |
| EPS | 4.12 | 3.61 | 3.72 | 4.98 | 7.02 |
| Net Worth | 3,013 | 3,174 | 3,324 | 3,584 | 3,911 |

(₹ in Million)



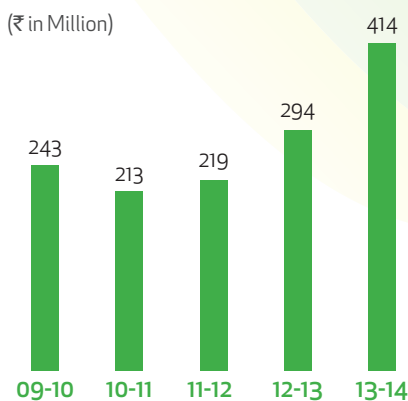
Revenue + Other Income

(₹ in Million)



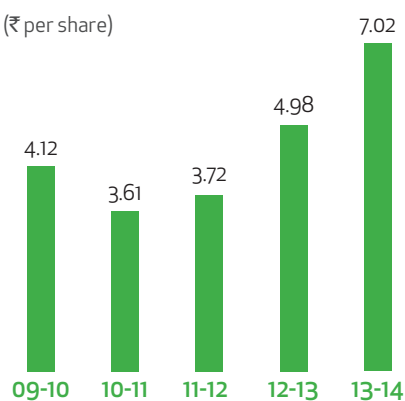
PBT

(₹ in Million)



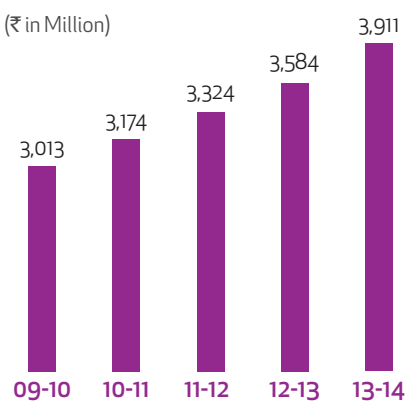
PAT

(₹ per share)



EPS

(₹ in Million)



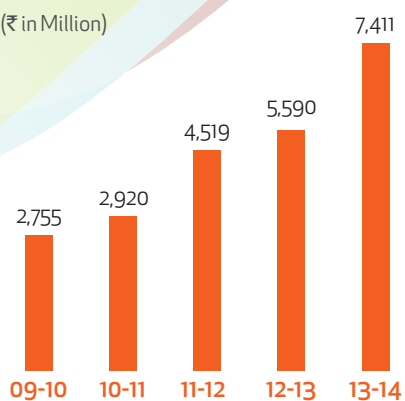
Net Worth

5 YEARS CONSOLIDATED

(₹ in Million)

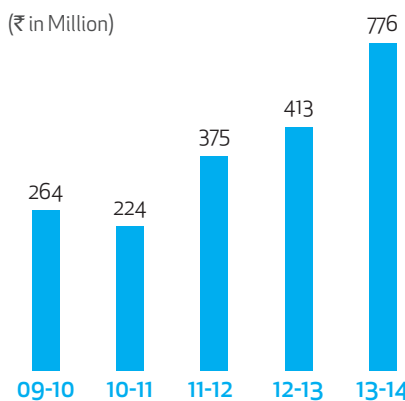
| Particulars | 2009-10 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 |
|-----------------------------|---------|-----------|-----------|-----------|-----------|
| Revenue + Other Income | 2,755 | 2,920 | 4,519 | 5,590 | 7,411 |
| PBT | 264 | 224 | 375 | 413 | 776 |
| PAT | 222 | 208 | 283 | 315 | 582 |
| EPS (Diluted) (₹ Per share) | 3.76 | 3.45 | 4.38 | 4.53 | 8.12 |
| Net Worth | 2,371 | 2,504 | 2,714 | 2,979 | 3,362 |

(₹ in Million)



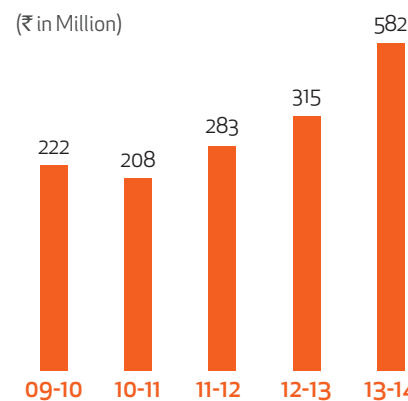
Revenue + Other Income

(₹ in Million)



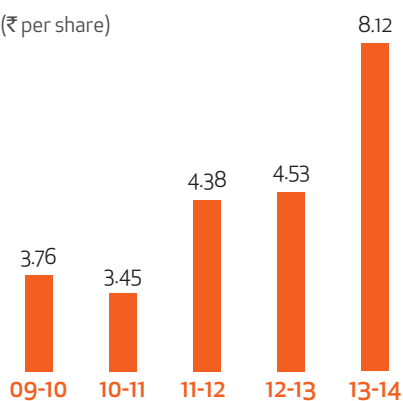
PBT

(₹ in Million)



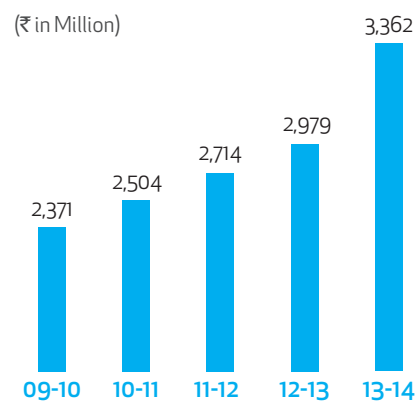
PAT

(₹ per share)



EPS (Diluted)

(₹ in Million)



Net Worth

Corporate Information

REGISTERED OFFICE

Knowledge Centre,
Street No. 17, Plot No. 58,
Andheri (East),
Mumbai – 400 093.
Tel: +91 (22) 6102 0000 – 0005
Fax: +91 (22) 2834 3669

REGISTRAR & SHARE TRANSFER AGENTS

Datamatics Financial Services
Limited
Plot No. B-5, Part B, Cross Lane,
MIDC, Andheri (East),
Mumbai – 400 093.
Tel: +91 (22) 6671 2151
Fax: +91 (22) 6671 2230
Email: depository@dfssl.com

CORPORATE HEAD – LEGAL & COMPANY SECRETARY

Divya Kumat

AUDITORS

M/s. Kanu Doshi Associates,
Chartered Accountants, Mumbai

SOLICITORS

Udwadia Udeshi & Argus Partners

BANKERS

Citi Bank
ICICI Bank Limited
HDFC Bank Limited
Standard Chartered Bank
Deutsche Bank

DIRECTORS' REPORT

On behalf of the Board of Directors, I am happy to present the 26th Directors' Report of your Company with the Balance Sheet and Profit & Loss Account for the year ended March 31, 2014.

FINANCIAL RESULTS

Your Company's operating performance for the year ended March 31, 2014 as compared to the previous financial year ended March 31, 2013 is summarized below:

| Particulars | (₹in Million) Consolidated | | (₹in Million) Standalone | |
|--|-------------------------------|-----------|-----------------------------|-----------|
| | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 |
| Income | 7,411.34 | 5,589.65 | 2,223.75 | 1,998.15 |
| Profit Before Interest, Depreciation and Tax | 976.26 | 567.62 | 565.92 | 448.19 |
| Interest | 39.84 | 34.64 | 16.30 | 25.79 |
| Profit Before Depreciation and Tax | 936.42 | 532.98 | 549.62 | 422.40 |
| Depreciation | 160.64 | 120.28 | 65.30 | 68.86 |
| Profit Before Tax | 775.78 | 412.70 | 484.32 | 353.54 |
| Provision for Taxation | 193.72 | 98.14 | 70.42 | 59.80 |
| Profit After Tax | 582.06 | 314.56 | 413.90 | 293.74 |
| Balance Brought Forward from Previous Year | 625.63 | 480.74 | 948.33 | 745.09 |
| Profit Available for Appropriation | 1207.69 | 795.30 | 1,362.23 | 1,038.83 |
| Dividend | 115.68 | 109.35 | 73.69 | 58.95 |
| Tax on Dividend | 19.66 | 18.32 | 5.24 | 1.55 |
| Transfer to General Reserve | 47.40 | 42.00 | 41.40 | 30.00 |
| Balance Carried Forward | 890.30 | 625.63 | 1,241.90 | 948.33 |

BUSINESS PERFORMANCE

Your Company is a global IT and ITeS organization focused on delivering proactive and smart, next-generation business solutions helping enterprises across the world address their business challenges. Datamatics has become the 2nd fastest growing IT & BPO Company listed on the BSE Limited and National Stock Exchange of India Limited. Fiscal year 2013–14 was a remarkable year for your Company.

The consolidated revenues of the Company recorded a total growth of almost 33% as against NASSCOM predicted Y-o-Y growth rate of 14% for the FY 2013-14 and the EBITDA increased by nearly 72% during the year. This performance was achieved amidst stiff macro headwinds globally and a slowing domestic growth.

The total revenue on a standalone basis increased to ₹2,223.75 million as against ₹1,998.15 million in the previous year – a growth of 11.29%. The profit after tax for the current year was ₹413.90 million as against ₹293.74 million in the previous year – a growth of 40.91%.

On a Consolidated basis, your Company achieved a total revenue of ₹7,411.34 million as against ₹5,589.65 million in the previous year – a growth of 32.59%. The profit after tax for the current year was ₹582.06 million as against ₹314.56 million in the previous year - a growth of 85.04%.

CRISIL RATINGS

The Company was awarded “A1+” highest rating by Credit Rating Information Services of India Limited (CRISIL). This rating signifies that your Company has a strong degree of safety regarding timely payment of financial obligations. This rating reaffirms the financial stability and the low risk profile of the Company.

DIVIDEND

In line with the excellent performance during the year, your Directors are pleased to recommend for approval of members, a final dividend of ₹1.25 per share (25%) for Financial Year 2013-14.

TRANSFER TO RESERVES

The Company has transferred ₹47.4 million to the General Reserve from the amounts available for appropriation. An amount of ₹890.30 million is proposed to be retained in the Profit and Loss Account.

TRANSFER OF BUSINESS/UNDERTAKING

During the year under review, the Company has transferred its Digital Publishing & eRetail Solutions (DPeRS) business/undertaking with all its assets and liabilities, as a going concern on a slump sale basis to erstwhile Datamatics eRetail & Publishing Limited, a wholly owned subsidiary of the Company.

ACQUISITION OF SHARES IN LUMINA DATAMATICS LIMITED

During the year, your Company, through its wholly owned subsidiary – erstwhile Datamatics eRetail & Publishing Limited acquired a 73.12% stake in Lumina Datamatics Limited (Formerly known as Lexicon Publishing Services Private Limited) by way of a Scheme of Arrangement/Amalgamation sanctioned by Hon'ble High Court of Madras.

INVESTMENT IN SUBSIDIARIES

As on March 31, 2014, your Company has made investments worth ₹563.76 million in its overseas subsidiaries and ₹577.60 million in its Indian subsidiary.

SUBSIDIARY COMPANIES

During the year under review, following are the significant developments with respect to the subsidiary companies:

- Your Company has expanded its operations by forming a wholly owned subsidiary in Dubai in the name of Datamatics Global Services FZ-LLC;
- Invested USD 9.3 million in preference shares of Datamatics Global Technologies Limited, the wholly owned subsidiary of the Company and also redeemed USD 5 million preference shares of Datamatics Global Technologies Limited, the wholly owned subsidiary of the Company;

The Company has the following Indian subsidiaries (including the step down subsidiaries) as on March 31, 2014:

1. Datamatics Software Services Limited
2. Cybercom Datamatics Information Solutions Limited
3. CIGNEX Datamatics Technologies Limited
4. Datamatics Vista Info Systems Limited
5. Lumina Datamatics Limited (Formerly known as Lexicon Publishing Services Private Limited)
6. Datamatics eRetail & Publishing Limited @

The Company has the following overseas subsidiaries (including the step down subsidiaries) as on March 31, 2014:

1. Datamatics Global Services, Inc. (US)
2. Datamatics Global Services GmbH (Germany)
3. Datamatics Global Technologies GmbH (Germany)
4. Datamatics Global Solutions GmbH (Germany) \$
5. Datamatics eRetail & Publishing GmbH (Germany) \$*
6. Datamatics Global Services GmbH d.o.o. in Bosnia (Switzerland)
7. Datamatics Technologies UK Limited (UK)
8. Datamatics Infotech Limited (UK)
9. Datamatics Global Services Pty Limited (Australia)

10. Datamatics Global Technologies Limited (Mauritius)
11. Datamatics Global Holding Corporation (BVI)
12. Datamatics Global Technologies AG (Switzerland)
13. Datamatics Global Services FZ-LLC (Dubai) \$\$
14. Lumina Datamatics, Inc. (US) (Formerly known as Premedia Global, Inc.)
15. CIGNEX Datamatics Corporation (BVI)
16. CIGNEX Datamatics, Inc. (US)
17. CIGNEX Datamatics Pte. Limited (Singapore)

@ Incorporated in India during the year and amalgamated with Lumina Datamatics Limited with effect from March 31, 2014.
\$ Incorporated in Germany during the year.
\$\$ Incorporated in Dubai during the year.
* Renamed as Lumina Datamatics GmbH w.e.f. August 19, 2014.

Pursuant to Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated February 8, 2011, has granted a general exemption from attaching the Balance Sheet, statement of Profit & Loss Account and other documents of subsidiary companies with the balance sheet of the Company. A statement containing the brief financial details of the Company's subsidiaries for the financial year ended March 31, 2014 is included in the annual report. The annual accounts of these subsidiaries and the related information will be made available for inspection to any member of the Company at the registered office of the Company.

DATAMATICS' DELIVERY CENTRES IN TIER II CITIES

Tier II cities are the most favored destination of highly cost-sensitive BPO service providers. As a business strategy, major BPO players have been moving to and expanding their operations in Tier II cities. Datamatics was early to realize this business imperativeness and set up its first Tier II delivery centre at Nashik during July 2007 followed by the Puducherry site in October 2011. These initiatives have helped the Company leverage on the vast untapped talent pool at these locations at a relatively lower wage as compared with Tier I cities while simultaneously keeping the attrition within manageable limits.

Nashik

After successfully executing all our BPO service lines, the site is currently gearing up to tap the IT talent potential of Nashik. The 55,000 sq. ft. state-of-the-art-facility is the single largest facility under one roof that the Company has. Our headcount at the Centre is now in excess of 1000 staff members. The guest house is located in close proximity to the office.

The Company owns approximately 12 acres of land situated on the Bombay-Agra Highway (NH-3), about 10 kms away from our existing office. The Company intends to build a campus in the future.

Puducherry

After its successful foray into the publishing business at Puducherry, the site is now home for one more BPO service line viz. Document Management Solutions. From a value creation perspective, the site is a cost-effective location.

In addition to its primary role as the Delivery Centre of Excellence, both these sites are also functioning as Business Continuity Centre's to support all other delivery units of the Company. The success of business operations at the above two Tier II sites enables the company to stay ahead of competition and provides impetus to the Company's focus on such strategic initiatives.

INTELLECTUAL PROPERTY RIGHTS

"Intellectual property is not just about product but process as well".

As a policy to ensure sustainable means of wealth creation, your Company has 17 copyrights registered till date for its proprietary processes and various logos. It has also registered its proprietary logos as Trade Mark and Service Mark in India, the UK, the USA and the European Union (EU) and its 27 member countries.

During the year under review, your Company's subsidiary "CIGNEX DATAMATICS Inc." has successfully registered the tagline "MAKING OPEN SOURCE WORK" in the USA. The logo of "CIGNEX DATAMATICS Making Open Source Work" has been registered in the USA, the EU and its 27 member countries.

Your Company has also registered the 'iQ logo' with the tag words 'Intelligent Accurate Quick' in India, the EU and its 27 member countries. The Company also succeeded in registering the tag line "Smart Document Processing" in India.

The Company's brand name "DATAMATICS" is registered as Trade Mark as well as Service Mark in India, UK, USA, Australia, China, Norway, Switzerland, EU and its 27 member countries and its logo is also registered in India, the UK, USA, EU and its 27 member countries.

LEARNING & DEVELOPMENT

A large number of programs were successfully conducted by the Learning & Development (L&D) team during the year 2013- 2014:

The Eagles @ Datamatics Program Phase VI was flagged off in August 2013, with 25 Eagles, 5 mentors and a strong Leadership team of 6 members. The Duration of the program was 7 months. This phase of the Eagles was regarded as the most successful program as it helped the Company to build 21 alliance partners. The teams also developed systems which will benefit the organization in the long run.

Game Changer – The Lead Generation Program:

Lead generation and associated market research is the most important and critical aspect of any business. It is important for the teams associated with these activities to demonstrate very high levels of commitment and passion. With this objective, a unique program called the "Game Changer" was launched in July 2013 with 31 fresh MBA Graduates of different specialties and 7 mentors. The first season of this program concluded with great success on March 31, 2014. It helped the organization in creating passion and high levels of energy across the lead generation and market research teams with focus on their passion, creativity, resourcefulness, accountability, influencing skills and belief in themselves. As a result, the teams successfully contributed a large number of qualified leads/opportunities for our Company.

Other Initiatives by the L&D team:

1) Blended Learning:

Training via the WebEx Training tool: The L&D team has expanded their horizons for training execution to be done via WebEx for employees across the organization. With the help of the tool L&D is able to address the global learning audience with ease and also large audiences effectively. This helps the L&D teams to execute training and participants to participate in training from any location. It's a win-win situation for all the parties involved. The L&D team records the training for future usage and executes the pre-recorded training via WebEx. Recorded WebEx training is made available to employees as and when they feel the need to revisit any training in case they have missed this during the live session. This has imbibed a continuous learning attitude amongst the employees.

2) Learning Foreign Languages:

The L&D Team has flagged off Level 1 Italian & German language training for its employees. The employees are being trained to complete the level 1 Certification as soon as this training comes to an end. For now this has been implemented in Puducherry & Nashik premises.

3) Project Management Preparatory Course (PMP) – 5th Edition:

Being a Registered Education Provider (REP) for PMP, a 5-day training was scheduled in Mumbai, MIDC premises for those engaged in an activity that contributes to the management of a project, portfolio, or program, as part of the project management profession.

With all the above, the L&D team has clocked **210,515** man-hours in the year 2013–2014 as compared with 179,140 man-hours in the year 2012–2013 with an average feedback of 4 out of 5.

SIGNIFICANT AWARDS & ACHIEVEMENTS

During the year, in recognition of its performance and initiatives, the Company received several awards, some of which are:

- 🏆 Datamatics along with the Market Research Society of India (MRSI) and the European Society for Opinion & Marketing Research (ESOMAR) instituted the Dr. Lalit S. Kanodia Laureate Award for Technology Excellence in Market Research;
- 🏆 Datamatics became the only software company in India to win the Computer Society of India's Award for IT Excellence in Corporate Business Collaboration Solutions twice;
- 🏆 Won the prestigious IMC-IT award for Quality;
- 🏆 Won the Information Week EDGE Award along with our client for the implementation of technological solutions that helped automate client's Mutual Fund process;
- 🏆 Received the Most Valuable IT Software Company in India award at the 4th Annual India Leadership Conclave & Indian Affairs Business Leadership Awards;
- 🏆 Received the award for Best Corporate Social Responsibility Practices; an award endorsed by World CSR Day, Asian Confederation of Business and World Federation of CSR Professionals;
- 🏆 Received the award for Best HR Strategy in Line with Business at the 8th Employer Branding Awards, World HRD Congress;
- 🏆 Won the Best Communications Campaign Award at the Corporate Excellence Awards 2013;
- 🏆 Included in the Leader Category for the 2014 Global Outsourcing 100® providers' list released by the International Association of Outsourcing Professionals. Ranked amongst the Best 20 Companies in India for the third time in a row and included in the prestigious Global Services 100 list of the Best 100 IT outsourcing companies for the fourth year in a row;
- 🏆 Won the prestigious Sitecore Website of the Year 2013 award in the 'Not-for-Profit Website' category;
- 🏆 CIGNEX Datamatics Technologies Limited received the Innovator in Technology of the Year award at the National Trial Lawyers summit in Miami for their solution titled Social Media Sentiment Analytics;
- 🏆 Datamatics team was felicitated by a global client with their Global Quality Challenge Award for the 5th time in a row;
- 🏆 Dr. Chandra Mauli Dwivedi – Datamatics' Global Head, HR & CSR – was listed among the 50 Most Talented Global HR Leaders in Asia for 2014 at the 22nd World HRD Congress;

- 🏆 Ms. Divya Kumari, Corporate Head – Legal & Company Secretary, won the General Counsel of the Year – Female award at the 7th edition of the Legal Counsel Congress Awards;
- 🏆 Ms. Varad Kamini, Head–Marketing Communications at Datamatics, won the prestigious Women Super Achiever Award for Excellence in the Marketing Communications category at the World Women Leadership Congress & Awards;
- 🏆 Ms. Ankita Singh, Head – Employee Relations & OD at Datamatics, won the prestigious Leading HR Women Award at the 5th Annual Women Leaders in India Summit.

FUTURE GROWTH STRATEGY

In the last fiscal, the Company made good progress in their strategic initiatives to drive high business growth. In the current fiscal, we shall continue our growth trajectory with renewed focus on growth through a mix of organic and non-organic initiatives. The Company's priority this year is to continue to emphasize on our core business areas. We shall at the same time capitalize on opportunities that are being created in the new growth areas.

The four key elements of our strategy for continued business growth include:

- **Digital Transformation:** The digital economy is entering a new age that presents unforeseen challenges. With extensive experience in understanding the digital economy, Datamatics is strategically placed to help its clients deliver excellent service through services, and business process through digital value added services.
- **Enterprise Content Management (ECM) & Portal Solution:** Driven by advances in consumer technology, user expectations have also evolved. Datamatics team has the expertise to create and develop ECM solutions that are portal-based, intuitive and personalized and easy to use across multiple applications. We have had good success in this area and expect to maintain this growth trend.
- **Open Source:** Open Source is fast emerging as a platform of choice, and we expect this to continue to accelerate and attract growth. We are in a very strong position to capitalize on this opportunity, as CIGNEX Datamatics, one of our subsidiary company is a leader in Open Source space.
- **Platform-based BPO:** Customers are moving away from traditional outsourcing models to vendors that can provide Technology + BPO services. Catching on this trend early enough, Datamatics has been successfully providing platform based BPO services to its clients. We plan to leverage our technological prowess, combined with a focus on process excellence and high quality BPO services to increase our client base.

- **Inorganic Growth/ Eco-system partnerships:** Our strategy is to build strong partnerships in the areas of domain, technology and geography with the objective of driving differentiated solutions whilst working with an active partner ecosystem. It could be in the form of investments through M&A or an alliance partner.

QUALITY

Your Company continues to focus on quality. This year, your Company won the Award for Excellence in Quality at the IMC Information Technology Awards. We have been continuously winning best quality and service awards at events organized by our various prestigious Fortune 500 customers. This year too we won several such awards. Your Company is the first and the only I.T. Company to have won the “**International Asia Pacific Award**” for Quality in Services sector. The Award was won against competition from hundreds of companies from 38 countries spread across the world, including the US, Japan, Australia, New Zealand, Russia, Canada, China, Israel, South Korea, Peru and Mexico. Further significant initiatives of your Company towards quality are:

1) Six Sigma Initiative

We have adopted the proven Lean Six Sigma methodology in conjunction with Kaizen to make our processes efficient, robust and defect free and also to improve productivity and cost effectiveness. This initiative continues to deliver significant benefits to the Organization with improvements in Productivity, Efficiency, Quality and Customer Satisfaction. Overall 300 Six Sigma Projects and 1502 Kaizen Projects have been completed since the launch of this initiative in 2007. For the past consecutive three years, our improvement projects have been ranked within the top 5 projects out of around 80 projects in QIMPRO Conventions.

In the last financial year, an overall benefit that includes tangible and intangible benefits, of ₹22 million with an ROI of more than 200% was achieved through these performance improvement methodologies.

The Company has about 14 Six Sigma Green Belt and 20 Six Sigma White Belt certified professionals along with 3 Six Sigma Black Belt and 1 Six Sigma Master Black Belt certified professionals. The Company spent over 4500 person hours of training around Continuous Improvement in the last financial year.

2) Certifications

Your Company, keeping true to its commitment of designing and implementing its Quality Management Systems as per the global standards and benchmarks has been assessed and certified on standards such as ISO 9001:2008, SEI - CMMI Version 1.3, and ITIL. New centres that we added last year have also been assessed and certified for compliance to these standards

In addition, we retained the ISO 27001:2005 certification for our Information Security Management Systems. Our US unit has been certified compliant to PCI standard requirements. We have further strengthened our Information Security Management Systems (ISMS) by incorporating the guidelines and being certified for international standards such as SSAE 16 and HIPAA.

3) Customer Satisfaction Tracking

The Customer Satisfaction and Loyalty index measuring process continues to provide invaluable insights into our Customer's expectations and our performance vis-à-vis these expectations. This is done once every six months and captures Customer's feedback on a wide range of parameters that encompass each aspect of service excellence. We feel proud to share with you that overall our Customer Satisfaction Index has been 4.90 on a scale of 1-6 (1 being the lowest and 6 being the highest) with a significant number of Customers rating us a perfect 6/6 on all parameters. In addition to this formal mechanism, we also have systems that capture customer feedback received through other formal and informal channels.

4) Metrics and Process Compliance Index

We use a Delivery Index to measure and compare the performance for each Line of Business (LOB). It incorporates the three key indicators of performance of any project viz Quality, Effort and Schedule adherence and a stop light (red-amber-green) dashboard is used to display the performance.

In addition, regular Process Compliance checkups and speedy follow-ups on the corrective and preventive actions have helped us significantly to keep non-compliances in check and thereby reduce rework and defects at the source. Process Compliance Index (PCI) measures and compares the compliance levels for the different LOBs.

The defined Quality Gates ensure that we are adhering to process requirements and deliverables at each of the critical stages of the Project. A regular review of this with Senior Management ensures that the processes are on track.

In order to create processes at par with global best practices, we have also tied up with a number of global forums such as ISBSG, CSI and PMI to understand and benchmark ourselves against key metrics. We revisit and revise our metrics regularly to ensure that our performance levels are comparable to the best-in-class.

PROCESS ENGINEERING (PE) CELL

The PE Cell of the Company has the task of increasing productivity and quality of our BPO/ ITeS processes. To accomplish this goal, this Cell has developed several proprietary and copyrighted Software products that include

i-Q and Robokey. They are also focusing on creating IP which can result in a recurring revenue stream.

i-Q and Robokey have won recognition and awards. Datamatics has become the only Software Company in India to have won this award twice from the Computer Society of India in 2013 and 2011. Datamatics has also won the Information Week Edge Award twice in 2013 and 2010. These awards have been won for software developed by the PE Cell.

These products have resulted in a significant increase in quality, productivity and profitability in several projects outsourced to Datamatics by its clients. These products also give a significant edge to the Company while bidding for large BPO outsourcing projects.

The PE Cell was also instrumental in developing CATALISTS which is deployed by GS1, an organization that develops and maintains standards for Retail, Healthcare, Transport & Logistics, Automotive, Finance and Defense sectors. Datamatics has been included as a US solution program partner of GS1, which includes companies such as Oracle.

SHIFTING OF REGISTERED OFFICE

The Company's registered office has been shifted from Unit No. 117-120, SDF 4, SEEPZ, Andheri (East), Mumbai – 400 096 to **“Knowledge Centre, Plot No. 58, Street No. 17, MIDC, Andheri (East), Mumbai – 40 0093”**, with effect from January 29, 2014.

SECRETARIAL AUDIT

Dr. K.R. Chandratre, Practicing Company Secretary, conducted Secretarial Audit for the financial year ended March 31, 2014. Dr. K.R. Chandratre has submitted the Report confirming compliance with the applicable provisions of Companies Act, 1956 and other rules and regulations issued by SEBI/other regulatory authorities for corporate law. The Secretarial Audit Report for the financial year ended March 31, 2014 is provided in the Annual Report.

SHARE CAPITAL

As on March 31, 2014, the Paid-up Share Capital of the Company is ₹294,746,685 divided into 58,949,337 equity shares of ₹5 each fully paid up. During the year, there has been no change in the Paid-up share capital of the Company.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Vidur V. Bhogilal and Mr. Sameer L. Kanodia, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Company has, pursuant to the provisions of Clause 49 of the Listing Agreements entered into with Stock Exchanges,

appointed Mr. R. K. Saraswat, Mr. Sudhir Deshpande, Mr. Shahzaad Dalal and Mr. Dileep Choksi as Independent Directors of the Company. In accordance with the provisions of Section 149(4) and proviso to Section 152(5) of the Companies Act, 2013, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming AGM of the Company.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Dilip D. Dandekar and Mrs. Asha L. Kanodia were appointed as Additional Directors designated an Independent Director and Non-Executive Non-Independent Director respectively w.e.f. August 12, 2014 and they shall hold office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Mr. Dilip D. Dandekar and Mrs. Asha L. Kanodia for appointment as an Independent Director and Non-Executive Non-Independent Director respectively.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement entered with the Stock Exchanges.

During the year under review, Dr. Habil Khorakiwala resigned from the position of directorship of the Company. The Board placed its sincere appreciation for his valuable contribution during his tenure as a director of the Company. .

AUDITORS

The Statutory Auditors, M/s. Kanu Doshi Associates, Chartered Accountants, Mumbai, hold office until the conclusion of the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if reappointed.

INFORMATION ON AUDITORS' OBSERVATIONS

Observations of Auditors mentioned in the Independent Auditors Report under the heading 'Emphasis of Matter' regarding non-provisioning for diminution in the value of investments in the subsidiaries has been adequately explained in Note No. 42 of the Notes to Accounts. These investments are for long term and of strategic nature. It is clarified that though the net worth of these subsidiaries has declined, the management is confident of turning around these subsidiaries in the near future. Hence, it is decided not to make any provision in diminution in the value of investments made in the subsidiaries. The other observations are self-explanatory and do not require further comments in this report.

CORPORATE GOVERNANCE

A Report on Corporate Governance together with a certificate from the Auditors of the Company forms part of the Annual Report.

DISCLOSURE UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

I. CONSERVATION OF ENERGY:

The information required in connection with conservation of energy, under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, the Directors furnish herein below the required additional information:

- (a) Conservation of Energy - Our Company being in IT & ITeS industry, our operations are not energy intensive. Adequate measures have been taken to conserve energy.
- (b) There were no additional investments and proposals if any, being implemented for reduction of consumption of energy as the nature of your Company's operations entails a very low level of energy consumption.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods – N.A.
- (d) Total energy consumption and energy consumption per unit of production – N.A.

FORM A: FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

- A. Power and fuel consumption: NIL
- B. Consumption per unit of production: NIL

II. 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 the Company's clients.

FORM B: FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION ETC.

- i. Research & Development (R&D): Your Company is predominantly a service provider and therefore has not set up a formal R&D unit. However, it continues to develop software tools and products in its existing delivery setup.
- ii. Technology Absorption, Adaptation and Innovation: Your Company has not imported any technology during the year under review other than purchase of software.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- I. Earnings in Foreign Exchange during the year: ₹1,966.40 million
- II. Foreign Exchange Outgo during the year: ₹74.29 million.

EMPLOYEE STOCK OPTION PLANS (ESOP)

The details of ESOP required to be provided as per Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are as per "Annexure A" to this report.

HUMAN RESOURCES MANAGEMENT (HRM) AND EMPLOYEE RELATIONS

The IT business is primarily talent-led and a people driven business. Employees therefore, form a crucial and critical part of the success of the Company, and are the most important resources and assets of the Company.

Our Company's endeavor is to provide a work environment that encourages a positive attitude and superior performance. The key elements of the Company's HRM strategy include a comprehensive approach to managing people, the workplace culture and environment.

The HR department of your Company regularly conducts

"Climate Survey" and "Open House" to ensure that employees views and opinions are taken on board, as well as the Company's larger strategy is discussed and shared with them. Both these initiatives have HR Head, CEO and leadership teams of each LOB to bring a shared understanding of the larger organizational direction.

Your Company has rich diversity in its employees with a common goal of excellence. A culture of cooperation and camaraderie is enthused by celebrating National holidays and festivals such as Independence Day and Diwali. Initiatives such as JOSH, where employees can bring their children to office for a day, back to school and monsoon mania also help create a deep sense of bonding among employees and their families.

REWARD AND RECOGNITION

Reward and Recognition spurs people to excel further, helps to sharpen the winning edge through people and thereby stimulate a culture of high performance. Therefore, our constant endeavor is to seek, groom, nurture, facilitate and suitably reward & recognize individuals and teams who make significant contributions to business. The objective of this is to set the guidelines for motivating high performing individuals, helps them to keep striving and reward teams by conferring appropriate awards such as:

Annual Awards: Datamatics believes in the need to recognize top performers and thank them for their hard work and commitment shown throughout the year. This is done in a high profile large scale ceremony held companywide wherein all the employees are invited. There are various categories of awards such as merit, excellence to leadership awards catering to each area of the business.

Spot Awards: Spot Awards are introduced to ensure that the tempo of high performance does not go unnoticed. There are 3 kinds of spot awards: a) Individual Spot Award; b) Team Awards; c) Employee of the month.

Praise for Performance: This program is introduced to recognize the hard work of employees who have earned client appreciation. It aims to recognize the efforts of employees in front of a larger audience which gives them a sense of pride and contentment.

PARTICULARS OF EMPLOYEES

Information pursuant to Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies (Particulars of Employees) Amendment Rules, 1999 forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all members of the Company excluding the aforesaid information. Any member desirous of obtaining this information may write to the Company Secretary at the Registered Office of the Company.

ACCEPTANCE OF FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, it is hereby stated that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of the Company for that period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
4. the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Directors thank the Company's customers, suppliers, vendors, bankers, financial institutions, Central and State Government of India and Governments of various countries where we have our operations for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board

Dr. Lalit S. Kanodia
Chairman

Place : Mumbai
Date : August 12, 2014

“ANNEXURE A”

The details of the Employees Stock Options Plan required to be provided as per Clause 12 of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2014 are as follows:

| Particulars | Key ESOP 2006 | General ESOP 2007 | Key ESOP 2007 | General ESOP 2011 | Key ESOP 2011 |
|---|---|---|---|---|--|
| Options Granted | 116,000 | Nil | 300,000 | Nil | Nil |
| Pricing Formula | Exercise price of the options is ₹5/- per share. | Exercise price of the options shall be the price at discount of 20% of Market price, which shall be the latest available closing price. | Exercise price of the options is ₹5/- per share. | Exercise price of the options shall be the price at discount of 20% of Market price, which shall be the latest available closing price. | Exercise price of the options is ₹5/- per share. |
| Options Vested | 6,440 | - | 20,960 | - | - |
| Options exercised | 6,440 | - | 20,960 | - | - |
| Total number of share arising as a result of exercise of options | 6,440 | - | 20,960 | - | - |
| Options lapsed | 70,000 | - | 68,000 | - | - |
| Variations of terms of options | The vesting schedule was modified as following: 1 st vesting date- on completion of 12 months – 20% of total options granted. 2 nd vesting date- on completion of 24 months – 30% of the total options granted. 3 rd vesting date- on completion of 36 months – 50% of the total options granted. | The vesting schedule was modified as following: 1 st vesting date- on completion of 12 months – 20% of total options granted. 2 nd vesting date- on completion of 24 months – 30% of the total options granted. 3 rd vesting date- on completion of 36 months – 50% of the total options granted. | The vesting schedule was modified as following: 1 st vesting date- on completion of 12 months – 20% of total options granted. 2 nd vesting date- on completion of 24 months – 30% of the total options granted. 3 rd vesting date- on completion of 36 months – 50% of the total options granted. | - | - |
| Money realized by exercise of options | 32,200 | - | 104,800 | - | - |
| Total number of options in force | 39,560 | Nil | 211,040 | Nil | Nil |

Employee-wise details of options granted to senior managerial personnel:

• Key Employee Stock Option Plan 2006

Following options were granted under the Key Employee Stock Option Plan 2006 in the meeting of the Compensation Committee held on August 14, 2011.

| Sr. No. | Name of the Director or Key Managerial Personnel | No. of options granted (*) |
|---------|--|----------------------------|
| 1 | Ulhas Kulkarni | 18,000 |
| 2 | Rajesh Kumar Agarwal | 16,000 |
| 3 | Sandeep Arora | 12,000 |
| | TOTAL | 46,000 |

(*) The above list does not contain the name of the ex-employees whose options have been exercised or lapsed on resignation.

- **Key Employee Stock Option Plan 2007**

Following options were granted under the Key Employee Stock Option Plan 2007 in the meeting of the Compensation Committee held on August 14, 2011.

| Sr. No. | Name of the Director or Key Managerial Personnel | No. of options granted(**) |
|---------|--|----------------------------|
| 1 | Michael Thuleweit | 45,000 |
| 2 | Krishna Tewari | 29,000 |
| 3 | Sunil Dixit | 29,000 |
| 4 | Dr. Chandra Mauli Dwivedi | 25,000 |
| 5 | Nakul Passi | 21,000 |
| 6 | Srinivasan Krishnamoorthy | 16,000 |
| 7 | Sandeep Arora | 15,000 |
| 8 | Santosh Shenoy | 9,000 |
| | TOTAL | 189,000 |

(**) The above list does not contain the name of the ex-employees whose options have been exercised or lapsed on resignation.

- Any other employees who received a grant in any one year of option amounting to 5% or more options granted during the year – NIL.
- Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant – NIL.

For and on behalf of the Board

Dr. Lalit S. Kanodia
Chairman

Place : Mumbai

Date : August 12, 2014

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Datamatics Global Services Limited endeavours to implement the best Corporate Governance practices by adhering to the well defined policy framework and continuous review of its policies and practices of Corporate Governance with a clear goal, of not merely complying with statutory requirements in letter and spirit, but also implementing the best international practices of Corporate Governance in the overall interest of all stakeholders. The Company's philosophy on Corporate Governance is to meet the aspirations and expectations of all stakeholders. The cardinal principles such as accountability, independence, trust, responsibility, transparency, fair and timely disclosures, etc., serve as the means for implementing the philosophy of Corporate Governance.

Your Company has been acknowledged as **"India's most respected Software Company in Corporate Governance"** at the 5th Annual India Leadership Conclave & Indian Affairs Business Leadership Awards, 2014, held in Mumbai.

Your Company has constantly made every effort to implement the best Corporate Governance practices and we believe that

this goes beyond adherence to the regulatory framework. Your Company's corporate structure, business and disclosure practices have been aligned to its Corporate Governance philosophy. We will continuously endeavour to improve in these aspects on an ongoing basis.

BOARD OF DIRECTORS

Size and Composition Of Board

The Board of Directors constitutes a combination of Executive and Non-Executive Directors, with fifty percent of the Board comprising of independent directors as required under the Listing Agreement. The composition of the Board represents a mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. As on March 31, 2014, your Company's Board has a strength of 8 (Eight) Directors comprising of 4 (Four) Executive and 4 (Four) Non-Executive Independent Directors. The Chairman of the Board is the Executive Director. The composition of the Board conforms to Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The names and category of Directors on Board of the Company and other Directors(s)/Committee Membership(s)/Chairmanship(s) held by them is summarized as under:

| Name | Category | Directorship(s)/Committee Membership(s)/Chairmanship(s) | | |
|---|-----------------|---|--------------------------------|------------------------|
| | | Directorship(s) (1) | Committee Membership(s) (2) | Chairmanship(s) (2) |
| EXECUTIVE DIRECTORS | | | | |
| Dr. Lalit S. Kanodia <i>Chairman & Whole time Director</i> | Non-Independent | 5 | - | - |
| Mr. Rahul L. Kanodia <i>Vice Chairman & CEO</i> | Non-Independent | 3 | - | - |
| Mr. Vidur V. Bhogilal <i>Executive Director & CFO</i> | Non-Independent | 4 | - | - |
| Mr. Sameer L. Kanodia <i>Executive Director</i> | Non-Independent | - | - | - |
| NON-EXECUTIVE DIRECTORS | | | | |
| Mr. R. K. Saraswat | Independent | 3 | - | 1 |
| Mr. Shahzaad S. Dalal | Independent | 7 | 3 | - |
| Mr. Sudhir C. Deshpande | Independent | 1 | - | - |
| Dr. Habil F. Khorakiwala* | Independent | 2 | - | - |
| Mr. Dileep C. Choksi | Independent | 8 | 5 | 3 |

Notes:

1. Directorship excludes Private Limited Companies, Foreign Companies, Alternate directorship, Companies under Section 25 of the Companies Act, 1956 and Datamatics Global Services Limited.
2. This includes the Chairmanships/Memberships only in the Audit Committee and Stakeholders Relationship Committee of all listed and unlisted companies.
3. *Dr. Habil F. Khorakiwala, Non-Executive and Independent Director resigned w.e.f. January 28, 2014.

None of the Directors on the Board are members of more than 10 (Ten) Committees or Chairman of more than 5 (Five) Committees as specified in Clause 49 across all the Companies in which they are Directors.

BOARD MEETINGS

The meetings of the Board of Directors are prescheduled and intimated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The Board meets at least once a quarter to review the quarterly performance and the financial results. In case of special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by the Companies Act, 1956 and are placed and confirmed by the Board at the next Board Meeting.

The Notice of Board Meeting is given well in advance to all the Directors. Usually, meetings of the Board are held in Mumbai. Those members of the Board, who are unable to participate in the Board Meetings in-person generally, participate in the meeting through tele-conferencing or video conferencing. Other executives and divisional heads are generally invited at the meetings on an as needed basis. The Agenda for the Board/Committee meetings are prepared by the Company Secretary in consultation with the Chairman, CEO and CFO of the Company. Every Director is free to recommend inclusion of items on the agenda. All statutory and other matters of significant importance including information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement are tabled before the Board for their discussions and consideration. The compliance reports of applicable laws, rules and regulations and the minutes of the meetings of the Audit Committee, Stakeholders Relationship Committee and other board committees are placed before the Board

The Minutes of the proceedings of the Meetings of the Board of Directors are noted and the draft Minutes are circulated amongst the members of the Board for their perusal. Comments, if any, received from the Directors are also incorporated in the Minutes, in consultation with the Chairman. The Minutes are approved by the members of the Board at the next Meeting.

During the financial year 2013-2014, 5 (Five) Board Meetings were held viz. on May 23, 2013; August 14, 2013; September 24, 2013; November 12, 2013 and January 29, 2014. With reference to Clause 49(l)(c) of the Listing Agreement, the gap between the two Board Meetings has not exceeded four months.

The attendance of each Director at the Board Meetings for the financial year 2013-2014 and last Annual General Meeting are detailed as under:

| Name of the Director | Board Meeting | | Attendance at the last Annual General Meeting held on September 24, 2013 |
|----------------------------|---------------|----------|--|
| | Held | Attended | |
| Dr. Lalit S. Kanodia | 5 | 4 | No |
| Mr. Rahul L. Kanodia | 5 | 5 | Yes |
| Mr. Vidur V. Bhogilal | 5 | 5 | Yes |
| Mr. Sameer L. Kanodia | 5 | 2 | No |
| Mr. R. K. Saraswat | 5 | 5 | Yes |
| Mr. Shahzaad S. Dalal | 5 | 3 | No |
| Mr. Sudhir C. Deshpande | 5 | 5 | Yes |
| Dr. Habil F. Khorakiwala ® | 5 | 1 | No |
| Mr. Dileep C. Choksi | 5 | 5 | Yes |

@ Resigned from the position of Directorship of the Company w.e.f. January 29, 2014.

Note:

During the financial year 2013-14, the Board of Directors also passed 2 (Two) Resolutions by Circulation on July 22, 2013 with the consent of the majority of the directors in India.

Details of the Directors seeking re-appointment

In accordance with the provisions of the Companies Act, 1956 and that of the Articles of Association of the Company, Mr. Vidur V. Bhogilal and Mr. Sameer L. Kanodia, Directors are retiring by rotation and, being eligible, offer themselves for re-appointment.

Brief profiles of the directors seeking re-appointment are as under:

Mr. Vidur V. Bhogilal is the Executive Director and CFO of Datamatics Global Services Limited. He has 20+ years of professional experience in strategic restructuring, M&A, corporate governance, finance, administration and legal. He is actively driving the growth of CIGNEX Datamatics as Chairman and Lumina Datamatics as Vice Chairman. In Datamatics, Vidur has managed several successful acquisitions, mergers & restructuring in India, the US, Germany and the UK and played a key role in forex management, financial planning and controls, investor relationship management, corporate governance and fund raising.

Mr. Vidur V. Bhogilal is a qualified Chartered Accountant (CA) and Cost Accountant (ICWA) from India & Certified Public Accountant (CPA) from the U.S. He is also a law graduate. Mr. Bhogilal stood first in India in the CPA Examination. He was also a rank holder in the CA and ICWA examinations. He was awarded a gold medal for securing the highest scores in the ICWA final examination for the subject on Quantitative Techniques and Management Information Systems. He was ranked as the finalist in the CFO Awards 2013 and was responsible for Datamatics being ranked as the finalist for the Corporate Deal of the Year in 2014, for its most recent acquisition.

Mr. Bhogilal holds 1,769,821 equity shares constituting 3.00% of the total paid-up capital of the Company.

Directorship held in other companies:

Datamatics Software Services Limited | Cybercom Datamatics Information Solutions Limited | CIGNEX Datamatics Technologies Limited | Lumina Datamatics Limited | Datamatics Vista Info Systems Limited | American Dental Practices Private Limited | Gargi Investments Private Limited.

Mr. Sameer L. Kanodia is an Executive Director of the Company. He 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. Mr. Sameer L. Kanodia subsequently received his Masters in Business Administration from Bryant University, USA, with Finance as a major. He is currently serving on the Board of Trustees at Bryant University since February 2008.

During his association with the Company and under his leadership, the Company has successfully expanded its operations in Tier II cities viz. Nashik and Puducherry. Apart from being actively involved in the operations of the Company, Sameer drives various strategic initiatives, expansion plans and go-to-market strategies.

Mr. Kanodia holds 1,472,858 equity shares constituting 2.50% of the total paid-up capital of the Company.

Directorship held in other companies:

Delta Infosolutions Private Limited | Lumina Datamatics Limited | Varsha Infrastructures Private Limited.

CODE OF CONDUCT

The Company has laid down a code of conduct, namely, "Datamatics-Code of Conduct" to ensure compliance with the standards of business conduct and ethics. It serves as a guideline in critical areas such as conflict of interest, confidentiality, etc. It applies to all board members, senior employees and its subsidiaries worldwide. All board members and the senior management personnel have affirmed compliance with the code for the financial year 2013-2014. A declaration to this effect signed by the Chief Executive Officer (CEO) is given in this report. The Code has also been posted on the Company's website, www.datamatics.com.

Declaration by the CEO as required under Clause 49 of the Listing Agreement

I hereby declare that all Directors and Senior Management personnel of the Company have affirmed compliance with the Datamatics-Code of Conduct for the financial year ended March 31, 2014.

Mumbai, May 28, 2014

Rahul L. Kanodia
Vice Chairman & CEO

PROHIBITION OF INSIDER TRADING POLICY

The Company has comprehensive guidelines on the prevention of insider trading in line with the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Company's code of conduct for prevention of insider trading, *inter-alia* prohibits purchase/sale of shares of the Company by certain employees (identified as designated employees) and directors while in possession of price sensitive information in relation to the Company and provides for pre-clearance of trading in shares in excess of the prescribed quantity. The Company announces closure of the trading window, free period, declaration of prohibited period etc. so that trading can be prohibited by the designated employees and directors. The Company takes a quarterly and annual disclosure from the directors and from the designated employees as mentioned in the Insider Trading Policy.

COMMITTEES OF THE BOARD

The Board has constituted committees comprising of executive, non-executive and independent directors to focus on critical functions of the Company and also for smooth and efficient business operations. The Board is responsible for constituting, assigning, co-opting and fixing the terms of reference of these committees in line with the laws of the land. The Committees meet at regular intervals for deciding various matters and providing direction and authorization to the management for its implementation. The Board also takes note of the minutes of the meetings of the committees duly approved by their respective Chairman and the material recommendations/decisions of the Committees are placed before the Board for approval/information. The Company Secretary acts as the Secretary to all these Committee Meetings. During the period, the Board had three committees, viz.

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee

AUDIT COMMITTEE

Composition of the Audit Committee

The Company has constituted a qualified and independent audit committee as required under Section 292A of the Companies Act, 1956 as read with Clause 49 of the Listing Agreement. The Audit Committee comprises of 3 (Three) Non-executive and Independent directors as members. All members are well versed with finance, accounts, corporate laws and general business practices. Mr. R. K. Saraswat, Chairman of the Committee is an Independent Director has related finance and accountancy expertise.

The meetings of Audit Committee are also attended by the Chief Executive Officer, Chief Financial Officer and Statutory Auditors as special invitees. The Company Secretary of the Company acts as the Secretary of the Audit Committee. The minutes of each Audit Committee meeting are placed at the next meeting of the Board.

The Composition of the Audit Committee as on March 31, 2014 is given below:

| Name of the Members | Category | Designation |
|-------------------------|-------------|-------------|
| Mr. R. K. Saraswat | Independent | Chairman |
| Mr. Shahzaad S. Dalal | Independent | Member |
| Mr. Sudhir C. Deshpande | Independent | Member |

Audit Committee Meetings

During the financial year under review, the Audit Committee met 4 (Four) times on May 23, 2013; August 14, 2013; November 12, 2013 and January 29, 2014.

The attendance record of Audit Committee members for meetings held during the financial year 2013-2014 is given below:

| Name of the Members | Designation | No. of Meetings | |
|-------------------------|-------------|-----------------|----------|
| | | Held | Attended |
| Mr. R. K. Saraswat | Chairman | 4 | 4 |
| Mr. Shahzaad S. Dalal | Member | 4 | 3 |
| Mr. Sudhir C. Deshpande | Member | 4 | 4 |

The Chairman of the Audit Committee attended the last Annual General Meeting held on September 24, 2013.

Terms of Reference of the Audit Committee

- Review of financial statements before they are submitted to the Board for adoption.
- Recommending the appointment or removal of statutory auditors, fixation of audit fees and approval for payment of other services provided by the auditors.
- Review of quarterly, half yearly and yearly financial statements before they are presented to the Board, focusing *inter-alia* upon -
 - Accounting Policies and any changes thereto;
 - Ensuring compliance with the Accounting Standards;
 - Compliance with the laws, rules, regulations and notification issued by the Stock Exchange and other regulatory authorities relating to the preparation and disclosure of financial statements;
 - Significant issues arising out of audit;
 - The going concern assumption;
 - Major accounting entries based upon exercise of judgment by the management;
 - Any related party transactions i.e. transactions of the Company of material nature, with the promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large.
- Review with the management and auditors the adequacy of internal control systems.

- Discussions with the Statutory Auditors on matters relating to internal controls, periodic financial statements and any significant findings and follow up thereon.
- Discussion with the Statutory Auditors before commencement of the audit, nature and scope of audit, as well as post audit discussion to ascertain any area of concern.
- Review of the Company's financial and risk management policies.
- Examine reasons for default in payment of interest and repayment of principal amounts to depositors and debenture holders, payment of dividend, payments to creditors and payment of all statutory dues in the prescribed time period.
- Investigating the reasons for substantial defaults, if any, in the payment to the depositors, shareholders (In case of non-payment of declared dividends) and creditors.
- Any other terms of reference as may be included from time to time in Clause 49 of the Listing Agreement.

NOMINATION AND REMUNERATION COMMITTEE

Composition of the Nomination and Remuneration Committee

The Compensation/Remuneration Committee of the Board of Directors was re-named as "Nomination and Remuneration Committee" with effect from May 28, 2014 in conformity with the requirements of Companies Act, 2013. The Committee comprises of 3 (Three) Non-Executive Independent Directors and one Executive Director, the Chairman being Non-Executive and Independent. The Company Secretary acts as the Secretary of the Committee. The Composition of the Nomination and Remuneration Committee as on March 31, 2014, is given below:

| Name of the Members | Category | Designation |
|-------------------------|------------------|-------------|
| Mr. Sudhir C. Deshpande | Independent | Chairman |
| Dr. Lalit S. Kanodia | Non- Independent | Member |
| Mr. Shahzaad S. Dalal | Independent | Member |
| Mr. R. K. Saraswat | Independent | Member |

Nomination and Remuneration Committee Meetings

During the year under review, the Committee met 4 (Four) times on May 23, 2013; August 14, 2013; November 12, 2013 and January 29, 2014.

Attendance record of the Nomination & Remuneration Committee members for meetings held during the financial year 2013-2014 is given below:

| Name of the Members | Designation | No. of Meetings | |
|-------------------------|-------------|-----------------|----------|
| | | Held | Attended |
| Mr. Sudhir C. Deshpande | Chairman | 4 | 4 |
| Dr. Lalit S. Kanodia | Member | 4 | 4 |
| Mr. Shahzaad S. Dalal | Member | 4 | 3 |
| Mr. R. K. Saraswat | Member | 4 | 4 |

Remuneration Policy

The Executive Directors and other whole time directors are paid remuneration by way of salary, commission, perquisites, incentives and allowances, as recommended by the Committee and the Board of Directors and approved by the Members of the Company from time to time. The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice. Non-Executive Independent Directors are entitled for sitting fees for attending meetings of the Board of Directors and the Committees of the Board of Directors. Non-Executive Directors are also paid remuneration by way of commission from the profits of the Company as per the the Members approval granted under Section 309(4)(b) of the Companies Act, 1956.

Details of remuneration paid to the directors during the financial year 2013-14 is given as under:

(Amt. in ₹)

| Name of the Directors | Salary, Allowances, Perquisites, Incentives/ Commission | Sitting Fees | Total |
|--------------------------|---|--------------|------------|
| | (A) | (B) | (A+B) |
| Dr. Lalit S. Kanodia | 8,910,359 | - | 8,910,359 |
| Mr. Rahul L. Kanodia | 11,688,771 | - | 11,688,771 |
| Mr. Vidur V. Bhogilal | 9,093,512 | - | 9,093,512 |
| Mr. Sameer L. Kanodia | 6,255,819 | - | 6,255,819 |
| Mr. R. K. Saraswat | 200,000 | 120,000 | 320,000 |
| Mr. Shahzaad S. Dalal | 125,000 | 75,000 | 200,000 |
| Mr. Sudhir C. Deshpande | 200,000 | 120,000 | 320,000 |
| Dr. Habil F. Khorakiwala | 125,000 | 20,000 | 145,000 |
| Mr. Dileep C. Choksi | 150,000 | 100,000 | 250,000 |

Terms of Reference of the Nomination and Remuneration Committee

1. All matters relating to compensation (including annual increments, incentives and revision in salary) payable by the Company to the senior executives in the Company's grade M12 and above as also the remuneration payable to the Directors.
2. Appointment and transfers of employees in the Company's grade M12 and above shall require approval of the Committee.
3. Administration of ESOP schemes of Company and issue/ transfer of shares under the ESOP schemes.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Shareholders' Grievance/Share Transfer Committee of the Board of Directors was re-named as "Stakeholders Relationship Committee" with effect from May 28, 2014 in conformity with the requirements of Companies Act, 2013. The Committee comprises of 2 (Two) Non-Executive Directors. Mr. R. K. Saraswat, being Non-Executive and an

Independent Director is the Chairman of the Committee. The Company Secretary acts as the Secretary of the Committee. The Composition of the Stakeholders Relationship Committee as on March 31, 2014, is given below:

| Name of the Members | Category | Designation |
|-------------------------|-------------|-------------|
| Mr. R. K. Saraswat | Independent | Chairman |
| Mr. Sudhir C. Deshpande | Independent | Member |

Stakeholders Relationship Committee Meetings

During the year under review, the Committee met on 4 (Four) times on May 23, 2013; September 24, 2013; November 12, 2013 and January 29, 2014.

Attendance record of Stakeholders Relationship Committee members for meetings held during financial year 2013-2014 is given below:

| Name of the Members | Designation | No. of Meetings | |
|-------------------------|-------------|-----------------|----------|
| | | Held | Attended |
| Mr. R. K. Saraswat | Chairman | 4 | 4 |
| Mr. Sudhir C. Deshpande | Member | 4 | 4 |

Terms of Reference

The Stakeholders Relationship Committee meets regularly to consider requests of share transfer/transmission/split/ consolidation/duplicate share certificate etc. The main objective of the Committee is to strengthen Investor Relations. The Committee specifically looks into the redressal of shareholders and investor complaints such as transfer / transmission of shares or credit of shares, non-receipt of annual reports/ notices/declared dividends etc. and other secretarial compliances relating to share capital of the Company under the listing agreement etc. The Committee oversees performance of the Registrars and Transfer Agents of the Company and looks into matters which can facilitate better investor services and relations.

COMPLIANCE OFFICER

Ms. Divya Kumart, Company Secretary acts as a Compliance Officer for complying with the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992 and under the Listing Agreement entered with the Stock Exchanges.

The number of shareholder grievances received and resolved during financial year 2013-14 is given below:

| Sr. No. | Nature of Complaints | Received | Resolved |
|---------|---|-----------|-----------|
| 1. | Non-receipt of Dividend | 26 | 26 |
| 2. | Non-receipt of Annual Reports/ Notices | 4 | 4 |
| 3. | Complaints relating to Transfer of Shares | 0 | 0 |
| 4. | Others | 4 | 4 |
| | Total | 34 | 34 |

Clause 49 of the Listing Agreement relating to Corporate Governance defines a 'material non-listed Indian Subsidiary' as an unlisted subsidiary, incorporated in India, whose

turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. The Company does not have any material non-listed Indian Subsidiary during the year under review. However, as good corporate governance measures, the Company has nominated two of its non-executive independent directors viz. Mr. R. K. Saraswat and Mr. Sudhir C. Deshpande, on the Board of Datamatics Software Services Limited, the wholly-owned subsidiary of the Company. The Board of Directors reviews every quarter the financial statements of the subsidiary companies. The minutes of the Board of Directors of the subsidiary companies are placed before the Board of Directors of the Company on a periodical basis, thereby bringing to their attention all significant transactions and arrangements entered into by the subsidiary companies.

GENERAL MEETINGS HELD DURING THE PAST 3 YEARS

| Type of Meeting | Date of Meeting | Time | Place of Meeting | Detail of Special Resolution(s) passed |
|---|--------------------|------------|---|--|
| YEAR 2010-11 | | | | |
| 23 rd Annual General Meeting | September 15, 2011 | 11.00 a.m. | Knowledge Centre, Plot No. 58, Street No. 17, MIDC, Andheri (East), Mumbai - 400 093. | <ul style="list-style-type: none"> a. For amendment in the partial modification of earlier ESOP Schemes including Key ESOP Scheme, 2006, Key ESOP Scheme, 2007 and General ESOP Scheme, 2007 upon introduction of new ESOP schemes. b. For amendment in the Key ESOP Scheme, 2006 with respect to the payment of Exercise Price, Performance Criteria and Vesting/Vesting Schedule of the Company. c. For amendment in the Key ESOP Scheme, 2007 with respect to the payment of Exercise Price, Performance Criteria and Vesting/Vesting Schedule of the Company. d. For amendment in the General ESOP Scheme, 2007 with respect to the payment of Exercise Price, Performance Criteria and Vesting/Vesting Schedule of the Company. e. For introduction of the Datamatics Key Employees Stock Option Plan, 2011 for the permanent employees of the Company. f. For introduction of the Datamatics Key Employees Stock Option Plan, 2011 for the permanent employees of the Subsidiary Companies. g. For introduction of the Datamatics General Employees Stock Option Plan, 2011 for the permanent employees of the Company. h. For introduction of the Datamatics General Employees Stock Option Plan 2011 for the permanent employees of the Subsidiary Companies. i. For the appointment of Mrs. Priyadarshini R. Kanodia as the Chief Investment Officer with revised remuneration w.e.f. April 1, 2011. |
| YEAR 2011-12 | | | | |
| 24 th Annual General Meeting | September 26, 2012 | 11.00 a.m. | Indian Merchant Chamber Hall, IMC Building, IMC Marg, Churchgate, Mumbai- 400 020. | No special resolution was passed. |
| YEAR 2012-13 | | | | |
| 25 th Annual General Meeting | September 24, 2013 | 3.30 p.m. | Indian Merchant Chamber Hall, IMC Building, IMC Marg, Churchgate, Mumbai- 400 020. | Amendment in the existing ESOP Schemes in accordance with SEBI (ESOS & ESPS) Guidelines and SEBI circulars. |

The Special Resolutions moved at the 23rd Annual General Meeting (AGM) held on September 15, 2011 were passed by conducting a poll as demanded by a shareholder in the said AGM.

Postal Ballot:

During the year, 1 (One) Ordinary Resolution was passed on October 8, 2013 through Postal Ballot for the sale/transfer of the Company's business/undertaking engaged in the Digital Publishing and eRetail Solutions of the Company.

The Board of Directors in its meeting held on August 14, 2013 had appointed M/s. Mehta & Mehta, Pr. Company Secretaries to act as the Scrutinizer for conducting the Postal Ballot.

The Company had also offered e-voting facility to its members enabling them to cast their votes electronically. The Company has signed an agreement with the National Securities Depository Limited (NSDL) to enable its members to cast their votes electronically pursuant to Clause 35B of the Listing Agreement.

The postal ballot process was carried out as per the procedures laid down in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. Ms. Dipti Mehta had carried out the scrutiny of all the postal ballot forms received upto the close of working hours on October 7, 2013 and submitted her report thereon on October 8, 2013 addressed to the Chairman of the Company. Based on the Scrutinizers Report, Dr. Lalit S. Kanodia, Chairman & Whole Time Director declared the result of the voting on October 8, 2013, as follows:

| Promoter/ Public | No. of shares held | No. of votes polled | % of votes polled on outstanding shares | No. of votes-in favour | No. of votes-against | % of votes in favour on votes polled | % of votes against on votes polled |
|--------------------------------|--------------------|---------------------|---|------------------------|----------------------|--------------------------------------|------------------------------------|
| Promoter and Promoter Group | 42,883,848 | 42,877,348 | 99.98 | 42,877,348 | 0 | 100.00 | 0.00 |
| Public - Institutional Holders | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public - Others | 16,065,489 | 5,047,180 | 31.42 | 5,035,659 | 11,521 | 99.77 | 0.23 |
| Total | 58,949,337 | 47,924,528 | 81.30 | 47,913,007 | 11,521 | 99.98 | 0.02 |

% of total votes cast in favour of the resolution : 99.77%

% of total votes cast against the resolution : 0.23%

There is no other immediate proposal for passing any resolution by postal ballot this year.

DISCLOSURES

A) Materially significant related party transactions:

During the financial year 2013-14, there was no materially significant related party transaction that may have potential conflict with the interests of the Company at large. Details of related party transactions are disclosed in the notes to the accounts as per Accounting Standard 18.

B) Details of non-compliance / penalties / strictures imposed on the Company by the Statutory Authorities:

There were no instances of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter relating to the capital market during the last three years.

C) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of the Listing Agreement:

The Company has fully complied with the mandatory requirements of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. In addition, the Company has also adopted the non-mandatory requirement of the constitution of the Nomination and Remuneration Committee.

D) CEO & CFO Certification:

As required under Clause 49 of the Listing Agreement,

the CEO and CFO certification on the Financial Statements and other matters has been obtained from Mr. Rahul L. Kanodia, Vice Chairman & CEO and Mr. Vidur V. Bhogilal, Executive Director & CFO.

MEANS OF COMMUNICATION

Financial Results:

The quarterly/half yearly/ annual financial results are published in the English daily newspaper 'The Asian Age' and in a vernacular language newspaper 'Mumbai Tarun Bharat'. The financial results and the official news releases are also displayed on the Company's website: www.datamatics.com.

With the introduction of the Online Portal by BSE Limited and the National Stock Exchange of India Limited, the Company is regular in posting its Shareholding Pattern, Corporate Governance Report and Corporate Announcements electronically at <https://listing.bseindia.com> and <https://www.connect2nse.com/LISTING> respectively.

The Company has an exclusive email id investors@datamatics.com dedicated for prompt redressal of shareholders' queries, grievances etc.

The Company voluntarily sends corporate announcements, official new releases and other communications to those shareholders whose email id has been registered with the Company and depositories.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report forms a part of this Annual Report.

GENERAL SHAREHOLDER INFORMATION

a) 26th Annual General Meeting:

Day : Tuesday

Date : September 23, 2014

Time : 11.30 A.M.

Venue : Indian Merchants' Chamber Hall, IMC Building, IMC Marg, Churchgate, Mumbai- 400 020.

b) Financial Year:

The financial year of the Company starts from April 1 of every year to March 31 of the next year.

c) Date of Book Closure:

The books will remain closed from August 27, 2014 to August 28, 2014 (both days inclusive) for dividend purposes.

d) Dividend Payment Date:

The Board of Directors of your Company have recommended a final dividend of ₹1.25/- per equity share i.e. 25% for the financial year 2013-14. Date of payment of the dividend would be within 30 days from the date of AGM i.e. October 22, 2014.

e) Listing on Stock Exchange:

The equity shares of the Company are listed at:

- BSE Limited (BSE)
- National Stock Exchange of India Limited (NSE).

f) Stock Code and Other related Information:

| BSE Limited | National Stock Exchange of India Limited | ISIN | CIN |
|-------------------|--|--------------|-----------------------|
| 532528; DATAMGLOB | DATAMATICS | INE365B01017 | L72200MH1987PLC045205 |

g) Annual Listing Fees and Custodial Fees:

The listing fees and custodial fees for the financial year 2014-15 have been paid by your Company within the stipulated time.

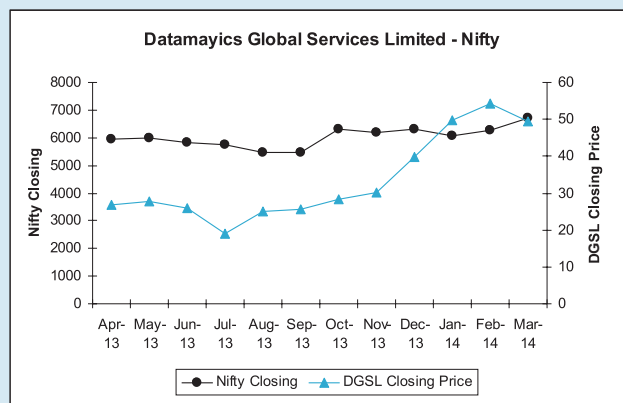
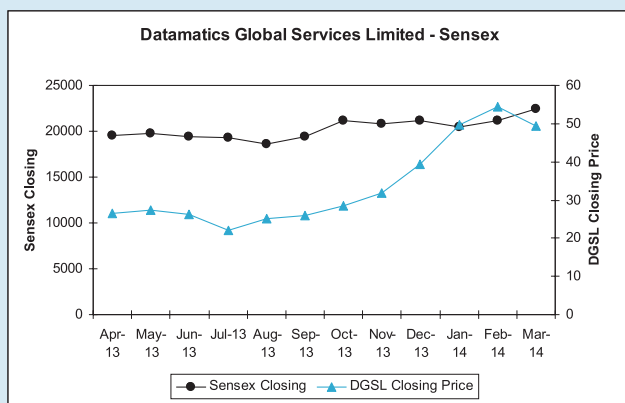
h) Market Price Data:

Details of high and low price and the number of shares traded during each month in the last financial year on BSE Limited and National Stock Exchange of India Limited, are as under:

| Month | BSE Limited | | National Stock Exchange of India Limited | |
|------------------|-------------|-------|--|-------|
| | High | Low | High | Low |
| April - 2013 | 28.70 | 26.10 | 28.95 | 25.30 |
| May - 2013 | 29.20 | 26.45 | 28.55 | 26.45 |
| June - 2013 | 28.85 | 25.00 | 28.85 | 24.20 |
| July - 2013 | 27.25 | 20.65 | 27.20 | 24.90 |
| August - 2013 | 26.75 | 18.55 | 28.85 | 16.10 |
| September - 2013 | 28.50 | 21.10 | 27.50 | 22.60 |
| October - 2013 | 31.50 | 25.00 | 30.50 | 23.50 |
| November - 2013 | 34.00 | 27.50 | 33.40 | 28.00 |
| December - 2013 | 39.45 | 28.05 | 39.70 | 28.60 |
| January - 2014 | 54.00 | 33.50 | 54.60 | 33.10 |
| February - 2014 | 59.80 | 42.30 | 60.85 | 37.25 |
| March - 2014 | 59.55 | 47.00 | 59.60 | 46.00 |

Source: www.bseindia.com and www.nseindia.com

i) **Stock Performance:**



j) **Unpaid/Unclaimed Dividend:**

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956.

Shareholders of the Company who have not received or encashed their dividend warrants for the financial years, as mentioned below, are requested to claim the unpaid/unclaimed dividend from the Company before its transfer to the above mentioned Fund:

| Year of Declaration | Date of Declaration | Interim/ Final | % of Dividend / Per Share | Date of Transfer to IEPF |
|---------------------|---------------------|----------------|---------------------------|--------------------------|
| 2007-2008 | September 30, 2008 | Final | 15% | October 28, 2015 |
| 2008-2009 | September 15, 2009 | Final | ₹1.25 per share | October 14, 2016 |
| 2009-2010 | August 12, 2010 | Final | ₹1.25 per share | September 11, 2017 |
| 2010-2011 | September 15, 2011 | Final | ₹0.75 per share | October 14, 2018 |
| 2011-2012 | September 26, 2012 | Final | ₹0.75 per share | October 25, 2019 |
| 2012-2013 | September 24, 2013 | Final | ₹1 per share | October 23, 2020 |

k) **Registrar and Transfer Agent:**

Datamatics Financial Services Limited
Plot No. A/16 & 17, MIDC, Part B, Cross Lane, Andheri (East),
Mumbai - 400 093.
Tel: +91-22-6671 2151; Fax: +91-22-6671 2250
E-mail: depository@dfssl.com

l) **Share Transfer System:**

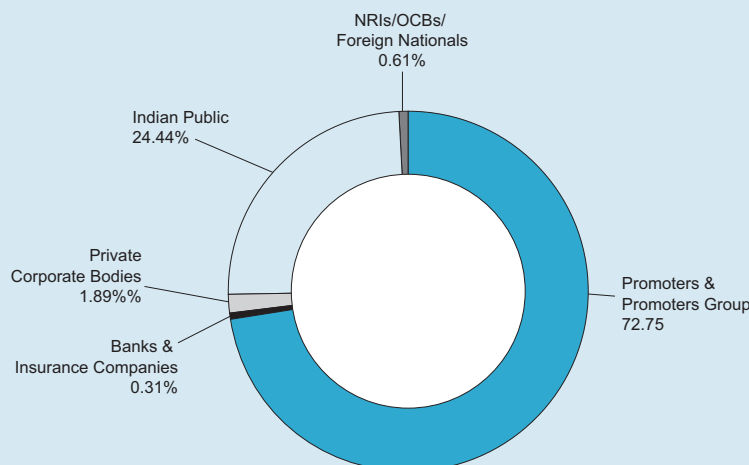
The Company's equity shares which are in compulsory dematerialized (demat) form are transferable through the depository system. Equity Shares in physical form are processed by the Registrar and Share Transfer Agents, Datamatics Financial Services Limited and approved by the Stakeholders Relationship Committee of the Board of the Company. The share transfers are normally processed within 15 days from the date of receipt of the documents, if they are complete in all respects.

m) **Distribution of Shareholding as on March 31, 2014:**

| Sr. No. | Shareholding No. of Shares | | Shares | % To Capital | No. of Holders | % to No. of Holders |
|--------------|----------------------------|-----------|-------------------|---------------|----------------|---------------------|
| | From | To | | | | |
| 1 | 1 | 1000 | 2,740,713 | 4.65 | 14,791 | 93.33 |
| 2 | 1001 | 2000 | 803,656 | 1.36 | 517 | 3.26 |
| 3 | 2001 | 4000 | 773,432 | 1.31 | 267 | 1.69 |
| 4 | 4001 | 6000 | 558,432 | 0.95 | 111 | 0.70 |
| 5 | 6001 | 8000 | 249,790 | 0.42 | 36 | 0.23 |
| 6 | 8001 | 10000 | 332,096 | 0.56 | 35 | 0.22 |
| 7 | 10001 | 20000 | 602,279 | 1.02 | 44 | 0.28 |
| 8 | 20001 | 999999999 | 52,888,939 | 89.72 | 48 | 0.30 |
| TOTAL | | | 58,949,337 | 100.00 | 16,845 | 100.00 |

Ownership Pattern as on March 31, 2014

| Category | No. of Shareholders | No. of shares | % of Shareholding |
|------------------------------|---------------------|-------------------|-------------------|
| Promoters & Promoters Group | 11 | 42,883,848 | 72.75 |
| Banks & Insurance Companies | 1 | 183,390 | 0.31 |
| Private Corporate Bodies | 274 | 1,115,361 | 1.89 |
| Indian Public | 15251 | 14,407,171 | 24.44 |
| NRIs/OCBs/ Foreign Nationals | 101 | 359,567 | 0.61 |
| Total | 15,638 | 58,949,337 | 100.00 |



n) Dematerialization of shares and liquidity:

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The International Security Identification Number (ISIN) is an identification number of traded shares. This number is to be quoted in each transaction relating to the dematerialized shares of the Company. The ISIN of the Company is mentioned above. As at March 31, 2014, 58,949,337 Equity Shares out of 58,532,852 Equity Shares of the Company, constituting 99.29% of the Company's paid-up capital is held in the dematerialized form. Majority of demat shares are with National Security Depository Limited. Share dematerialized upto March 31, 2014 are as under:

| Particulars | As on March 31, 2014 | |
|--------------------------------|----------------------|------------|
| | No. of Shares | % |
| Share in Demat form | 58,532,852 | 99.29 |
| NSDL | 20,592,872 | 34.93 |
| CDSL | 37,939,980 | 64.36 |
| Shares in Physical Form | 4,16,485 | 0.71 |
| Total | 58,949,337 | 100 |

o) ADRs/GDRs/Warrants:

The Company has not issued any GDRs/ADRs/Warrants or any other convertible instruments.

p) Plant Locations:

Reg. Office:
Knowledge Centre, Plot 58,
Street No.17, MIDC, Andheri (E),
Mumbai 400 093, INDIA.

Suyojit Datamatics Knowledge
Center, Nashik Mumbai Agra
Highway, Nashik - 422 009,
Maharashtra, INDIA.

Unit No. 110, SDF IV, SEEPZ-SEZ,
Andheri (East),
Mumbai - 400 096, INDIA.

RR Towers III, 3rd floor, Thiru-Vi-Ka
Industrial Estate,
Guindy, Chennai - 600 032, INDIA.

Unit No. 155, SDF V, SEEPZ-SEZ,
Andheri (East),
Mumbai - 400 096, INDIA.

701 & 702, Tower II, SEEPZ ++,
SEEPZ-SEZ, Andheri (East),
Mumbai- 400 096, INDIA.

Unit No. 189-190-, SDF VI, SEEPZ-SEZ, Andheri (East), Mumbai - 400 096, INDIA.

Lumina Datamatics Limited
12th & 13th Floor, Phase II,
Ascendas International Tech Park,
Taramani Road, Chennai – 600113,
INDIA.

Lumina Datamatics Limited
Crompton House, # 3, M.G.R.Salai
(K.H. Road),
Nungambakkam, Chennai 600 034.
INDIA.

CIGNEX Datamatics Technologies
Ltd.
Silver Soft Building, Floor No . 1,
Plot no 23-24 EPIP Phase I, KIADB
Whitefield, Bangalore – 560 066,
INDIA.

The Great Oasis, 5th Floor, Plot
No, D-13, Road No, 21 MIDC,
Andheri (East), Mumbai – 400 093,
Maharashtra, INDIA.

Lumina Datamatics Limited
Unit No. 172, SDF VI, SEEPZ-SEZ,
Andheri (East), Mumbai - 400 096,
INDIA.

Lumina Datamatics Limited
Knowledge Boulevard Complex,
9th Floor, Office # 11, Ground Floor,
Tower - 1, Stellar IT Park.C-25,
Sector - 62, Noida – 201301. INDIA.

CIGNEX Datamatics Technologies
Ltd.
Ground Floor, President Plaza Cross
Roads, S.G Highway, Ahmedabad
-380 054, Gujarat. India.

Cybercom Datamatics Information
Solutions Limited
Unit No. 105, Multistoried Bldg, 1st
Floor, SEEPZ –SEZ, Andheri (East),
Mumbai-400 096, INDIA.

Lumina Datamatics Limited
Plot No. 29-34, East Coast Road,
(100 Feet Road), Saram Revenue
Village, Oulgaret Municipality,
Lawspet Post,
Puducherry – 605008, INDIA.

Datamatics Vista Info Systems
Limited
7, Albert Street, Richmond Town,
Bangalore - 560 025, INDIA.

Overseas Locations

Datamatics Global Services Inc.
Suite #100 & 400, 31572 Industrial
Road, Livonia, MI – 48150.

Datamatics Infotech Ltd.
8, The Square Stockley Park,
Uxbridge, Middlesex, UB11 1FW, 1

Datamatics Global Services GmbH
Im Leuschnerpark 3, 64347,
Griesheim.

Datamatics Global Technologies
GmbH
Gerhart-Hauptmann-Strasse 20
64347 Griesheim.

Lumina Datamatics Inc
4 Collins Avenue
Plymouth MA 02360 USA.

CIGNEX Datamatics Inc.
2350, Mission College, Boulevard,
Suite 475 - 490,
Santa Clara, CA 95054.

Datamatics Global Services Inc.
Suite #220 & 240, 56 Middlesex
Turnpike, Burlington, MA – 01803.

Datamatics Global Services FZ-LLC
2917, Al Shatha Tower,
Dubai Media City, Dubai UAE.

Datamatics Global Services GmbH
d.o.o.
Gunduliceva br. 33 Banja Luka,
78 000, Bosnia and Herzegovina.

Lumina Datamatics Inc.
345 7th Avenue, Suit No. 401
NY 10001.

Lumina Datamatics Inc.
150 West 30th Street,
18th Floor, New York NY 10001.

CIGNEX Datamatics Inc
33 Wood Avenue South, Suite 400,
Iselin, NJ 08830.

Datamatics Global Service Inc.
Suite #100, 510 Thornall Street,
Edison, NJ – 08837.

Datamatics Global Services Pty Ltd.
Monash Business Centre Pty, Ltd.
468, Blackburn Road, Glen Waverly,
Victoria 3150, Australia.

Datamatics Global Services GmbH
MSG Rechtsanwälte & Notare,
Vortstadt 32, 6304, Zug,
Switzerland.

Lumina Datamatics Inc.
1797 Seddon Court
Ashland, OH 44805.

CIGNEX Datamatics Pte. Ltd
08-03, SGX Centre 2, 4
Shentonway,
Singapore 068807.

q) Address for Correspondence:

Investors Correspondence/Compliance Officer

Ms. Divya Kumat, Corporate Head-Legal & Company Secretary

Datamatics Global Services Limited

Knowledge Centre, Plot No. 58,

Street No. 17, MIDC, Andheri (East),

Mumbai - 400 093.

Tel: +91-22-6102 0000/1/2 | Fax: +91-22-2834 3669

E-mail: investors@datamatics.com

Registrar and Transfer Agent

Datamatics Financial Services Limited

Plot No. A 16 & 17, MIDC,

Part B, Cross Lane, Andheri (East),

Mumbai - 400 093.

Tel: +91-22-6671 2151

Fax: +91-22-6671 2250

E-mail: depository@dfssl.com

AUDITORS' CERTIFICATE

To,

The Members of Datamatics Global Services Limited

We have examined the compliance of the conditions of Corporate Governance by Datamatics Global Services Limited ("the Company") for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement entered into with the Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kanu Doshi Associates

Chartered Accountants

Firm Regn No.: 104746W

Manoj Kumar Pati

Partner

Membership No.: 504536

Place: Mumbai

Date : May 28, 2014

SECRETARIAL AUDIT REPORT

To,
The Board of Directors
Datamatics Global Services Limited
Knowledge Centre, Plot No. 58,
Street No. 17, MIDC, Andheri (East),
Mumbai - 400 093.

I have examined the registers, records and documents of Datamatics Global Services Limited ("the Company") for the financial year ended on March 31, 2014 according to the provisions of-

1. The Companies Act, 1956 and the Rules made under that Act;
2. The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
3. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
4. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made under that Act; and
5. The Equity Listing Agreements entered with BSE Limited and National Stock Exchange of India Limited.

Based on my examination and verification of the registers, records and documents furnished to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") including applicable provisions of the Companies Act, 2013 and the Rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to:

- (a) maintenance of various statutory registers and documents and making necessary entries therein;
- (b) closure of the Register of Members / Debenture holders;
- (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
- (d) service of documents by the Company on its Members, Debenture holders, Debenture Trustees and the Registrar of Companies;
- (e) Notice of Board meetings and Committee meetings of Directors;
- (f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- (g) the 25th Annual General Meeting held on September 24, 2013;
- (h) minutes of proceedings of General Meetings and of the Board and other meetings;
- (i) approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
- (j) constitution of the Board of Directors/Committee(s) of Directors and appointment, retirement and re-appointment of Directors including the Managing Director and the Whole-time Directors;
- (k) payment of remuneration to the Directors including the Managing Director and Whole-time Directors;
- (l) appointment and remuneration of the Auditors;
- (m) transfers and transmissions of the Company's shares and debentures, issue and allotment of shares and debentures and issue and delivery of original and duplicate certificates of shares and debentures;
- (n) payment of interest on debentures and redemption of the debentures;

- (o) declaration and payment of dividends;
- (p) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund;
- (q) borrowings and registration, modification and satisfaction of charges;
- (r) investment of the Company's funds including inter corporate loans and investments and loans to others;
- (s) giving guarantees in connection with loans taken by subsidiaries and associate companies;
- (t) form of Balance Sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Account as per Part II of the said Schedule;
- (u) contracts, common seal, registered office and publication of name of the Company; and
- (v) generally, all other applicable provisions of the Act and the Rules made under that Act.

I further report that:

- (a) the Directors have complied with the requirements as to the disclosure of interests and concerns in contracts and arrangements, shareholdings / debenture holdings and directorships in other companies and interests in other entities;
- (b) the Directors have complied with the disclosure requirements with respect to their eligibility of appointment, their being independent and in compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.
- (c) the Company has obtained all necessary approvals under the various provisions of the Act;
- (d) there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties were imposed on the Company during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers.

I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed under that Act by the Depositories with regard to dematerialisation/rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

I further report that:

- (a) the Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited and the National Stock Exchange of India Limited;
- (b) the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
- (c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations.
- (d) the Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employee Stock Option Scheme, grant of Options and other aspects.
- (e) the Company has complied with the provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 with regard to allotment of equity shares to entities in the Promoter Group who were issued warrants on preferential basis.
- (f) the Company has complied with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 with regard to issue and allotment of Debentures.

Dr. K. R. Chandratre

Practising Company Secretary
FCS 1370 | CP No. 5144.

Place: Mumbai

Date : May 28, 2014

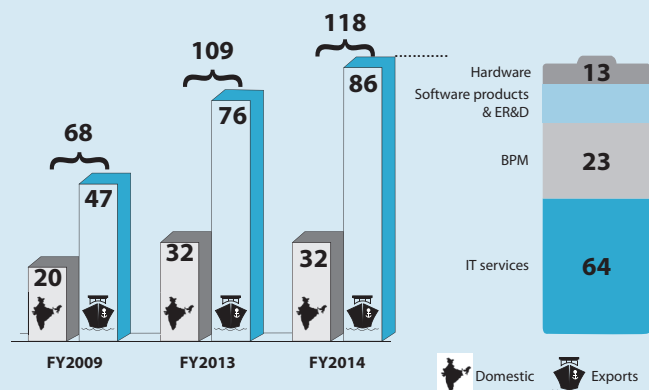
MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE INDUSTRY

The IT & Information Technology Enabled Services (ITeS) industry has continued to contribute significantly to the growth and development of the Indian Economy. The IT and ITeS sector comprises of services that are related to Information Technology, Research and Development Services as well as Engineering Design, Hardware manufacturing and BPO. This sector's contribution to the domestic GDP has increased from 1.2% in FY1998 to around 6.5% in FY2014. The industry has not only transformed India's image globally, but also fuelled economic growth by energizing the higher education sector. The IT services and BPO segment have provided direct employment to around 3.1 million people and indirect employment to nearly 9.5 million people and hence, has contributed significantly to social transformation in the country.

According to the National Association of Software and Services Companies (NASSCOM), in FY2014, the Indian IT-ITeS industry is estimated to account for revenues of USD 118 billion, with IT-ITeS exports estimated to cross USD 86 billion in FY2014, growing at 13%. While the US continues to be the largest geographic market for India, accounting for 62% of the revenues, the highlight for the year was revival in demand from Europe, which grew at 14% in FY2014.

Domestic IT-ITeS revenue is expected to grow at 9.7% to gross ₹1,910 billion in FY2014. The domestic IT-ITeS market growth this year has been affected by slowing economic growth, inflation, and rupee volatility created an uncertain environment and prompted delayed decision-making from customers, thus impacting IT spending. Hardware revenues are estimated to grow 9.2%, driven by demand for storage and mobile computing devices. IT services growth is likely to be at 9.7%, slowed down considerably as large enterprises exhibit cautious spending pattern; driven by technology upgrades in



Source: NASSCOM; Gartner

the BFSI, telecom and state governments and compliance MIS investments. IT & ITeS services growth could be at 11.9% in FY2014 boosted by demand from customers reverting to outsourcing business process, especially from the BFSI, automotive and retail sectors. Software products growth of 9.5% due to the increased demand for vertical-specific and SMAC-based solutions. With the advent of cloud, the next big opportunity is India's ₹47 million SMBs - who are able to rapidly bridge the technology adoption gap as they seek to accelerate growth and increase competitiveness.

OVERVIEW OF THE BUSINESS

Datamatics' portfolio of integrated offerings comprises of Finance & Accounting Services, Publishing Services, Research & Analytics, Document Management Services, Information Management Services, IT Consulting, IT Services, Engineering and Embedded Services. In addition, the Company also offers portfolio of solutions comprising of Billing & Payment Solutions, eRetail Solutions, web enablement, portal solutions, etc. The Company is also expanding its geographic footprint.

In FY2013-14, the Company operating in the BPO and Software lines of businesses, delivered a total consolidated revenue of ₹7,338 million. The majority of Datamatics' revenue coming from the BPO- Finance & Accounting, Document Processing, Publishing, Research & Analytics, Software-IT Solutions, Engineering Service and Billing Solutions.

OUTLOOK

India is at the forefront of the large IT-ITeS market and is well established as a 'destination of choice'. The growth of the IT & ITeS industry has moderated in the past couple of years due to global economic slowdown, but, there is still huge growth potential with opportunities imminent in both mature and emerging services and verticals. In FY2015, NASSCOM expects the sector's overall revenues to increase by USD 13-14 billion to cross USD 130 billion. Export revenues would grow 13-15% YoY to reach USD 97-99 billion in FY2015. Domestic market revenues are expected to rise 9-12% YoY to reach USD 35-36 billion.

The outlook for the Company remains largely similar to FY2013-14 as we do not anticipate any large changes to our demand environment. We are focused on refining our service offerings every year and on making the requisite investments that will enable us to continue our growth journey.

RISKS AND CONCERNS

In today's world, risks are not few. Risk management is an integral part of our business. Datamatics has a 'Risk Management Policy', to identify, evaluate, categorize and prioritize the risks, from its early stage and across the life cycle, develop and implement a risk mitigation plan to proactively reduce the potential impact of risk occurrence by providing adequate resources and monitoring continuously. Datamatics has always focused on risk mitigation, thereby strengthening its sustainability. Some of the key risks and risk mitigation strategies have been highlighted below:

| Risk Description and its impact on Datamatics | Risk Mitigation Strategy |
|--|---|
| Global Economic Risk Datamatics derived 89% of its revenues during FY2013-14 from the US, the Europe and other countries. The changing economic conditions in these markets could enhance cost pressure on clients and thus may affect the Company adversely in a number of ways. The Company may witness reduction in prices, or the loss of key projects and customers, in turn affecting the financial performance. | Datamatics is focusing on new market segments, faster growth in geographies other than the US and the Europe. |
| Employee Related Risks Datamatics' business is dependent on the quality of the workforce. Failure to attract, retain and motivate key employees would impair the Company's ability to offer the right quality of service to the clients. | <ul style="list-style-type: none"> Datamatics has been engaging skilled professionals at the right time across locations. Datamatics has strong in-house and external Training Programs, providing the latest technology and soft skills interventions. Datamatics has a comparable remuneration structure, developed HR process and various people friendly initiatives. Datamatics provides an opportunity to connect all of its employees through the Employee Connect initiative and Client Survey. |
| Business Continuity & Information Security Datamatics maintains, develops and operates information for various customers. Any natural or man-made catastrophe may halt business activities and cause irreparable damage to the brand reputation of the Company. Similarly, the vital need for confidentiality and security of confidential data both belonging to clients as well as the Company itself also pose risks of leaks, loss or compromise of information. | Datamatics is an ISO 27001 certified organization, i.e. the organization is certified and complies with the Information Security related standards. Datamatics is committed to maintain an effective information security management system. This enables dissemination of information throughout the organization; sharing with its associates and its customers, as required for the business, while ensuring, as appropriate, its confidentiality, integrity and availability. Datamatics Information Security Policy and control mechanisms ensure that these risks are kept in control. The Information Security team assess and manage information security and data privacy and related risks by leveraging on People, Processes & Technology. Additionally, facilities and employees in Nashik and Puducherry offices act as backup for Mumbai. |
| Competition risk New competitors may enter the markets, the Company operates in or current competitors could decide to focus more on these markets and thereby intensify the competition. They could also offer new technologies or offer a different service models or offer similar services at reduced prices. Such developments could harm the Company's business and results of operations. | <ul style="list-style-type: none"> Process Engineering cell has significantly contributed to mitigate competition risk by developing several proprietary and copyrighted software products. These products have resulted in a significant increase in quality, productivity and profitability in several projects. Datamatics has deep domain knowledge, skilled professionals, delivery capabilities, efficient sales force and relationship managers to retain its competitive positioning amongst peers. |
| Regulatory Compliance Risk Datamatics operates globally, in developed as well as developing countries with complex and varied requirements for legal and regulatory compliance and is continuously adding new geographies and there is a risk of non-compliance. | Datamatics uses the services of professional consultants to ensure compliance with domestic and overseas laws and regulations. The Company has established a strong process for legal review of all contracts and documentations. |
| Currency Risk We derived 89% of our revenues in US dollars and other currencies. Adverse changes in foreign exchange rates can have a negative impact on the Company's financial performance. | Datamatics manages this risk through appropriate hedging policy. The Company continues to constantly review the economic scenario and update strategies accordingly. |

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company is committed to ensure that its operations are carried out within a well defined internal control framework. Good governance, well defined systems and processes, a vigilant finance function and an independent internal audit function are the foundation of the internal control systems. These systems provide a reasonable assurance with respect to providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies.

The Company has appointed, BDO Chartered Accountants, an internal auditor to carry out the internal audit, which is commensurate with the size, nature, and complexity of its operations. The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations such as delivery, accounting and finance, procurement, employee engagement, travel, insurance and IT processes in the Company. The Audit Committee periodically reviews the performance of the internal audit function. The Company's Audit committee, comprising of three independent directors, which is a sub-committee of the Board, reviews adherence to the internal control systems, internal audit reports and legal compliances. This Committee reviews all quarterly, half yearly and yearly financial results of the Company and recommends them to the Board for approval.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

I. Operations Results:

The following table provides an overview of the consolidated financial results of the Company.

(₹in Million)

| Particulars | FY2013-2014 | FY2012-2013 |
|---|--------------|--------------|
| Income from Operations | 7,338 | 5,500 |
| Other Income | 73 | 89 |
| Total Revenue | 7,411 | 5,589 |
| Operating Expenses | 6,435 | 5,022 |
| EBITDA | 976 | 567 |
| Depreciation and amortization | 160 | 120 |
| Earnings before Exceptional Items, Interest & Tax | 816 | 447 |
| Taxes | 193 | 98 |
| Net Profit after Tax | 582 | 314 |

a. Income

Income from Operations

Income from operations increased to ₹7,338 million in the year under review from ₹5,500 million in the previous year, registering a growth of 33%. A mix of good organic growth and merger of eRetail and Publishing business with PreMedia Global has contributed to this growth.

Other Income

Other income comprises of dividend from current and non-current investments, interest from Banks & Others and Profit on sale of current and non-current investments. Other income decreased to ₹73 million in the year under review from ₹89 million in the previous year as we invested funds into our business for expansion and balance payout for acquisition.

b. Expenditure

Operating expenses comprises of purchase of IT products and licenses, employee costs and other expenses. The total operating expenses increased to ₹6,435 million in the year under review from ₹5,022 million in the previous year. Operating expenses were reduced to 87.7% on revenue from 91.3% on revenue, a reduction of 3.6% on revenue.

Employee costs increased to ₹3,635 million in the year under review from ₹2,992 million in the previous year, primarily due to increase in head count by about 46%. Other Operating expenses increased to ₹2,683 million in the year under review from ₹1,935 million due to increase in sub-contracting expenses, travelling expenses, rent and other operating expenses.

c. Depreciation

Depreciation charge has increased to ₹160 million in the year under review from ₹120 million in the previous year, primarily due to merger of eRetail and Publishing business with PreMedia Global.

d. Income Tax Expenses

The Company's consolidated tax expense (including deferred taxes) increased to ₹193 million in the year under review from ₹98 million in the previous year, as profits increased substantially.

e. Net Profit After Tax

Net Profit after Tax increased to ₹582 million in the year under review from ₹314 million in the previous year, registering a growth of 85%.

II. Financial Condition:

The below mentioned financials provide an overview of the consolidated financial strength of the Company.

a. Share Capital

The Company has Authorized share capital of ₹800 million as on March 31, 2014. The issued, subscribed and paid up share capital of ₹294 million which comprises of ₹58,949,337 equity share of ₹5 each. There is no increased in paid up equity share capital during the year.

b. Reserves & Surplus

The Reserves and Surplus of the Company increased to ₹3,067 million in the year under review from ₹2,683 million in the previous year. ₹47 million (Previous year ₹42 million) was transferred from the Statement of Profit and Loss to General Reserves.

c. Provisions

Long term provisions increased to ₹100 million as on March 31, 2014 from ₹64 million as on March 31, 2013, primarily due merger of eRetail and Publishing business with PreMedia Global and also on account of increase in the long term component of leave encashment & gratuity.

Short term provisions increased to ₹179 million as on March 31, 2014 from ₹119 million as on March 31, 2013, primarily due to increase in the provisions for proposed dividend and taxes.

d. Long term Borrowings

The Company has taken External Commercial Borrowing (ECB) from Citibank N.A. of USD 9.3 million for a period of five years repayable over 15 installments @ interest rate of LIBOR +3.25%.

e. Short-Term Borrowings

Short term borrowings decreased to ₹355 million as on March 31, 2014 from ₹390 million as on March 31, 2013, due to repayment of outstanding payment to banks.

f. Other Current Liabilities

Other current liabilities which comprise of unclaimed dividend, advance from customers, interest accrued but not due, statutory dues and other payables, increased to ₹87 million as on March 31, 2014 from ₹73 million as on March 31, 2013.

g. Fixed Assets

The gross block of fixed assets as on March 31, 2014 was ₹3,523 million (₹2,571 million as on March 31, 2013) and the accumulated depreciation and amortization amounted to ₹1,056 million as on March 31, 2014 (₹914 million as on March 31, 2013). Additions to fixed assets made during the year were ₹952 million comprising of computer equipments, furniture & fixtures, vehicles and intangible assets.

h. Loans and advances

Long term loans and advances increased to ₹176 million as on March 31, 2014 from ₹127 million as on March 31, 2013, due to security deposits, MAT credit and service tax receivable balances.

Short term loans and advances decreased to ₹249 million as on March 31, 2014 from ₹339 million as on March 31, 2013.

i. Current Investments

Investment represents surplus funds of the Company parked with mutual fund schemes that can be recalled at very short notice. Investment in mutual funds increased to ₹621 million during the year under review from ₹543 million in the previous year, due to investment of surplus funds earned during the year.

j. Trade Receivables

Debtors increased to ₹1,511 million as on March 31, 2014 from ₹1,074 million as on March 31, 2013, due to increase in the Revenue. The Company has provided for ₹12 million as provision for doubtful debts during the year under review.

k. Cash and Bank Balances

The cash and bank balances increased to ₹472 million as on March 31, 2014 from ₹238 million as on March 31, 2013.

HUMAN RESOURCES MANAGEMENT

Our business is a people business and commercial success is predicated to quite some degree on the quality of our team. A fundamental tenet of our management philosophy is to invest in our staff and enable them to develop new skills and abilities which benefits them and the organisation.

The IT attrition was 18% during the year as compared to 16% in the previous year. The Company has been working towards containing the attrition rate by continuously investing in Learning and Development programs for employees, competitive compensation, creating a compelling work environment, empowering employees at all levels as well as a well-structured reward and recognition mechanism.

The global manpower strength of your Company is approximately 6,793 employees.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could defer materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, changes in Government regulations, tax laws and other factors such as litigation.

Readers are advised to exercise their own judgment in assessing risks associated with the Company, *inter-alia*, in view of discussion on risk factors herein and disclosures in regulatory filings, as applicable.

Independent Auditor's Report on Consolidated Financial Statements

To the Board of Directors of DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED)

We have audited accompanying consolidated financial statements of Datamatics Global Services Limited (formerly known as Datamatics Technologies Limited) ("the Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group") which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principals generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on our audit and on consideration of reports of other auditors on the separate financial statements of the subsidiaries referred to point number 1 below in the Other Matters Paragraph and based on the consideration of unaudited financial statements furnished by the management for two subsidiaries as explained in point number 2 below in Other Matters paragraph, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2014;
- b. in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

Other Matters

1. We did not audit the financial statements of twelve subsidiaries (including four step down subsidiaries), whose financial statements reflect total assets of ₹ 6,705,076,695 as at March 31, 2014, total revenue of ₹ 6,608,253,486 and net cash outflows amounting to ₹ 103,845,168 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the management, and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of the other auditors.
2. We have relied on the unaudited financial statements furnished by the management with respect to three step down subsidiaries whose financial statements reflects total assets ₹ 50,850,084 as at March 31, 2014, total revenue of ₹ 13,062,728 and net cash outflows of ₹ 1,237,267 for the year then ended. These unaudited financial statements as approved by the respective Board of Directors of the Company have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the Consolidated Financial statement is based solely on such approved unaudited financial statements.

Our opinion is not qualified in respect of Other Matters.

For Kanu Doshi Associates

Chartered Accountants

Firm Registration Number: 104746W

Manoj Kumar Pati

Partner

Membership No: 504536

Place : Mumbai

Date : May 28, 2014

Consolidated Balance Sheet

| Particulars | Note No. | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|----------|---------------------------|---------------------------|
| EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share Capital | 3(I) | 294,746,685 | 294,746,685 |
| Reserves and Surplus | 3(II) | 3,067,263,210 | 2,683,838,283 |
| | | 3,362,009,895 | 2,978,584,968 |
| Preference Shares issued by Subsidiary Companies | 4 | 791,758,060 | 20,000,000 |
| Minority Interest | | 344,781,744 | 151,781,190 |
| NON-CURRENT LIABILITIES | | | |
| Long-Term Borrowings | 5 | 520,018,800 | - |
| Deferred Tax Liabilities (Net) | 6 | 81,845,538 | 44,314,555 |
| Other Long-Term Liabilities | 7 | 6,465,226 | 1,731,669 |
| Long-Term Provisions | 8 | 100,709,985 | 64,820,594 |
| | | 709,039,549 | 110,866,818 |
| CURRENT LIABILITIES | | | |
| Short-Term Borrowings | 9 | 355,435,021 | 390,038,525 |
| Trade Payables | 36 & 37 | 670,068,769 | 530,965,644 |
| Other Current Liabilities | 10 | 87,622,310 | 73,155,702 |
| Short-Term Provisions | 11 | 179,819,878 | 119,501,310 |
| | | 1,292,945,978 | 1,113,661,181 |
| TOTAL | | 6,500,535,226 | 4,374,894,157 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | 12 | | |
| - Tangible | | 1,204,644,069 | 1,134,067,126 |
| - Intangible | | 1,262,589,942 | 523,801,152 |
| - Capital Work-in-progress | | 109,839,074 | 171,301,014 |
| Non-Current Investments | 13 | 245,257,907 | 85,973,219 |
| Amount recoverable from ESOP Trust | | 63,286,830 | 64,952,691 |
| Long-Term Loans and Advances | 14 | 176,202,631 | 127,771,081 |
| Other Non-Current Assets | 15 | 9,666,071 | 2,800,875 |
| | | 3,071,486,524 | 2,110,667,158 |
| CURRENT ASSETS | | | |
| Current Investments | 16 | 621,482,011 | 543,837,197 |
| Trade Receivables | 17 | 1,511,678,699 | 1,074,391,110 |
| Cash and Bank Balances | 18 | 472,646,884 | 238,897,524 |
| Short-Term Loans and Advances | 19 | 249,433,705 | 339,609,207 |
| Other Current Assets | 20 | 573,807,403 | 67,491,961 |
| | | 3,429,048,702 | 2,264,226,999 |
| TOTAL | | 6,500,535,226 | 4,374,894,157 |
| Significant accounting policies and notes forming part of the financial statements | 1-40 | | |

As per our attached report of even date

For and on behalf of the Board

For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Dr. Lalit S. Kanodia
Chairman

R. K. Saraswat
Director

Rahul L. Kanodia
Vice Chairman & CEO

Manoj Kumar Pati
Partner
Membership No. 504536

Divya Kumat
Corporate Head - Legal
& Company Secretary

Vidur V. Bhogilal
Executive Director
& Chief Financial Officer

Place : Mumbai
Dated : May 28, 2014

Consolidated Statement of Profit and Loss

| Particulars | Note No. | For the year ended March 31, 2014 ₹ | For the year ended March 31, 2013 ₹ |
|--|----------|---|---|
| REVENUE FROM OPERATIONS | 21 | 7,338,061,723 | 5,500,039,098 |
| Other Income | 22 | 73,279,720 | 89,608,530 |
| Total Revenue | | 7,411,341,443 | 5,589,647,628 |
| EXPENSES | | | |
| Purchase of IT Products and Licenses | | 116,176,616 | 94,475,903 |
| Employee Benefit Expenses | 23 | 3,635,720,191 | 2,992,155,258 |
| Finance Costs | 24 | 39,837,114 | 34,639,870 |
| Depreciation and Amortization Expenses | | 160,643,724 | 120,282,851 |
| Other Expenses | 25 | 2,683,181,571 | 1,935,391,573 |
| Total Expenses | | 6,635,559,216 | 5,176,945,455 |
| Profit / (Loss) Before Tax | | 775,782,227 | 412,702,173 |
| Tax Expenses | | | |
| - Current Tax and Wealth Tax | | 213,649,362 | 103,248,553 |
| - MAT Credit Entitlement | | (24,642,439) | (5,291,266) |
| - Deferred Tax | | 2,578,063 | 6,713,862 |
| - Tax Adjustment of earlier years | | 2,135,079 | (6,525,821) |
| Profit / (Loss) After Tax | | 582,062,162 | 314,556,845 |
| Share of Minority Interest in Profit for the year | | 95,095,445 | 46,384,945 |
| Net Profit / (Loss) After Minority Interest | | 486,966,717 | 268,171,900 |
| Earnings per share (Face Value ₹ 5 each (P.Y. ₹ 5 each)) in ₹ | 34 | | |
| - Basic | | 8.26 | 4.55 |
| - Diluted | | 8.12 | 4.53 |
| Significant accounting policies and notes forming part of the financial statements | 1-40 | | |

As per our attached report of even date

For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Manoj Kumar Pati
Partner
Membership No. 504536

Place : Mumbai
Dated : May 28, 2014

For and on behalf of the Board

Dr. Lalit S. Kanodia
Chairman

R. K. Saraswat
Director

Rahul L. Kanodia
Vice Chairman & CEO

Divya Kumat
Corporate Head - Legal
& Company Secretary

Vidur V. Bhogilal
Executive Director
& Chief Financial Officer

Significant Accounting Policies and Notes Forming part of the Consolidated Financial Statements

1 Company Overview

Datamatics Global Services Limited (DGSL) was incorporated on November 3, 1987 as Interface Software Resources Private Limited. The name of the Company was changed to Datamatics Technologies Private Limited on December 18, 1992. On December 27, 1999, the Company converted itself from a Private Limited Company into a Public Limited Company and the name of the Company was changed to Datamatics Technologies Limited on January 13, 2000. The name of the Company was changed from "Datamatics Technologies Limited" to "Datamatics Global Services Limited" (DGSL) with effect from January 17, 2009.

Datamatics, a trusted partner to several Fortune 500 Companies is a global provider of Information Technology (IT) and Business Process Outsourcing (BPO) and Consulting services. The Company provides business aligned next-generation solutions to a wide range of industry verticals that help enterprises across the world overcome their business challenges and achieve operational efficiencies. These solutions leverage innovations in technology, knowledge of business processes, and domain expertise to provide clients a competitive edge.

2 Significant Accounting Policies

i Basis of Preparation of Financial Statements:

The Consolidated financial statements have been prepared on the basis of Going Concern concept and under the historical cost convention except for certain Fixed Assets which are revalued. The Company adopts accrual basis in preparation of its Consolidated financial statements to comply in all material aspects with applicable accounting principles generally accepted in India, the Accounting Standards as specified in the Companies (Accounting Standards) Rules 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS') and the provisions of the Companies Act, 2013 (to the extent notified), the Companies Act 1956 (to the extent applicable).

Management believes that the estimates used in the preparation of the Consolidated financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, unless otherwise mentioned in the notes.

ii Basis of Consolidation :

These Consolidated financial statements include the financial statements of Datamatics Global Services Limited and its subsidiaries. The Subsidiaries considered in the consolidated financial statements as at March 31, 2014 and as at March 31, 2013 are summarized below:

| Name of the Subsidiary | 2013 - 14 | | 2012 - 13 | |
|--|--------------------------|-------------------|--------------------------|-------------------|
| | Country of incorporation | % of shareholding | Country of incorporation | % of shareholding |
| Datamatics Global Services Inc. (Formerly known as Datamatics Technologies Inc.) (DGSI) | USA | 100 | USA | 100 |
| Datamatics Global Services GmbH (Formerly known as Datamatics Technologies GmbH) (DGSGmbH) | Germany | 100 | Germany | 100 |
| Datamatics Technologies UK Ltd. (DTUK) | UK | 100 | UK | 100 |
| Datamatics Software Services Ltd. (DSSL) | India | 100 | India | 100 |
| Datamatics Infotech Ltd. (DIL) | UK | 100 | UK | 100 |
| Datamatics Global Services Pty. Ltd. (Formerly known as Datamatics Australia Pty. Ltd.) (DGSPIL) | Australia | 100 | Australia | 100 |
| Datamatics Global Technologies Ltd. (DGTL) | Mauritius | 100 | Mauritius | 100 |
| Datamatics Global Technologies AG (DGTAG) | Switzerland | 100 | Switzerland | 100 |
| Datamatics Global Technologies GmbH (DGTG) * | Germany | 100 | Germany | 100 |
| Datamatics Global Holding Corporation | BVI | 100 | BVI | 100 |
| Datamatics Vista Info Systems Ltd. | India | 100 | India | 100 |
| Cignex Global Holding Corporation | BVI | 75.98 | BVI | 75 |

Significant Accounting Policies and Notes Forming part of the Consolidated Financial Statements

| Name of the Subsidiary | 2013 - 14 | | 2012 - 13 | |
|--|--------------------------|-------------------|--------------------------|-------------------|
| | Country of incorporation | % of shareholding | Country of incorporation | % of shareholding |
| Cignex Datamatics Inc. | USA | 75.98 | USA | 75 |
| Cignex Technologies Ltd. (Dissolved w.e.f 30th July, 2013) | UK | 75.98 | UK | 75 |
| Cignex Datamatics Technologies Ltd. | India | 75.98 | India | 75 |
| Cignex Datamatics Pte. Ltd. | Singapore | 75.98 | Singapore | 75 |
| Cybercom Datamatics Information Solutions Ltd. (CDISL) | India | 50.50 | India | 50.50 |
| Datamatics Global Solutions GmbH | Germany | 100 | - | - |
| Lexicon Publishing Services Pvt. Ltd. | India | 73.12 | - | - |
| Datamatics Global Services FZ-LLC | U.A.E | 100 | - | - |
| Premedia Global Inc. | USA | 73.12 | - | - |
| Datamatics eRetail & Publishing GmbH | Germany | 73.12 | - | - |

* Under Liquidation

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by AS - 21 namely "Consolidated Financial Statements" as specified in the Companies (Accounting Standards) Rules 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS') for the purpose of preparation and presentation of consolidated financial statements.

The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. The amounts shown in respect of accumulated reserves comprises the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post acquisition increase / decrease in the relevant reserves / accumulated deficit of its subsidiaries.

Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Parent Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

The Parent Company & its Indian subsidiaries maintain their records and prepare their financial statement under the Historical Cost Convention except for certain Fixed Assets which are revalued, in accordance with generally accepted accounting principals in India while the foreign subsidiaries maintain their records and prepare their financial statement in conformity with GAAP prevalent in their respective countries of domicile.

Consolidated financial statements has been prepared using uniform accounting policies for like transactions and other events in similar circumstances except in case of charge of depreciation on fixed assets and other insignificant items for which the accounting treatment is given on the basis of local laws applicable in the respective country, for which using uniform accounting policies for the purpose of consolidation is impracticable.

iii Tangible assets, Intangible assets and Capital work-in-progress:

Fixed Assets are stated at acquisition cost, except for certain Fixed Assets which have been stated at revalued amounts as determined by approved independent valuer, less accumulated depreciation. Direct Costs are capitalised until the assets are ready to use and include financing costs relating to any specific borrowing attributable to the acquisition of fixed assets. Intangible assets consist of expenses incurred / paid for development and acquisition of computer software. Capital work-in-progress includes where assets not put to use before the year end.

Depreciation is provided on Straight Line Method except for leasehold and freehold land by the Parent Company and its Indian Subsidiary as stated in the significant accounting policies forming integral part of the financial statement. Whereas the foreign subsidiaries have provided depreciation on methods and at the rates required / permissible by the local laws, so as to write off the assets over their estimated useful life. The aggregate Gross Block of ₹ 735,369,281 (P.Y. ₹ 335,895,502) of foreign subsidiaries have charged depreciation at the rates other than those prescribed under Schedule XIV of the Companies Act, 1956. Intangible assets are amortised over a period for which the company expects the benefits to accrue. Leasehold Premises is being depreciated over 15 years.

Significant Accounting Policies and Notes Forming part of the Consolidated Financial Statements

iv Goodwill / Capital Reserve :

The excess of cost to the Parent Company of its investment in subsidiaries over the Parent Company's portion of equity in the subsidiaries at the respective dates on which investments in subsidiaries were made, is recognised in the consolidated financial statements as goodwill. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Parent Company, it is recognised as 'Capital Reserve (on Consolidation)' and shown under the head 'Reserves and Surplus', in the consolidated financial statements. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

The Goodwill recorded in these consolidated financial statements has been recognised as "Goodwill on Consolidation" and is grouped with Fixed Assets in the Consolidated Financial Statements. The carrying value of Goodwill arising on consolidation for acquisitions during the previous year is tested for impairment as at the end of the reporting period.

v Operating Lease:

The leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating lease. Operating lease payments are recognised as expenses in the Profit and Loss Statement.

vi Revenue Recognition :

Revenue from services is recognised based on time and material and billed to the clients as per the terms of the contract. In the case of fixed price contracts, revenue is recognised on periodical basis based on units executed and delivered.

Revenue / Income from sale of traded goods is recognised on dispatch of goods. Sales are exclusive of taxes, wherever applicable.

Interest on deployment of funds is recognised on accrual basis. Dividend income is recognised when right to receive payment is established. Profit on sale of investment is recognised on sale of investments.

Revenue from software development on a time and material basis is recognised based on software developed and billed on clients as per the terms of specific contracts.

Cost and earnings in excess of billings are classified as Unbilled revenue while Billings in excess of Cost and earnings are classified as Unearned revenue. Discount is recognised on Cash basis in accordance with the contractual term of the agreement with the customers.

vii Employee Benefits:

In case of Parent Company and its Indian Subsidiaries **(i) Defined Contribution Plan** - Contribution to defined contribution plans are recognised as expense in the Profit and Loss Statement, as they are incurred. **(ii) Defined Benefit Plan** - Companies liabilities towards gratuity and leave encashment are determined using the projected unit credit method as at Balance Sheet date. Actuarial gains / losses are recognised immediately in the Profit and Loss Statement. Long term compensated absences are provided for based on actuarial valuation.

Foreign subsidiaries maintain a defined contribution retirement plan, which covers substantially all the employees of the foreign subsidiaries and qualifies as a deferred salary arrangement under laws of respective countries. The Company matches employees' contributions at the discretion of the Company.

viii Foreign Exchange Transactions:

Transactions in foreign currency are recorded at the rates of exchange prevailing at the date of the transactions.

Monetary items denominated in foreign currencies at the balance sheet date are translated at the balance sheet date rates.

Any income or expense on account of exchange difference either on settlement or on translation at the balance sheet date is recognised in Profit and Loss Statement in the year in which it arises.

ix Foreign Currency Translation :

The consolidated financial statements are reported in Indian rupees. The translation of the local currency of each foreign subsidiary within the Group into Indian rupees is performed in respect of assets and liabilities including fixed assets, depreciation and stock in trade using the exchange rate in effect at the balance sheet date and for revenue and expense items other than depreciation costs and stock in trade, using a monthly simple average exchange rate for the period.

Significant Accounting Policies and Notes Forming part of the Consolidated Financial Statements

Net exchange difference resulting from the above translation of financial statements of foreign subsidiaries is recognised in Foreign Currency Fluctuation Reserve.

Exchange Difference arising on investment in subsidiaries is recognised in Foreign Currency Fluctuation Reserve.

x Derivative Instruments and Hedge Accounting :

The Parent Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Such forward contracts are utilised against the inflow of funds under firm commitments. The Company does not use the forward contract for speculative purposes. The Company designates these hedging instruments as cash flow hedge. The use of hedging instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss as they arise.

The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the statement of profit and loss for the period.

xi Investments :

Investments classified as long term investments are stated at cost. Provision is made to recognise any diminution, other than temporary, in the carrying value of each investment. Current investments are carried at lower of cost and fair value of each investment.

xii Taxation :

Provision for Current Income Tax is made after taking into consideration various benefits / exemption available under the laws of the respective countries.

xiii Deferred Tax :

The Parent Company and its Indian Subsidiaries: Tax expense comprises of current tax and deferred tax. Current tax and Deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", issued by ICAI. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing difference between taxable income and accounting income for the period and reversal of timing difference of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax asset arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

xiv Borrowing Cost :

Borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying assets are capitalised as a part of the cost of the assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

xv Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Significant Accounting Policies and Notes Forming part of the Consolidated Financial Statements

xvi Earnings Per Share :

In determining earnings per share, the Company considers the net profit after tax after reducing the preference dividend and tax thereon and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

xvii Employee Stock Option Scheme :

Employee Compensation in the form of stock options, granted under various schemes have been charged to Profit & Loss Statement, based on Intrinsic value method, over the vesting period.

xviii Impairment of Assets :

At each balance sheet date, the Parent Company assesses whether there is any indication that an assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and Value-in-Use. In assessing Value-in-use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

xix Provision, Contingent Liabilities and Contingent Assets:

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates.

Contingent Assets are neither recognised, nor disclosed.

xx Cash and Cash Equivalents:

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from date of purchase to be cash equivalents.

xxi Segment Reporting:

Primary Segment is identified based on the nature of products and services, the different risk and returns and the internal business reporting system. Secondary segment is identified based on geographical area in which major operating divisions of the Company operate.

xxii Prior period adjustments, extra-ordinary items and changes in accounting policies:

Prior period adjustments, extra-ordinary items and changes in accounting policies, if any, having material impact on the financial affairs of the Company are disclosed.

Notes Forming part of the Consolidated Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|---------------------------|---------------------------|
| 3 SHAREHOLDERS' FUNDS | | |
| (I) SHARE CAPITAL | | |
| a) AUTHORISED | | |
| 100,000,000 (P.Y. 100,000,000) Equity shares of ₹ 5 each | 500,000,000 | 500,000,000 |
| 30,000,000 (P.Y. 30,000,000) Redeemable Preference Shares of ₹ 10 each | 300,000,000 | 300,000,000 |
| TOTAL | 800,000,000 | 800,000,000 |
| b) ISSUED, SUBSCRIBED & PAID UP | | |
| 58,949,337 (P.Y. 58,949,337) Equity Shares of ₹ 5 each fully paid up | 294,746,685 | 294,746,685 |
| TOTAL | 294,746,685 | 294,746,685 |

c) Reconciliation of Number of Shares

| | As at March 31, 2014 Number of Shares ₹ | | As at March 31, 2013 Number of Shares ₹ | |
|--|---|--------------------|---|-------------|
| Equity Shares: | | | | |
| Shares outstanding at the beginning of the year | 58,949,337 | 294,746,685 | 58,949,337 | 294,746,685 |
| Shares Issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 58,949,337 | 294,746,685 | 58,949,337 | 294,746,685 |

d) Rights, preferences and restrictions attached to shares

Equity Shares: The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

e) Shares held by holding Company

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|---|---------------------------|---------------------------|
| Equity Shares | | |
| 31,813,742 (P.Y. 31,813,742) Equity Shares of ₹ 5 held by Delta Infosolutions Pvt. Ltd., the Holding Company | 159,068,710 | 159,068,710 |
| Preference Shares issued by Subsidiary Company | | |
| 2,000,000 (P.Y. 2,000,000) 8% Optionally Convertible Non - Cumulative Redeemable Preference Shares of ₹ 10 each, held by Delta Infosolutions Pvt. Ltd., the Holding Company | 20,000,000 | 20,000,000 |

f) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

| | As at March 31, 2014 Number of Shares % of aggregate number of shares | | As at March 31, 2013 Number of Shares % of aggregate number of shares | |
|--|--|--------|--|--------|
| Equity Shares | | | | |
| Delta Infosolutions Pvt. Ltd., the Holding Company | 31,813,742 | 53.97% | 31,813,742 | 53.97% |
| Lalit Surajmal Kanodia | 3,830,995 | 6.50% | 3,830,995 | 6.50% |
| Asha Lalit Kanodia | 3,905,258 | 6.62% | 3,905,258 | 6.62% |

Notes Forming part of the Consolidated Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|---|---------------------------|---------------------------|
| (II) RESERVES AND SURPLUS | | |
| a) CAPITAL RESERVE | | |
| Balance as per last Balance Sheet | 3,524,880 | 3,524,880 |
| | 3,524,880 | 3,524,880 |
| b) CAPITAL REDEMPTION RESERVE | | |
| Balance as per last Balance Sheet | 250,441,250 | 250,441,250 |
| | 250,441,250 | 250,441,250 |
| c) SECURITIES PREMIUM RESERVE | | |
| Balance as per last Balance Sheet | 1,080,078,716 | 1,080,078,716 |
| | 1,080,078,716 | 1,080,078,716 |
| d) EMPLOYEE STOCK OPTION OUTSTANDING | | |
| Employee Stock Option Outstanding | 6,282,800 | 6,282,800 |
| Less: Deferred Employee Compensation (Refer Note no. 31) | (59,791) | (1,960,884) |
| | 6,223,009 | 4,321,916 |
| e) FOREIGN EXCHANGE FLUCTUATION RESERVE | | |
| Balance as per last Balance Sheet | 11,767,909 | (894,580) |
| Add / (Less): - Exchange Fluctuation for Current Year | 82,173,295 | 12,662,489 |
| | 93,941,204 | 11,767,909 |
| f) HEDGING RESERVE ACCOUNT | | |
| Balance as per last Balance Sheet | 4,787,844 | (20,821,979) |
| Add: Gain / (Loss) on cash flow hedging derivatives (Refer Note no. 27) | (10,915,348) | 25,609,823 |
| | (6,127,504) | 4,787,844 |
| g) GENERAL RESERVE | | |
| Balance as per last Balance Sheet | 701,477,508 | 659,477,508 |
| Add / (Less): Transferred From Statement of Profit & loss during the year | 47,400,000 | 42,000,000 |
| | 748,877,508 | 701,477,508 |
| h) SURPLUS IN PROFIT AND LOSS STATEMENT | | |
| Balance brought forward from last year | 586,080,137 | 444,953,897 |
| Profit for the year | 486,966,717 | 352,158,061 |
| Less: Appropriations | | |
| Dividend on Equity Shares | 115,682,471 | 75,749,337 |
| Interim Dividend on Equity Shares | - | 33,600,000 |
| Tax on Dividend | 19,660,236 | 18,324,361 |
| Transfer to General Reserve | 47,400,000 | 42,000,000 |
| Closing Balance | 890,304,147 | 627,438,260 |
| TOTAL | 3,067,263,210 | 2,683,838,283 |

Notes Forming part of the Consolidated Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|---------------------------|---------------------------|
| 4 PREFERENCE SHARES ISSUED BY SUBSIDIARY COMPANIES | | |
| 2,000,000 (P. Y. 2,000,000) 8% Optionally Convertible Non Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up (Refer Note no. 4(a) below) | 20,000,000 | 20,000,000 |
| 77,175,806 (P. Y. Nil) Compulsorily Convertible Preference Shares of ₹ 10 each with voting rights (Refer Note no. 4(b) below) | 771,758,060 | - |
| TOTAL | 791,758,060 | 20,000,000 |

Additional Information

- Optionally Convertible Preference Shares:** Datamatics Software Services Limited (DSSL) has Optionally Convertible Non - Cumulative Redeemable Preference Shares having a par value of ₹ 10 per share and dividend rate of 8%. In the event of liquidation, the preference shareholders are eligible to receive the remaining assets of DSSL before distribution of all amounts to equity shareholders, in proportion to their shareholding.
- Compulsorily Convertible Preference Shares:** Lexicon Publishing Services Private Limited (LPSPL) has issued compulsorily convertible preference shares having a par value of ₹ 10 each. The holders of the compulsorily convertible preference shares have the right to entitle an annual non-cumulative per share dividend equal to 0.001% of the price of the preference shares.

Voting Rights and Terms of Conversion: Each holder of compulsorily convertible preference share is entitled to one vote per share. The holders of the compulsorily convertible preference shares have the right to convert their preference shares into equity shares at any time on or prior to the long stop conversion date (i.e) January 13, 2028. These preference shares shall automatically convert into equity shares on January 13, 2028 if not converted before January 13, 2028.

The above terms of dividend, voting rights and conversion have been revised as below through the shareholders' agreement dated August 19, 2013 and revised articles of association filed with Registrar of Companies dated April 10, 2014:

The holders of the compulsorily convertible preference shares have the right to entitle an annual non-cumulative per share dividend equal to 0.000001% of the price of the preference shares.

Each holder of compulsorily convertible preference share is entitled to vote only in respect of those resolutions which directly affect the rights attached to preference shares.

Conversion / exit terms: In call option, the holders of the compulsorily convertible preference shares at any time after expiry of the lock in period and prior to September 30, 2015 (call option period), Datamatics Global Services Limited (DGSL) shall be entitled (but not be obligated) to exercise an option either by itself or through any affiliate to call upon the investors to sell all (and not less than all) their respective preference shares to DGSL and/or its Affiliate, which shall be a price per share which will yield an IRR of 16% per annum on the investor amount.

In put option, in the event of DGSL does not exercise the call option prior to the completion of the call option period, the investors shall have (1) the right to convert their respective preference shares into equity shares of LPSPL at conversion price determined based on the conversion ratio as specified in the Articles of association or (2) at any time after expiry of the call option period, but prior to December 31, 2015 (put option period), the right to exercise an irrevocable option (the put option) to require DGSL to purchase, either directly or through an Affiliate, all (and not less than all) their outstanding preference shares held by the investors at a price per share which will yield an IRR of 9% per annum on the investor amount.

Notwithstanding anything contained herein preference shares shall be compulsorily converted into equity shares of LPSPL after a period of 20 years from the date of issue of such preference shares.

Notes Forming part of the Consolidated Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|---------------------------|---------------------------|
| 5 LONG TERM BORROWINGS | | |
| From Banks | | |
| Secured Loans | 520,018,800 | - |
| (External Commercial Borrowing from Citibank N.A. is secured by way Creation of Mortgage and exclusive charge in favour of Citibank N.A. ("the Security Trustee") by deposit of Title deeds with Bank, in respect of its Immovable properties being all the piece & parcel of the land bearing Plot No. 58 in MIDC at Mumbai and 2nd Floor and 3rd Floor in Suyojit Commercial Complex, at Nashik). (Terms of Repayment: Repayable in 15 equal quarterly installments of USD 620,000 over a period of 5 years starting from January 2015 upto July 2018. Rate of Interest: Libor plus 3.25%) | | |
| TOTAL | 520,018,800 | - |
| 6 DEFERRED TAX BALANCES | | |
| Major components of deferred tax balances consist of the following: | | |
| a) Deferred Tax Liability | | |
| Depreciation & Amortisation | 126,285,499 | 68,298,983 |
| Total | 126,285,499 | 68,298,983 |
| b) Deferred Tax Asset | | |
| Disallowance under Income Tax | (44,439,961) | (23,984,428) |
| Total | (44,439,961) | (23,984,428) |
| Deferred Tax Liability (Net) | 81,845,538 | 44,314,555 |
| 7 OTHER LONG-TERM LIABILITIES | | |
| Other Payables: | | |
| For Capital Goods (Refer Note no. 36) | 302,722 | 1,596,735 |
| Fair Value of Outstanding Forward Contracts (Refer Note no. 27) | 6,162,504 | 134,934 |
| TOTAL | 6,465,226 | 1,731,669 |
| 8 LONG TERM PROVISIONS | | |
| Provision for employee benefits (Refer Note no. 28): | | |
| For Gratuity (Unfunded) | 65,254,799 | 42,367,791 |
| For Leave Encashment | 35,455,186 | 22,452,803 |
| TOTAL | 100,709,985 | 64,820,594 |
| 9 SHORT TERM BORROWINGS | | |
| Other Loans and Advances | | |
| From Banks | | |
| Secured Loans | 355,435,021 | 390,038,525 |
| (Working Capital loan from Standard Chartered Bank is secured by way of First Pari Passu Charge on Hypothecation of Stock, Book Debts and Movable Fixed Assets of the Company both past and present. Working Capital loan from Citibank N.A. is secured by way of First Pari Passu Charge on Hypothecation of Current Assets and Movable Fixed Assets of the Company both present and future) | | |
| TOTAL | 355,435,021 | 390,038,525 |

Notes Forming part of the Consolidated Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|---|---------------------------|---------------------------|
| 10 OTHER CURRENT LIABILITIES | | |
| Current Maturity of Long Term Borrowings - Secured | 37,144,200 | - |
| Interest Accrued but not due | 3,032,472 | 239,684 |
| Advance received from Customers | 547,931 | 322,931 |
| Unclaimed Dividend | 1,596,599 | 1,779,850 |
| Statutory Liabilities | 45,301,108 | 70,813,237 |
| TOTAL | 87,622,310 | 73,155,702 |
| 11 SHORT TERM PROVISIONS | | |
| Provision for employee benefits (Refer Note no. 28): | | |
| For Gratuity (Unfunded) | 6,984,095 | 4,813,857 |
| For Leave Encashment | 11,421,867 | 8,928,516 |
| Others: | | |
| Proposed Dividend on Equity Shares | 115,682,471 | 92,885,337 |
| Tax on Equity Dividend | 19,659,896 | 12,873,600 |
| For Direct Tax | 26,071,549 | - |
| TOTAL | 179,819,878 | 119,501,310 |
| 12 FIXED ASSETS | | |
| a) Tangible Assets: | | |
| Land* | 607,400,546 | 607,400,546 |
| Buildings | 163,657,823 | 145,162,867 |
| Leasehold Premises | 42,189,319 | 42,189,319 |
| Leasehold Improvements | 32,621,641 | 28,719,046 |
| Machinery & Equipments | 143,608,959 | 148,394,535 |
| Computer Equipments | 535,423,378 | 451,709,201 |
| Furniture & Fixtures | 291,365,205 | 250,041,117 |
| Vehicles | 28,354,088 | 27,501,189 |
| Total of Tangible Assets (i) | 1,844,620,959 | 1,701,117,820 |
| b) Intangible Assets: | | |
| Computer Software | | |
| Internal Developed Software | 20,560,900 | 19,450,680 |
| Other Software | 413,002,130 | 360,725,259 |
| Customer Contracts | 127,414,265 | - |
| Other Intangible Assets (Goodwill) | 49,298,399 | - |
| Goodwill on Consolidation | 1,068,466,442 | 490,601,530 |
| Total of Intangible Assets (ii) | 1,678,742,136 | 870,777,469 |
| Total Gross Block (i+ii) | 3,523,363,095 | 2,571,895,289 |

Notes Forming part of the Consolidated Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|---------------------------|---------------------------|
| Less: Accumulated Depreciation and Amortization | | |
| a) Tangible Assets: | | |
| Buildings | 22,560,665 | 19,983,501 |
| Leasehold Premises | 1,776,396 | 1,332,297 |
| Leasehold Improvements | 14,828,793 | 15,199,902 |
| Machinery & Equipments | 71,568,750 | 69,695,851 |
| Computer Equipments | 371,143,756 | 331,572,689 |
| Furniture & Fixtures | 146,877,646 | 119,626,319 |
| Vehicles | 11,220,884 | 9,640,135 |
| Total of Tangible Assets (iii) | 639,976,890 | 567,050,694 |
| b) Intangible Assets: | | |
| Computer Software | | |
| Internal Developed Software | 20,560,900 | 19,450,680 |
| Other Softwares | 327,598,034 | 327,103,459 |
| Customer Contracts | 29,053,023 | - |
| Other Intangible Assets (Goodwill) | 38,940,237 | 422,178 |
| Total of Intangible Assets (iv) | 416,152,194 | 346,976,317 |
| Total Depreciation (iii+iv) | 1,056,129,084 | 914,027,011 |
| Net Fixed Assets | | |
| Tangible (i-iii) | 1,204,644,069 | 1,134,067,126 |
| Intangible (ii-iv) | 1,262,589,942 | 523,801,152 |

The above details are compiled from the data / record available with the Parent Company.

*Note:

- (1) The above amount includes Freehold land of ₹ 267,050,214 (P.Y. ₹ 267,050,214) and Leasehold land of ₹ 340,350,332 (P.Y. ₹ 340,350,332) which is considered as perpetual lease.
- (2) Gross Block includes ₹ 317,231,030 (P.Y. ₹ 317,231,030) being the amount added on revaluation of Land in the F.Y. 2008-09, based on report issued by approved independent valuer.
- (3) Immovable properties being all the piece & parcel of the land bearing Plot No. 58 in MIDC at Mumbai and 2nd Floor and 3rd Floor at Nashik is secured by way Creation of Mortgage and exclusive charge in favour of Citibank N.A. ("the Security Trustee") by deposit of Title deeds with Bank.

Notes Forming part of the Consolidated Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|---|---------------------------|---------------------------|
| 13 NON CURRENT INVESTMENTS | | |
| UNQUOTED (Non-Trade) (At Cost) | | |
| -Investments in Debentures | | |
| Nil (P.Y. 100) debentures of ₹ 100,000 each of ECL Finance Ltd. | - | 10,150,000 |
| 5,000 (P.Y. 5,000) debentures of ₹ 1,000 each of IIISL @11.70% | 5,000,000 | 5,000,000 |
| Nil (P.Y. 2) debentures of ₹ 2,000,000 each of Devadatta Build Tech Pvt. Ltd. 18% | - | 8,000,000 |
| Nil (P.Y. 30) debentures of ₹ 100,000 each of Macquarie Finance Pvt. Ltd. | - | 3,033,090 |
| Nil (P.Y. 100) debentures of ₹ 100,000 each of ECL Fixed Coupon Structured Product @11.02% series I2E201 | - | 10,000,000 |
| QUOTED (Non-Trade) (At Cost) | | |
| -Investment in units of Mutual Funds fully paid | | |
| 1,000,000 (P.Y. 1,000,000) Units of Birla Sun Life Fixed Term Plan - Series GI (1,185 Days) - Growth (Face Value of ₹ 10 each) ** | 10,000,000 | 10,000,000 |
| 660,925 (P.Y. 660,925 ***) Units of ICICI Prudential Income Opportunities Fund - Retail - Growth (Face Value of ₹ 10 each) ** | 10,000,000 | 10,000,000 |
| 1,066,272 (P.Y. Nil) Units of Kotak Bond Scheme Plan A - Growth (Face Value of ₹ 10 each) | 33,953,326 | - |
| 8,730 (P.Y. 4,448 **) Units of Templeton India STIP - Growth (Face Value of ₹ 1,000 each) ** | 19,942,342 | 8,942,342 |
| 2,322,330 (P.Y. Nil) Units of HDFC Short Term Opportunities Fund - Growth (Face Value of ₹ 10 each) | 32,022,154 | - |
| 418,520 (P.Y. Nil) Units of Birla Sun Life Short Term Fund - Growth (Face Value of ₹ 10 each) | 19,209,882 | - |
| 1,000,000 (P.Y. Nil) Units of HDFC FMP Series 29-447 Days - Reg - Growth (Face Value of ₹ 10 each) | 10,000,000 | - |
| 1,000,000 (P.Y. Nil) Units of DWS Fixed Maturity Plan Series 54-392 days Growth (Face Value of ₹ 10 each) | 10,000,000 | - |
| 1,203,779 (P.Y. Nil) Units of Kotak Bond Scheme Plan A - Growth (Face Value of ₹ 10 each) | 42,500,000 | - |
| 1,890,623 (P.Y. Nil) Units of Kotak FMP Series 145-390 days - Growth (Face Value of ₹ 10 each) | 18,906,230 | - |
| 2,000,000 (P.Y. Nil) Units of ICICI Prudential FMP Series73 -1140 Days Plan E Growth (Face Value of ₹ 10 each) | 20,000,000 | - |
| ** Out of the above 1,665,373 (P.Y. 4,448) units are under lien with Deutsche Bank AG for loan taken by Datamatics Global Services GmbH | | |
| *** Out of the above Nil (P.Y. 660,925) units are under lien with Citi Bank N.A. for loan taken by Datamatics Global Services Inc. | | |
| -Investment in equity shares | | |
| a. 900 (P. Y. 900) fully paid Equity Shares of ₹ 10 each of Cybertech Ltd. | 510,767 | 510,767 |
| Less : Provision for dimunition in value | 494,297 | 494,297 |
| | 16,470 | 16,470 |

Notes Forming part of the Consolidated Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|-------------------------------------|-------------------------------------|
| b. 6,838 (P. Y. 6,100) fully paid Equity Shares of ₹ 2 each of Wipro Ltd. Less : Provision for dimunition in value | 3,739,473 1,152,035 2,587,438 | 3,739,473 1,152,035 2,587,438 |
| c. 5,000 (P. Y. 5,000) fully paid equity shares of ₹ 1 each of Vikas WSP Ltd. Less : Provision for dimunition in value | 552,950 389,950 163,000 | 552,950 389,950 163,000 |
| d. 800 (P. Y. 800) fully paid Equity Shares of ₹ 10 each of Reliance Industries Ltd. | 807,621 | 807,621 |
| e. 400 (P. Y. 400) fully paid Equity Shares of ₹ 5 each of Mahindra and Mahindra Ltd. | 205,649 | 205,649 |
| f. 56 (P. Y. 56) fully paid Equity Shares of Dana Holding Corporation | 355,320 | 321,928 |
| g. 8,998 (P. Y. 8,998) fully paid Equity Shares of ₹ 10 each of Coal India Ltd. | 2,204,510 | 2,204,510 |
| h. 38,767 (P. Y. 38,767) fully paid Equity Shares of ₹ 10 each of Powergrid Corporation. | 3,489,030 | 3,489,030 |
| i. 50,000 (P. Y. 50,000) fully paid Equity Shares of ₹ 10 each of GSS America Less : Provision for dimunition in value | 8,607,206 7,157,206 1,450,000 | 8,607,206 - 8,607,206 |
| j. 1,000 (P.Y. 1,000) fully paid Equity Shares of ₹ 10 each of Axis Bank Ltd. | 1,216,774 | 1,216,774 |
| k. 800 (P.Y. 800) fully paid Equity Shares of ₹ 2 each of Larsen and Toubro Ltd. | 1,228,161 | 1,228,161 |
| TOTAL NON-CURRENT INVESTMENTS | 245,257,907 | 85,973,219 |
| Aggregate of Quoted Investments | 240,257,907 | 49,790,129 |
| Market Value of Quoted Investments | 220,250,896 | 46,058,307 |
| Aggregate of Unquoted Investments | 5,000,000 | 36,183,090 |
| Aggregate of Provision for dimunition in value | 9,193,488 | 2,036,282 |
| 14 LONG TERM LOANS AND ADVANCES (Unsecured, considered good for value to be received in Cash or in Kind, unless otherwise specified) | | |
| Advance Income Tax (Net) | - | 34,422,597 |
| Advance Tax - FBT (Net) | 497,593 | 497,993 |
| MAT Credit Entitlement | 61,548,361 | 34,010,096 |
| Capital Advances | - | 4,163,284 |
| Security Deposits | 58,251,605 | 39,105,250 |
| Service Tax Receivable | 44,791,544 | 3,927,284 |
| Prepaid Expenses | 4,187,152 | 1,344,073 |
| Advance to Employees | 3,204,120 | 5,600,000 |
| Other Receivables | 3,722,256 | 1,739,036 |
| Fair Value of Outstanding Forward Contracts (Refer Note no. 27) | - | 2,961,468 |
| TOTAL | 176,202,631 | 127,771,081 |
| 15 OTHER NON-CURRENT ASSETS (Unsecured, considered good) | | |
| Non-Current Bank Deposits (original maturity of more than 12 months) | 9,666,071 | 2,800,875 |
| TOTAL | 9,666,071 | 2,800,875 |
| All the Above ₹ 9,666,071 (P.Y. ₹ 2,800,875) are marked as Lien for Guarantees issued by Banks on behalf of the Company. | | |

Notes Forming part of the Consolidated Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|---|---------------------------|---------------------------|
| 16 CURRENT INVESTMENTS | | |
| QUOTED (Non-Trade) (At Cost or Fair Value, whichever is less) | | |
| -Investment in Liquid Mutual Funds fully paid | | |
| Nil (P.Y. 2,772,746) Units of Templeton India Low Duration - Growth (Face Value of ₹ 10 each) ** | - | 30,000,000 |
| 2,000,000 (P.Y. 2,000,000) Units of IDFC FTP Series 16 Regular Plan - Growth (Face Value of ₹ 10 each) ** | 20,000,000 | 20,000,000 |
| 3,000,000 (P.Y. 3,000,000) Units of Reliance FHF XXIII Series 4 - Growth (Face Value of ₹ 10 each) ** | 30,000,000 | 30,000,000 |
| 750,378 (P.Y. 750,378) Units of DWS Short Maturity Fund - Growth (Face Value of ₹ 10 each) ** | 9,033,199 | 9,033,199 |
| 461,270 (P.Y. 197,334) Units of Birla Sun Life Income Plus - Growth (Face Value of ₹ 10 each) ** | 25,000,000 | 10,000,000 |
| 1,035,150 (P.Y. Nil) Units of ICICI Prudential Short Term Regular Plan - Growth (Face Value of ₹ 10 each) ** | 25,000,000 | - |
| 1,018,717 (P.Y. 501,404) Units of IIFL Income opportunities Fund - AIF - Growth (Face Value of ₹ 10 each) | 10,500,000 | 5,250,000 |
| Nil (P.Y. 1,135,771) Units of Birla Sun Life Fixed Term Plan Series FC - Growth (Face Value of ₹ 10 each) ** | - | 11,357,715 |
| Nil (P.Y. 3,500,000) Units of ICICI Prudential Fixed Maturity Plan-Series 63-384 Days Plan A Cumulative - Growth (Face Value of ₹ 10 each) ** | - | 35,000,000 |
| Nil (P.Y. 1,000,000) Units of DWS Fixed Maturity Plan - Series 10 - Growth (Face Value of ₹ 10 each) | - | 10,000,000 |
| Nil (P.Y. 905,334) Units of HDFC Short Term Plan - Growth (Face Value of ₹ 10 each) | - | 20,000,000 |
| Nil (P.Y. 663,473) Units of Reliance Dynamic Bond Fund - Growth (Face Value of ₹ 10 each) ** | - | 10,000,000 |
| Nil (P.Y. 462,374) Units of IDFC Dynamic Bond Fund Plan - Growth - Plan A (Face Value of ₹ 10 each) *** | - | 10,000,000 |
| Nil (P.Y. 1,491,198) Units of ICICI Prudential Ultra Short Term Reg Plan - DDR (Face Value of ₹ 10 each) | - | 15,009,058 |
| 244,998 (P.Y. 626,331) Units of Birla Sun Life Floating Rate Fund - STP - DDR (Face Value of ₹ 100 each) | 24,541,710 | 62,645,595 |
| Nil (P.Y. 70,548) Units of Kotak Floater ST - DDR (Face Value of ₹ 1,000 each) | - | 71,368,178 |
| Nil (P.Y. 12,593) Units of UTI Floating Rate Fund STP - Reg Plan - Direct Plan - DDR (Face Value of ₹ 1,000 each) | - | 13,560,909 |
| Nil (P.Y. 2) Units of PineBridge India Short Term Fund Standard WDR (Face Value of ₹ 1,000 each) | - | 1,844 |
| 849,667 (P.Y. Nil) Units of SBI Magnum Income Fund - Growth (Face Value of ₹ 10 each) | 25,000,000 | - |
| 13,739 (P.Y. Nil) Units of Reliance Liquid Fund TP - DDR (Face Value of ₹ 1,000 each) | 223,153,122 | - |
| 1,000,000 (P.Y. Nil) Units of ICICI Prudential Interval Fund II - Quarterly Interval Plan A - Regular - Dividend Payout (Face Value of ₹ 10 each) | 10,000,000 | - |
| 94,727 (P.Y. Nil) Units of ICICI Prudential Flexible Income Plan - Regular Plan - DDR (Face Value of ₹ 10 each) | 10,016,207 | - |
| 979,089 (P.Y. Nil) Units of DWS Treasury - Invest Plan - Reg - DDR (Face Value of ₹ 10 each) | 10,014,909 | - |
| 1,000,000 (P.Y. Nil) Units of TATA Fixed Maturity Plan Series - 43 Scheme A - Growth (370 days) (Face Value of ₹ 10 each) | 10,000,000 | - |
| 1,000,000 (P.Y. Nil) Units of ICICI Prudential Fixed Maturity Plan - Series 69 - 366 days Plan A (Face Value of ₹ 10 each) | 10,000,000 | - |

Notes Forming part of the Consolidated Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|---------------------------|---------------------------|
| 2,500,000 (P.Y. Nil) Units of Reliance FHF XXIV Series 11 - Growth (Face Value of ₹ 10 each) | 25,000,000 | - |
| 2,500,000 (P.Y. Nil) Units of Birla Sun Life Interval Income Fund-Annual Plan-X-Growth (Face Value of ₹ 10 each) | 25,000,000 | - |
| 1,500,000 (P.Y. Nil) Units of Reliance FHF XXIV Series 3 - Growth (Face Value of ₹10 each) | 15,000,000 | - |
| 2,000,000 (P.Y. Nil) Units of ICICI Prudential FMP Series 73-376 Days Plan Q Growth (Face Value of ₹ 10 each) | 20,000,000 | - |
| 2,000,000 (P.Y. 2,000,000) Units of IDBI FMP-Series III 385D (March 2013) - C - Growth (Face Value of ₹ 10 each) | 20,000,000 | 20,000,000 |
| 561 (P.Y. 29,083) Units of Reliance Liquid fund - TP - Growth (Face Value of ₹ 1,000 each) | 1,722,864 | 82,822,976 |
| 500,000 (P.Y. Nil) Units of ICICI Prudential FMP Series 72-823 Days Plan H Growth (Face Value of ₹ 10 each) | 5,000,000 | - |
| 500,000 (P.Y. Nil) Units of HDFC Fixed Maturity Plans 840 Days - Series 29 - Growth (Face Value of ₹ 10 each) | 2,500,000 | - |
| 1,000,000 (P.Y. Nil) Units of ICICI Prudential FMP Series 72-366 Days Plan M Reg Growth (Face Value of ₹ 10 each) | 10,000,000 | - |
| 445,816 (P.Y. Nil) Units of Birla Sun Life Short Term Fund - Reg - Growth (Face Value of ₹ 10 each) | 20,000,000 | - |
| 889,738 (P.Y. Nil) Units of Templeton India Ultra Short Bond Fund - SI - Growth (Face Value of ₹ 10 each) | 15,000,000 | - |
| 500,000 (P.Y. Nil) Units of DWS Fixed Maturity Plan - Series 57-384 Days Growth (Face Value of ₹ 10 each) | 5,000,000 | - |
| 566,090 (P.Y. Nil) Units of Reliance Short Term Fund - Growth (Face Value of ₹ 10 each) | 12,500,000 | - |
| 212,071 (P.Y. Nil) Units of Birla Sun Life Short Term Fund - Reg - MDR (Face Value of ₹ 10 each) | 2,500,000 | - |
| Nil (P.Y. 19,256) Units of Reliance Life Insurance - Treasury Plan - Retail Option - DDR (Face Value of ₹ 1,000 each) | - | 29,437,812 |
| Nil (P.Y. 3,166,631) Units of Sundaram Ultra Short Term Fund - DDR (Face Value of ₹ 10 each) | - | 31,783,474 |
| Nil (P.Y. 59,021) Units of ICICI Prudential Money Market Fund - Regular Plan - DDR (Face Value of ₹ 10 each) | - | 5,902,814 |
| Nil (P.Y. 9,941) Units of SBI Magnum Insta Cash Fund Liquid Floater - Direct Plan - DDR (Face Value of ₹ 10 each) | - | 10,039,977 |
| ** Out of the above 6,246,798 (P.Y. 11,019,702) units are under lien with Deutsche Bank AG for loan taken by Datamatics Global Services GmbH | | |
| *** Out of the above Nil (P.Y. 462,374) units are under lien with Citi Bank N.A. for loan taken by Datamatics Global Services Inc. | | |
| UNQUOTED (Non-Trade) (At Cost or Fair Value, whichever is less) | | |
| -Investments in Portfolio Management Services (PMS) | | |
| Reliance Capital Asset Management Limited | - | 623,646 |
| TOTAL CURRENT INVESTMENTS | 621,482,011 | 543,837,197 |
| Aggregate of Quoted Investments | 621,482,011 | 543,213,551 |
| Market Value of Quoted Investments | 650,101,166 | 557,540,729 |
| Aggregate of Unquoted Investments | - | 623,646 |

Notes Forming part of the Consolidated Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|---|---------------------------|---------------------------|
| 17 TRADE RECEIVABLES | | |
| Unsecured | | |
| Over six months from the date they were due for payment | | |
| Considered Good | 140,596,872 | 32,363,692 |
| Considered Doubtful | 23,717,422 | 6,949,406 |
| Others | | |
| Considered Good | 1,371,081,827 | 1,042,027,418 |
| | 1,535,396,121 | 1,081,340,516 |
| Less :- Provision for Doubtful Debts | 23,717,422 | 6,949,406 |
| TOTAL | 1,511,678,699 | 1,074,391,110 |
| (Refer Note no. 37) | | |
| 18 CASH & BANK BALANCES | | |
| CASH & CASH EQUIVALENTS | | |
| BANK BALANCES | | |
| - In Current Accounts | 456,314,399 | 179,496,493 |
| - In Fixed Deposit Accounts | - | 37,303,530 |
| - In Exchange Earner's Foreign Currency Account | 6,110,141 | 5,494,564 |
| - In Margin Accounts (original maturity of less than 3 months)* | 315,160 | - |
| Cash on Hand | 1,520,256 | 1,134,804 |
| Cheques on Hand | - | 518,790 |
| Foreign Currency on hand | 614,689 | 490,526 |
| TOTAL | 464,874,645 | 224,438,707 |
| OTHER BANK BALANCES | | |
| - In Margin Accounts (original maturity of more than 3 months and less than 12 months)* | 6,169,774 | 12,673,106 |
| - In Unclaimed Dividend Accounts | 1,602,465 | 1,785,711 |
| TOTAL | 7,772,239 | 14,458,817 |
| GRAND TOTAL | 472,646,884 | 238,897,524 |
| * All the above ₹ 6,484,934 (P.Y. ₹ 12,673,106) are marked as Lien for Guarantees issued by Banks on behalf of the Company. | | |
| 19 SHORT TERM LOANS AND ADVANCES | | |
| (Unsecured, considered good for value to be received in Cash or in Kind, unless otherwise specified) | | |
| Security Deposits | 23,612,521 | 17,682,985 |
| MAT Credit Entitlement | 1,243,871 | 4,139,696 |
| Inter-Corporate Deposits | 47,000,000 | 182,000,000 |
| Service Tax Receivable | 24,883,472 | 38,008,886 |
| Prepaid Expenses | 107,777,459 | 47,471,668 |
| Advance to Vendors | 951,713 | 2,220,580 |
| Advance to Employees | 16,865,118 | 15,993,629 |
| Other Receivables | 22,938,014 | 24,591,737 |
| Fair Value of Outstanding Forward Contracts (Refer Note no. 27) | 35,000 | 1,961,310 |
| Other Advances | | |
| - Considered Doubtful | 5,096,208 | 6,042,708 |
| - Others, Considered Good | 11,126,537 | 5,538,716 |
| | 261,529,913 | 345,651,915 |
| Less : Provision for Bad & Doubtful Advances | 12,096,208 | 6,042,708 |
| TOTAL | 249,433,705 | 339,609,207 |
| 20 OTHER CURRENT ASSETS | | |
| Interest accrued on Investments | 4,147,914 | 13,078,232 |
| Interest accrued but not due on Deposits with Bank | 1,851,671 | 2,762,169 |
| Unbilled Revenue | 567,206,076 | 50,947,840 |
| Contractually Reimbursable expenses | 601,742 | 703,720 |
| TOTAL | 573,807,403 | 67,491,961 |

Notes Forming part of the Consolidated Financial Statements

| | For the year ended March 31, 2014 ₹ | For the year ended March 31, 2013 ₹ |
|--|---|---|
| 21 REVENUE FROM OPERATIONS | | |
| - Sale of Products | 144,104,768 | 137,839,421 |
| - Sale of Services | 7,193,956,955 | 5,362,199,677 |
| TOTAL | 7,338,061,723 | 5,500,039,098 |
| 22 OTHER INCOME | | |
| Interest from Banks & Others | 16,429,755 | 47,356,608 |
| Dividend on Current Investments - Non Trade | 15,406,918 | 8,326,403 |
| Dividend on Non-Current Investments - Trade and Non Trade | 484,678 | 205,049 |
| Profit on Sale of Current Investments - Non Trade | 5,721,420 | 29,580,293 |
| Profit on Sale of Non-Current Investments - Trade | 21,631,488 | 732,277 |
| Miscellaneous Income | 2,580,733 | 1,603,178 |
| Exchange Fluctuation (Net) | 9,297,379 | - |
| Sundry Balances Written back (Net) | 1,727,349 | 1,804,722 |
| TOTAL | 73,279,720 | 89,608,530 |
| 23 EMPLOYEE BENEFITS EXPENSES | | |
| Salaries,Wages,Bonus & Allowances | 3,293,009,021 | 2,708,728,591 |
| Contribution to Provident Fund and Other Funds (Refer Note no. 28) | 131,616,257 | 133,364,846 |
| Share Based Compensation (Refer Note no. 31) | 1,901,093 | 1,999,080 |
| Staff Welfare Expenses | 129,663,180 | 98,130,278 |
| Directors Remuneration (Refer Note no. 30 (ii)) | 79,530,640 | 49,932,463 |
| TOTAL | 3,635,720,191 | 2,992,155,258 |
| 24 FINANCE COSTS | | |
| Interest Expense | | |
| -To Financial Institutions and Banks | 27,775,214 | 31,065,890 |
| -To Others | 12,061,900 | 3,573,980 |
| TOTAL | 39,837,114 | 34,639,870 |

Notes Forming part of the Consolidated Financial Statements

| | For the year ended March 31, 2014 ₹ | For the year ended March 31, 2013 ₹ |
|--|---|---|
| 25 OTHER EXPENSES | | |
| Knowledge Associates / Vendor Charges (Refer Note no. 30 (ii)) | 274,426,585 | 107,758,682 |
| Consultancy Charges / Consumables | 17,472,967 | 10,661,099 |
| Electricity Expenses | 92,165,818 | 64,740,505 |
| Technical Fees | 1,236,452,852 | 850,265,601 |
| Partnership Fees | 204,899 | 304,500 |
| Travelling Expenses | 422,470,121 | 312,796,632 |
| Link Charges | 30,569,417 | 21,494,602 |
| Rent (Refer Note no. 35) | 143,631,259 | 101,279,191 |
| Rates and Taxes | 19,219,720 | 14,499,621 |
| Communication Expenses | 53,397,002 | 48,101,650 |
| Legal and Professional Charges | 85,255,499 | 91,373,710 |
| Remuneration to Auditors | 11,186,266 | 7,162,100 |
| Repairs and Maintenance : | | |
| - Building | 10,421,891 | 8,332,164 |
| - IT & Machinery | 44,369,482 | 28,782,389 |
| Repair Others | 30,359,860 | 28,926,750 |
| Insurance Premium | 18,009,206 | 14,449,526 |
| Sales Commission and Marketing Expenses | 9,693,233 | 1,016,480 |
| Board Sitting Fees | 435,000 | 390,000 |
| Advertisement and Sales Promotion Expenses | 44,498,002 | 72,957,012 |
| Lease Rent and Hire Charges | 13,076,353 | 10,181,130 |
| Entertainment Expenses | 5,879,736 | 7,259,569 |
| Miscellaneous Expenses | 14,188,099 | 15,954,278 |
| Provision for Doubtful Investment | 1,338,906 | - |
| Provision for Doubtful Debts | 12,280,616 | - |
| Loss on Sale of Fixed Assets | 6,457,420 | 571,688 |
| Loss on Theft of Assets | - | 34,658 |
| Bad Debts Written off | 2,476,942 | 12,458,155 |
| Provision for Doubtful receivables/advances | 7,053,584 | - |
| Provision for Dimunition in value of Investments | 7,157,206 | - |
| Exchange Fluctuation (Net) | - | 34,336,227 |
| Bank & Other Charges | 6,602,876 | 11,073,726 |
| Recruitment Expenses (Refer Note no. 30 (ii)) | 18,479,898 | 21,334,387 |
| Subscription Charges | 11,695,491 | 11,638,134 |
| Printing & Stationery | 20,015,090 | 16,661,947 |
| Photocopying Charges | 159,238 | 355,968 |
| Security Charges | 12,081,037 | 8,239,492 |
| TOTAL | 2,683,181,571 | 1,935,391,573 |

Notes Forming part of the Consolidated Financial Statements

26 Contingent Liability and Commitments:

Provision is made in the accounts if it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Contingent Liabilities to the extent not provided for:

| | March 31, 2014 ₹ | March 31, 2013 ₹ |
|--|---------------------|---------------------|
| (a) Claims against the Company not acknowledged as debt: | | |
| (i) Income Tax matters | 29,710,966 | 20,506,654 |
| (ii) Sales Tax matters | 5,074,525 | 5,074,525 |
| (iii) Fringe Benefits Tax Liability | 30,739 | - |
| (b) Details of guarantees and sureties outstanding as at: | | |
| (i) Guarantees given by Banks to Embassy Centre Premises Co-operative Society Ltd. | 425,930 | 425,930 |
| (ii) Guarantees given by Banks to the Assistant Commissioner of Central Excise and Customs Department | 800,875 | 849,875 |
| (iii) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 84,398.70 | 6,118,000 | 6,118,000 |
| (iv) Guarantees given by Banks to Directorate of Information Technology | 2,720,000 | 2,000,000 |
| (v) Guarantees given by Banks to Mahanagar Gas Ltd. | - | 348,725 |
| (vi) Corporate Guarantees provided to Banks against credit facilities extended to Subsidiaries and Joint Venture Company | 262,752,500 | 319,420,000 |
| (vii) Guarantees given by Banks to Bank of India | - | 398,268 |
| (viii) Guarantees given by Banks to Agility Logistics Pvt. Ltd. | - | 500,000 |
| (ix) Guarantees given by Banks to Chief Accounts Officer, Aurangabad Municipal Corporation. | 1,052,000 | 1,052,000 |
| (x) Guarantees given by Banks to Webel Mediatronics Ltd. | - | 615,302 |
| (xi) Guarantees given by Banks to Navi Mumbai Municipal Corporation | 330,000 | - |
| (xii) Guarantees given by Banks to The Tender Manager, NICSI | 500,000 | - |
| (xiii) Guarantees given by Banks to Senior Accounts Officer, Electricity Department Puducherry | 785,840 | - |
| (xiv) Guarantees given by Banks to The Municipal Commissioner Greater Mumbai | 2,103,379 | - |
| (c) Capital and other commitments: | | |
| (i) Foreign Currency Forward Contracts Outstanding (Refer Note no. 27) | 6,720,000 | 8,421,522 |
| (ii) Estimated amount of contracts on capital account remaining to be executed and not provided (net of advances). | - | 6,626,297 |
| (iii) Estimated amount payable under business development agreement USD 256,000 equivalent to ₹ 15,336,960 to business consultant. | | |

Notes Forming part of the Consolidated Financial Statements

- 27** The Company in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is generally a bank. These contracts are for a period between one month and two years.

The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

| Particulars | (Amount in ₹) | |
|--|--------------------|--------------------|
| | March 31, 2014 | March 31, 2013 |
| Not later than one month | 33,005,191 | 15,414,560 |
| Later than one month and not later than three months | 66,326,132 | 30,939,636 |
| Later than three months and not later than one year | 270,934,273 | 181,209,464 |
| Later than one year | 55,281,200 | 230,962,750 |
| Total | 425,546,796 | 458,526,409 |

The following are outstanding foreign exchange forward contracts, which have been designated as Cash Flow Hedges, as at:

| Foreign Currency | March 31, 2014 | | | March 31, 2013 | | |
|------------------|------------------|--|------------------------------|------------------|--|------------------------------|
| | No. of Contracts | Notional amount of Currency Forward contracts | Fair Value (₹) gain / (loss) | No. of Contracts | Notional amount of Currency Forward contracts | Fair Value (₹) gain / (loss) |
| U.S. Dollar | 96 | 6,360,000 | (5,359,150) | 120 | 7,860,000 | 3,002,284 |
| Sterling Pound | 6 | 180,000 | (689,700) | 6 | 270,000 | 1,489,253 |
| Euro | 6 | 180,000 | (78,654) | 6 | 180,000 | 151,034 |
| Swiss Francs | - | - | - | 6 | 111,522 | 145,273 |
| Total | | 6,720,000 | (6,127,504) | | 8,421,522 | 4,787,844 |

Net profit/loss on derivative instruments of ₹ (6,127,504) (P.Y. 4,787,844) recognised in Hedging reserve as of March 31, 2014, is expected to be reclassified to the statement of profit and loss by March 31, 2016. The foreign currency exposures that are not hedged by a derivative instrument or otherwise is ₹ 1,096,973,795 (P.Y. ₹ 142,387,283).

The Company has applied the principles of Cash Flow Hedge Accounting as per Accounting Standard (AS) - 30, Financial Instrument: Recognition and Measurement, along with limited revision to other accounting standards, issued by the Institute of Chartered Accountants of India. AS-30, along with limited revision to the other accounting standards, have not currently been notified by the National Advisory Council for Accounting Standard (NACAS) pursuant to the Companies(AS) rules, 2006 as per section 211(3C) of the Companies Act, 1956.

Notes Forming part of the Consolidated Financial Statements

28 Employee Benefits

(Amount in ₹)

| | 2013-14 | 2012-13 |
|---|---|---|
| Defined Contribution Plan | | |
| I. Charge to the Profit and Loss Statement based on contributions | | |
| Employers Contribution to Provident Fund | 53,473,786 | 44,472,058 |
| Employers Contribution to Other Foreign Defined Contribution Plans | 62,101,931 | 75,407,404 |
| Employers Contribution to Employees' State Insurance | 8,931,467 | 8,826,402 |
| Employers Contribution to Employees' Pension Scheme 1995 | 6,525,934 | 3,261,298 |
| Employers Contribution to Labour Welfare Fund & Others | 583,139 | 1,397,684 |
| Included in Contribution to Provident Fund and Other Funds (Refer Note no. 23) | 131,616,257 | 133,364,846 |
| | Gratuity (Unfunded) | |
| | 2013-14 | 2012-13 |
| Defined Benefit Plan | | |
| I. Disclosures for defined benefit plans based on actuarial reports as on March 31, 2014 | | |
| A. Change in Defined Benefit Obligation | | |
| Present Value of Defined Benefit Obligation as at the beginning of the year | 48,571,607 | 49,764,317 |
| Interest Cost | 3,885,729 | 4,229,967 |
| Current Service Cost | 7,324,057 | 8,862,488 |
| Liability Transferred (out) / in | 15,189,953 | - |
| Benefits Paid | (13,313,953) | (11,411,701) |
| Actuarial (gains) / loss | 12,065,282 | (2,873,464) |
| Present Value of Defined Benefit Obligation as at the end of the year | 73,722,675 | 48,571,607 |
| Included in Long-Term & Short-Term Provisions (Refer Note no. 8 & 11) | | |
| B. Changes in Fair Value of Assets | | |
| Fair Value of Plan Asset as at beginning of the year | 1,389,959 | 563,870 |
| Expected return on Plan Assets | 120,926 | 48,493 |
| Contributions by the employer | 13,313,953 | 12,152,130 |
| Benefits Paid | (13,313,953) | (11,411,701) |
| Actuarial gain / (loss) | (27,104) | 37,167 |
| Fair Value of Plan Asset as at end of the year | 1,483,781 | 1,389,959 |
| C. Amount recognised in the Balance Sheet | | |
| Present value of defined benefit obligation as at end of the year | 73,722,675 | 48,571,607 |
| Fair Value of Plan Assets at the end of the year | 1,483,781 | 1,389,959 |
| Net Asset / (Liability) recognised in Balance Sheet (Refer Note no. 8 & 11) | (72,238,894) | (47,181,648) |
| D. Expenses recognised in Profit and Loss Statement | | |
| Current Service Cost | 7,324,057 | 8,862,488 |
| Interest Cost | 3,885,729 | 4,229,967 |
| Expected return on Plan Assets | (120,926) | (48,493) |
| Actuarial Losses / (Gains) | 12,065,282 | (2,873,464) |
| Total Expenses / (Income) recognised in Profit and Loss Statement | 23,154,142 | 10,170,498 |
| Included in Salaries, Wages, Bonus & Allowances (Refer Note no. 23) | | |
| E. Principal Actuarial Assumptions used: | | |
| 1. Discount Rate (per annum) | 9.03% | 8.00% |
| 2. Salary Escalation | 3.50% | 2.00% |
| 3. Mortality table | Indian Assured Lives Mortality (2006-2008) Ultimate | Indian Assured Lives Mortality (2006-2008) Ultimate |
| F. Experience Adjustments: | | |
| Experience Adjustments on Plan Liability (Gain)/Loss | 7,697,247 | 2,691,384 |

Note:

Provision towards liability for Leave Encashment made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value liability is ₹ 46,877,053 (P.Y. ₹ 31,381,319) based upon following assumptions:

| | 2013-14 | 2012-13 |
|-------------------|---------|---------|
| Discount Rate | 9.03% | 8.00% |
| Salary Escalation | 3.50% | 2.00% |

Notes Forming part of the Consolidated Financial Statements

29 Segmental Information :

The Management Information System of DGSL group identifies and operates in a single primary business segment. In the opinion of the management these activities are governed by the same set of risk and returns as per AS-17 dealing with segmental reporting. Secondary segmental reporting is on the basis of geographical location of customers.

Performance of Business Segment is as follows:

| | (Amount in ₹) | |
|--|----------------------|----------------------|
| | March 31, 2014 | March 31, 2013 |
| Revenue | | |
| Sales | 7,338,061,723 | 5,500,039,098 |
| Segment result profit | 702,502,507 | 323,093,643 |
| Other Income | 73,279,720 | 89,608,530 |
| Direct Taxes | 193,720,065 | 98,145,328 |
| Profit from Ordinary Activities | 582,062,162 | 314,556,845 |
| Net Profit | 582,062,162 | 314,556,845 |
| Other Segment Information | | |
| Capital Expenditure (Net) | 947,304,522 | 170,543,252 |
| Depreciation and Amortisation | 160,643,724 | 120,282,851 |
| Non Cash Expenses other than Depreciation (Net) | 35,037,325 | 13,064,501 |
| Particulars of Segment Assets and Liabilities | | |
| Segment Assets | 5,436,465,598 | 3,354,657,045 |
| Investments | 866,739,918 | 629,810,416 |
| Bank Deposits | 16,151,005 | 52,777,511 |
| Other Assets | 181,178,705 | 337,649,185 |
| Total Assets | 6,500,535,226 | 4,374,894,157 |
| Segment Liabilities | 2,101,911,218 | 1,224,455,847 |
| Other Liabilities | 244,856,053 | 151,853,342 |
| Total Liabilities | 2,346,767,271 | 1,376,309,189 |

Geographic Segment

Revenue attributable to the location of the customers is as follows:

| | (Amount in ₹) | |
|---------------------|----------------------|----------------------|
| Geographic Location | March 31, 2014 | March 31, 2013 |
| USA | 4,943,242,235 | 3,346,260,662 |
| Europe | 1,504,390,182 | 1,094,805,082 |
| Others | 890,429,306 | 1,058,973,354 |
| Total | 7,338,061,723 | 5,500,039,098 |

Notes Forming part of the Consolidated Financial Statements

30 Related party disclosures:

- (i) As per Accounting Standard 18, as notified by the rules the disclosures of Related Parties and transactions during the year as deemed in the Accounting Standard are given below:

(A) Key Managerial Personnel

Dr. L. S. Kanodia
Mr. Rahul L. Kanodia
Mr. Vidur V. Bhogilal
Mr. Sameer L. Kanodia
Mr. Michael Thuleweit
Mr. N. K. Varma (Resigned on 31st August 2012)
Mr. Manish Sheladia (Resigned on 3rd September 2013)
Mr. Munwar Shariff
Mrs. Sivakameswari V. Narayan
Mr. Kapilanandan Viswanathan
Mr. Krishna Tewari

(B) Relatives Of Key Managerial Personnel and Enterprise owned by Key Managerial Personnel

Mrs. Asha Kanodia
Mrs. Priyadarshini Kanodia
Datamatics Staffing Services Ltd.
Datamatics Employees Welfare Trust
Datamatics Financial Services Ltd.
Amon Technologies Pvt. Ltd.
Anemone Management Consultancy Pvt. Ltd.
Datascan Services

(C) Holding Company

Delta Infosolutions Pvt. Ltd.

(D) Enterprise having significant influence

JM Financial Trustee Company Pvt. Ltd.
NEAAndo - US Venture Capital LLC

Notes Forming part of the Consolidated Financial Statements

(ii) Details of transactions with the related parties stated in (i) above :

| Nature of transaction | (Amount in ₹) | | | | | | | |
|--|----------------------|------------|----------------------|------------|----------------------|------------|----------------------|-----------|
| | Refer to (i) A above | | Refer to (i) B above | | Refer to (i) C above | | Refer to (i) D above | |
| | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 |
| Sales - Technical Services | - | - | 125,705 | 4,387,953 | - | - | - | - |
| Datamatics Financial Services Ltd. | - | - | 125,705 | 4,387,953 | - | - | - | - |
| Technical Fees | - | - | 19,012,789 | 7,837,960 | - | - | - | - |
| Datamatics Staffing Services Ltd. | - | - | 19,012,789 | 7,837,960 | - | - | - | - |
| Managerial Remuneration | 68,424,056 | 42,043,948 | - | - | - | - | - | - |
| Dr. L. S. Kanodia | 5,326,502 | 5,301,710 | - | - | - | - | - | - |
| Mr. Rahul L. Kanodia | 8,104,914 | 7,802,360 | - | - | - | - | - | - |
| Mr. Vidur V. Bhogilal | 6,792,714 | 5,704,457 | - | - | - | - | - | - |
| Mr. Sameer L. Kanodia | 4,216,219 | 4,165,381 | - | - | - | - | - | - |
| Mr. Michael Thuleweit | 15,385,306 | 13,312,321 | - | - | - | - | - | - |
| Mr. N. K. Varma | - | 916,668 | - | - | - | - | - | - |
| Mr. Manish Sheladia | 362,650 | 4,841,051 | - | - | - | - | - | - |
| Mr. Munwar Shariff | 15,525,542 | - | - | - | - | - | - | - |
| Mrs. Sivakameswari V. Narayan | 5,286,207 | - | - | - | - | - | - | - |
| Mr. Kapilnandan Viswanathan | 4,942,874 | - | - | - | - | - | - | - |
| Mr. Krishna Tewari | 2,481,128 | - | - | - | - | - | - | - |
| Commission | 9,906,584 | 7,088,514 | - | - | - | - | - | - |
| Dr. L. S. Kanodia | 4,953,292 | 3,544,257 | - | - | - | - | - | - |
| Mr. Rahul L. Kanodia | 4,953,292 | 3,544,257 | - | - | - | - | - | - |
| Proposed Dividend | 8,842,354 | 7,073,883 | 6,723,809 | 5,379,047 | 39,767,178 | 31,813,742 | - | - |
| Salaries | - | - | 1,747,800 | 2,182,800 | - | - | - | - |
| Mrs. Priyadarshini Kanodia | - | - | 1,747,800 | 2,182,800 | - | - | - | - |
| Recruitment Expenses | - | - | 57,483 | 502,769 | - | - | - | - |
| Datamatics Staffing Services Ltd. | - | - | 57,483 | 502,769 | - | - | - | - |
| Training Expenses | - | - | 10,000 | 60,000 | - | - | - | - |
| Datamatics Staffing Services Ltd. | - | - | 10,000 | 60,000 | - | - | - | - |
| Preference Share at the end of the Year | - | - | - | - | - | - | 771,758,060 | - |
| JM Financial Trustee Company Pvt. Ltd. | - | - | - | - | - | - | 600,284,640 | - |
| NEA Ando - US Venture Capital LLC | - | - | - | - | - | - | 171,473,420 | - |
| Loans and Advances repaid during the year | - | - | 1,725,861 | - | - | - | - | - |
| Datamatics Employees Welfare Trust | - | - | 1,725,861 | - | - | - | - | - |
| Loans and Advances given during the year | - | - | 60,000 | - | - | - | - | - |
| Datamatics Employees Welfare Trust | - | - | 60,000 | - | - | - | - | - |
| Payables | 9,906,584 | 7,088,514 | - | - | - | - | - | - |
| Dr. L. S. Kanodia | 4,953,292 | 3,544,257 | - | - | - | - | - | - |
| Mr. Rahul L. Kanodia | 4,953,292 | 3,544,257 | - | - | - | - | - | - |
| Receivables | - | - | 63,491,045 | 66,123,403 | - | - | - | - |
| Datamatics Financial Services Ltd. | - | - | 204,215 | 1,170,712 | - | - | - | - |
| Datamatics Employees Welfare Trust | - | - | 63,286,830 | 64,952,691 | - | - | - | - |

Note:

Related parties are identified by the management and relied upon by the auditors.

Notes Forming part of the Consolidated Financial Statements

31 Employee Stock Option Scheme:

The Datamatics Employees Welfare Trust (Trust) had purchased 1,753,261 shares of Company for granting stock options to the employees. The purchases are financed by loans from the Company. Amount recoverable from Trust (unsecured) as on March 31, 2014 is ₹ 63,286,830 (P.Y. ₹ 64,952,691).

(i) Key Employee Stock Option Plan, 2006

Under the Key Employee Stock Option Plan, 2006, 116,000 options were granted at exercise price of ₹ 5 per option and the second vesting period falls during the current F.Y. 2013-14. During the year no options have been vested and exercised. Upon vesting and exercise of the stock options, equity shares will be granted to the employees from the shares held by the Trust. During the F.Y. 2012-13 6,440 shares have been vested and exercised and 70,000 stock options have lapsed.

(ii) Key Employee Stock Option Plan, 2007

Under the Key Employee Stock Option Plan, 2007, 300,000 options were granted at exercise price of ₹ 5 per option and the second vesting period falls during current F.Y. 2013-14. During the year no options have been vested and exercised. Upon vesting and exercise of the stock options, equity shares will be granted to the employees from the shares held by the Trust. During the F.Y. 2012-13 20,960 shares have been vested and exercised and 68,000 stock options have lapsed.

During the year, an amount of ₹ 1,901,093 (P.Y. ₹ 1,999,080) has been expensed out considering the proportionate vesting period, which has been included in Salaries, Wages, Bonus & Allowances and the balance has been disclosed under Reserves and Surplus as reduction from Employee Stock Option Outstanding.

32 During the year, Company has invested:

- (i) USD 9,300,000 in 9,300,000 fully paid Series III Convertible Non-Cumulative Redeemable 8% Preference Shares of USD 1 each of Datamatics Global Technologies Ltd., a Company incorporated in Mauritius.
- (ii) AED 50,000 in 50 fully paid equity shares of AED 1,000 each of Datamatics Global Services FZ-LLC., a Company incorporated in Dubai.
- (iii) ₹ 577,600,000 in 10,000,000 fully paid equity shares of ₹ 10 each of Datamatics eRetail and Publishing Limited. The Company has acquired controlling interest in Lexicon Publishing Services Private Limited (now known as Lumina Datamatics Limited ("LD")) on September 5, 2013. Thereafter, the Hon'ble High Court, Madras has passed an order sanctioning the Scheme of Arrangement/Amalgamation ["Scheme"] of Premedia Global Private Limited (wholly owned subsidiary of LD) and Datamatics eRetail and Publishing Limited (wholly owned subsidiary of the Company) with and into LD on March 17, 2014. The Appointed Date for the said Scheme was January 1, 2014 and the Effective Date was March 31, 2014. Pursuant to the sanctioned Scheme, the Company holds 73.12% of equity share capital in LD. The Consolidated financial results for the year ended March 31, 2014 are not comparable with the corresponding year ended March 31, 2013, as it includes 100% income and expenses of LD from September 5, 2013 to March 31, 2014.

33 Portfolio Management services are provided by the Portfolio Manager – Reliance Capital Asset Management Ltd (RCAML) registered with SEBI vide registration No.INP000000423 and Trust Investment Advisors Pvt. Ltd. (TIAPL) registered with SEBI Reg No. INP000001843. The portfolio Manager is engaged in investing funds in accordance with SEBI (Portfolio Managers) Regulations, 1993 of its client – Datamatics Global Services Ltd. in Securities and providing portfolio management services to its clients.

RCAML and TIAPL have been appointed as the Portfolio Manager for managing the investments of its funds on a discretionary basis to avail of investment advisory and portfolio management services for the purpose of investment to be made in securities. RCAML also holds the Power of Attorney to hold investments in its name for investments made on behalf of Company. Investments made by RCAML under the Portfolio Management Services are made in a pool account and therefore are not held in the name of the Company.

Notes Forming part of the Consolidated Financial Statements

34 Earning Per Share

The Components of basic and diluted earnings per share were as follows :

| | March 31, 2014 | March 31, 2013 |
|--|--------------------|----------------|
| (a) Net Profit / (Loss) after taxation attributable to equity shareholders (in ₹) | 486,966,717 | 268,171,900 |
| (b) Weighted average number of Outstanding equity shares considered for Basic EPS (Nos.) | 58,949,337 | 58,949,337 |
| (c) Dilutive Impact on Net Profit after Minority Interest on potential conversion of outstanding Preference Shares (in ₹) | 8,271,946 | 1,284,665 |
| (d) Net Profit / (Loss) after taxation attributable to equity shareholders on potential conversion of outstanding Preference Shares (in ₹) | 478,694,771 | 266,887,234 |
| (e) Earnings per share | | |
| (Nominal value per share ₹ 5 each) | | |
| Basic earning per share (in ₹) (a/b) | 8.26 | 4.55 |
| Diluted earning per share (in ₹) (a/c) | 8.12 | 4.53 |

35 Leases :

The Company has entered into operating lease arrangements for several premises. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Note 25. These leasing arrangements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutual agreeable terms.

Future lease rentals payable in respect of residential and office premises:

(Amount in ₹)

| | March 31, 2014 | March 31, 2013 |
|--|--------------------|----------------|
| Amount due within one year from the balance sheet date | 123,879,821 | 47,849,455 |
| Amount due in the period between one year and five years | 85,462,810 | 44,817,515 |
| Amount due later than five years | - | - |

The Following Lease payments are recognised in Profit and Loss Statement :

| | | |
|------------|--------------------|-------------|
| Lease Rent | 143,631,259 | 101,279,191 |
|------------|--------------------|-------------|

Note :

- Future lease payments are determined on the basis of terms of the lease agreement.
- At the expiry of term of the agreement, the Company has an option either to return the leased assets or extend the term by giving a notice in writing.

Notes Forming part of the Consolidated Financial Statements

- 36** In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act 2006, the outstanding to these enterprises are required to be disclosed. However, these enterprises are required to be registered under the Act. In the absence of the information about registration of the enterprises under the above Act, the required information could not be furnished.
- 37** The Company has received confirmations from few Trade receivables, Other receivables and for majority of loans and advances. Remaining Trade receivables, Other receivables, Trade payables and loans and advances are subject to confirmation and reconciliation, and consequent impact if any will be adjusted as and when determined.
- 38** In the opinion of the Company, the Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business. The provision for all known Liabilities and for Depreciation is adequate and not in excess of the amount reasonably necessary.

39 Prior period comparative:

During the year ended March 31, 2014:

The Company has acquired controlling interest in Datamatics eRetail and Publishing Limited (now known as Lumina Datamatics Limited ("LD")) on September 5, 2013. Thereafter, the Hon'ble High Court, Madras has passed an order sanctioning the Scheme of Arrangement/Amalgamation ["Scheme"] of Premedia Global Private Limited (wholly owned subsidiary of LD) and Datamatics eRetail and Publishing Limited (wholly owned subsidiary of the Company) with and into LD on March 17, 2014. The Appointed Date for the said Scheme was January 1, 2014 and the Effective Date was March 31, 2014. Pursuant to the sanctioned Scheme, the Company holds 73.12% of equity share capital in LD. The Consolidated financial results for the year ended March 31, 2014 are not comparable with the corresponding previous year ended March 31, 2013, as it includes 100% income and expenses of LD from September 5, 2013 to March 31, 2014.

Previous year figures have been appropriately regrouped/reclassified and rearranged wherever necessary to confirm to the current year's presentation.

- 40** Figures are rounded off to the nearest of rupee.

As per our attached report of even date

For and on behalf of the Board

For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Dr. Lalit S. Kanodia
Chairman

R. K. Saraswat
Director

Rahul L. Kanodia
Vice Chairman & CEO

Manoj Kumar Pati
Partner
Membership No. 504536

Divya Kumat
Corporate Head - Legal
& Company Secretary

Vidur V. Bhogilal
Executive Director
& Chief Financial Officer

Place : Mumbai
Dated : May 28, 2014

Consolidated Cash Flow Statement

| Particulars | 2014 ₹ | 2013 ₹ |
|--|----------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit before Tax | 775,782,227 | 412,702,173 |
| Adjusted for: | | |
| Provision for Retirement benefits | 48,189,164 | 30,227,821 |
| Depreciation and Amortization | 160,643,724 | 120,282,851 |
| Finance Costs | 34,606,490 | 16,310,581 |
| Loss on sale of Fixed Assets | 6,457,420 | 606,346 |
| Interest on Fixed Deposit & Others | (16,429,755) | (47,356,608) |
| Dividend Received | (15,891,596) | (8,531,452) |
| Profit on sale of Investments | (27,352,908) | (30,312,570) |
| Provision for Diminution in the value of Investment | 7,157,206 | - |
| Bad Debts Written off | 2,476,942 | 12,458,155 |
| Provision for Doubtful Investment | 1,338,906 | - |
| Provision for Doubtful Debts | 12,280,616 | - |
| Provision for Doubtful receivables/advances | 7,053,584 | - |
| Employee Stock Option Expenses | 1,901,093 | 1,999,080 |
| Exchange difference on translation of foreign currency monetary items | 4,504,845 | 2,230,369 |
| | 226,935,731 | 97,914,573 |
| Operating Profit before Working Capital Changes | 1,002,717,958 | 510,616,745 |
| Adjusted for: | | |
| Increase in Sundry Debtors | (953,545,825) | (153,981,303) |
| (Increase) / Decrease in Loans and Advances | (122,181,808) | 67,272,143 |
| Increase in Current Liabilities | 300,495,890 | 191,809,635 |
| | (775,231,743) | 105,100,476 |
| Cash Generated from Operations | 227,486,215 | 615,717,222 |
| Tax Paid (Net of tax refund received) | 155,289,895 | 117,781,760 |
| Net Cash From Operating Activities | 72,196,320 | 497,935,462 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets | (947,304,522) | (171,192,304) |
| Purchase of Investments | (93,577,063) | (251,599,237) |
| Interest on Fixed Deposit & Others | 16,429,755 | 47,356,608 |
| Profit on sale of Investments | 27,352,908 | 30,312,570 |
| Dividend Received | 15,891,596 | 8,531,452 |
| Net Cash from Investing Activities | (981,207,326) | (336,590,911) |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of Preference Share Capital | 771,758,060 | - |
| Proceeds / (Repayment) from Borrowings | 522,559,496 | (80,935,703) |
| Finance Costs | (34,606,490) | (16,310,581) |
| Final Equity Dividend Paid | (92,885,337) | (44,212,003) |
| Tax paid on dividend | (12,873,940) | (1,612,517) |
| Interim Dividend Paid | - | (33,600,000) |
| Tax paid on Interim dividend | - | (16,777,959) |
| Net Cash Flow from Financing Activities | 1,153,951,789 | (193,448,763) |
| Net Increase in Cash and Cash Equivalent during the year | 244,940,783 | (32,104,212) |
| Cash and Cash equivalents as at beginning of the year | 224,438,707 | 258,554,287 |
| Exchange difference on translation of foreign currency cash and cash equivalents | (4,504,845) | (2,011,368) |
| Cash and Cash equivalents as at the end of the year | 464,874,645 | 224,438,707 |
| Earmarked balances with banks | 7,772,239 | 14,458,817 |
| Cash and Bank balances at the end of the year | 472,646,884 | 238,897,524 |

As per our attached report of even date

For and on behalf of the Board

For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Dr. Lalit S. Kanodia
Chairman

R. K. Saraswat
Director

Rahul L. Kanodia
Vice Chairman & CEO

Manoj Kumar Pati
Partner
Membership No. 504536

Divya Kumat
Corporate Head - Legal
& Company Secretary

Vidur V. Bhogilal
Executive Director
& Chief Financial Officer

Place : Mumbai
Dated : May 28, 2014

Independent Auditors' Report

To the Members of DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED)

Report on the Financial Statements

We have audited accompanying financial statements of **DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED)** ("the Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

With reference to note number 42 to the financial statements regarding the Company's investments aggregating ₹ 995,121,964 in four of its wholly owned subsidiaries and loans and advances aggregating ₹ 197,108,961 to these subsidiaries which have incurred losses and net worth has declined. As explained in the said note, these investments are for long term and of strategic nature. Accordingly, the said investments and loans and advances are considered good and recoverable by the Company. In view of this, we are unable to comment on whether provision, if any, for the diminution in the value of investments is required to be made. Our opinion is not qualified in respect of this matter.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, ("the order") as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, 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 those books.
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act, 2013.
 - e) On the basis of the written representations received from the directors, as on March 31, 2014 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Kanu Doshi Associates

Chartered Accountants

Firm Registration Number: 104746W

Manoj Kumar Pati

Partner

Membership No: 504536

Place : Mumbai

Date : May 28, 2014

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of Report on other legal and regulatory requirement of the Auditor's report of even date to the members of **DATAMATICS GLOBAL SERVICES LIMITED (formerly known as DATAMATICS TECHNOLOGIES LIMITED)** for the year ended March 31, 2014;

- i. (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- (c) During the year, the Company has executed Business Transfer Agreement with its wholly owned subsidiary i.e. Datamatics eRetail Pulbilshing Limited ("DERPL") and accordingly transferred its digital publishing and e-Retail business segment having net written down value of fixed assets and capital WIP of ₹ 91,497,927 as on November 30, 2013 on a slump sale basis. Further, with effect from January 1, 2014 DERPL has been merged with Lexicon Publishing Services Private Limited (LPSPL). The fixed assets transferred during the year were not substantial and in result forms part of the Group, and therefore, do not affect the going concern assumption.
- ii. The Company's nature of operations does not require it to hold inventories. Consequently, clause 4(ii) of the order is not applicable.
- iii. As informed to us, the Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence clauses (iii) (a) to (iii) (g) of paragraph 4 of the order are not applicable to the Company.
- iv. In our opinion 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 fixed assets and with regard to the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system.
- v. (a) In our opinion and according to the information and explanation given to us, the particulars of contract or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that Section.
- (b) where each such transaction is in excess of rupees five lakhs in respect of each party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi. During the year, the Company has not accepted any deposits from the public. As such, the compliance with directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
- vii. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and nature of its business.
- viii. 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.
- ix. (a) According to the information and explanations given and on the basis of records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at March 31, 2014 for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues aggregating ₹ 23,637,346/- pending before the appropriate authorities are as under:

| Sr. No. | Name of the Statute | Nature of the dues | Forum where the dues is pending | Amount in ₹ |
|--------------|----------------------|------------------------|---------------------------------|------------------|
| 1 | Income Tax Act, 1961 | Tax Deducted At Source | Income Tax Officer (TDS) | 493,418 |
| 2 | Sales Tax Act | Sales Tax | Ass. Commissioner of Sales Tax | 5,024,525 |
| Total | | | | 5,517,943 |

- x. The Company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investment and timely entries have generally been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by its subsidiaries from banks are not prima facie, prejudicial to the interest of the Company.
- xvi. The term loans have been used for the purpose they were applied for.
- xvii. On the basis of an overall examination of the Balance Sheet of the Company and according to the information and explanations given to us, in our opinion there are no funds raised on short-term basis, which have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- xix. The Company has not issued debentures during the financial year and hence, the question of creating securities in respect thereof does not arise.
- xx. During the year, the company has not raised any money through Public Issue. Hence the clause 4(xx) of the order is not applicable.
- xxi. On the basis of our examination and according to the information and explanation given to us, no fraud, on or by the Company, has been noticed or reported during the course of our audit.

For Kanu Doshi Associates

Chartered Accountants

Firm Registration Number: 104746W

Manoj Kumar Pati

Partner

Membership No: 504536

Place : Mumbai

Date : May 28, 2014

Balance Sheet

| Particulars | Note No. | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|----------|---------------------------|---------------------------|
| EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share Capital | 3 | 294,746,685 | 294,746,685 |
| Reserves and Surplus | 4 | 3,616,107,849 | 3,289,504,843 |
| | | 3,910,854,534 | 3,584,251,528 |
| NON-CURRENT LIABILITIES | | | |
| Long-Term Borrowings | 5 | 520,018,800 | - |
| Deferred Tax Liabilities (Net) | 6 | 10,481,164 | 17,356,264 |
| Other Long-Term Liabilities | 7 | 5,703,376 | 1,596,735 |
| Long-Term Provisions | 8 | 55,503,145 | 50,411,201 |
| | | 591,706,485 | 69,364,200 |
| CURRENT LIABILITIES | | | |
| Short-Term Borrowings | 9 | 126,147,547 | 213,511,674 |
| Trade Payables | 45 | 102,691,408 | 128,090,171 |
| Other Current Liabilities | 10 | 177,889,292 | 45,994,916 |
| Short-Term Provisions | 11 | 100,550,312 | 76,586,932 |
| | | 507,278,559 | 464,183,693 |
| TOTAL | | 5,009,839,578 | 4,117,799,421 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | 12 | | |
| - Tangible Assets | | 950,113,717 | 988,371,569 |
| - Intangible Assets | | 54,307,493 | 26,899,186 |
| - Capital Work-in-progress | | 109,839,074 | 171,301,014 |
| Non-Current Investments | 13 | 2,614,812,565 | 1,610,617,132 |
| Amount recoverable from ESOP Trust | | 63,286,830 | 64,952,691 |
| Long-Term Loans and Advances | 14 | 309,237,479 | 280,380,904 |
| Other Non-Current Assets | 15 | 9,666,071 | 2,800,875 |
| | | 4,111,263,229 | 3,145,323,371 |
| CURRENT ASSETS | | | |
| Current Investments | 16 | 269,106,025 | 353,850,144 |
| Trade Receivables | 17 | 406,438,094 | 343,085,050 |
| Cash and Bank Balances | 18 | 42,214,904 | 52,267,543 |
| Short-Term Loans and Advances | 19 | 69,011,726 | 185,244,479 |
| Other Current Assets | 20 | 111,805,600 | 38,028,834 |
| | | 898,576,349 | 972,476,050 |
| TOTAL | | 5,009,839,578 | 4,117,799,421 |
| Significant accounting policies and notes forming part of the financial statements | 1-48 | | |

As per our attached report of even date

For and on behalf of the Board

For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Dr. Lalit S. Kanodia
Chairman

R. K. Saraswat
Director

Rahul L. Kanodia
Vice Chairman & CEO

Manoj Kumar Pati
Partner
Membership No. 504536

Divya Kumat
Corporate Head - Legal
& Company Secretary

Vidur V. Bhogilal
Executive Director
& Chief Financial Officer

Place : Mumbai
Dated : May 28, 2014

Statement of Profit and Loss

| Particulars | Note No. | For the year ended March 31, 2014 ₹ | For the year ended March 31, 2013 ₹ |
|--|----------|---|---|
| REVENUE FROM OPERATIONS | 21 | 2,039,254,049 | 1,860,862,925 |
| Other Income | 22 | 184,494,768 | 137,291,041 |
| Total Revenue | | 2,223,748,817 | 1,998,153,966 |
| EXPENSES | | | |
| Purchase of IT Products & Licenses | | 1,873,922 | 3,886,142 |
| Employee Benefits Expenses | 23 | 1,103,256,608 | 1,054,926,271 |
| Finance Costs | 24 | 16,298,779 | 25,785,326 |
| Depreciation and Amortization Expenses | 12 | 65,295,072 | 68,859,915 |
| Other Expenses | 25 | 552,698,248 | 491,153,906 |
| Total Expenses | | 1,739,422,629 | 1,644,611,560 |
| Profit / (Loss) Before Tax | | 484,326,188 | 353,542,406 |
| Tax Expense | | | |
| - Current Tax | | 90,700,000 | 64,600,000 |
| - MAT Credit Entitlement | | (13,533,203) | (4,139,696) |
| - Deferred Tax | 6 | (6,875,100) | 4,556,527 |
| - Wealth Tax | | 134,997 | 113,462 |
| - Tax Adjustment of earlier years | | - | (5,327,668) |
| Profit / (Loss) After Tax for the year | | 413,899,494 | 293,739,781 |
| Earnings per share (Face value ₹ 5 each, (P.Y. ₹ 5 each)) in ₹ | 37 | | |
| - Basic | | 7.02 | 4.98 |
| - Diluted | | 7.02 | 4.98 |
| Significant accounting policies and notes forming part of the financial statements | 1-48 | | |

As per our attached report of even date

For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Manoj Kumar Pati
Partner
Membership No. 504536

Place : Mumbai
Dated : May 28, 2014

For and on behalf of the Board

Dr. Lalit S. Kanodia
Chairman

R. K. Saraswat
Director

Divya Kumat
Corporate Head - Legal
& Company Secretary

Rahul L. Kanodia
Vice Chairman & CEO

Vidur V. Bhogilal
Executive Director
& Chief Financial Officer

Notes Forming part of the Financial Statements

1 Company Overview

Datamatics Global Services Ltd. (DGSL) was incorporated on November 3, 1987 as Interface Software Resources Pvt. Ltd. The name of the Company was changed to Datamatics Technologies Pvt. Ltd. on December 18, 1992. On December 27, 1999, the Company converted itself from a Pvt. Ltd. Company into a Public Ltd. Company and the name of the Company was changed to Datamatics Technologies Ltd. on January 13, 2000. The name of the Company was changed from "Datamatics Technologies Ltd." to "Datamatics Global Services Ltd." (DGSL) with effect from January 17, 2009.

Datamatics, a trusted partner to several Fortune 500 Companies is a global provider of Information Technology (IT) and Business Process Outsourcing (BPO) and Consulting services. The Company provides business aligned next-generation solutions to a wide range of industry verticals that help enterprises across the world overcome their business challenges and achieve operational efficiencies. These solutions leverage innovations in technology, knowledge of business processes, and domain expertise to provide clients a competitive edge.

2 Significant Accounting Policies

I. Basis of Preparation of Financial Statements:

The financial statements have been prepared on the basis of Going Concern concept and under the historical cost convention except for certain Fixed Assets which are revalued. The Company adopts accrual basis in preparation of its financial statements to comply in all material aspects with applicable accounting principles generally accepted in India, the Accounting Standards as specified in the Companies (Accounting Standards) Rules 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS') and the provisions of the Companies Act, 2013 (to the extent notified), the Companies Act 1956 (to the extent applicable). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, unless otherwise mentioned in the notes.

II. Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of the assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialized.

III. Revenue Recognition:

Revenue from services is recognised based on time and material and billed to the clients as per the terms of the contract. In the case of fixed price contracts, revenue is recognised on periodical basis based on units executed and delivered.

Revenue / Income from sale of traded goods is recognised on dispatch of goods. Sales are exclusive of taxes, wherever applicable.

Interest on deployment of funds is recognised on accrual basis. Dividend income is recognised when right to receive payment is established. Profit on sale of investment is recognised on sale of investments.

Revenue from software development on a time and material basis is recognised based on software developed and billed on clients as per the terms of specific contracts.

Cost and earnings in excess of billings are classified as Unbilled revenue while Billings in excess of Cost and earnings are classified as Unearned revenue. Discount is recognised on Cash basis in accordance with the contractual term of the agreement with the customers.

IV. Tangible assets, Intangible assets and Capital work-in-progress:

Fixed Assets are valued at cost, except for certain Fixed Assets which have been stated at revalued amounts as determined by approved independent valuer, after reducing accumulated depreciation until the date of the balance sheet. Direct Costs are capitalised until the assets are ready to use and include financing costs relating to any specific borrowing attributable to the acquisition of fixed assets. Intangible assets are recognised, only if it is probable that the future economic benefits that

Notes Forming part of the Financial Statements

are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any. Capital work-in-progress includes where assets not put to use before the year end.

V. Depreciation and Amortization:

Depreciation on fixed assets is provided on straight-line basis except for leasehold and freehold land at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Individual assets cost of which doesn't exceed ₹ 5,000 each are depreciated in full in the year of purchase. Intangible assets including internally developed intangible assets are amortized over a period of three years for which the Company expects the benefits to accrue. Leasehold Premises is being depreciated over 15 years.

VI. Valuation of Inventories:

Inventory, if any, is valued at cost (arrived on FIFO basis) or net realizable value, whichever is lower. Custom Duty on the goods where title has passed to the Company is included in the value of inventory.

VII. Investments:

Investments classified as long term investments are stated at cost. Provision is made to recognise any diminution, other than temporary, in the carrying value of each investment. Current investments are carried at lower of cost and fair value of each investment.

VIII. Employee Benefits:

(i) Defined Contribution Plan:

Contribution to defined contribution plans are recognised as expense in the Profit and Loss Statement, as they are incurred.

(ii) Defined Benefit Plan:

Companies liabilities towards gratuity and leave encashment are determined using the projected unit credit method as at Balance Sheet date. Actuarial gains / losses are recognised immediately in the Profit and Loss Statement. Long term compensated absences are provided for based on actuarial valuation.

IX. Foreign Exchange Transactions:

- (i) Transactions in foreign currency are recorded at the rates of exchange prevailing at the date of the transactions.
- (ii) Monetary items denominated in foreign currencies at the balance sheet date are translated at the balance sheet date rates. Non monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.
- (iii) Any income or expense on account of exchange difference either on settlement or on translation at the balance sheet date is recognised in Profit and Loss Statement in the year in which it arises.

X. Derivative Instruments and Hedge Accounting:

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Such forward contracts are utilised against the inflow of funds under firm commitments. The Company does not use the forward contract for speculative purposes. The Company designates these hedging instruments as cash flow hedge. The use of hedging instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the statement of profit and loss.

Notes Forming part of the Financial Statements

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss as they arise.

The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the statement of profit and loss for the period.

XI. Leases:

Lease under which the Company assumes substantially all the risk and rewards of ownership are classified as Finance Leases. The leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating lease. Operating lease payments are recognised as expenses in the Profit and Loss Statement.

XII. Taxation:

Current Income tax expense comprises taxes on income from operations in India. Income tax payable in India is determined in accordance with the provision of Income Tax Act, 1961.

The Company comprises of business units established under the Software Technology Park Scheme & Special Economic Zones Act. These units enjoy a tax holiday as per rules framed under the above schemes and as per the Income-tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefit in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period.

The difference that result between the profit considered for income taxes and the profit as per the financial statement are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the difference that originate in one accounting period and reverse in another based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

XIII. Borrowing Cost:

Borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying assets are capitalised as a part of the cost of the assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

XIV. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes Forming part of the Financial Statements

XV. Earnings Per Share:

In determining earnings per share, the Company considers the net profit after tax after reducing the preference dividend and tax thereon and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

XVI. Employee Stock Option Scheme:

Employee Compensation in the form of stock options, granted under various schemes are charged to Profit and Loss Statement, based on Intrinsic value method, over the vesting period.

XVII. Impairment of Assets:

The carrying value of assets is reviewed for impairment, when events or changes in circumstance indicate that the carrying values may not be recoverable. In addition, at each balance sheet date, the Company assesses whether there is any indication that an assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and Value-in-Use. In assessing Value-in-use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

XVIII. Provision, Contingent Liabilities and Contingent Assets:

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates.

Contingent Assets are neither recognised, nor disclosed.

XIX. Cash and Cash Equivalents:

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from date of purchase to be cash equivalents.

XX. Segment Reporting:

Primary Segment is identified based on the nature of products and services, the different risk and returns and the internal business reporting system. Secondary segment is identified based on geographical area in which major operating divisions of the Company operate.

XXI. Prior period adjustments, extra-ordinary items and changes in accounting policies:

Prior period adjustments, extra-ordinary items and changes in accounting policies, if any, having material impact on the financial affairs of the Company are disclosed.

Notes Forming part of the Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|---------------------------|---------------------------|
| 3 SHARE CAPITAL | | |
| a) AUTHORISED | | |
| 100,000,000 (P.Y. 100,000,000) Equity shares of ₹ 5 each | 500,000,000 | 500,000,000 |
| 30,000,000 (P.Y. 30,000,000) Redeemable Preference Shares of ₹ 10 each | 300,000,000 | 300,000,000 |
| TOTAL | 800,000,000 | 800,000,000 |
| b) ISSUED | | |
| 58,949,337 (P.Y. 58,949,337) Equity Shares of ₹ 5 each fully paid up | 294,746,685 | 294,746,685 |
| TOTAL | 294,746,685 | 294,746,685 |
| c) SUBSCRIBED & PAID UP | | |
| 58,949,337 (P.Y. 58,949,337) Equity Shares of ₹ 5 each fully paid up | 294,746,685 | 294,746,685 |
| TOTAL | 294,746,685 | 294,746,685 |

d) Reconciliation of Number of Shares

| | As at March 31, 2014 Number of Shares | ₹ | As at March 31, 2013 Number of Shares | ₹ |
|--|---|--------------------|---|-------------|
| Equity Shares: | | | | |
| Shares outstanding at the beginning of the year | 58,949,337 | 294,746,685 | 58,949,337 | 294,746,685 |
| Shares Issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 58,949,337 | 294,746,685 | 58,949,337 | 294,746,685 |

e) Rights, preferences and restrictions attached to shares

Equity Shares: The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

The Board of Directors, in their meeting held on May 28, 2014 proposed a Final Dividend of ₹ 1.25 per equity share. The Proposal is subject to the approval of shareholders at the Annual General Meeting to be held on September 23, 2014. The total dividend appropriation for the year ended March 31, 2014 amounted to ₹ 73,686,671 including corporate dividend tax of ₹ 5,241,678.

f) Shares held by holding Company

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|---------------------------|---------------------------|
| Equity Shares | | |
| 31,813,742 (P.Y. 31,813,742) Equity Shares of ₹ 5 held by Delta Infosolutions Private Limited, the Holding Company | 159,068,710 | 159,068,710 |

g) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

| | As at March 31, 2014 | | As at March 31, 2013 | |
|--|----------------------|---------------------------------------|----------------------|---------------------------------------|
| | Number of Shares | % of aggregate number of shares | Number of Shares | % of aggregate number of shares |
| Equity Shares | | | | |
| Delta Infosolutions Private Limited, the Holding Company | 31,813,742 | 53.97% | 31,813,742 | 53.97% |
| Lalit Surajmal Kanodia | 3,830,995 | 6.50% | 3,830,995 | 6.50% |
| Asha Lalit Kanodia | 3,905,258 | 6.62% | 3,905,258 | 6.62% |

Notes Forming part of the Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|---------------------------|---------------------------|
| 4 RESERVES AND SURPLUS | | |
| a) CAPITAL RESERVE | | |
| Balance as per last Balance Sheet | 3,524,880 | 3,524,880 |
| | 3,524,880 | 3,524,880 |
| b) CAPITAL REDEMPTION RESERVE | | |
| Balance as per last Balance Sheet | 244,281,250 | 244,281,250 |
| | 244,281,250 | 244,281,250 |
| c) SECURITIES PREMIUM RESERVE | | |
| Balance as per last Balance Sheet | 1,080,078,716 | 1,080,078,716 |
| | 1,080,078,716 | 1,080,078,716 |
| d) EMPLOYEE STOCK OPTION OUTSTANDING | | |
| Employee Stock Option Outstanding | 6,282,800 | 6,282,800 |
| Less: Deferred Employee Compensation Expenses (Refer Note no. 39) | (59,791) | (1,960,884) |
| | 6,223,009 | 4,321,916 |
| e) HEDGING RESERVE ACCOUNT | | |
| Balance as per last Balance Sheet | 4,903,578 | (20,821,979) |
| Add: Gain/(Loss) on cash flow hedging derivatives (Refer Note no. 28) | (10,269,232) | 25,725,557 |
| | (5,365,654) | 4,903,578 |
| f) GENERAL RESERVE | | |
| Balance as per last Balance Sheet | 1,004,057,362 | 974,057,362 |
| Add : Transferred from Profit and Loss Statement | 41,400,000 | 30,000,000 |
| | 1,045,457,362 | 1,004,057,362 |
| g) SURPLUS IN PROFIT AND LOSS STATEMENT | | |
| Balance brought forward from last year | 948,337,141 | 745,093,099 |
| Add: Profit for the year | 413,899,494 | 293,739,781 |
| Less: Appropriations | | |
| Proposed Dividend on Equity Shares | 73,686,671 | 58,949,337 |
| Tax on Equity Dividend | 5,241,678 | 1,546,402 |
| Transfer to General Reserve | 41,400,000 | 30,000,000 |
| Closing Balance | 1,241,908,286 | 948,337,141 |
| TOTAL | 3,616,107,849 | 3,289,504,843 |

Notes Forming part of the Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|---------------------------|---------------------------|
| 5 LONG TERM BORROWINGS | | |
| From Banks | | |
| Secured Loans | 520,018,800 | - |
| (External Commercial Borrowing from Citibank N.A. is secured by way Creation of Mortgage and exclusive charge in favour of Citibank N.A. ("the Security Trustee") by deposit of Title deeds with Bank, in respect of its Immovable properties being all the piece & parcel of the land bearing Plot No. 58 in MIDC at Mumbai and 2nd Floor and 3rd Floor in Suyojit Commercial Complex, at Nashik). (Terms of Repayment: Repayable in 15 equal quarterly installments of USD 620,000 over a period of 5 years starting from January 2015 upto July 2018. Rate of Interest: Libor plus 3.25%) | | |
| TOTAL | 520,018,800 | - |
| 6 DEFERRED TAX BALANCES : | | |
| Major components of deferred tax balances consist of the following: | | |
| a) Deferred Tax Liability | | |
| Depreciation & Amortisation | 30,973,345 | 36,916,988 |
| Total | 30,973,345 | 36,916,988 |
| b) Deferred Tax Asset | | |
| Disallowance under Income Tax Act, 1961 | (20,492,181) | (19,560,724) |
| Total | (20,492,181) | (19,560,724) |
| Deferred Tax Liability (Net) | 10,481,164 | 17,356,264 |
| Provided upto previous year | 17,356,264 | 12,799,737 |
| (Reversal) / Provision for Deferred Tax Liability | (6,875,100) | 4,556,527 |
| 7 OTHER LONG-TERM LIABILITIES | | |
| Other Payables: | | |
| Capital Creditor (Refer Note no. 45) | 302,722 | 1,596,735 |
| Fair Value of Outstanding Forward Contracts (Refer Note no. 28) | 5,400,654 | - |
| TOTAL | 5,703,376 | 1,596,735 |
| 8 LONG TERM PROVISIONS | | |
| Provision for employee benefits (Refer Note no. 33): | | |
| For Gratuity (Unfunded) | 39,428,699 | 34,359,198 |
| For Leave Encashment | 16,074,446 | 16,052,003 |
| TOTAL | 55,503,145 | 50,411,201 |

Notes Forming part of the Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|---|---------------------------|---------------------------|
| 9 SHORT TERM BORROWINGS | | |
| Other Loans and Advances | | |
| From Banks | | |
| Secured Loans - Packing Credit | 126,147,547 | 213,511,674 |
| (Working Capital loan from Standard Chartered Bank is secured by way of First Pari Passu Charge on Hypothecation of Stock, Book Debts and Movable Fixed Assets of the Company both past and present. Working Capital loan from Citibank N.A. is secured by way of First Pari Passu Charge on Hypothecation of Current Assets and Movable fixed assets of the Company both present and future) | | |
| TOTAL | 126,147,547 | 213,511,674 |
| 10 OTHER CURRENT LIABILITIES | | |
| Current Maturity of Long Term Borrowings - Secured | 37,144,200 | - |
| Interest Accrued but not due on Borrowings | 2,959,647 | 219,123 |
| Advance received from Customers | 547,931 | 20,591,745 |
| Unpaid Dividends | 1,596,599 | 1,779,850 |
| Statutory Liabilities | 16,006,384 | 23,404,198 |
| Other Payables | 119,634,531 | - |
| TOTAL | 177,889,292 | 45,994,916 |
| 11 SHORT TERM PROVISIONS | | |
| Provision for employee benefits (Refer Note no. 33): | | |
| For Gratuity (Unfunded) | 2,978,984 | 2,535,896 |
| For Leave Encashment | 5,605,292 | 5,929,173 |
| Others: | | |
| For Proposed Dividend on Equity Shares | 73,686,671 | 58,949,337 |
| For Tax on Proposed Equity Dividend | 5,241,338 | 7,106,177 |
| For Direct Taxes (Net) | 13,038,027 | 2,066,349 |
| TOTAL | 100,550,312 | 76,586,932 |

Notes Forming part of the Financial Statements

12 FIXED ASSETS

(Amount in ₹)

| Description | GROSS BLOCK | | | DEPRECIATION/AMORTISATION | | | NET BLOCK | | | |
|------------------------------------|------------------------|---------------------------|---|---------------------------|-----------------------|---------------------------|--|------------------------|-------------------------|-------------------------|
| | Balance as on 1-Apr-13 | Additions during the Year | (Deductions) / Adjustments during the Year (Refer Note No. 4 below) | Balance as on 31-Mar-14 | Balance upto 1-Apr-13 | Additions during the Year | (Deductions) / Adjustments during the Year | Balance upto 31-Mar-14 | Balance as on 31-Mar-14 | Balance as on 31-Mar-13 |
| TANGIBLE ASSETS | | | | | | | | | | |
| LAND* | 607,400,546 | - | - | 607,400,546 | - | - | - | - | 607,400,546 | 607,400,546 |
| BUILDINGS | 145,162,867 | 18,494,956 | - | 163,657,823 | 19,983,501 | 2,577,164 | - | 22,560,665 | 141,097,158 | 125,179,366 |
| PLANT & EQUIPMENTS | 11,902,942 | 3,673,386 | (4,299,298) | 11,277,030 | 2,688,985 | 650,717 | (756,126) | 2,583,576 | 8,693,454 | 9,213,957 |
| FURNITURE & FIXTURES | 141,728,610 | 23,753,663 | (31,607,124) | 133,875,149 | 77,352,192 | 8,669,650 | (15,867,965) | 70,153,877 | 63,721,272 | 64,376,418 |
| VEHICLES | 26,532,850 | 1,790,742 | (1,714,890) | 26,608,702 | 8,698,940 | 2,479,157 | (1,087,921) | 10,090,176 | 16,518,526 | 17,833,910 |
| OFFICE EQUIPMENTS | 39,505,351 | 1,808,736 | (8,708,812) | 32,605,275 | 17,379,070 | 1,425,425 | (4,283,712) | 14,520,783 | 18,084,492 | 22,126,281 |
| COMPUTERS | 320,637,001 | 14,383,330 | (96,755,853) | 238,264,478 | 244,719,606 | 15,811,836 | (54,835,826) | 205,695,616 | 32,568,862 | 75,917,395 |
| AIR CONDITIONERS | 36,199,487 | 5,790,491 | (9,724,528) | 32,265,450 | 13,850,031 | 1,773,609 | (3,843,321) | 11,780,319 | 20,485,131 | 22,349,456 |
| ELECTRICAL FITTINGS | 58,315,524 | 13,410,081 | (18,426,799) | 53,298,806 | 21,318,371 | 3,096,824 | (6,958,949) | 17,456,246 | 35,842,560 | 36,997,153 |
| LEASEHOLD IMPROVEMENTS | 11,871,865 | 4,485,893 | (7,369,448) | 8,988,310 | 4,894,778 | 813,351 | (2,421,535) | 3,286,594 | 5,701,716 | 6,977,087 |
| TANGIBLE ASSETS TOTAL (A) | 1,399,257,043 | 87,591,278 | (178,606,752) | 1,308,241,569 | 410,885,474 | 37,297,733 | (90,055,355) | 358,127,852 | 950,113,717 | 988,371,569 |
| PREVIOUS YEAR TOTAL (1) | 1,290,992,815 | 111,425,098 | (3,160,870) | 1,399,257,043 | 371,247,111 | 41,659,258 | (2,020,895) | 410,885,474 | 988,371,569 | |
| INTANGIBLE ASSETS | | | | | | | | | | |
| COMPUTER SOFTWARE | | | | | | | | | | |
| INTERNAL DEVELOPED SOFTWARE | 9,563,000 | - | - | 9,563,000 | 9,563,000 | - | - | 9,563,000 | - | - |
| OTHER SOFTWARES | 223,259,509 | 63,571,312 | (70,233,279) | 216,597,542 | 196,360,323 | 27,997,339 | (62,067,613) | 162,290,049 | 54,307,493 | 26,899,186 |
| INTANGIBLE ASSETS TOTAL (B) | 232,822,509 | 63,571,312 | (70,233,279) | 226,160,542 | 205,923,323 | 27,997,339 | (62,067,613) | 171,853,049 | 54,307,493 | 26,899,186 |
| PREVIOUS YEAR TOTAL (2) | 192,180,902 | 40,641,607 | - | 232,822,509 | 178,722,666 | 27,200,657 | - | 205,923,323 | 26,899,186 | |
| GRAND TOTAL (A+B) | 1,632,079,552 | 151,162,590 | (248,840,031) | 1,534,402,111 | 616,808,797 | 65,295,072 | (152,122,968) | 529,980,901 | 1,004,421,210 | 1,015,270,755 |
| PREVIOUS YEAR TOTAL (1+2) | 1,483,173,717 | 152,066,705 | (3,160,870) | 1,632,079,552 | 549,969,777 | 68,859,915 | (2,020,895) | 616,808,797 | 1,015,270,755 | |
| CAPITAL WORK-IN-PROGRESS | | | | | | | | | | |
| INTERNAL DEVELOPED SOFTWARE | 9,563,000 | - | - | 9,563,000 | 9,563,000 | - | - | 9,563,000 | - | - |
| OTHER SOFTWARES | 223,259,509 | 63,571,312 | (70,233,279) | 216,597,542 | 196,360,323 | 27,997,339 | (62,067,613) | 162,290,049 | 54,307,493 | 26,899,186 |
| INTANGIBLE ASSETS TOTAL (B) | 232,822,509 | 63,571,312 | (70,233,279) | 226,160,542 | 205,923,323 | 27,997,339 | (62,067,613) | 171,853,049 | 54,307,493 | 26,899,186 |
| PREVIOUS YEAR TOTAL (2) | 192,180,902 | 40,641,607 | - | 232,822,509 | 178,722,666 | 27,200,657 | - | 205,923,323 | 26,899,186 | |
| GRAND TOTAL (A+B) | 1,632,079,552 | 151,162,590 | (248,840,031) | 1,534,402,111 | 616,808,797 | 65,295,072 | (152,122,968) | 529,980,901 | 1,004,421,210 | 1,015,270,755 |
| PREVIOUS YEAR TOTAL (1+2) | 1,483,173,717 | 152,066,705 | (3,160,870) | 1,632,079,552 | 549,969,777 | 68,859,915 | (2,020,895) | 616,808,797 | 1,015,270,755 | |
| CAPITAL WORK-IN-PROGRESS | | | | | | | | | | |
| INTERNAL DEVELOPED SOFTWARE | 9,563,000 | - | - | 9,563,000 | 9,563,000 | - | - | 9,563,000 | - | - |
| OTHER SOFTWARES | 223,259,509 | 63,571,312 | (70,233,279) | 216,597,542 | 196,360,323 | 27,997,339 | (62,067,613) | 162,290,049 | 54,307,493 | 26,899,186 |
| INTANGIBLE ASSETS TOTAL (B) | 232,822,509 | 63,571,312 | (70,233,279) | 226,160,542 | 205,923,323 | 27,997,339 | (62,067,613) | 171,853,049 | 54,307,493 | 26,899,186 |
| PREVIOUS YEAR TOTAL (2) | 192,180,902 | 40,641,607 | - | 232,822,509 | 178,722,666 | 27,200,657 | - | 205,923,323 | 26,899,186 | |
| GRAND TOTAL (A+B) | 1,632,079,552 | 151,162,590 | (248,840,031) | 1,534,402,111 | 616,808,797 | 65,295,072 | (152,122,968) | 529,980,901 | 1,004,421,210 | 1,015,270,755 |
| PREVIOUS YEAR TOTAL (1+2) | 1,483,173,717 | 152,066,705 | (3,160,870) | 1,632,079,552 | 549,969,777 | 68,859,915 | (2,020,895) | 616,808,797 | 1,015,270,755 | |
| CAPITAL WORK-IN-PROGRESS | | | | | | | | | | |
| INTERNAL DEVELOPED SOFTWARE | 9,563,000 | - | - | 9,563,000 | 9,563,000 | - | - | 9,563,000 | - | - |
| OTHER SOFTWARES | 223,259,509 | 63,571,312 | (70,233,279) | 216,597,542 | 196,360,323 | 27,997,339 | (62,067,613) | 162,290,049 | 54,307,493 | 26,899,186 |
| INTANGIBLE ASSETS TOTAL (B) | 232,822,509 | 63,571,312 | (70,233,279) | 226,160,542 | 205,923,323 | 27,997,339 | (62,067,613) | 171,853,049 | 54,307,493 | 26,899,186 |
| PREVIOUS YEAR TOTAL (2) | 192,180,902 | 40,641,607 | - | 232,822,509 | 178,722,666 | 27,200,657 | - | 205,923,323 | 26,899,186 | |
| GRAND TOTAL (A+B) | 1,632,079,552 | 151,162,590 | (248,840,031) | 1,534,402,111 | 616,808,797 | 65,295,072 | (152,122,968) | 529,980,901 | 1,004,421,210 | 1,015,270,755 |
| PREVIOUS YEAR TOTAL (1+2) | 1,483,173,717 | 152,066,705 | (3,160,870) | 1,632,079,552 | 549,969,777 | 68,859,915 | (2,020,895) | 616,808,797 | 1,015,270,755 | |
| CAPITAL WORK-IN-PROGRESS | | | | | | | | | | |
| INTERNAL DEVELOPED SOFTWARE | 9,563,000 | - | - | 9,563,000 | 9,563,000 | - | - | 9,563,000 | - | - |
| OTHER SOFTWARES | 223,259,509 | 63,571,312 | (70,233,279) | 216,597,542 | 196,360,323 | 27,997,339 | (62,067,613) | 162,290,049 | 54,307,493 | 26,899,186 |
| INTANGIBLE ASSETS TOTAL (B) | 232,822,509 | 63,571,312 | (70,233,279) | 226,160,542 | 205,923,323 | 27,997,339 | (62,067,613) | 171,853,049 | 54,307,493 | 26,899,186 |
| PREVIOUS YEAR TOTAL (2) | 192,180,902 | 40,641,607 | - | 232,822,509 | 178,722,666 | 27,200,657 | - | 205,923,323 | 26,899,186 | |
| GRAND TOTAL (A+B) | 1,632,079,552 | 151,162,590 | (248,840,031) | 1,534,402,111 | 616,808,797 | 65,295,072 | (152,122,968) | 529,980,901 | 1,004,421,210 | 1,015,270,755 |
| PREVIOUS YEAR TOTAL (1+2) | 1,483,173,717 | 152,066,705 | (3,160,870) | 1,632,079,552 | 549,969,777 | 68,859,915 | (2,020,895) | 616,808,797 | 1,015,270,755 | |
| CAPITAL WORK-IN-PROGRESS | | | | | | | | | | |
| INTERNAL DEVELOPED SOFTWARE | 9,563,000 | - | - | 9,563,000 | 9,563,000 | - | - | 9,563,000 | - | - |
| OTHER SOFTWARES | 223,259,509 | 63,571,312 | (70,233,279) | 216,597,542 | 196,360,323 | 27,997,339 | (62,067,613) | 162,290,049 | 54,307,493 | 26,899,186 |
| INTANGIBLE ASSETS TOTAL (B) | 232,822,509 | 63,571,312 | (70,233,279) | 226,160,542 | 205,923,323 | 27,997,339 | (62,067,613) | 171,853,049 | 54,307,493 | 26,899,186 |
| PREVIOUS YEAR TOTAL (2) | 192,180,902 | 40,641,607 | - | 232,822,509 | 178,722,666 | 27,200,657 | - | 205,923,323 | 26,899,186 | |
| GRAND TOTAL (A+B) | 1,632,079,552 | 151,162,590 | (248,840,031) | 1,534,402,111 | 616,808,797 | 65,295,072 | (152,122,968) | 529,980,901 | 1,004,421,210 | 1,015,270,755 |
| PREVIOUS YEAR TOTAL (1+2) | 1,483,173,717 | 152,066,705 | (3,160,870) | 1,632,079,552 | 549,969,777 | 68,859,915 | (2,020,895) | 616,808,797 | 1,015,270,755 | |
| CAPITAL WORK-IN-PROGRESS | | | | | | | | | | |
| INTERNAL DEVELOPED SOFTWARE | 9,563,000 | - | - | 9,563,000 | 9,563,000 | - | - | 9,563,000 | - | - |
| OTHER SOFTWARES | 223,259,509 | 63,571,312 | (70,233,279) | 216,597,542 | 196,360,323 | 27,997,339 | (62,067,613) | 162,290,049 | 54,307,493 | 26,899,186 |
| INTANGIBLE ASSETS TOTAL (B) | 232,822,509 | 63,571,312 | (70,233,279) | 226,160,542 | 205,923,323 | 27,997,339 | (62,067,613) | 171,853,049 | 54,307,493 | 26,899,186 |
| PREVIOUS YEAR TOTAL (2) | 192,180,902 | 40,641,607 | - | 232,822,509 | 178,722,666 | 27,200,657 | - | 205,923,323 | 26,899,186 | |
| GRAND TOTAL (A+B) | 1,632,079,552 | 151,162,590 | (248,840,031) | 1,534,402,111 | 616,808,797 | 65,295,072 | (152,122,968) | 529,980,901 | 1,004,421,210 | 1,015,270,755 |
| PREVIOUS YEAR TOTAL (1+2) | 1,483,173,717 | 152,066,705 | (3,160,870) | 1,632,079,552 | 549,969,777 | 68,859,915 | (2,020,895) | 616,808,797 | 1,015,270,755 | |
| CAPITAL WORK-IN-PROGRESS | | | | | | | | | | |
| INTERNAL DEVELOPED SOFTWARE | 9,563,000 | - | - | 9,563,000 | 9,563,000 | - | - | 9,563,000 | - | - |
| OTHER SOFTWARES | 223,259,509 | 63,571,312 | (70,233,279) | 216,597,542 | 196,360,323 | 27,997,339 | (62,067,613) | 162,290,049 | 54,307,493 | 26,899,186 |
| INTANGIBLE ASSETS TOTAL (B) | 232,822,509 | 63,571,312 | (70,233,279) | 226,160,542 | 205,923,323 | 27,997,339 | (62,067,613) | 171,853,049 | 54,307,493 | 26,899,186 |
| PREVIOUS YEAR TOTAL (2) | 192,180,902 | 40,641,607 | - | 232,822,509 | 178,722,666 | 27,200,657 | - | 205,923,323 | 26,899,186 | |
| GRAND TOTAL (A+B) | 1,632,079,552 | 151,162,590 | (248,840,031) | 1,534,402,111 | 616,808,797 | 65,295,072 | (152,122,968) | 529,980,901 | 1,004,421,210 | 1,015,270,755 |
| PREVIOUS YEAR TOTAL (1+2) | 1,483,173,717 | 152,066,705 | (3,160,870) | 1,632,079,552 | 549,969,777 | 68,859,915 | (2,020,895) | 616,808,797 | 1,015,270,755 | |
| CAPITAL WORK-IN-PROGRESS | | | | | | | | | | |
| INTERNAL DEVELOPED SOFTWARE | 9,563,000 | - | - | 9,563,000 | 9,563,000 | - | - | 9,563,000 | - | - |
| OTHER SOFTWARES | 223,259,509 | 63,571,312 | (70,233,279) | 216,597,542 | 196,360,323 | 27,997,339 | (62,067,613) | 162,290,049 | 54,307,493 | 26,899,186 |
| INTANGIBLE ASSETS TOTAL (B) | 232,822,509 | 63,571,312 | (70,233,279) | 226,160,542 | 205,923,323 | 27,997,339 | (62,067,613) | 171,853,049 | 54,307,493 | 26,899,186 |
| PREVIOUS YEAR TOTAL (2) | 192,180,902 | 40,641,607 | - | 232,822,509 | 178,722,666 | 27,200,657 | - | 205,923,323 | 26,899,186 | |
| GRAND TOTAL (A+B) | 1,632,079,552 | 151,162,590 | (248,840,031) | 1,534,402,111 | 616,808,797 | 65,295,072 | (152,122,968) | 529,980,901 | 1,004,421,210 | 1,015,270,755 |
| PREVIOUS YEAR TOTAL (1+2) | 1,483,173,717 | 152,066,705 | (3,160,870) | 1,632,079,552 | 549,969,777 | 68,859,915 | (2,020,895) | 616,808,797 | 1,015,270,755 | |
| CAPITAL WORK-IN-PROGRESS | | | | | | | | | | |
| INTERNAL DEVELOPED SOFTWARE | 9,563,000 | - | - | 9,563,000 | 9,563,000 | - | - | 9,563,000 | - | - |
| OTHER SOFTWARES | 223,259,509 | 63,571,312 | (70,233,279) | 216,597,542 | 196,360,323 | 27,997,339 | (62,067,613) | 162,290,049 | 54,307,493 | 26,899,186 |
| INTANGIBLE ASSETS TOTAL (B) | 232,822,509 | 63,571,312 | (70,233,279) | 226,160,542 | 205,923,323 | 27,997,339 | (62,067,613) | 171,853,049 | 54,307,493 | 26,899, |

Note:

- The above amount includes Freehold land of ₹ 267,050,214 (P.Y. ₹ 267,050,214) and Leasehold land of ₹ 340,350,332 (P.Y. ₹ 340,350,332) which is considered as perpetual lease.*
- Gross Block includes ₹ 317,231,030 (P.Y. ₹ 317,231,030) being the amount added on revaluation of Land in the F.Y. 2008-09, based on report issued by approved independent valuer.*
- Immovable properties being all the piece & parcel of the land bearing Plot No. 58 in MIDC at Mumbai and 2nd Floor & 3rd Floor at Nashik is secured by way Creation of Mortgage and exclusive charge in favour of Citibank N.A. ("the Security Trustee") by deposit of Title deeds with Bank.*
- The Company has entered into a Business Transfer Agreement (BTA) with Datamatics E-Retail and Publishing Limited (DERPL) (a wholly owned subsidiary) dated September 5, 2013. Pursuant to the BTA the Company has transferred following fixed assets to DERPL.

| DESCRIPTION | AMOUNT(₹) |
|------------------------------------|--------------------|
| TANGIBLE ASSETS | |
| PLANT & EQUIPMENTS | 4,299,298 |
| FURNITURE & FIXTURES | 30,980,364 |
| OFFICE EQUIPMENTS | 8,708,812 |
| COMPUTERS | 95,563,163 |
| AIR CONDITIONERS | 9,724,528 |
| ELECTRICAL FITTINGS | 18,426,799 |
| LEASEHOLD IMPROVEMENTS | 7,369,448 |
| TANGIBLE ASSETS TOTAL (A) | 175,072,413 |
| INTANGIBLE ASSETS | |
| COMPUTER SOFTWARE | 70,233,279 |
| INTANGIBLE ASSETS TOTAL (B) | 70,233,279 |
| GRAND TOTAL (A+B) | 245,305,692 |

Notes Forming part of the Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|---|---------------------------|---------------------------|
| 13 NON-CURRENT INVESTMENTS | | |
| UNQUOTED (TRADE) (AT COST) | | |
| Investment in Equity shares | | |
| - In Subsidiary Companies | | |
| 300,001 (P.Y. 300,001) fully paid equity shares of Datamatics Technologies UK Limited, a Company incorporated in United Kingdom of GBP 1 each | 23,886,584 | 23,886,584 |
| 1,000 (P.Y. 1,000) no par value fully paid common stock in Datamatics Global Services Inc., a Company incorporated in USA. | 644,042,966 | 644,042,966 |
| 50,000 (P.Y. 50,000) fully paid equity shares of Datamatics Global Services Pty Ltd. of AUD 1 each | 1,562,846 | 1,562,846 |
| 20,000 (P.Y. 20,000) fully paid equity shares of Datamatics Infotech Limited, UK of UKP 1 each | 1,711,255 | 1,711,255 |
| 218,605 (P.Y. 218,605) fully paid equity shares of Datamatics Software Services Limited of ₹ 10 each | 2,040,324 | 2,040,324 |
| 1,000,000 (P.Y. 1,000,000) fully paid equity shares of Datamatics Global Technologies Limited, a Company incorporated in Mauritius of USD 1 each | 46,049,125 | 46,049,125 |
| 50,000 (P.Y. 50,000) fully paid equity shares of Datamatics Global Technologies AG, a Company incorporated in Switzerland of CHF 1 each | 2,255,000 | 2,255,000 |
| 428,390 (P.Y. 428,390) fully paid equity shares of Cybercom Datamatics Information Solutions Limited of ₹ 10 each | 7,937,900 | 7,937,900 |
| 162,957 (P.Y. Nil) fully paid equity shares of Lexicon Publishing Services Private Limited of ₹ 10 each | 577,600,000 | - |
| 50 (P.Y. Nil) fully paid equity shares of Datamatics Global Services FZ-LLC of AED 1,000 each | 855,000 | - |
| 3,050,000 (P.Y. 3,050,000) fully paid equity shares of Datamatics Global Services GmbH, a Company incorporated in Germany of EURO 1 each | 195,952,090 | 195,952,090 |
| Investment in Preference shares | | |
| - In Subsidiary Companies | | |
| 12,920,000 (P.Y. 12,920,000) fully paid 8% Optionally Convertible Non - Cumulative Redeemable Preference Shares of Datamatics Software Services Limited of ₹ 10 each | 129,200,000 | 129,200,000 |
| Nil (P.Y. 1,700,000) fully paid Series I, Non Cumulative Redeemable 8% Preference shares of Datamatics Global Technologies Ltd., a Company incorporated in Mauritius of USD 1 each | - | 78,609,500 |
| 5,250,000 (P.Y. 8,550,000) fully paid Series II Non Cumulative Redeemable 8% Preference shares of Datamatics Global Technologies Ltd., a Company incorporated in Mauritius of USD 1 each | 240,528,750 | 391,718,250 |
| 9,300,000 (P.Y. Nil) fully paid Series III Convertible Non-Cumulative Redeemable 8% Preference Shares of Datamatics Global Technologies Ltd., a Company incorporated in Mauritius of USD 1 each | 562,904,250 | - |
| UNQUOTED (NON-TRADE) (AT COST) | | |
| Investments in Debentures | | |
| Nil (P.Y. 100) debentures of ₹ 100,000 each of ECL Finance Ltd. | - | 10,150,000 |
| 5,000 (P.Y. 5,000) debentures of ₹ 1,000 each of IIISL @11.70% | 5,000,000 | 5,000,000 |
| Nil (P.Y. 30) debentures of ₹ 100,000 each of Macquarie Finance Pvt. Ltd. | - | 3,033,090 |
| Nil (P.Y. 2) debentures of ₹ 2,000,000 each of Devadatta Build Tech Pvt. Ltd. 18% | - | 8,000,000 |
| Nil (P.Y. 100) debentures of ₹ 100,000 each of ECL Fixed Coupon Structured product @11.02% series I2E201 | - | 10,000,000 |

Notes Forming part of the Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|---|-------------------------------------|-------------------------------------|
| QUOTED - NON TRADE (AT COST) | | |
| - In Equity shares | | |
| a) 900 (P. Y. 900) fully paid Equity Shares of ₹ 10 each of Cybertech Ltd. Less : Provision for dimunition in value | 510,767 494,297 16,470 | 510,767 494,297 16,470 |
| b) 6,838 (P. Y. 6,100) fully paid Equity Shares of ₹ 2 each of Wipro Ltd. Less : Provision for dimunition in value | 3,739,473 1,152,035 2,587,438 | 3,739,473 1,152,035 2,587,438 |
| c) 5,000 (P. Y. 5,000) fully paid Equity Shares of ₹ 1 each of Vikas WSP Ltd. Less : Provision for dimunition in value | 552,950 389,950 163,000 | 552,950 389,950 163,000 |
| d) 800 (P. Y. 800) fully paid Equity Shares of ₹ 10 each of Reliance Industries Ltd. | 807,621 | 807,621 |
| e) 400 (P. Y. 400) fully paid Equity Shares of ₹ 5 each of Mahindra and Mahindra Ltd. | 205,649 | 205,649 |
| f) 8,998 (P. Y. 8,998) fully paid Equity Shares of ₹ 10 each of Coal India Ltd. | 2,204,510 | 2,204,510 |
| g) 38,767 (P. Y. 38,767) fully paid Equity Shares of ₹ 10 each of Powergrid Corporation | 3,489,030 | 3,489,030 |
| h) 50,000 (P. Y. 50,000) fully paid Equity Shares of ₹ 10 each of GSS America Less : Provision for dimunition in value | 8,607,206 7,157,206 1,450,000 | 8,607,206 - 8,607,206 |
| i) 1,000 (P.Y. 1,000) fully paid Equity Shares of ₹ 10 each of Axis Bank Ltd. | 1,216,774 | 1,216,774 |
| j) 800 (P.Y. 800) fully paid Equity Shares of ₹ 2 each of Larsen and Toubro Ltd. | 1,228,161 | 1,228,161 |
| - In units of Mutual funds fully paid | | |
| 1,000,000 (P.Y. 1,000,000) Units of Birla Sun Life Fixed Term Plan - Series GI (1,185 Days) - Growth (Face Value of ₹ 10 each) ** | 10,000,000 | 10,000,000 |
| 8,730 (P.Y. 4,448**) Units of Templeton India STIP - Growth (Face Value of ₹ 1,000 each) ** | 19,942,342 | 8,942,342 |
| 660,925 (P.Y. 660,925 ***) Units of ICICI Prudential Income Opportunities Fund - Retail - Growth (Face Value of ₹ 10 each) ** | 10,000,000 | 10,000,000 |
| 2,322,330 (P.Y. Nil) Units of HDFC Short Term Opportunities Fund - Growth (Face Value of ₹ 10 each) | 32,022,154 | - |
| 213,225 (P.Y. Nil) Units of Birla Sun Life Short Term Fund - Growth (Face Value of ₹10 each) | 10,000,000 | - |
| 1,000,000 (P.Y. Nil) Units of HDFC FMP Series 29-447 Days - Reg - Growth (Face Value of ₹ 10 each) | 10,000,000 | - |
| 400,000 (P.Y. Nil) Units of Kotak FMP Series 145-390 days - Growth (Face Value of ₹ 10 each) | 4,000,000 | - |
| 1,000,000 (P.Y. Nil) Units of DWS Fixed Maturity Plan Series 54-392 days Growth (Face Value of ₹ 10 each) | 10,000,000 | - |
| 2,000,000 (P.Y. Nil) Units of ICICI Prudential FMP Series73 -1140 Days Plan E Growth (Face Value of ₹ 10 each) | 20,000,000 | - |
| 1,066,272 (P.Y. Nil) Units of Kotak Bond Scheme Plan A - Growth (Face Value of ₹ 10 each) | 33,953,326 | - |
| ** Out of the above 1,665,373 (P.Y. 4,448) units are under lien with Deutsche Bank AG for loan taken by Datamatics Global Services GmbH | | |
| *** Out of the above Nil (P.Y. 660,925) units are under lien with Citi Bank N.A. for loan taken by Datamatics Global Services Inc. | | |
| TOTAL NON-CURRENT INVESTMENTS | 2,614,812,565 | 1,610,617,132 |
| Aggregate of Quoted Investments | 173,286,475 | 49,468,201 |
| Market Value of Quoted Investments | 163,773,374 | 46,058,307 |
| Aggregate of Unquoted Investments | 2,441,526,090 | 1,561,148,930 |
| Aggregate of Provision for dimunition in value | 9,193,488 | 2,036,282 |

Notes Forming part of the Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|---|---------------------------|---------------------------|
| 14 LONG TERM LOANS AND ADVANCES | | |
| (Unsecured, considered good for value to be received in Cash or in Kind, unless otherwise specified) | | |
| Advance Tax - FBT (Net) | 497,593 | 497,993 |
| MAT Credit Entitlement | 48,157,207 | 31,225,198 |
| Capital Advances | - | 3,841,000 |
| Security Deposits | 11,562,774 | 21,611,487 |
| Loans and Advances to Subsidiaries (Net) (Refer Note no. 35 & 43) | 221,276,756 | 208,995,156 |
| Service Tax Receivable | 21,296,968 | 3,927,284 |
| Prepaid Expenses | 2,143,742 | 482,281 |
| Advance to Employees | 2,563,402 | 5,100,000 |
| Other Receivables | 1,739,037 | 1,739,037 |
| Fair Value of Outstanding Forward Contracts | - | 2,961,468 |
| TOTAL | 309,237,479 | 280,380,904 |
| 15 OTHER NON-CURRENT ASSETS | | |
| (Unsecured, considered good) | | |
| Non-Current Bank Deposits (original maturity of more than 12 months) | 9,666,071 | 2,800,875 |
| TOTAL | 9,666,071 | 2,800,875 |
| All the above ₹ 9,666,071 (P.Y. ₹ 2,800,875) are marked as Lien for Guarantees issued by Banks on behalf of the Company. | | |
| 16 CURRENT INVESTMENTS | | |
| (At Cost or Fair Value whichever is less) | | |
| QUOTED - NON TRADE | | |
| Investment in Liquid Mutual Funds fully paid | | |
| Nil (P.Y. 2,772,746) Units of Templeton India Low Duration - Growth (Face Value of ₹ 10 each) ** | - | 30,000,000 |
| 2,000,000 (P.Y. 2,000,000) Units of IDFC FTP Series 16 Regular Plan - Growth (Face Value of ₹ 10 each) ** | 20,000,000 | 20,000,000 |
| 2,000,000 (P.Y. 2,000,000) Units of Reliance FHF XXIII Series 4 - Growth (Face Value of ₹ 10 each) ** | 20,000,000 | 20,000,000 |
| 750,378 (P.Y. 750,378) Units of DWS Short Maturity Fund - Growth (Face Value of ₹ 10 each) ** | 9,033,199 | 9,033,199 |
| 461,270 (P.Y. 197,334) Units of Birla Sun Life Income Plus - Growth (Face Value of ₹ 10 each) ** | 25,000,000 | 10,000,000 |
| 1,035,150 (P.Y. Nil) Units of ICICI Prudential Short Term Regular Plan - Growth (Face Value of ₹ 10 each) ** | 25,000,000 | - |
| 1,018,717 (P.Y. 501,404) Units of IIFL Income Opportunities Fund - AIF - Growth (Face Value of ₹ 10 each) | 10,500,000 | 5,250,000 |
| Nil (P.Y. 1,135,771) Units of Birla Sun Life Fixed Term Plan Series FC - Growth (Face Value of ₹ 10 each) ** | - | 11,357,715 |
| Nil (P.Y. 3,500,000) Units of ICICI Prudential Fixed Maturity Plan-Series 63-384 Days Plan A Cumulative - Growth (Face Value of ₹ 10 each) ** | - | 35,000,000 |
| Nil (P.Y. 1,000,000) Units of DWS Fixed Maturity Plan - Series 10 (DFMP - 10) - Growth (Face Value of ₹ 10 each) | - | 10,000,000 |
| Nil (P.Y. 462,374) Units of IDFC Dynamic Bond Fund Plan - Growth - Plan A (Face Value of ₹ 10 each) *** | - | 10,000,000 |

Notes Forming part of the Financial Statements

| | As at March 31, 2014 | As at March 31, 2013 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Nil (P.Y. 1,491,198) Units of ICICI Prudential Ultra Short Term Reg Plan - DDR (Face Value of ₹ 10 each) | - | 15,009,058 |
| 244,998 (P.Y. 626,331) Units of Birla Sun Life Floating Rate Fund - STP - DDR (Face Value of ₹ 100 each) | 24,541,710 | 62,645,595 |
| Nil (P.Y. 70,548) Units of Kotak Floater ST - DDR (Face Value of ₹ 1,000 each) | - | 71,368,178 |
| Nil (P.Y. 12,593) Units of UTI Floating Rate Fund STP - Reg Plan - Direct Plan - DDR (Face Value of ₹ 1,000 each) | - | 13,560,909 |
| Nil (P.Y. 2) Units of PineBridge India Short Term Fund Standard WDR (Face Value of ₹ 1,000 each) | - | 1,844 |
| Nil (P.Y. 905,334) Units of HDFC Short Term Plan - Growth (Face Value of ₹ 10 each) | - | 20,000,000 |
| Nil (P.Y. 663,473) Units of Reliance Dynamic Bond Fund - Growth (Face Value of ₹ 10 each) ** | - | 10,000,000 |
| 849,667 (P.Y. Nil) Units of SBI Magnum Income Fund - Growth (Face Value of ₹ 10 each) | 25,000,000 | - |
| 1,000,000 (P.Y. Nil) Units of ICICI Prudential Interval Fund II - Quarterly Interval Plan A - Regular - Dividend Payout (Face Value of ₹ 10 each) | 10,000,000 | - |
| 979,089 (P.Y. Nil) Units of DWS Treasury - Invest Plan - Reg - DDR (Face Value of ₹ 10 each) | 10,014,909 | - |
| 94,727 (P.Y. Nil) Units of ICICI Prudential Flexible Income Plan - Regular Plan - DDR (Face Value of ₹ 10 each) | 10,016,207 | - |
| 1,000,000 (P.Y. Nil) Units of Reliance FHF XXIV Series 3 - Growth (Face Value of ₹ 10 each) | 10,000,000 | - |
| 2,500,000 (P.Y. Nil) Units of Reliance FHF XXIV Series 11 - Growth (Face Value of ₹ 10 each) | 25,000,000 | - |
| 1,000,000 (P.Y. Nil) Units of TATA Fixed Maturity Plan Series - 43 Scheme A - Growth (370 days) (Face Value of ₹ 10 each) | 10,000,000 | - |
| 1,000,000 (P.Y. Nil) Units of ICICI Prudential Fixed Maturity Plan - Series 69 - 366 days Plan A (Face Value of ₹ 10 each) | 10,000,000 | - |
| 2,500,000 (P.Y. Nil) Units of Birla Sun Life Interval Income Fund-Annual Plan-X-Growth (Face Value of ₹ 10 each) | 25,000,000 | - |
| ** Out of the above 6,246,798 (P.Y. 11,019,702) units are under lien with Deutsche Bank AG for loan taken by Datamatics Global Services GmbH | | |
| *** Out of the above Nil (P.Y. 462,374) units are under lien with Citi Bank N.A. for loan taken by Datamatics Global Services Inc. | | |
| UNQUOTED - NON TRADE | | |
| Investments in Portfolio Management Services (PMS) | | |
| Reliance Capital Asset Management Limited | - | 623,646 |
| TOTAL CURRENT INVESTMENTS | 269,106,025 | 353,850,144 |
| Aggregate of Quoted Investments | 269,106,025 | 353,226,498 |
| Market Value of Quoted Investments | 282,570,015 | 367,188,216 |
| Aggregate of Unquoted Investments | - | 623,646 |

Notes Forming part of the Financial Statements

| | As at March 31, 2014 ₹ | As at March 31, 2013 ₹ |
|--|---------------------------|---------------------------|
| 17 TRADE RECEIVABLES | | |
| Unsecured | | |
| Over six months from the date they were due for payment | | |
| Considered Good | 46,479,142 | 24,210,812 |
| Considered Doubtful | 7,709,140 | - |
| Others | | |
| Considered Good | 359,958,952 | 318,874,238 |
| | 414,147,234 | 343,085,050 |
| Less :- Provision for Doubtful Debts | 7,709,140 | - |
| TOTAL | 406,438,094 | 343,085,050 |
| (Refer Note no. 32, 35 (ii) & 43) | | |
| 18 CASH & BANK BALANCES | | |
| CASH & CASH EQUIVALENTS | | |
| BANK BALANCES | | |
| - In Current Accounts | 28,794,152 | 33,053,932 |
| - In Exchange Earner's Foreign Currency Account | 5,793,038 | 5,158,368 |
| - In Margin Accounts (original maturity of less than 3 months)* | 315,160 | - |
| Cash on Hand | 510,683 | 185,125 |
| Foreign Currency On Hand | 614,689 | 490,526 |
| SUB-TOTAL | 36,027,722 | 38,887,951 |
| OTHER BANK BALANCES | | |
| - In Margin Accounts (original maturity of more than 3 months and less than 12 months)* | 4,584,717 | 11,593,876 |
| - In Unclaimed Dividend Accounts | 1,602,465 | 1,785,716 |
| SUB-TOTAL | 6,187,182 | 13,379,592 |
| GRAND TOTAL | 42,214,904 | 52,267,543 |
| * Out of the above ₹ 4,899,877 (P.Y. ₹ 11,593,876) are marked as Lien for Guarantees issued by Banks on behalf of the Company. | | |
| 19 SHORT TERM LOANS AND ADVANCES | | |
| (Unsecured, considered good for value to be received in Cash or in Kind, unless otherwise specified) | | |
| MAT Credit Entitlement | 740,891 | 4,139,696 |
| Security Deposits | 15,037,790 | 4,820,564 |
| Inter-Corporate Deposits | - | 120,000,000 |
| Service Tax Receivable | 21,393,554 | 26,973,673 |
| Prepaid Expenses | 19,643,925 | 14,205,194 |
| Other Receivables | 945,786 | 1,397,447 |
| Advance to Employees | 10,813,867 | 10,290,765 |
| Advance to Vendors | 400,913 | 1,475,030 |
| Fair Value of Outstanding Forward Contracts (Refer Note no. 28) | 35,000 | 1,942,110 |
| Other Loans and Advances | | |
| - Considered Doubtful | 5,096,208 | 6,042,708 |
| - Less: Provision for bad & doubtful advances | (5,096,208) | (6,042,708) |
| TOTAL | 69,011,726 | 185,244,479 |
| 20 OTHER CURRENT ASSETS | | |
| Interest accrued on Investments | 585,005 | 9,850,593 |
| Interest accrued but not due on Deposits with Bank | 1,815,964 | 854,118 |
| Unbilled Revenue | 66,560,431 | 10,188,123 |
| Other Receivables | 42,844,200 | 17,136,000 |
| TOTAL | 111,805,600 | 38,028,834 |

Notes Forming part of the Financial Statements

| | For the year ended March 31, 2014 ₹ | For the year ended March 31, 2013 ₹ |
|--|---|---|
| 21 REVENUE FROM OPERATIONS | | |
| Sales from Software Services: | | |
| Export | 1,962,580,022 | 1,751,196,275 |
| Domestic | 74,697,336 | 105,232,628 |
| Sale of Products and Licenses: | | |
| Domestic | 1,976,691 | 4,434,022 |
| TOTAL | 2,039,254,049 | 1,860,862,925 |
| 22 OTHER INCOME | | |
| Interest from Banks | 1,471,917 | 1,145,445 |
| Interest from Others: | | |
| - Current | 19,338,718 | 25,774,266 |
| - Non-Current | 5,039,295 | 20,932,758 |
| Dividend on Current Investments - Non Trade | 9,863,655 | 6,756,751 |
| Dividend on Non-Current Investments - Trade and Non Trade | 43,324,807 | 51,700,330 |
| Profit on Sale of Current Investments - Non Trade | 557,879 | 26,236,435 |
| Profit on Sale of Non-Current Investments - Trade | 21,631,488 | 732,277 |
| Exchange Fluctuation (Net) | 75,659,051 | - |
| Corporate Gurarantee Fees (Refer Note no. 35) | 5,785,633 | 3,373,837 |
| Miscellaneous Income | 146,191 | 638,942 |
| Sundry Balances Written Back (Net) | 1,676,134 | - |
| TOTAL | 184,494,768 | 137,291,041 |
| 23 EMPLOYEE BENEFITS EXPENSES | | |
| Salaries, Wages, Bonus & Allowances | 983,130,413 | 937,946,175 |
| Contribution to Provident Fund and Other Funds (Refer Note no. 33) | 38,955,124 | 40,809,376 |
| Share Based Compensation (Refer Note no. 39) | 1,901,093 | 1,999,080 |
| Welfare Expenditure | 44,461,849 | 43,309,217 |
| Directors Remuneration (Refer Note no. 35) | 34,808,129 | 30,862,423 |
| TOTAL | 1,103,256,608 | 1,054,926,271 |
| 24 FINANCE COSTS | | |
| Interest | 16,298,779 | 25,785,326 |
| TOTAL | 16,298,779 | 25,785,326 |

Notes Forming part of the Financial Statements

| | For the year ended March 31, 2014 ₹ | For the year ended March 31, 2013 ₹ |
|--|---|---|
| 25 OTHER EXPENSES | | |
| Knowledge Associates / Vendor Charges | 33,598,586 | 46,700,494 |
| Electricity Expenses | 60,363,429 | 51,262,810 |
| Technical Fees (Refer Note no. 35) | 76,246,581 | 77,914,535 |
| Travelling Expenses | 163,617,475 | 121,968,947 |
| Link Charges | 15,083,094 | 13,337,155 |
| Rent (Refer Note no. 35 & 36) | 30,453,518 | 24,915,997 |
| Rates and Taxes | 8,500,294 | 6,101,297 |
| Communication Expenses | 12,984,960 | 13,675,357 |
| Legal and Professional Charges | 36,931,691 | 15,947,693 |
| Remuneration to Auditors (Refer Note no. 29) | 1,724,709 | 1,961,537 |
| Repairs and Maintenance : | | |
| - Building | 4,508,756 | 4,236,589 |
| - IT & Machinery | 21,288,921 | 16,100,779 |
| Repair Others | 13,834,328 | 11,878,314 |
| Insurance Premium | 2,727,777 | 2,816,886 |
| Sales Commission | 4,687,774 | - |
| Board Sitting Fees | 435,000 | 390,000 |
| Advertisement and Sales Promotion Expenses | 13,829,060 | 21,144,498 |
| Subscription Charges | 6,148,041 | 7,553,503 |
| Lease Rent & Hire Charges | 3,471,576 | 3,509,251 |
| Entertainment Expenses | 1,790,930 | 2,683,203 |
| Miscellaneous Expenses | 4,278,035 | 5,151,535 |
| Sundry Balances Written off (Net) | - | 129,324 |
| Provision for Dimunition in value of Investments | 7,157,206 | - |
| Loss on sale of Fixed Assets (Net) | 410,044 | 378,081 |
| Provision for Doubtful Debts | 7,709,140 | - |
| Exchange Fluctuation (Net) | - | 21,225,852 |
| Bank & Other Charges | 4,197,113 | 2,526,212 |
| Recruitment Expenses | 4,043,130 | 6,205,210 |
| Printing & Stationery | 3,290,360 | 3,648,036 |
| Photocopying Charges | 1,727 | 201,862 |
| Security Charges | 9,384,993 | 7,588,949 |
| TOTAL | 552,698,248 | 491,153,906 |

Notes Forming part of the Financial Statements

26 Contingent Liability and Commitments:

Provision is made in the accounts if it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Contingent Liabilities to the extent not provided for:

| | March 31, 2014 ₹ | March 31, 2013 ₹ |
|---|---------------------|---------------------|
| (a) Claims against the Company not acknowledged as debt: | | |
| (i) Income Tax matters | 493,418 | 18,562,821 |
| (ii) Sales Tax matters | 5,074,525 | 5,074,525 |
| (b) Details of guarantees and sureties outstanding as at: | | |
| (i) Guarantees given by Banks to Embassy Centre Premises Co-operative Society Ltd. | 425,930 | 425,930 |
| (ii) Guarantees given by Banks to the Assistant Commissioner of Central Excise and Customs department | 800,875 | 849,875 |
| (iii) Guarantees given by Banks to UNFCCC, BONN, Germany for Euro 84,398.70 | 6,118,000 | 6,118,000 |
| (iv) Guarantees given by Banks to Directorate of Information Technology | 2,720,000 | 2,000,000 |
| (v) Guarantees given by Banks to Mahanagar Gas Ltd. | - | 348,725 |
| (vi) Guarantees given by Banks to Agility Logistics Pvt. Ltd. | - | 500,000 |
| (vii) Guarantees given by Banks to Chief Accounts Officer, Aurangabad Municipal Corporation. | 1,052,000 | 1,052,000 |
| (viii) Guarantees given by Banks to Webel Mediatronics Ltd. | - | 615,302 |
| (ix) Guarantees given by Banks to Navi Mumbai Municipal Corporation | 330,000 | - |
| (x) Guarantees given by Banks to The Tender Manager, NICSI | 500,000 | - |
| (xi) Guarantees given by Banks to Senior Accounts Officer, Electricity Department Puducherry | 785,840 | - |
| (xii) Guarantees given by Banks to The Municipal Commissioner Greater Mumbai | 2,103,379 | - |
| (xiii) Corporate guarantees provided to Banks against credit facilities extended to Subsidiaries | 262,752,500 | 319,420,000 |
| (c) Capital and other commitments: | | |
| (i) Foreign Currency Forward Contracts Outstanding (Refer Note 28) | 5,640,000 | 7,881,522 |
| (ii) Estimated amount of contracts on capital account remaining to be executed and not provided for (net of advances) | - | 6,626,297 |

27 Proposed Dividend

The final dividend proposed for the year is as follows:

On Equity Shares of ₹ 5 each

Amount of dividend proposed (in ₹)

Dividend per Equity Share

| March 31, 2014 | March 31, 2013 |
|------------------|----------------|
| 73,686,671 | 58,949,337 |
| ₹ 1.25 per share | ₹ 1 per share |

Notes Forming part of the Financial Statements

- 28** The Company in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is generally a bank. The foreign exchange forward contracts mature within a period of one month and two years.

The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

| Particulars | (Amount in ₹) | |
|--|--------------------|--------------------|
| | March 31, 2014 | March 31, 2013 |
| Not later than one month | 28,799,741 | 15,414,560 |
| Later than one month and not later than three months | 57,866,932 | 30,939,636 |
| Later than three months and not later than one year | 232,055,823 | 170,945,864 |
| Later than one year | 39,562,000 | 209,765,650 |
| Total | 358,284,496 | 427,065,709 |

The following are outstanding foreign exchange forward contracts, which have been designated as Cash Flow Hedges, as at:

| Foreign Currency | March 31, 2014 | | | March 31, 2013 | | |
|------------------|------------------|---|------------------------------|------------------|---|------------------------------|
| | No. of Contracts | Notional amount of Currency Forward contracts | Fair Value (₹) gain / (loss) | No. of Contracts | Notional amount of Currency Forward contracts | Fair Value (₹) gain / (loss) |
| U.S. Dollar | 66 | 5,280,000 | (4,597,300) | 102 | 7,320,000 | 3,118,018 |
| Sterling Pound | 6 | 180,000 | (689,700) | 6 | 270,000 | 1,489,253 |
| Euro | 6 | 180,000 | (78,654) | 6 | 180,000 | 151,034 |
| Swiss Francs | - | - | - | 6 | 111,522 | 145,273 |
| Total | | 5,640,000 | (5,365,654) | | 7,881,522 | 4,903,578 |

Net profit / (loss) on derivative instruments of ₹ (5,365,654) (P.Y. ₹ 4,903,578) recognised in Hedging reserve as of March 31, 2014, is expected to be reclassified to the statement of profit and loss by March 31, 2016. The foreign currency exposures that are not hedged by a derivative instrument or otherwise is ₹ 703,495,380 (P.Y. ₹ 102,067,083).

The Company has applied the principles of Cash Flow Hedge Accounting as per Accounting Standard (AS) - 30, Financial Instrument: Recognition and Measurement, along with limited revision to other accounting standards, issued by The Institute of Chartered Accountants of India. AS-30, along with limited revision to the other accounting standards, have not currently been notified by the National Advisory Council for Accounting Standard (NACAS) pursuant to the Companies(AS) rules, 2006 as per section 211(3C) of the Companies Act, 1956.

29 Auditor's remuneration includes:

| Particulars | (Amount in ₹) | |
|--|------------------|------------------|
| | March 31, 2014 | March 31, 2013 |
| For services as auditors, including quarterly audits | 1,460,000 | 1,390,000 |
| For Other services | 186,929 | 507,500 |
| Reimbursement of out of Pocket Expenses | 77,780 | 64,037 |
| Total | 1,724,709 | 1,961,537 |

Notes Forming part of the Financial Statements

30 Activities in Foreign Currency:

| | (Amount in ₹) | |
|--|----------------------|----------------------|
| | March 31, 2014 | March 31, 2013 |
| (i) Earning in Foreign Currency | | |
| FOB Value of Exports of ITES/BPO Segment | 1,962,580,022 | 1,751,196,275 |
| Income in foreign currency: | | |
| - Interest | - | 57,779 |
| - Corporate Guarantee Fees | 3,825,632 | 2,598,658 |
| Total | 1,966,405,654 | 1,753,852,712 |
| (ii) Expenditure in foreign currency (on accrual basis) | | |
| CIF value of Import of capital goods | 5,480,721 | 8,108,516 |
| Commission | 4,282,031 | 4,503,901 |
| Foreign Travel | 14,612,703 | 78,947,469 |
| Technical & Professional Fees | 16,160,944 | 13,360,677 |
| Others | 33,755,273 | 11,360,730 |
| Total | 74,291,672 | 116,281,293 |
| (iii) Remittance of Foreign Currency for Dividend | | |
| No. of Non-resident Shareholders | 5 | 5 |
| No. of equity shares held on which dividend was due | 248,250 | 248,250 |
| The year to which the dividend relates | 2012-13 | 2011-12 |
| Amount remitted in equivalent dollar (\$) | 4,007 | 3,577 |
| Amount remitted in equivalent Rupees (₹) | 248,250 | 186,188 |

31 In the opinion of the Company, the Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business. The provision for all known Liabilities and for Depreciation is adequate and not in excess of the amount reasonably necessary.

32 The Company has received confirmations from few Trade receivables, Other receivables and for majority of loans and advances. Remaining Trade receivables, Other receivables, Trade payables and loans and advances are subject to confirmation and reconciliation, and consequent impact if any will be adjusted as and when determined.

Notes Forming part of the Financial Statements

33 Employee Benefits

(Amount in ₹)

| | March 31, 2014 | March 31, 2013 |
|---|---|---|
| Defined Contribution Plan | | |
| I. Charge to the Profit and Loss Statement based on contributions: | | |
| Employers Contribution to Provident Fund | 30,539,246 | 32,007,696 |
| Employers Contribution to Employees' State Insurance | 7,762,212 | 8,098,534 |
| Employers Contribution to Employees' Pension Scheme 1995 | 531,248 | 568,352 |
| Employers Contribution to Labour Welfare Fund & others | 122,418 | 134,794 |
| Included in Contribution to Provident Fund and Other Funds (Refer Note no. 23) | 38,955,124 | 40,809,376 |
| | Gratuity (Unfunded) | |
| | March 31, 2014 | March 31, 2013 |
| Defined Benefit Plan | | |
| I. Disclosures for defined benefit plans based on actuarial reports as on March 31, 2014 | | |
| A. Change in Defined Benefit Obligation: | | |
| Present Value of Defined Benefit Obligation as at the beginning of the year | 36,895,094 | 38,288,573 |
| Interest Cost | 2,951,608 | 3,254,529 |
| Current Service Cost | 4,427,654 | 4,709,704 |
| Liability Transferred out | (3,960,840) | - |
| Benefits Paid | (7,823,759) | (10,063,258) |
| Actuarial (gains)/loss | 9,917,926 | 705,546 |
| Present Value of Defined Benefit Obligation as at the end of the year | 42,407,683 | 36,895,094 |
| Included in Long-Term & Short-Term Provisions (Refer Note no. 8 & 11) | | |
| B. Changes in Fair Value of Assets: | | |
| Fair Value of Plan Asset as at beginning of the year | - | - |
| Expected return on Plan Assets | - | - |
| Contributions by the employer | 7,823,759 | 10,063,258 |
| Benefits Paid | (7,823,759) | (10,063,258) |
| Actuarial gain/(loss) | - | - |
| Fair Value of Plan Asset as at end of the year | - | - |
| C. Amount recognised in the Balance Sheet: | | |
| Present value of defined benefit obligation as at end of the year | 42,407,683 | 36,895,094 |
| Fair Value of Plan Assets at the end of the year | - | - |
| Net Asset/(Liability) recognised in Balance Sheet (Refer Note no. 8 & 11) | (42,407,683) | (36,895,094) |
| D. Expenses recognised in Profit and Loss Statement: | | |
| Current Service Cost | 4,427,654 | 4,709,704 |
| Interest Cost | 2,951,608 | 3,254,529 |
| Actuarial Losses/(Gains) | 9,917,926 | 705,546 |
| Total Expenses/(Income) recognised in Profit and Loss Statement | 17,297,188 | 8,669,779 |
| Included in Salaries, Wages, Bonus & Allowances (Refer Note no. 23) | | |
| E. Principal Actuarial Assumptions used: | | |
| 1. Discount Rate (per annum) | 9.03% | 8.00% |
| 2. Salary Escalation | 3.50% | 2.00% |
| 3. Mortality table | Indian Assured Lives Mortality (2006-2008) Ultimate | Indian Assured Lives Mortality (2006-2008) Ultimate |
| F. Experience Adjustments: | | |
| Experience Adjustments on Plan Liability (Gain)/Loss | 6,141,275 | 2,305,100 |

Note:

Provision towards liability for Leave Encashment made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value liability is ₹ 21,679,738 (P.Y. ₹ 21,981,176) based upon following assumptions:

| | 2013-14 | 2012-13 |
|-------------------|---------|---------|
| Discount Rate | 9.03% | 8.00% |
| Salary Escalation | 3.50% | 2.00% |

Notes Forming part of the Financial Statements

- 34** The Management Information System of the Company identifies and operates in a single primary business segment. In the opinion of the management these activities are governed by the same set of risk and returns as per AS-17 dealing with segmental reporting. All the assets of the Company are located in India and hence secondary segmental reporting is on the basis of the geographical location of customers.

Performance of Business Segment is as follows:

(Amount in ₹)

| | March 31, 2014 | March 31, 2013 |
|---|----------------------|----------------------|
| Revenue | | |
| Sale to External Customers | 2,039,254,049 | 1,860,862,925 |
| Segment Result Profit | 299,831,420 | 216,251,365 |
| Other Income | 184,494,768 | 137,291,041 |
| Direct Taxes | 70,426,694 | 59,802,625 |
| Profit from Ordinary Activities | 413,899,494 | 293,739,781 |
| Net Profit | 413,899,494 | 293,739,781 |
| Other Segment Information | | |
| Capital Expenditure | 151,162,590 | 152,066,705 |
| Depreciation and Amortization | 65,295,072 | 68,859,915 |
| Non Cash Expenses other than Depreciation (Net) | 21,309,396 | 507,405 |
| Particulars of Segment Assets and Liabilities: | | |
| Segment Assets | 1,799,569,072 | 1,703,148,241 |
| Investments | 2,883,918,590 | 1,964,467,276 |
| Bank Deposits | 14,250,788 | 14,394,751 |
| Other Assets | 312,101,128 | 435,789,153 |
| Total Assets | 5,009,839,578 | 4,117,799,421 |
| Segment Liabilities | 994,941,244 | 446,289,916 |
| Other Liabilities | 104,043,799 | 87,257,977 |
| Total Liabilities | 1,098,985,043 | 533,547,893 |

Geographic Segment

Revenue attributable to the location of the customers is as follows

(Amount in ₹)

| | March 31, 2014 | March 31, 2013 |
|--------------|----------------------|----------------------|
| USA | 965,531,279 | 949,131,243 |
| Europe | 962,736,494 | 340,581,303 |
| Others | 110,986,276 | 571,150,379 |
| Total | 2,039,254,049 | 1,860,862,925 |

Fixed Assets in India used in the Companies business or liabilities contracted in India cannot be identified to any geographical segment as the fixed assets and services are used interchangeably between geographical segments and a meaningful segregation is not possible.

Notes Forming part of the Financial Statements

35 Related party disclosures:

- (i) As per Accounting Standard 18, as notified by the rules the disclosures of Related Parties and transactions during the year as deemed in the Accounting Standard are given below:

(A) Subsidiary Companies

Datamatics Global Services Inc.
Datamatics Global Services GmbH
Datamatics Technologies UK Ltd.
Datamatics Software Services Ltd.
Datamatics Global Technologies Ltd.
Datamatics Global Technologies AG
Datamatics Infotech Ltd.
Datamatics Global Services Pty. Ltd.
Datamatics Global Technologies GmbH (Stepdown Subsidiary)
Datamatics Global Holding Corp. (Stepdown Subsidiary)
Cignex Datamatics Corp. (Stepdown Subsidiary)
Cignex Datamatics Technologies Ltd.
(Stepdown Subsidiary)
Datamatics Vista Info Systems Ltd.
(Stepdown Subsidiary)
Cybercom Datamatics Information Solutions Ltd.
Cignex Datamatics Inc. (Stepdown Subsidiary)
Cignex Datamatics Pte. Ltd. (Stepdown Subsidiary)
Cignex Technologies Ltd. (Stepdown Subsidiary)
(Dissolved w.e.f 30th July, 2013)
Datamatics Global Solutions GmbH
(Stepdown Subsidiary)
Lexicon Publishing Services Pvt. Ltd.
Datamatics Global Services FZ-LLC
Premedia Global Inc. (Stepdown Subsidiary)
Datamatics eRetail & Publishing GmbH
(Stepdown Subsidiary)

(B) Key Managerial Personnel

Dr. L. S. Kanodia
Mr. Rahul L. Kanodia
Mr. Vidur V. Bhogilal
Mr. Sameer L. Kanodia

(C) Relatives of Key Managerial Personnel and Enterprise owned by Key Managerial Personnel

Mrs. Asha Kanodia
Mrs. Priyadarshini Kanodia
Datamatics Staffing Services Ltd.
Datamatics Employees Welfare Trust
Datamatics Financial Services Ltd.
Amon Technologies Pvt. Ltd.
Anemone Management Consultancy Pvt. Ltd.
Datascan Services

(D) Holding Company

Delta Infosolutions Pvt. Ltd.

Notes Forming part of the Financial Statements

(ii) Details of transactions with the related parties stated in (i) above :

(Amount in ₹)

| Nature of transaction | Refer to (i) A above | | Refer to (i) B above | | Refer to (i) C above | | Refer to (i) D above | |
|--|----------------------|-------------|----------------------|------------|----------------------|-----------|----------------------|------------|
| | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 |
| Sales - Technical Services | 438,132,376 | 346,773,171 | - | - | - | 1,952,094 | - | - |
| Datamatics Global Services Inc. | 364,045,791 | 313,933,334 | - | - | - | - | - | - |
| Datamatics Global Services GmbH | 19,486,703 | 23,658,446 | - | - | - | - | - | - |
| Datamatics Global Technologies GmbH | - | 501,347 | - | - | - | - | - | - |
| Datamatics Infotech Ltd. | 49,176,943 | 7,271,354 | - | - | - | - | - | - |
| Datamatics Global Technologies Ltd. | 4,395,487 | 1,408,690 | - | - | - | - | - | - |
| Datamatics Global Solutions GmbH | 1,027,452 | - | - | - | - | - | - | - |
| Datamatics Financial Services Ltd. | - | - | - | - | - | 1,952,094 | - | - |
| Technical Fees | 11,521,739 | 9,231,963 | - | - | 1,368,500 | 1,043,708 | - | - |
| Datamatics Infotech Ltd. | - | 4,686,672 | - | - | - | - | - | - |
| Cignex Datamatics Technologies Ltd. | 547,418 | - | - | - | - | - | - | - |
| Datamatics Global Services GmbH | 10,974,321 | 4,545,291 | - | - | - | - | - | - |
| Datamatics Staffing Services Ltd. | - | - | - | - | 1,368,500 | 1,043,708 | - | - |
| Purchase of Fixed Assets | 55,613 | 281,250 | - | - | - | - | - | - |
| Cybercom Datamatics Information Solutions Ltd. | 55,613 | 281,250 | - | - | - | - | - | - |
| Sale of Business | 244,671,614 | - | - | - | - | - | - | - |
| Lexicon Publishing Services Pvt. Ltd. | 244,671,614 | - | - | - | - | - | - | - |
| Expenses Incurred by Related Parties | 26,871,889 | 1,492,574 | - | - | - | - | - | - |
| Datamatics Global Services Inc. | - | 292,770 | - | - | - | - | - | - |
| Datamatics Global Services GmbH | 5,605,981 | - | - | - | - | - | - | - |
| Datamatics Software Services Ltd. | 7,220 | 24,000 | - | - | - | - | - | - |
| Cybercom Datamatics Information Solutions Ltd. | 3,233,414 | 1,175,804 | - | - | - | - | - | - |
| Lexicon Publishing Services Pvt. Limited | 18,025,274 | - | - | - | - | - | - | - |
| Expenses Incurred for Related Parties | 9,700,491 | 426,371 | - | - | - | - | - | - |
| Datamatics Software Services Ltd. | 4,532,278 | 13,939 | - | - | - | - | - | - |
| Cybercom Datamatics Information Solutions Ltd. | 874,339 | 412,432 | - | - | - | - | - | - |
| Lexicon Publishing Services Pvt. Ltd. | 4,293,874 | - | - | - | - | - | - | - |
| Managerial Remuneration | - | - | 23,701,545 | 22,973,908 | - | - | - | - |
| Dr. L. S. Kanodia | - | - | 5,326,502 | 5,301,710 | - | - | - | - |
| Mr. Rahul L. Kanodia | - | - | 8,104,914 | 7,802,360 | - | - | - | - |
| Mr. Vidur V. Bhogilal | - | - | 6,053,910 | 5,704,457 | - | - | - | - |
| Mr. Sameer L. Kanodia | - | - | 4,216,219 | 4,165,381 | - | - | - | - |
| Commission | - | - | 9,906,584 | 7,088,514 | - | - | - | - |
| Dr. L. S. Kanodia | - | - | 4,953,292 | 3,544,257 | - | - | - | - |
| Mr. Rahul L. Kanodia | - | - | 4,953,292 | 3,544,257 | - | - | - | - |
| Proposed Dividend | - | - | 8,842,354 | 7,073,883 | 6,723,809 | 5,379,047 | 39,767,178 | 31,813,742 |
| Salaries | - | - | - | - | 1,747,800 | 2,182,800 | - | - |
| Mrs. Priyadarshini Kanodia | - | - | - | - | 1,747,800 | 2,182,800 | - | - |
| Recruitment Expenses | - | - | - | - | 57,483 | 502,769 | - | - |
| Datamatics Staffing Services Ltd. | - | - | - | - | 57,483 | 502,769 | - | - |
| Training Expenses | - | - | - | - | 10,000 | 60,000 | - | - |
| Datamatics Staffing Services Ltd. | - | - | - | - | 10,000 | 60,000 | - | - |
| Interest and Other Income | 62,354,316 | 36,808,331 | - | - | - | - | - | - |
| Datamatics Global Services GmbH | 1,599,075 | 1,289,006 | - | - | - | - | - | - |
| Datamatics Software Services Ltd. | 13,611,233 | 16,240,715 | - | - | - | - | - | - |
| Datamatics Global Services Inc. | 2,339,806 | 1,367,431 | - | - | - | - | - | - |
| Cybercom Datamatics Information Solutions Ltd. | 43,844,202 | 17,636,001 | - | - | - | - | - | - |
| Cignex Datamatics Technologies Ltd. | 960,000 | 275,178 | - | - | - | - | - | - |
| Guarantees | 262,752,500 | 319,420,000 | - | - | - | - | - | - |

Notes Forming part of the Financial Statements

(Amount in ₹)

| Nature of transaction | Refer to (i) A above | | Refer to (i) B above | | Refer to (i) C above | | Refer to (i) D above | |
|--|----------------------|--------------------|----------------------|------------------|----------------------|-------------------|----------------------|-----------|
| | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 |
| Loans and Advances Refunded during the year | 248,948,837 | 81,196,339 | - | - | 1,725,861 | - | - | - |
| Datamatics Software Services Ltd. | 246,157,343 | 76,235,102 | - | - | - | - | - | - |
| Datamatics Infotech Ltd. | 2,251,369 | 3,874,619 | - | - | - | - | - | - |
| Datamatics Global Services Pty. Ltd. | 301,083 | 1,086,619 | - | - | - | - | - | - |
| Datamatics Global Technologies Ltd. | 239,042 | - | - | - | - | - | - | - |
| Datamatics Employees Welfare Trust | - | - | - | - | 1,725,861 | - | - | - |
| Loans and Advances Given during the year | 228,461,394 | 99,824,240 | - | - | 60,000 | - | - | - |
| Datamatics Global Services Inc. | 966,540 | 510,891 | - | - | - | - | - | - |
| Datamatics Software Services Ltd. | 221,766,985 | 94,824,858 | - | - | - | - | - | - |
| Datamatics Infotech Ltd. | 2,259,417 | 3,627,265 | - | - | - | - | - | - |
| Datamatics Global Services Pty. Ltd. | 306,661 | 861,226 | - | - | - | - | - | - |
| Datamatics Global Services FZ-LLC | 3,161,791 | - | - | - | - | - | - | - |
| Datamatics Employees Welfare Trust | - | - | - | - | 60,000 | - | - | - |
| Investment in Equity Shares | 578,455,000 | 74,488,000 | - | - | - | - | - | - |
| Datamatics Global Services GmbH | - | 70,750,000 | - | - | - | - | - | - |
| Cybercom Datamatics Information Solutions Ltd. | - | 3,738,000 | - | - | - | - | - | - |
| Lexicon Publishing Services Pvt. Ltd. | 577,600,000 | - | - | - | - | - | - | - |
| Datamatics Global Services FZ-LLC | 855,000 | - | - | - | - | - | - | - |
| Investment in Preference Shares | 562,904,250 | - | - | - | - | - | - | - |
| Datamatics Global Technologies Ltd. | 562,904,250 | - | - | - | - | - | - | - |
| Redemption of Preference Shares | 229,799,000 | - | - | - | - | - | - | - |
| Datamatics Global Technologies Ltd. | 229,799,000 | - | - | - | - | - | - | - |
| Payables | 133,537,426 | 25,276,419 | 9,906,584 | 7,088,514 | - | - | - | - |
| Dr. L. S. Kanodia | - | - | 4,953,292 | 3,544,257 | - | - | - | - |
| Mr. Rahul L. Kanodia | - | - | 4,953,292 | 3,544,257 | - | - | - | - |
| Datamatics Global Services Inc. | - | 20,268,813 | - | - | - | - | - | - |
| Datamatics Infotech Ltd. | - | 2,142,789 | - | - | - | - | - | - |
| Datamatics Global Services GmbH | 9,077,906 | 1,122,183 | - | - | - | - | - | - |
| Datamatics Global Technologies Ltd. | - | 1,742,634 | - | - | - | - | - | - |
| Lexicon Publishing Services Pvt. Ltd. | 124,459,520 | - | - | - | - | - | - | - |
| Receivables | 344,514,758 | 256,578,907 | - | - | 63,353,765 | 65,019,626 | - | - |
| Datamatics Global Services Inc. | 69,800,382 | 1,019,221 | - | - | - | - | - | - |
| Datamatics Global Services GmbH | 3,421,542 | 27,182,293 | - | - | - | - | - | - |
| Datamatics Software Services Ltd. | 195,043,438 | 207,185,628 | - | - | - | - | - | - |
| Datamatics Global Technologies GmbH | 2,196,133 | 1,855,515 | - | - | - | - | - | - |
| Datamatics Global Technologies Ltd. | 1,094,517 | 1,701,256 | - | - | - | - | - | - |
| Datamatics Infotech Ltd. | 5,819,727 | 498,994 | - | - | - | - | - | - |
| Cybercom Datamatics Information Solutions Ltd. | 42,846,552 | 17,136,000 | - | - | - | - | - | - |
| Datamatics Global Solutions GmbH | 1,027,452 | - | - | - | - | - | - | - |
| Datamatics Global Services FZ-LLC | 2,986,802 | - | - | - | - | - | - | - |
| Lexicon Publishing Services Pvt. Ltd. | 20,278,213 | - | - | - | - | - | - | - |
| Datamatics Financial Services Ltd. | - | - | - | - | 66,935 | 66,935 | - | - |
| Datamatics Employees Welfare Trust | - | - | - | - | 63,286,830 | 64,952,691 | - | - |

Note:

Related parties are identified by the management and relied upon by the auditors.

Notes Forming part of the Financial Statements

- 36** The Company's significant leasing arrangements are mainly in respect of residential and office premises. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Note 25. These leasing arrangements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms.

Future lease rentals payable in respect of residential and office premises:

(Amount in ₹)

| Particulars | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| Amount due not later than one year from the balance sheet date | 20,153,310 | 16,531,080 |
| Amount due in the period between one year and five years | 10,878,977 | 14,476,448 |
| Amount due later than five years | - | - |

The Following Lease payments are recognized in Statement of Profit and Loss:

| | | |
|------------|------------|------------|
| Lease Rent | 30,453,518 | 24,915,997 |
|------------|------------|------------|

Note:

- Future Lease payments are determined on the basis of terms of the lease agreement.
- At the expiry of term of the agreement, the Company has an option either to return the leased asset or extend the term by giving a notice in writing.

37 Earning Per Share (EPS)

The Components of basic and diluted earnings per share were as follows:

| | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| (a) Net Profit/(Loss) after taxation attributable to equity shareholders (in ₹) | 413,899,494 | 293,739,781 |
| (b) Weighted average number of Outstanding equity shares considered for Basic and Diluted EPS (Nos.) | 58,949,337 | 58,949,337 |
| (c) Earnings per share | | |
| (Nominal value per share ₹ 5 each) | | |
| Basic earning per share (in ₹) (a/b) | 7.02 | 4.98 |
| Diluted earning per share (in ₹) (a/b) | 7.02 | 4.98 |

- 38** The Company has Outstanding Working Capital Loan/Advance of ₹ 195,043,438 (P.Y. ₹ 207,185,628) to its subsidiary Datamatics Software Services Limited at a interest rate of 8% p.a. as on March 31, 2014.

39 Employee Stock Option Scheme:

The Datamatics Employees Welfare Trust (Trust) had purchased 1,753,261 shares of Company for granting stock options to the employees. The purchases are financed by loans from the Company. Amount recoverable from Trust (unsecured) as on March 31, 2014 is ₹ 63,286,830 (P.Y. ₹ 64,952,691).

a) Key Employee Stock Option Plan, 2006

Under the Key Employee Stock Option Plan, 2006, 116,000 options were granted at exercise price of ₹ 5 per option and the second vesting period falls during the current F.Y. 2013-14. During the year no options have been vested and exercised. Upon vesting and exercise of the stock options, equity shares will be granted to the employees from the shares held by the Trust. During the F.Y. 2012-13 6,440 shares have been vested and exercised and 70,000 stock options have lapsed.

b) Key Employee Stock Option Plan, 2007

Under the Key Employee Stock Option Plan, 2007, 300,000 options were granted at exercise price of ₹ 5 per option and the second vesting period falls during current F.Y. 2013-14. During the year no options have been vested and exercised. Upon vesting and exercise of the stock options, equity shares will be granted to the employees from the shares held by the Trust. During the F.Y. 2012-13 20,960 shares have been vested and exercised and 68,000 stock options have lapsed.

During the year, an amount of ₹ 1,901,093 (P.Y. ₹ 1,999,080) has been expensed out considering the proportionate vesting period, which has been included in Salaries, Wages, Bonus & Allowances and the balance has been disclosed under Reserves and Surplus as reduction from Employee Stock Option Outstanding.

Notes Forming part of the Financial Statements

40 During the year, Company has invested:

- (i) USD 9,300,000 in 9,300,000 fully paid Series III Convertible Non-Cumulative Redeemable 8% Preference Shares of USD 1 each of Datamatics Global Technologies Ltd., a Company incorporated in Mauritius.
- (ii) AED 50,000 in 50 fully paid equity shares of AED 1,000 each of Datamatics Global Services FZ-LLC, a Company incorporated in Dubai.
- (iii) ₹ 577,600,000 in 10,000,000 fully paid equity shares of ₹ 10 each of Datamatics eRetail and Publishing Limited. The Company has acquired controlling interest in Lexicon Publishing Services Private Limited (now known as Lumina Datamatics Limited ("LD")) on September 5, 2013. Thereafter, the Hon'ble High Court, Madras has passed an order sanctioning the Scheme of Arrangement/Amalgamation ["Scheme"] of Premedia Global Private Limited (wholly owned subsidiary of LD) and Datamatics eRetail and Publishing Limited (wholly owned subsidiary of the Company) with and into LD on March 17, 2014. The Appointed Date for the said Scheme was January 1, 2014 and the Effective Date was March 31, 2014. Pursuant to the sanctioned Scheme, the Company holds 73.12% of equity share capital in LD.

41 Portfolio Management services are provided by the Portfolio Manager – Reliance Capital Asset Management Ltd (RCAML) registered with SEBI vide registration No.INP000000423 and Trust Investment Advisors Pvt. Ltd. (TIAPL) registered with SEBI vide registration No. INP000001843. The Portfolio Manager is engaged in investing funds in accordance with SEBI (Portfolio Managers) Regulations, 1993 of its client – Datamatics Global Services Ltd. in securities and providing portfolio management services.

RCAML and TIAPL have been appointed as the Portfolio Manager for managing the investments of its funds on a discretionary basis to avail of investment advisory and portfolio management services for the purpose of investment to be made in securities. RCAML also holds the Power of Attorney to hold investments in its name for investments made on behalf of Company. Investments made by RCAML under the Portfolio Management Services are made in a pool account and therefore are not held in the name of the Company.

42 The Company has ₹ 197,108,961 (P.Y. ₹ 208,204,849) as outstanding Loans and Advances (Refer note no. 44 below) and ₹ 995,121,964 (P.Y. ₹ 997,376,964) as investment in four of it's 100% Subsidiaries at the year end. The net worth of these subsidiaries has declined. The Company has assured financial support. These investments are for long term and are of strategic nature. As the management is confident of turning around the subsidiaries in the near future provision for diminution in the value, if at all required, is not made.

43 Trade Receivables include the following dues from the subsidiaries:

(Amount in ₹)

| Particulars | Balance Outstanding as on 31.03.2014 | Maximum amount outstanding during the year | Balance Outstanding as on 31.03.2013 | Maximum amount outstanding during the year |
|--|--------------------------------------|--|--------------------------------------|--|
| Datamatics Global Services Inc. | 67,734,859 | 78,893,325 | - | 52,428,740 |
| Datamatics Global Services GmbH | 3,421,542 | 40,962,726 | 27,182,293 | 28,269,822 |
| Datamatics Global Services Pty Ltd. | - | - | - | 2,661,689 |
| Datamatics Global Technologies GmbH | 2,196,133 | 2,196,133 | 1,855,515 | 2,334,987 |
| Datamatics Infotech Ltd. | 5,225,325 | 26,649,477 | - | 14,766,379 |
| Datamatics Global Technologies Ltd. | 786,140 | 5,419,297 | 1,409,942 | 1,409,942 |
| Cignex Datamatics Technologies Ltd. | - | 359,552 | - | 309,190 |
| Cybercom Datamatics Information Solutions Ltd. | - | 650,751 | - | 514,984 |
| Datamatics Global Solutions GmbH | 1,027,452 | 1,027,452 | - | - |
| TOTAL | 80,391,451 | 156,158,713 | 30,447,750 | 102,695,733 |

Notes Forming part of the Financial Statements

44 Loans and advances to Subsidiaries consist of following:

(Amount in ₹)

| Particulars | Balance Outstanding as on 31.03.2014 | Maximum amount outstanding during the year | Balance Outstanding as on 31.03.2013 | Maximum amount outstanding during the year |
|---|--------------------------------------|--|--------------------------------------|--|
| Datamatics Global Services Inc. * | 2,065,523 | 2,226,653 | 1,019,221 | 1,028,163 |
| Datamatics Global Services GmbH | - | - | - | 8,824,003 |
| Datamatics Software Services Ltd. | 195,043,438 | 232,185,628 | 207,185,628 | 227,494,327 |
| Datamatics Infotech Ltd. * | 594,402 | 3,058,688 | 498,994 | 16,535,956 |
| Datamatics Global Services Pty Ltd. * | - | 305,758 | - | 772,755 |
| Datamatics Global Technologies Ltd. * | 308,378 | 308,378 | 291,313 | 298,452 |
| Lexicon Publishing Services Pvt. Ltd. * | 20,278,213 | 20,278,216 | - | - |
| Datamatics Global Services FZ-LLC * | 2,986,802 | 2,986,802 | - | - |
| TOTAL | 221,276,756 | 261,350,122 | 208,995,156 | 254,953,656 |

* Interest free Advances.

45 In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act 2006, the outstanding to these enterprises are required to be disclosed. However, these enterprises are required to be registered under the Act. In the absence of the information about registration of the enterprises under the above Act, the required information could not be furnished.

46 As per Companies (Accounting Standards) Rules 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS') and the relevant provisions of the Companies Act, 1956, to the extent applicable, the carrying value of the asset has been reviewed for impairment of assets and there is no impairment of assets.

47 Prior period comparative:

Previous year figures have been appropriately regrouped/reclassified and rearranged wherever necessary to confirm to the current year's presentation.

48 Figures are rounded off to the nearest of rupee.

As per our attached report of even date

For and on behalf of the Board

For Kanu Doshi Associates

Chartered Accountants

Firm Registration No. 104746W

Dr. Lalit S. Kanodia

Chairman

R. K. Saraswat

Director

Rahul L. Kanodia

Vice Chairman & CEO

Manoj Kumar Pati

Partner

Membership No. 504536

Divya Kumat

Corporate Head - Legal
& Company Secretary

Vidur V. Bhogilal

Executive Director
& Chief Financial Officer

Place : Mumbai

Dated : May 28, 2014

Cash Flow Statement

| Particulars | 2014 ₹ | 2013 ₹ |
|--|----------------------|---------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit before Tax | 484,326,188 | 353,542,406 |
| Adjusted for: | | |
| Provision for Retirement benefits | 29,403,490 | 31,792,013 |
| Depreciation and Amortization | 65,295,072 | 68,859,915 |
| Finance Costs | 16,298,779 | 25,785,326 |
| Loss on Sale of Fixed Assets | 410,044 | 378,081 |
| Interest Income from Fixed Deposits and Others | (25,849,930) | (47,852,468) |
| Dividend Received | (53,188,462) | (58,457,081) |
| Profit on sale of Investments | (22,189,367) | (26,968,712) |
| Employee Stock Option Expenses | 1,901,093 | 1,999,080 |
| Exchange difference on translation of foreign currency monetary items | 5,233,342 | 2,012,355 |
| | 17,314,061 | (2,451,491) |
| Operating Profit before Working Capital Changes | 501,640,249 | 351,090,915 |
| Adjusted for: | | |
| Increase in Sundry Debtors | (60,197,537) | (67,523,614) |
| Increase in Loans and Advances | (108,612,577) | (51,602,961) |
| Increase in Trade and Other Liabilities | 43,739,368 | 26,845,178 |
| | (125,070,746) | (92,281,397) |
| Cash Generated from Operations | 376,569,503 | 258,809,518 |
| Taxes Paid (Net of tax refund received) | 79,862,919 | 61,619,004 |
| Net Cash From Operating Activities | 296,706,584 | 197,190,514 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Sale / (Purchase) of Fixed Assets | 10,447,371 | (124,279,490) |
| Purchase of Investments | (790,593,044) | (88,128,277) |
| Interest Income from Fixed Deposits and Others | 25,849,930 | 47,852,469 |
| Profit on sale of Investment | 22,189,367 | 26,968,712 |
| Dividend Received | 53,188,462 | 58,457,081 |
| Net Cash from Investing Activities | (678,917,914) | (79,129,505) |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds / (Repayment) from Long Term Borrowings | 465,121,873 | (30,518,767) |
| Finance Costs | (16,298,779) | (25,785,326) |
| Final Equity Dividend Paid | (58,949,337) | (44,212,003) |
| Tax paid on Equity Dividend | (7,106,517) | (1,612,517) |
| Net Cash Flow from Financing Activities | 382,767,240 | (102,128,613) |
| Net Increase in Cash and Cash Equivalent during the year | 555,910 | 15,932,396 |
| Cash and Cash equivalents as at beginning of the year | 38,887,951 | 24,967,910 |
| Exchange difference on translation of foreign currency cash and cash equivalents | (3,416,139) | (2,012,355) |
| Cash and Cash equivalents as at the end of the year | 36,027,722 | 38,887,951 |
| Earmarked balances with banks | 6,187,182 | 13,379,592 |
| Cash and Bank balances at the end of the year | 42,214,904 | 52,267,543 |

As per our attached report of even date

For and on behalf of the Board

For Kanu Doshi Associates

Chartered Accountants

Firm Registration No. 104746W

Dr. Lalit S. Kanodia

Chairman

R. K. Saraswat

Director

Rahul L. Kanodia

Vice Chairman & CEO

Manoj Kumar Pati

Partner

Membership No. 504536

Divya Kumat

Corporate Head - Legal

& Company Secretary

Vidur V. Bhogilal

Executive Director

& Chief Financial Officer

Place : Mumbai

Dated : May 28, 2014

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

| | |
|--------------------|----------------|
| Registration No. | 45205 |
| State Code | 11 |
| Balance Sheet Date | March 31, 2014 |

II Capital Raised during the year

| | |
|---|-----|
| Public Issue (including premium) | Nil |
| Rights Issue | Nil |
| Bonus Issue | Nil |
| Private Placement on Preferential allotment basis | Nil |

III Position of Mobilisation and Deployment of Funds

| | |
|-------------------|---------------|
| Total Liabilities | 5,009,839,578 |
| Total Assets | 5,009,839,578 |

| | |
|---------------------------|---------------|
| a. Equity And Liabilities | |
| Paid up Capital | 294,746,685 |
| Reserves and Surplus | 3,616,107,849 |
| Non-Current Liabilities | 591,706,485 |
| Current Liabilities | 507,278,559 |

b. Assets

| | |
|--------------------------|---------------|
| Net Fixed Assets | 1,114,260,284 |
| Other Non-Current Assets | 2,997,002,945 |
| Current Assets | 898,576,349 |

IV Performance of the Company

| | |
|-------------------|---------------|
| Turnover | 2,039,254,049 |
| Other Income | 184,494,768 |
| Total Expenditure | 1,739,422,629 |
| Profit Before Tax | 484,326,188 |
| Profit After Tax | 413,899,494 |
| Earning Per Share | |
| Basic | 7.02 |
| Diluted | 7.02 |
| Dividend | 25% |

V Generic Names of Two Principal Products of the Company (as per monetary terms)

| | |
|--------------------------|-------------------|
| Item Code No. (ITC) Code | 8,524.9 |
| Description | Computer Software |

For and on behalf of the Board For Datamatics Global Services Ltd

R. K. Saraswat
Director

Dr. Lalit S. Kanodia
Chairman

Divya Kumat
Corporate Head - Legal
& Company Secretary

Vidur V. Bhogilal
Executive Director
& Chief Financial Officer

Rahul L. Kanodia
Vice Chairman & CEO

Place : Mumbai
Dated : May 28, 2014

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

| Sr. No. | Name of the Subsidiary Company | Country | Financial Year of the Company | Shares of the Subsidiary Company held by Datamatics Global Services Limited | a. Number | b. Extent of Holding | The Net aggregate amount of the subsidiaries Profit/(Loss) so far as it concerns the members of the Holding Company and is not dealt within the Company accounts. | The Net aggregate amount of the subsidiaries Profit/(Loss) so far as it concerns the members of the Holding Company and is not dealt within the Company accounts. | a. For the Financial year/period since it became subsidiary Company's Subsidiary | b. For the previous financial year/period since it became the Holding Company's Subsidiary |
|---------|---|-------------|-------------------------------|---|---------------------------|----------------------|---|---|--|--|
| 1 | Datamatics Global Services Inc | USA | 31-Mar-14 | 1,000 Common Stock | 3,050,000 Equity Shares | 100% | USD 18,52,500 | (USD 42,22,698) | - | - |
| 2 | Datamatics Global Services GmbH | Germany | 31-Mar-14 | 300,001 Ordinary Shares | 218,605 Equity Shares | 100% | EUR 7,60,876 | (EUR 27,39,615) | - | - |
| 3 | Datamatics Technologies UK Ltd. | UK | 31-Mar-14 | 20,000 Ordinary Shares | 20,000 Ordinary Shares | 100% | (GBP 2) | (GBP 2,99,077) | - | - |
| 4 | Datamatics Software Services Ltd. | INDIA | 31-Mar-14 | 50,000 Equity Shares | 1,000,000 Ordinary Shares | 100% | INR 5,20,45,996 | (INR 3,04,66,382) | - | - |
| 5 | Datamatics Infotech Ltd. | UK | 31-Mar-14 | 162,957 Equity shares | 50,000 Equity Shares | 100% | GBP 87,865 | GBP 1,73,394 | - | - |
| 6 | Datamatics Global Services Pty Ltd. | Australia | 31-Mar-14 | 50,000 Equity shares | 1,000,000 Ordinary Shares | 100% | AUD 16,053 | AUD 21,475 | - | - |
| 7 | Datamatics Global Technologies Ltd. | Mauritius | 31-Mar-14 | 428,390 Equity Shares | 162,957 Equity shares | 100% | USD 2,55,020 | (USD 14,27,281) | - | - |
| 8 | Cybercom Datamatics Information Solutions Ltd. | INDIA | 31-Mar-14 | 50,000 Ordinary Shares | 50,000 Ordinary Shares | 100% | INR 57,375,553 | INR 141,773,386 | - | - |
| 9 | Lexicon Publishing Services Ltd. ⁽²⁾ | INDIA | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 73.12% | INR 2,78,09,750 | (INR 43,96,967) | - | - |
| 10 | Premedia Global Inc. ⁽³⁾ | USA | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 73.12% | (USD 4,26,877) | (USD 55,90,237) | - | - |
| 11 | Datamatics eRetail & Publishing GmbH ⁽³⁾ | Germany | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 73.12% | (EUR 37,681) | - | - | - |
| 12 | Datamatics Global Services FZ LLC | U.A.E | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 100% | AED 3,89,771 | - | - | - |
| 13 | Datamatics Global Technologies AG | Switzerland | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 100% | USD 77,946 | (USD 77,400) | - | - |
| 14 | Datamatics Global Holding Corp. | BVI | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 80% | (USD 1,687) | (USD 2,804) | - | - |
| 15 | Datamatics Vista Info Systems Ltd. | INDIA | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 100% | INR 7,794,916 | INR 46,112,349 | - | - |
| 16 | Cignex Global Holding Corp. | BVI | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 75.98% | - | (USD 2,339) | - | - |
| 17 | Cignex Datamatics, Inc. | USA | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 75.98% | USD 10,22,075 | (USD 6,28,088) | - | - |
| 18 | Cignex Datamatics Technologies Ltd. | INDIA | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 75.98% | INR 44,760,171 | INR 14,29,21,505 | - | - |
| 19 | Cignex Datamatics Pte. Ltd. | Singapore | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 75.98% | SGD 93,288 | SGD 9,066 | - | - |
| 20 | Datamatics Global Technologies GmbH ⁽⁴⁾ | Germany | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 100% | (EUR 56,889) | (EUR 5,58,726) | - | - |
| 21 | Datamatics Global Solutions GmbH | Germany | 31-Mar-14 | 50,000 Ordinary Shares | 162,957 Equity shares | 100% | - | - | - | - |

Note:

- Section 212(5) of the Companies Act, 1956 is not applicable as the accounting year of the Holding Company and Subsidiaries are the same.
- On September 5, 2013, the Company acquired controlling interest in Lexicon Publishing Services Pvt Limited
- Wholly-owned and controlled subsidiaries of Lexicon Publishing Services Pvt Ltd acquired on September 5, 2013.
- Under Liquidation

For and on behalf of the Board

R. K. Saraswat
Director

Dr. Lalit S. Kanodia
Chairman

Vidur V. Bhogilal
Executive Director & Chief Financial Officer

Rahul L. Kanodia
Vice Chairman & CEO

Divya Kumat
Corporate Head - Legal & Company Secretary

Place : Mumbai
Dated : May 28, 2014

Financial Details of the Subsidiary Companies for the Year Ended March 31, 2014

| Sr. No. | Name of the Subsidiary Company | Reporting Currency | Exchange Rate | Capital | Reserves | Total Assets | Total Liability | Investment other than investment in subsidiary | Turnover | Profit / (Loss) before taxation | Provision for taxation | Profit / (Loss) after taxation | Proposed dividend | Country |
|---------|--|--------------------|---------------|---------------|-----------------|---------------|-----------------|--|---------------|---------------------------------|------------------------|--------------------------------|-------------------|-------------|
| 1 | Datamatics Global Services Inc | USD | 59.91 | 1,669,619,928 | (1,389,863,960) | 647,016,460 | 367,260,492 | 355,320 | 1,157,580,810 | 110,983,292 | - | 110,983,292 | - | USA |
| 2 | Datamatics Global Services GmbH | EUR | 82.27 | 250,923,500 | (162,790,758) | 113,862,321 | 25,729,579 | - | 178,741,388 | 62,603,390 | 6,586 | 62,597,390 | - | Germany |
| 3 | Datamatics Technologies UK Ltd. | GBP | 99.53 | 29,859,100 | (29,768,428) | 90,672 | - | - | - | (235) | - | (235) | - | UK |
| 4 | Datamatics Software Services Ltd. | INR | 1.00 | 151,386,050 | (5,233,137) | 425,688,544 | 279,535,631 | - | 410,873,911 | 50,331,116 | (1,714,880) | 52,045,996 | - | INDIA |
| 5 | Datamatics Infotech Ltd. | GBP | 99.53 | 1,990,600 | 40,589,512 | 71,779,691 | 29,199,579 | - | 257,888,624 | 12,796,790 | 4,051,667 | 8,745,123 | - | UK |
| 6 | Datamatics Global Services Pty Ltd. | AUD | 55.53 | 2,776,500 | 253,107 | 3,664,495 | 634,888 | - | 6,780,928 | 496,797 | (394,668) | 891,465 | - | Australia |
| 7 | Datamatics Global Technologies Ltd. | USD | 59.91 | 931,600,500 | 51,997,696 | 984,711,025 | 1,112,829 | - | 21,344,841 | 15,278,173 | - | 15,278,173 | - | Mauritius |
| 8 | Cybercom Datamatics Information Solutions Ltd. | INR | 1.00 | 8,484,000 | 144,492,783 | 269,673,694 | 116,696,911 | 109,129,094 | 146,975,450 | 72,307,220 | 14,931,667 | 57,375,553 | 84,840,000 | INDIA |
| 9 | Lexicon Publishing Services Pvt. Ltd. ^(a) | INR | 1.00 | 773,986,650 | 1,382,832,826 | 2,272,490,864 | 115,671,388 | 223,153,122 | 263,222,526 | 26,714,951 | (1,094,799) | 27,809,750 | - | INDIA |
| 10 | Premedia Global Inc. ^(b) | USD | 59.91 | 1,823,723,306 | (360,485,300) | 2,000,544,435 | 537,306,430 | - | 1,417,597,633 | (22,981,526) | 2,805,346 | (25,786,871) | - | USA |
| 11 | Datamatics eRetail & Publishing GmbH ^(c) | EUR | 82.27 | 4,113,500 | (3,100,022) | 14,493,385 | 13,479,907 | - | 10,476,687 | (3,054,793) | - | (3,054,793) | - | Germany |
| 12 | Datamatics Global Services FZ LLC | AED | 16.31 | 815,500 | 6,357,165 | 27,406,394 | 20,233,729 | - | 28,394,118 | 6,357,165 | - | 6,357,165 | - | U.A.E |
| 13 | Datamatics Global Technologies AG | CHF | 67.50 | 3,375,000 | 36,783 | 6,896,188 | 3,484,405 | - | 7,915,757 | 5,261,307 | - | 5,261,307 | - | Switzerland |
| 14 | Datamatics Global Holding Corp. | USD | 59.91 | 779,399,145 | (269,056) | 779,130,089 | - | - | - | (101,068) | - | (101,068) | - | BVI |
| 15 | Datamatics Vista Info Systems Ltd. | INR | 1.00 | 10,000,000 | 5,39,07,265 | 11,04,00,183 | 4,64,92,918 | - | 213,148,368 | 11,054,512 | 3,259,596 | 7,794,916 | - | INDIA |
| 16 | Cignex Global Holding Corp. | USD | 59.91 | 24,189,082 | 140,107 | 24,425,345 | 96,156 | - | - | - | - | - | - | BVI |
| 17 | Cignex Datamatics, Inc. | USD | 59.91 | 110,648,738 | 25,270,937 | 611,703,147 | 475,783,473 | 2,396,400 | 2,229,501,565 | 151,120,927 | 89,316,477 | 61,804,449 | - | USA |
| 18 | Cignex Datamatics Technologies Ltd. | INR | 1.00 | 500,000 | 186,519,826 | 23,69,77,324 | 4,99,57,498 | 77,538,610 | 493,953,858 | 66,681,036 | 21,920,865 | 44,760,171 | - | INDIA |
| 19 | Cignex Datamatics Pte. Ltd. | SGD | 47.48 | 47 | 4,859,768 | 11,101,489 | 6,241,673 | - | 7,610,206 | 4,744,915 | 288,024 | 4,476,891 | - | Singapore |
| 20 | Datamatics Global Technologies GmbH ^(d) | EUR | 82.27 | 47,305,250 | (45,966,344) | 12,736,574 | 11,397,669 | - | - | - | - | - | - | Germany |
| 21 | Datamatics Global Solutions GmbH | EUR | 82.27 | 4,113,500 | (4,680,233) | 30,522,351 | 18,748,584 | - | 17,755,284 | (4,611,948) | - | (4,611,948) | - | Germany |

Note:

- Indian rupee equivalents of the figures given in the foreign currencies in the accounts of the Subsidiary Companies, are based on the exchange rates as on 31.03.2014.
- On September 5, 2013, the Company acquired controlling interest in Lexicon Publishing Services Pvt. Ltd.
- Wholly-owned and controlled subsidiaries of Lexicon Publishing Services Pvt. Ltd. acquired on September 5, 2013.
- Under Liquidation

For and on behalf of the Board

Dr. Lalit S. Kanodia
Chairman

R. K. Saraswat
Director

Rahul L. Kanodia
Vice Chairman & CEO

Vidur V. Bhogilal
Executive Director & Chief Financial Officer

Divya Kumat
Corporate Head - Legal & Company
Secretary

Place : Mumbai
Dated : May 28, 2014

The Year at a Glance

₹ in Million

| | Consolidated | | Growth |
|-------------------------------|--------------|---------------|--------|
| | Current Year | Previous Year | (%) |
| For the year | | | |
| Operating Revenue | 7,338.06 | 5,500.04 | 33.42 |
| Total revenue | 7,411.34 | 5,589.65 | 32.59 |
| Operating Profit | 1,512.40 | 1,052.99 | 43.63 |
| Operating Profit % Revenue | 20.61 | 19.15 | - |
| Profit before tax | 775.78 | 412.70 | 87.98 |
| PBT as % to Total revenue | 10.47 | 7.38 | - |
| PAT | 582.06 | 314.56 | 85.04 |
| PAT as % to Total revenue | 7.85 | 5.63 | - |
| Earnings per share | | | |
| Basic | 8.26 | 4.55 | 81.59 |
| Diluted | 8.12 | 4.53 | 84.56 |
| Dividend per share | 1.25 | 1.00 | - |
| Dividend amount including tax | 78.93 | 66.05 | - |
| Average net worth | 3,576.18 | 2866.36 | 24.76 |
| PAT % to average NW | 16.28 | 10.97 | - |
| At the end of the year | | | |
| Total assets | 6,500.54 | 4374.89 | 48.59 |
| Fixed assets (net) | 2,577.07 | 1829.17 | 40.89 |
| Cash and cash equivalents | 472.65 | 238.90 | 97.85 |
| Total debt | 912.60 | 390.04 | - |
| Net worth | 4,153.77 | 2998.58 | 38.52 |
| Equity | 294.75 | 294.75 | - |

Notes

[illegible]

Registered Office: Knowledge Centre, Plot No. 58, Street No. 17, MIDC, Andheri (E), Mumbai - 400 093.
CIN: L72200MH1987PLC045205 | Tel: +91-22-61020000/1/2 | Fax: +91-22-28343669
Website: www.datamatics.com | Email: investors@datamatics.com

NOTICE

NOTICE is hereby given that the **TWENTY-SIXTH ANNUAL GENERAL MEETING** of **DATAMATICS GLOBAL SERVICES LIMITED** will be held on Tuesday, September 23, 2014 at 11.30 a.m. at Indian Merchant Chamber Hall, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2014 including the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Vidur V. Bhogilal (DIN:00008036), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sameer L. Kanodia (DIN:00008232), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting, until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.
5. To declare the final dividend on the equity shares of the Company.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, if any, the following resolution as an **Ordinary Resolution** for appointment of Mr. Radhakrishna K. Saraswat as an Independent Director:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Radhakrishna K. Saraswat (DIN:00015095), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from September 23, 2014 upto September 22, 2019.”

7. To consider and if thought fit, to pass with or without modification, if any, the following resolution as an **Ordinary Resolution** for appointment of Mr. Sudhir C. Deshpande as an Independent Director:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sudhir C. Deshpande (DIN:00008088), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from September 23, 2014 upto September 22, 2019.”

8. To consider and if thought fit, to pass with or without modification, if any, the following resolution as an **Ordinary Resolution** for appointment of Mr. Shahzaad S. Dalal as an Independent Director:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Shahzaad S. Dalal (DIN:00011375), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from September 23, 2014 upto September 22, 2019.”



9. To consider and if thought fit, to pass with or without modification, if any, the following resolution as an **Ordinary Resolution** for appointment of Mr. Dileep C. Choksi as an Independent Director:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Dileep C. Choksi (DIN:00016322), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from September 23, 2014 upto September 22, 2019."

10. To consider and, if thought fit, to pass with or without modification, if any, the following resolution as an **Ordinary Resolution** for regularization of Mr. Dilip D. Dandekar:

"RESOLVED THAT Mr. Dilip D. Dandekar (DIN:00846901), who was appointed an Additional Director of the Company with effect from August 12, 2014 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 ("the Act") but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

11. To consider and if thought fit, to pass with or without modification, if any, the following resolution as an **Ordinary Resolution** for appointment of Mr. Dilip D. Dandekar as an Independent Director:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Dilip D. Dandekar (DIN:00846901), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from September 23, 2014 upto September 22, 2019."

12. To consider and, if thought fit, to pass with or without modification, if any, the following resolution as an **Ordinary Resolution** for regularization of Mrs. Asha L. Kanodia:

"RESOLVED THAT Mrs. Asha L. Kanodia (DIN: 00008061), who was appointed an Additional Director of the Company with effect from August 12, 2014 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 ("the Act") but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company."

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** for payment of Commission to Non- Executive Directors of the Company:

"RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force), a sum not exceeding 0.25% per annum of the net profits of the Company, computed in the manner referred to in Section 198 of the Act be paid to and distributed amongst the directors (other than the Managing Director and Whole-time Director(s) of the Company), in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made with respect to the profits of the Company for each year, for a period of 5 (Five) years, commencing from April 1, 2014."

14. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** for alteration of Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013:

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association which is available for public inspection at the Registered Office of the Company, be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to undertake all such acts, deeds, matters and things to finalise and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion and to settle any question, difficulty or doubt that may arise in this regard;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this Resolution to any committee of Directors of the Company or to any Director of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this Resolution."



NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, with respect to Item No. 6 to 14 of the Notice set out above, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received by the Company, not less than 48 hours before the commencement of the meeting.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder. Proxies submitted on behalf of the limited companies, societies, etc., must be supported by an appropriate resolution/ authority letter as applicable.
4. The Register of Members and Transfer Books of the Company shall remain closed from August 27, 2014 to August 28, 2014 (both days inclusive).
5. The dividend, if declared at the 26th Annual General Meeting, would be paid/dispatched on or after September 23, 2014 to those persons or their mandates as under:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on September 17, 2014 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited with respect to the shares held in electronic mode; and
 - (b) whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar and Transfer Agents on or before September 17, 2014.
6. The Company has put into operation the Electronic Clearing Service (ECS)/ National Electronic Clearing Service (NECS) for payment of dividend to its shareholders. Under this facility, the amount of dividend payable to you is directly credited into your bank account. In case you wish to avail of the above facility and you are holding shares in the physical mode, kindly furnish the information in the ECS mandate form which can be downloaded from the Company's website www.datamatics.com or can also be obtained from the Company's Registrar & Share Transfer Agents viz. Datamatics Financial Services Limited. Shareholders holding shares in dematerialized form, please inform/update your information directly with the Depository Participant (DP) with whom you are maintaining a Demat Account and not to the Company or its Registrars.
7. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories and the bank account details maintained by the Registrar and Transfer Agents for payment of dividend through ECS to investors, wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from members holding shares in electronic mode for deletion of/change in such bank details. Further, instructions if any, already given by them with respect to shares held in physical form will not be automatically applicable to shares held in the electronic mode. members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of their bank account.
8. Members can avail of the facility of nomination with respect to shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to Datamatics Financial Services Limited at the mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants to avail this facility.
9. Members' attention is particularly drawn to the "Corporate Governance" section with respect to unclaimed and unpaid dividends.
10. Members are requested to notify their change of address, if any, to the Company/ Share Transfer Agent, Datamatics Financial Services Limited, Plot No. B-5, MIDC, Part B, Cross Lane, Andheri (East), Mumbai - 400 093.
11. Shareholders are requested to forward their queries on the accounts for the financial year ended March 31, 2014 to the Company atleast 10 days in advance, to enable us to keep the required information available at the Meeting.
12. Pursuant to the provisions of Sections 101 and 136 of the Companies Act, 2013 read with the Rules framed thereunder, the Notice calling the Annual General Meeting along with the Annual Report 2013-14 would be sent through electronic mode to those members whose e-mail addresses are registered with the Depository or the Company's Registrar and Transfer Agents, unless the members have requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies would be sent through the permitted mode.



Members are requested to support the Green Initiative by registering/updating their e-mail addresses with the Depository Participant (in case of Shares held in dematerialised form) or with Datamatics Financial Services Limited (in case of Shares held in physical form).

13. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are requested to submit their PAN to their DPs. Members holding shares in physical form are requested to submit their PAN to the Company.
14. Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members a facility to exercise their right to vote at the 26th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The e-Voting process to be followed by the shareholders to cast their votes:

- (I) The voting period begins on September 16, 2014 at 9.00 a.m. and ends on September 18, 2014 at 6.00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date August 22, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The procedure and instructions for e-voting are as under:

- i. The shareholders should log on to the e-voting website www.evotingindia.com.
- ii. Now click on "Shareholders" to cast your votes.
- iii. Now, select the "**Datamatics Global Services Limited**" from the drop down menu and click on "SUBMIT".
- iv. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID;
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID;
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and have logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

| | For members holding shares in Demat Form and Physical Form |
|-----------------------|--|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ➤ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. ➤ In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Amogh Kumar with folio number 1 then enter AM00000001 in the PAN field. |
| Date of Birth (DOB) | Enter the Date of Birth as recorded in your demat account or in the Company's records for the said demat account or folio number in dd/mm/yyyy format. |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio number.</p> <ul style="list-style-type: none"> ➤ Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field. |

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the Electronic Voting Sequence Number (EVSN) for choosing Datamatics Global Services Limited.



- xii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - xiii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - xiv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - xv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - xvi. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - xvii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - xviii. Note for Non-Individual Shareholders & Custodians:
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates and Custodians respectively;
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com;
 - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on;
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote;
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (II) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- (III) Mr. Tushar Shridharani, Company Secretary in Practice (Membership No. FCS2690/Certificate of Practice No. 2190) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (IV) The Scrutinizer shall within a period not exceeding 3 (Three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (Two) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (V) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website www.datamatics.com and on the website of CDSL within 2 (Two) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

By Order of the Board of Directors

Divya Kumat
Corporate Head- Legal &
Company Secretary

Place : Mumbai
Date : August 12, 2014

Registered Office:

Knowledge Centre, Plot No. 58, Street No. 17,
MIDC, Andheri (E), Mumbai - 400 093.
CIN: L72200MH1987PLC045205
Tel: +91-22-61020000/1/2 | Fax: +91-22-28343669
Website: www.datamatics.com
Email: investors@datamatics.com



Explanatory Statement with respect to the Special Business pursuant to Section 102 of the Companies Act, 2013

Item Nos. 6 to 9

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, appointed Mr. Radhakrishna K. Saraswat, Mr. Sudhir C. Deshpande, Mr. Shahzaad S. Dalal and Mr. Dileep C. Choksi as Independent Directors at different times, in compliance with the requirements of the said clause.

As per the provisions of Section 149(4) of the Companies Act, 2013 ("the Act") which has come into force with effect from April 1, 2014, every listed company is required to have at least one-third of the total number of Directors as Independent Directors. Further, Section 149(10) of the Act provides that an Independent Director shall hold office for a term up to 5 (Five) consecutive years on the Board of a company and is not liable to retire by rotation pursuant to Section 149(13) read with Section 152 of the Act.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement which will be effective from October 1, 2014 *inter-alia* stipulates the conditions for the appointment of Independent Directors by a listed company.

The Nomination & Remuneration Committee has recommended the appointments of these Directors as Independent Directors from September 23, 2014 upto September 22, 2019.

The above Independent Directors have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, the above Independent Directors fulfill the conditions specified in the Act and the Rules made thereunder for appointment as Independent Directors and they are independent of the management.

Further, the above Independent Directors are not disqualified from being appointed as Directors with respect to Section 164 of the Act and have given their consent in writing to act as Directors of the Company. All the above mentioned Directors are persons of integrity and possess appropriate skills, experience, knowledge and qualification in their respective fields, which are beneficial to the interests of the Company.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of the above Directors as Independent Directors is now being placed before the members in a general Meeting for their approval.

Brief profiles of the Independent Directors seeking appointment are as under:

Mr. R. K. Saraswat is a graduate in Commerce and a Fellow Member of The Institute of Chartered Accountants of India. He has over 40 years of experience in Finance & Accounts. Prior to his retirement from Datamatics Limited as Director (Finance), he was the President of S. M. Dyechem Limited and Senior Vice President of Grasim, where he was engaged in setting up their Mangalore Refinery Project.

Mr. Saraswat holds 1,000 equity shares constituting 0.0017% of the total paid-up capital of the Company.

Directorship held in other companies:

Datamatics Direct Marketing Private Limited | Datamatics Software Services Limited | Priya Limited | Vinati Organics Limited.

Mr. Sudhir C. Deshpande is an engineer from University of London-Civil Engineering Branch. Mr. Deshpande completed his Mechanical Engineering (M.Phil) from King's College, University of London. He has obtained Certificate of Post Graduate Study in Engineering from University of Cambridge, UK. He has over 45 years of experience in Design Engineering. Moreover, he specializes as a Geotechnical Consultant especially in Soil Testing Techniques.

Mr. Deshpande does not hold any equity shares of the Company.

Directorship held in other companies:

Sewri Consultants Private Limited | Bombay Collaborative Urban Design and Conservation Private Limited | Sadafuli Finstock Private Limited | Datamatics Software Services Limited | Trustee - Cambridge Society Bombay Scholarship Fund (CSBSF).

Mr. Shahzaad Dalal is a Management Graduate from the USA. He is the Chairman & Chief Executive Officer of IL&FS Investment Advisors LLC which is a fully owned subsidiary of IL&FS Investment Managers Limited (IIML), one of India's leading Private Equity Fund Managers with US\$ 3.2 billion under management. He leads a highly competent team of 40 professionals involved in managing over 95 investments. Mr. Dalal is also on the Boards of various companies to guide their growth plans and other strategic developments. Overall, Mr. Dalal assumes great responsibility towards the crafting of exits through a range of diverse methods, including IPO's and strategic sales.

Within the IL&FS Group he has undertaken various responsibilities including overall planning and raising of resources for IL&FS, its group companies and other IL&FS sponsored infrastructure projects. Mr. Dalal has also headed the initiative for large value structured finance/ transactions in leasing, project finance and privatizations.

Mr. Dalal holds 2,000 equity shares constituting 0.0034% of the total paid-up capital of the Company.

Directorship held in other companies:

R R Software Private Limited | IL & FS Investment Managers Limited | IL & FS Financial Services Limited | Shoppers Stop Limited | IG3 Infra Limited | QVC Realty Co. Private Limited | IL & FS Milestone Realty Advisors Pvt. Limited | Den Networks Limited | Corporate Business Academy Private Limited | Ramky Enviro Engineers Limited | Marconi Realty LLP.

Mr. Dileep C. Choksi is a Chartered Accountant by profession and has been in practice for over 35 years. He is also qualified as a Lawyer and a Cost Accountant. Mr. Choksi's areas of specialization include tax advisory and litigation, the structuring of collaborations and joint ventures, executive advisory and decision support and corporate restructuring with a focus on start-up, turnaround and change management strategies. He also advises some of India's largest business houses on various strategic matters, including family succession and on wills and trusts.

Mr. Choksi began his career with C.C. Chokshi & Co., and was the Firm's Managing Partner and Joint Managing Partner of Deloitte in India till 2008, before the setting up of C.C. Chokshi Advisors Private Limited of which Mr. Choksi is the Chief Mentor.



Mr. Choksi is on the Board of various top companies like Hexaware Technologies Limited, Lupin Limited, ICICI Bank Limited and ICICI Home Finance Company Limited and was also on the Advisory Board of foreign banks as well as Ex-Chairman of Banque Nationale De Paris, Bombay. Mr. Choksi was a trustee of Child Relief and You (CRY).

Mr. Choksi contributed in the preparation of Kanga and Palkhivala's The Law and Practice of Income Tax (Eighth Edition) by late Mr. N.A. Palkhivala and Mr. B.A. Palkhivala.

Mr. Choksi does not hold any equity shares of the Company.

Directorship held in other companies:

ICICI Lombard General Insurance Company Limited | NSE IT Limited | ICICI Prudential Asset Management Company Limited | 3i InfoTech Limited | ICICI Home Finance Company Limited | World Tax Service India Private Limited | Mafatlal Cipherspace Private Limited | ACE Derivatives And Commodity Exchange Limited | Lupin Limited.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours upto the date of the Meeting.

The Board recommends the Ordinary Resolutions as set out at Items Nos. 6 to 9 of the Notice for approval by the Members.

The above Independent Directors are interested in the Resolutions as set out at Item Nos. 6 to 9 of the Notice to the extent of their respective appointments and shareholding interest, if any, in the Company. Other than the above mentioned Independent Directors, no other Director, Key Managerial Personnel or their relatives are, in any way, concerned or interested, in the Resolutions except to the extent of their shareholding interest, if any, in the Company.

Item Nos. 10 & 11

Mr. Dilip D. Dandekar was appointed as an Additional Director of the Company ("the Act") with effect from August 12, 2014 by the Board of Directors under Section 161 of the Companies Act, 2013. In terms of Section 161(1) of the Act, Mr. Dilip D. Dandekar holds office only upto the date of the forthcoming Annual General Meeting but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a member signifying its intention to propose Mr. Dilip D. Dandekar as a Director of the Company. The Board also appointed Mr. Dilip D. Dandekar as an Independent Director of the Company for a term of 5 (Five) consecutive years with effect from September 23, 2014 upto September 22, 2019, subject to approval of the Members.

Brief profile of Mr. Dilip D. Dandekar

Mr. Dilip D. Dandekar holds a Government Commercial Diploma. He served as the President of the Indian Merchants' Chamber and Maharashtra Chamber of Commerce, Industry and Agriculture. He is a member of the Executive Committee of the Federation of Indian Chambers of Commerce and Industry ("FICCI").

Mr. Dandekar is the Chairman of Kokuyo Camlin Limited and Camlin Fine Sciences Limited. He is currently the Honorary Consul of Mongolia, Mumbai, Maharashtra State. He has over 42 years of experience in the field of marketing, administration and overall management of companies.

Mr. Dandekar does not hold any equity shares of the Company.

Directorship held in other companies:

Triveni Pencils Limited | Kokuyo Camlin Limited | Caico Consultants Limited | Nilmac Packaging Industries Limited | Ddi Consultants Private Limited | Camart Industries Limited | Camlin International Limited | American Scholar Stationery (India) Private Limited | Colart Camlin Canvas Private Limited | Camlin Fine Sciences Limited | Alphakids Learning And Activity Centre Limited.

The Board recommends the Ordinary Resolutions set out at Item Nos. 10 & 11 of the Notice for approval by the Members.

Mr. Dilip D. Dandekar is interested in the Resolutions mentioned at Item Nos. 10 & 11 of the Notice. None of Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, in the Resolutions except to the extent of their shareholding interest, if any, in the Company.

Item No. 12

Mrs. Asha L. Kanodia was appointed as an Additional Director of the Company ("the Act") with effect from August 12, 2014 by the Board of Directors under Section 161 of the Companies Act, 2013. In terms of Section 161(1) of the Act, Mrs. Asha L. Kanodia holds office only upto the date of the forthcoming AGM but is eligible for appointment as a Director (Non-Executive Non-Independent) of the Company. A notice under Section 160(1) of the Act has been received from a member signifying his intention to propose Mrs. Asha L. Kanodia as a Director of the Company, subject to approval of the Members.

Brief profile of Mrs. Asha L. Kanodia

Mrs. Asha L. Kanodia is an arts graduate in Psychology from the University of Mumbai. She studied Social Psychology at the Massachusetts Institute of Technology (MIT), Boston, (USA). She has also completed several part time courses while in England at the Stanhope Institute.

Mrs. Asha L. Kanodia is an Interior Designer. She has designed most of offices of the Company. She has over 40 years of experience in Interior Design.

Mrs. Kanodia holds 3,905,258 equity shares constituting 6.62% of the total paid-up capital of the Company.

Directorship held in other companies:

Anemone Management Consultancy Services Private Limited | Delta Infosolutions Private Limited | Amdia Impextex Private Limited | Varsha Infrastructures Private Limited | Datamatics Management Services LLP.

The Board recommends the Ordinary Resolution set out at Item No. 12 of the Notice for approval by the Members.

None of Directors except Dr. Lalit S. Kanodia, Mr. Rahul L. Kanodia, Mr. Vidur V. Bhogilal and Mr. Sameer L. Kanodia, Key Managerial Personnel or their relatives are, in any way, concerned or interested, in the Resolution except to the extent of their shareholding interest, if any, in the Company.



Item No. 13

The Members had approved payment of commission to non Whole-time Directors of the Company not exceeding 0.25% per annum of the net profits of the Company for a period of 5 (Five) years i.e. upto March 31, 2014. It is proposed to continue with the payment of Commission to non Whole-time Directors of the Company. Accordingly, it is proposed that with respect to Section 197 of the Act, the Directors (other than the Managing Director and Whole time Director(s)) be paid, for each of the 5 (Five) consecutive financial years commencing April 1, 2014 upto March 31, 2019, commission not exceeding 0.25% per annum of the net profits of the Company computed in accordance with the provisions of the Act. This commission will be distributed amongst all directors (other than the Managing Director and Wholetime Director(s)) in accordance with the directions given by the Board.

Pursuant to provisions of Sections 197, 198 and other applicable provisions of the Companies Act, 2013, the approval of the Members is requested for the payment of commission to all Non-Executive Directors of the Company.

The Board recommends the Special Resolution set out at Item No. 13 of the Notice for approval by the Members.

All Non-executive Directors are interested in the Resolution mentioned at Item No.13 of the Notice. None of Directors except all non-executive directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, in the Resolution except to the extent of their shareholding interest, if any, in the Company.

Item No. 14

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 ("the Act").

The Act is now largely in force with Rules thereon. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining sections (barring those provisions which require sanction/confirmation of the National Company Law Tribunal ("Tribunal"). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in articles. Given this position, it is considered expedient to replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. The Members attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- a) Company's lien now extends also to bonuses declared from time to time in respect of shares over which lien exists;
- b) the nominee(s) of a deceased sole member are recognized as having title to the deceased's interest in the shares;
- c) new provisions regarding application of funds from reserve accounts when amounts in reserve accounts are to be capitalized;
- d) new provisions relating to appointment of chief executive officer and chief financial officer, in addition to Manager and Company Secretary;
- e) existing articles have been streamlined and aligned with the Act;
- f) the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and

The Board recommends the Special Resolution set out at Item No. 14 of the Notice for approval by the Members.

None of the Directors, Key Managerial Personnel of the Company or their relatives are deemed to be interested or concerned in the said Special Resolution except to the extent of their shareholding interest, if any, in the Company.

By Order of the Board of Directors

Divya Kumat
Corporate Head- Legal &
Company Secretary

Place : Mumbai
Date : August 12, 2014

Registered Office:

Knowledge Centre, Plot No. 58, Street No. 17,
MIDC, Andheri (E), Mumbai - 400 093.
CIN: L72200MH1987PLC045205
Tel: +91-22- 61020000/1/2 | Fax: +91-22-28343669
Website: www.datamatics.com
Email: investors@datamatics.com

Datamatics Global Services Limited

Regd. Office: Knowledge Centre, Plot No. 58, Street No. 17, MIDC, Andheri (E), Mumbai 400 093.

Tel: +91-22-61020000/1/2 | Fax: +91-22-28343669 | CIN: L72200MH1987PLC045205

Website: www.datamatics.com Email: investors@datamatics.com



PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | |
|---------------------------------|--|
| Name of the Member | |
| Registered Address | |
| Email ID | |
| Folio No. / DP ID & Client ID.* | |

I/We, being the member(s) of _____ equity shares of Datamatics Global Services Limited, hereby appoint

1. Name: _____
Address: _____
E-mail ID: _____
Signature: _____, or failing him/her
2. Name: _____
Address: _____
E-mail ID: _____
Signature: _____, or failing him/her
3. Name: _____
Address: _____
E-mail ID: _____
Signature: _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 26th Annual general meeting of the Company, to be held on Tuesday, 23rd day of September, 2014 at 11.30 a.m. at Indian Merchant Chamber Hall, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below :

| Sr. No. | Resolutions | ** Optional | |
|-------------------|---|-------------|---------|
| | | For | Against |
| ORDINARY BUSINESS | | | |
| 1. | Adoption of Audited Financial Statements of the Company for the financial year ended on March 31, 2014 including the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon. | | |
| 2. | Re-appointment of Mr. Vidur V. Bhogilal, Director, who retires by rotation and being eligible offers himself for re-appointment. | | |
| 3. | Re-appointment of Mr. Sameer L. Kanodia, Director, who retires by rotation and being eligible offers himself for re-appointment. | | |
| 4. | Appointment of Statutory Auditors of the Company. | | |
| 5. | Declare the final dividend on equity shares for the year ended on March 31, 2014. | | |
| SPECIAL BUSINESS | | | |

| Sr. No. | Resolutions | ** Optional | |
|---------|---|-------------|---------|
| | | For | Against |
| 6. | Appointment of Mr. Radhakrishna K. Saraswat as an Independent Director | | |
| 7 | Appointment of Mr. Sudhir C. Deshpande as an Independent Director | | |
| 8 | Appointment of Mr. Shahzaad S. Dalal as an Independent Director | | |
| 9 | Appointment of Mr. Dileep C. Choksi as an Independent Director | | |
| 10 | Appointment of Mr. Dilip D. Dandekar as a Director | | |
| 11 | Appointment of Mr. Dilip D. Dandekar as an Independent Director | | |
| 12 | Appointment of Mrs. Asha L. Kanodia as a Director | | |
| 13 | Approve payment of commission to Non-Executive Directors of the Company | | |
| 14 | Alteration of Articles of Association of the Company | | |

Signed this _____ day of _____ 2014.

Affix ₹ 1
revenue
stamp

Signature of Shareholder

Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. * Applicable for investors holding shares in electronic form.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. **This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

Datamatics Global Services Limited

Regd. Office: Knowledge Centre, Plot No. 58, Street No. 17, MIDC, Andheri (E), Mumbai 400 093.

Tel: +91-22-61020000/1/2 | Fax: +91-22-28343669 | CIN: L72200MH1987PLC045205

Website: www.datamatics.com Email: investors@datamatics.com



ATTENDANCE SLIP

26th Annual General Meeting – September 23, 2014

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

| | |
|-------|--|
| DP ID | |
|-------|--|

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|-----------|--|
| Client ID | |
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|-----------------|--|
| Regd. Folio no. | |
|-----------------|--|

| | |
|---------------|--|
| No. of Shares | |
|---------------|--|

I/We hereby record my presence at the 26th Annual General Meeting held on Tuesday, September 23, 2014 at 11.30 A.M at Indian Merchant Chamber Hall, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020.

Member's/Proxy's name in block letters

Signature of Member/Proxy