

Boards' Report

On behalf of the Board of Directors, I am happy to present the 31st Board's Report of your Company with the Balance Sheet and the Statement of Profit and Loss for the year ended March 31, 2019.

Financial Performance

The Company's financial performance for the year ended March 31, 2019 as compared to the previous financial year ended March 31, 2018 is summarized below:

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
	(₹ in million)			
Revenue from operations	11,334.90	9,102.69	3,896.72	3,378.50
Other Income	108.12	244.32	66.49	226.43
Total Income	11,443.02	9,347.01	3,963.21	3,604.93
Profit before Interest, Depreciation and Tax	1,230.35	1,064.63	547.17	660.21
Interest	47.71	40.30	34.50	34.41
Profit before Depreciation and Tax	1,182.64	1,024.33	512.67	634.55
Depreciation	260.35	203.30	120.32	102.33
Share of profit of joint venture	8.98	22.86	-	-
Profit Before Tax	1,147.51	843.89	392.35	523.45
Provision for Taxation	302.76	128.86	99.99	116.76
Profit After Tax	844.75	715.03	292.36	406.69
Share of Minority Interest in Profit for the year	99.68	74.18	-	-
Profit for the year	745.07	640.85	292.36	406.69
Balance Brought Forward from Previous Year	3,290.81	2,637.21	1,721.80	1,388.83
Purchase of Non-controlling Interest	(18.72)	86.43	-	-
Dividend	(24.57)	(73.68)	(24.61)	(73.72)
Tax on Dividend	-	-	-	-
Transfer to General Reserve	-	-	-	-
Balance Carried Forward	3,992.59	3,290.81	1,989.55	1,721.80

The Company has prepared the financial statements in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

There are no material departures from the prescribed norms stipulated by the Accounting Standards in preparation of the Annual Accounts. Accounting policies have been consistently applied except where a newly issued accounting standard or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis. The Company discloses consolidated and standalone financial results on a quarterly basis which are subjected to limited review and publishes consolidated and standalone audited financial results on an annual basis.

Overview of Company's Financial Performance

The Company is a global IT and ITeS organization focused on delivering proactive and smart data to intelligence business solutions helping enterprises across the globe address their business challenges.

We are pleased to inform you that the Company's consolidated revenue has crossed ₹ 10,000 million for the first time. On a Consolidated basis, your Company achieved revenue from operations of ₹ 11,334.90 million higher by 24.5% as compared

to ₹ 9,102.69 million in the previous year. The profit after tax for the current year was ₹ 844.75 million registering a growth of 18.1% over ₹ 715.03 million in the previous year.

The revenue from operations on a standalone basis is ₹ 3,896.72 million higher by 15.3% as compared to ₹ 3,378.50 million in the previous year. The profit after tax for the current year was ₹ 292.36 million as against ₹ 406.69 million in the previous year. The profit after tax is reduced primarily due to forex hedging gain accrued and dividend received from subsidiary Company in the previous year.

Dividend

Based on the Company's performance, Directors are pleased to recommend for approval of Members, a final dividend of ₹ 1.00 per share (20%) for the Financial Year 2018-19.

Transfer to Reserves

During the year under review, the Company has not transferred any amount to General Reserve out of the amount available for appropriation. However, credit balance of Profit and Loss of ₹ 1,989.55 million is transferred to Balance Sheet under the head 'Reserves and Surplus'.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF)

In terms of Section 125 of the unclaimed or unpaid Dividend relating to the financial year 2011-12 is due for transfer on November 29, 2019 to the IEPF established by the Central

Government. More details are available on <http://www.datamatics.com/investors/unpaidunclaimed-dividend>.

The Shareholders of the Company who have not received or encashed their dividend warrants are requested to claim the unpaid/unclaimed dividend from the Company before its transfer to IEPF.

Acceptance of Deposits

The Company has not accepted any deposits during the Financial Year 2018-19 in terms of Chapter V of the Act.

Subsidiary Companies

The Company has the following Indian subsidiaries (including the step down subsidiaries) as on March 31, 2019:

1. Cybercom Datamatics Information Solutions Limited
2. Lumina Datamatics Limited
3. Datamatics Digital Limited
4. CIGNEX Datamatics Technologies Limited
5. LDR eRetail Limited
6. Attune Infocom Private Limited
7. Datamatics Staffing Services Limited (w.e.f. March 18, 2019)
8. Datamatics Robotics Software Limited (w.e.f. April 09, 2018)
9. RJ Globus Solutions Private Limited
10. LD Publishing & eRetail Limited*

The Company has the following overseas subsidiaries (including the step down subsidiaries) as on March 31, 2019:

1. Datamatics Global Services, Inc. (US)
2. Techjini Inc (US)
3. Datamatics Infotech Limited (UK)
4. Datamatics Global Services Pty Limited (Australia)
5. Datamatics Global Technologies Limited (Mauritius)
6. Datamatics Global Technologies AG (Switzerland)
7. Datamatics Global Services FZ-LLC (Dubai)
8. Datamatics Global Services Corp. (Philippines)
9. Datamatics Robotics Software, Inc (US)
10. Lumina Datamatics, Inc. (US)
11. Lumina Datamatics GmbH (Germany)

12. Lumina Datamatics Assessment and Analytics, LLC (US)
13. CIGNEX Datamatics Corporation (BVI)
14. CIGNEX Datamatics, Inc. (Michigan)
15. CIGNEX Datamatics GmbH (Germany)
16. CIGNEX Datamatics Pte. Limited (Singapore)
17. CIGNEX Datamatics UK Limited (UK)
18. Duo Consulting Inc. (US)
19. RJ Globus, Inc (US)
20. RJ Globus Solutions Inc (Philippines)
21. Datamatics Global Technologies GmbH (Germany)*

* In the process of liquidation/striking off.

In accordance with Section 129 (3) of the Act, the statement containing salient features of the financial statements of the subsidiaries in Form AOC-1 is given in the financials section.

Pursuant to the provisions of Section 136 of the Act, the Financial Statements of the Company including Consolidated Financial Statements along with relevant documents and separate Audited Financial Statements in respect of subsidiaries are available on the website of the Company.

Acquisitions:

Datamatics Digital Limited (Earlier known as Techjini Solutions Private Limited)

At the beginning of the financial year, the Company was holding 71.1% Equity Stake in Datamatics Digital Limited. During the year under review, the Company acquired additional 10% Equity stake in Datamatics Digital Limited on March 18, 2019 and the balance 18.9% equity stake was acquired in the Month of May 2019. With the aforesaid acquisitions, Datamatics Digital Limited has become wholly-owned subsidiary.

Datamatics Digital Limited, is a boutique mobile and web application Development Company which caters to Fortune 500 companies across business verticals such as media, engineering, manufacturing and start-ups.

Headquartered in Mumbai, Datamatics Digital Limited is a leading software services company with presence in United States (US), and has a specialized focus on digital experiences, mobile based web application development and maintenance services. Datamatics Digital Limited caters to over 35 companies across business verticals such as media, engineering, manufacturing and start-ups. Datamatics Digital Limited is one of the first 13 companies in the world to be certified under the Google Developer Agency Program.

The objective of this acquisition is to further strengthen Datamatics' enterprise mobility offerings through target Company's range of smart technology solutions.

Share Capital

As on March 31, 2019, the paid-up share capital of the Company was ₹ 294.75 million 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.

The authorized share capital of the Company was ₹ 975.5 million as on March 31, 2019.

Board of Directors and Key Managerial Personnel Retirement by Rotation.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Sameer L. Kanodia, retires by rotation at the ensuing Annual General Meeting ("AGM") and being eligible offers himself for re-appointment.

Re-appointment of Mr. Radhakrishna K. Saraswat and Mr. Dilip D. Dandekar as Independent Directors of the Company.

The members of the Company had, at the 26th Annual General Meeting held on September 23, 2014 appointed Mr. Radhakrishna K. Saraswat and Mr. Dilip D. Dandekar as Independent Directors of the Company for a period of five years with effect from September 23, 2014. According to their terms, the tenure of Mr. Radhakrishna K. Saraswat and Mr. Dilip D. Dandekar as Independent Directors expires on September 22, 2019.

On recommendation of Nomination & Remuneration Committee, the Board of Directors at its meeting held on May 09, 2019, subject to the approval of shareholders at ensuing AGM, re-appointed Mr. Radhakrishna K. Saraswat and Mr. Dilip D. Dandekar as Independent Directors of the Company for a further period of three years and five years respectively with effect from September 23, 2019.

A brief profile of Mr. Radhakrishna K. Saraswat and Mr. Dilip D. Dandekar are provided in the Notice of AGM.

Declaration by Independent Directors.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149 (6) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Meetings of the Board

During the financial year, six meetings of the Board of Directors were held, the details of which are given in the Corporate Governance Report of the Company, which forms a part of this Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed under the Act.

Board and Committee Evaluation

The Companies Act, 2013 and SEBI Listing Regulations contains broad provisions on Board Evaluation i.e. evaluation of the performance of (i) the Board as a whole, (ii) individual Directors (including Independent Directors and Chairperson) and (iii) various Committees of the Board.

Pursuant to the said provisions, the Board has carried out the annual performance evaluation of the entire Board, its Committees and all the Directors based on the parameters specified in the Report of Corporate Governance.

A separate meeting of Independent Directors was held to discuss the performance of Non-Independent Directors, Board as a whole and Chairman after considering the views of Executive Directors and Non-Executive Directors.

Future Growth Strategy

The financial year 2018-19 witnessed steady growth in its digital business which is attributed to the Company's strong focus on developing proprietary solutions having high inter-operability. These are aligned to our clients' business goals and are intended to serve as growth engines across industry verticals – Banking, Financial Services, Insurance, Manufacturing, Retail, Publishing and Transportation to name a few.

Investment in new technologies and product development

For the next 3-5 years, Datamatics' growth will be anchored on a two-pronged strategy of striking the right balance between traditional IT and BPM businesses as well as focus on creating innovative solutions through the incubation hub – DataLabs.

With the growing demand for customized solutions and enterprises embracing new technologies, Datamatics is focusing on employing 'design thinking' at its core while developing comprehensive and engaging solutions that integrate the back, middle and front offices. The synergies would be primarily directed towards helping clients create a work culture, where the onus is on understanding their end-customer requirements and helping shared services to keep pace with customer-facing teams. This paradigm shift is towards a holistic, end-customer-centric ecosystem that leverages technology to increase productivity, efficiency, and speed as well as optimize operational expenditures.

Digital technologies, a super-set of Social, Mobility, Analytics, and Cloud (SMAC), along with Robotics and Artificial Intelligence, are creating disruption in the ways businesses are run. At the same time digital technologies are creating lots of opportunities for the businesses. Digital technologies like robotic process automation, cloud computing, mobility are some of the areas where Datamatics sees lot of opportunity. To address the robotic process automation market opportunities, this year Datamatics launched the new version of our Robotic Process Automation product TruBot 3.0. The features of this version makes it extremely user friendly for business users to build their own bots which will enable our customers and enterprises to scale up their RPA program. Cloud is another growing area and Datamatics has partnered with leading cloud solution providers including Amazon Web Services and Microsoft Azure to address the opportunity. Datamatics had acquired TechJini in 2018 which has given it a strong foothold in the Mobility and Web technologies domain and has been doing great work in enterprise mobility and technologies like augmented reality and virtual reality.

Strengthening business to drive sustainable growth

With a focus on expanding operations in existing and new geographies, Datamatics is actively focusing on leveraging the partnership model by associating with various OEMs, resellers, and integrators for faster and deeper penetration of Datamatics' solutions – TruBI and TruBot in different markets. The Company aims to further enhance brand visibility and generate greater revenue through cross-sell and upsell of our comprehensive offerings to existing clients.

The need for metro rails and Automated Fare Collection is growing across emerging economies, and India is witnessing a strong demand for these rapid transit systems. Datamatics is the only Company in India to have highly evolved AFC, Smart Gates, and Contactless Gates service offerings and has deployed the fastest AFC system in India with contact-less smart card ticketing solution at Lucknow Metro Rail Corporation. This year Datamatics also won Automated Fare Collection contract for Mumbai Metro Line 2A, 2B and 7. We see a huge opportunity in the smart city infrastructure development government schemes.

Datamatics will continue to invest in new technologies and product development in the area of Robotics, Artificial Intelligence, Mobility and Analytics that will help their clients stay competitive.

Quality

Quality has always been the guiding light for the Company. This has helped us to remain focused on the goal of ensuring customer delight over the years and to create and maintain a distinct edge over the competitors. The consistent high customer satisfaction ratings and effusive customer testimonials bear an eloquent testimony to this commitment for quality. Needless to say, quality at Datamatics has not only been a legacy but it has been strewn inseparably into its culture, custom and character.

The Company believes in the philosophy that quality encompasses and permeates every action and thought process. Quality at Datamatics goes beyond product and services, and forms an integral part of the Datamatics culture. It would not be an exaggeration to claim that Quality is the DNA of your company. The industry has always been kind in recognizing the Company's performance, and this year too, Datamaticians and Datamatics featured prominently at various industry platforms by winning prestigious 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. Your Company also won the prestigious "IMC IT Award for Quality". We have won the Global Quality Challenge award of one of the fortune 100 organizations for the ninth time. Further significant initiatives of the Company towards quality are:

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1) Certifications:

The Company's quality management systems (QMS) that forms the backbone of all the processes and the way day-to-day operations are carried out is a very comprehensive and robust standard that draws from a host of international standards and benchmarks. This includes ISO 9001:2015, SEI CMMI, ITIL, Agile, ISO 20000 and so on. The QMS has been successfully assessed and certified for ISO 9001:2015 and SEI CMMI Ver 1.3 high maturity level L4. During all the surveillance periodic assessment audits, there has been no major non-conformity observed. All the new centers that we added in the financial year have also been successfully assessed and certified to the above international standards.

As you are aware, with the growing complexity of the digital economy, the threat on the information security and data also

increases in terms of complexity and impact. Your company is fully aware of this challenge and we constantly keep upgrading our information security management systems (ISMS). Our operations and ISMS have been successfully assessed and are compliant to ISO 27001:2013, SSAE 16 SOC 1 and SOC2 requirements and HIPAA requirements. The Company is in the final stages of renewing its PCI-DSS certification. As you would be aware, these standards are extremely important for Financial, Insurance and Healthcare industries.

Our commitment to ensure a robust information security management system for our customers has been bolstered by these certifications. We have implemented Security Information and Event Management (SIEM) solution as well which will further strengthen the Information security management. There is a conscious thrust on risk management as an organization strategy and the risks and mitigation plans are reviewed regularly at all pertinent levels.

A lot of thrust has also been put in enhancing the overall project management skills of our project managers. As you would be aware, your company is a Registered Education Provider (REP) with Project Management Institute (PMI) for imparting Project Management Professional (PMP) trainings. This financial year, 15 project managers were certified as PMP. In the next financial year, the focus on enhancing these skills will continue.

GDPR Regulations

As you would be aware, General Data Protection Regulations (GDPR), the most important regulation around data privacy in the European Union region came into force last year. All our contracts with the customers in the EU region have been revised to incorporate the requirements of GDPR. Our processes have been further strengthened around the GDPR requirements. A dedicated Data Protection Officer (DPO) has been appointed to address issues, if any, raised around GDPR compliance. All the relevant employees and management have been trained on GDPR principles and requirements. GDPR awareness is an integral part of the employee induction program.

2) Customer Satisfaction Tracking:

Datamatics, as part of its commitment to ensure superior customer satisfaction, conducts a half-yearly customer satisfaction survey. The wholly automated survey asks the customers their feedback on a range of parameters that measure their near and long term perception about the company.

We feel proud to share with you that we continue a stellar performance on this count. Your company scored 5.09 on overall satisfaction rating on a scale of 1-6, 1 being the lowest and 6 being the highest. Another highlight of this survey has been that 80% of the respondents have rated us in the top 2 boxes of the rating i.e. extremely satisfied and Delighted. This year we are also focusing on the Customer Experience as the Organizational focus area. The results on the same are also extremely encouraging.

Apart from this, the more frequent and real time Customer Feedback Capture mechanism that captures feedback through other formal and informal channels also reports an improving trend in the customer sentiment towards our processes and performance.

3) Continuous Improvement - Lean Six Sigma

The Company has a mature and well-entrenched continuous improvement program. This program is based on the principles of Lean, Six Sigma and Kaizen. The program focuses on making our processes more efficient, productive, accurate and cost effective. The program continues to deliver significant benefits to the organization with improvements in productivity, efficiency, accuracy and customer satisfaction. Overall 415 Lean Six Sigma projects and 1850 Kaizens were successfully completed since 2007.

The Company has about 25 Six Sigma Green Belt and 40 Six Sigma White Belt certified professionals along with 6 Six Sigma Black Belt and 1 Six Sigma Master Black Belt certified professionals. The Company spent over 3000 person hours of training around continuous improvement in the FY 2018-19.

Robotics Process Automation

The Robotics Process Automation ("RPA") practice did exceedingly well in the financial year 18-19 as well. It has grown over 100% this year and shall continue to achieve similar growth in the coming years. We now have 200+ RPA Consultants working for clients in USA, Europe, Middle East and in India and are working with multi-billion organizations in BFSI, Manufacturing and Logistic sector.

We released the latest version of TruBot 3.0 this year which enables our business users to create the bots on their own without depending on technical knowledge. It has strong security features and a versatile dashboard to manage these bots.

We continued to receive several rewards and recognition for our RPA product TruBot even this year. Datamatics has been acknowledged with the CIO Choice 2019 and 2018 award as honor and recognition for RPA. Datamatics RPA has been awarded as the Best Cognitive Technology Provider by Computer Society of India. We received special recognition at the IMC Digital Technology Awards for RPA.

We participated in major RPA events across the globe for enhancing the market visibility and to generate new leads. We have been invited as key speakers and panelists at these RPA events besides being present at the booths to exhibit our products and soliciting enquiries.

Our strong presence in the global events & seminars and continuous engagement have given boost to our marketing activities and we got much better coverage by big analyst firms this year.

1. Gartner Recognizes Datamatics In Competitive Landscape: Consulting & System Integration Service Providers For RPA;
2. Gartner Recognizes TruBot In Forecast Snapshot: Robotic Process Automation, Worldwide, 2018 Update;
3. TruBot Features In Everest PEAK Matrix Assessment, 2018: RPA – Technology Vendor Landscape;
4. Forrester Recognizes Datamatics In NowTech: RPA Services 2018;
5. TruBot Features In IDC's RPA Vendor Assessment 2018;
6. NASSCOM Recognizes TruBot For Cognitive RPA – The Future of Automation;

7. TruBot Features In Everest Annual Report – 2018 For Robotic Process Automation;
8. TruBot Features In Everest's RPA - Technology Vendor Profile Compendium 2018.

Further in this year, we have achieved good success in empanelling the partners for our RPA program and we are getting a very good response from these channel partners. A separate dedicated team has been created to manage these partners and we have appointed 25 such partners already globally. These will add to our sales engine besides our direct sales.

Human Resources Management and Employee Relations

We strongly believe that people are the most important assets of any organization, and are instrumental in the growth of the Company. The mantra of 'In your success, lies our success', helps us create a culture that promotes innovation and excellence, leading to employee delight and enhanced productivity. We invest in employees, support their goals and provide them a platform to excel and grow. The HR task force is passionate about their work, and creates a lively work environment by implementing best in class HR practices.

Human Resource Department ("HRD") with its continued efforts took initiatives to maintain the best and improve the overall organizational capability and productivity so as to be value driven and future-ready. The global headcount as on March 31, 2019 was 10,000 plus.

Talent Acquisition

The Talent Acquisition Team ensures timely on-boarding at the right cost & quality across diverse functions, skills and geographies. The team has been using innovative methods of hiring with extensive focus towards mapping, networking & social media for niche & leadership hiring. The best industry practices are meticulously followed towards sourcing, assessments, candidate engagement, background verifications, compliance & organization branding.

The Talent Acquisition team thoroughly emphasis its role as a catalyst towards business goals. The team effectively ensures a thorough screening process which leads to saving time of the interviewers. Automation helps business with accurate and timely reports. The team has made impactful savings in leadership and overall hiring through cost-effective mediums of hiring. On boarding resources on niche skills has built significant customer confidence.

The Team has embraced Social Media Engagement that has played a key role towards Employer Branding, Passive Talent Engagement, Industry Intelligence and open communication.

Learning & Development

The Learning and Development team believes in co-creating a culture of learning and continuous improvement along with employees, to build and grow the employee's career. To enhance and upgrade their competencies, blended learning opportunities are provided through various mediums like training workshops, online modules, certifications and cross-functional projects both locally and globally.

During the financial year 2018-19, the following learning and development impact was measured across the organization:

- Robust induction programs were planned for all new employees to familiarize and smoothly induct them into the organization;
- 30+ courses were launched on eShiksha LMS and 2663 members completed the courses;
- L&D team executed 45 WebEx sessions leading to cost savings;
- Eagles IX was launched with the objective of bringing the best from each department and creating cross-functional teams which are mentored to achieve the goals defined by the leadership team;
- As on date, the Company has over 70+ certified Project Management Professional (PMP) professionals who have been trained internally and certified. In the FY 2018-19, 15 employees got certified in PMP;
- Train the Trainer (TTT) program continues to be a cost effective model for the organization and has resulted in saving and cost effectiveness;
- L&D has clocked 2,89,053 Person-hours in the year 2018-19 with average feedback of 4.3 out of 5.

Talent Management

The Talent management team supports the management in identifying talents and promotes the development of all employees. In DGSL, talent management has an integrated approach for providing the right fit and then further providing employees with opportunities for development, identifying high-potential, and creating succession planning. The talent management team with the aim to align the people practices with the business needs has carried out the following activities this year.

- Focus Group Discussion & Individual Competency Mapping was conducted to finalize the critical competencies for all the unique roles across the organization;
- Designed half a day workshop 'Interview like a Pro – Interviewing skills' training program for hiring managers/leaders to enable them to conduct Competency Based Interviews;
- A repository of standardized job description (JD) was developed and is now available on intranet Pulse. This has been developed and made available for all hiring managers and leaders to ensure they do not have to re-invent the wheel of writing JDs from the scratch;
- New Employee orientation is a vital step to acclimatize the new hire to the working culture and environment of the organization, an online portal has been put together for the same to equip the new hires with all necessary information;
- Training 2.0 and practitioners' sessions by in-house experts were designed and executed for the Graduate Executive Program (GEP). This year the GEP participants will undergo sponsored higher education program with leading MBA institute, which

would further hone their skills and contribute towards the Company's growth plan;

- iCertify program was launched this year. This program provides an online platform for employees to attempt technical assessments and earn certification.

HR Operations

The HR Operations team Partners with Business in every step to ensure successful execution of people strategy in line with the dynamic and continuously evolving business needs. To ensure our practices and processes are well established and meet the underlined objectives, the team follows standard processes which are streamlined based on the industry best practices and ensure continuous communication.

The key initiatives undertaken during the year is highlighted as follows:

- **Trainee & Apprentice Program:** Datamatics has been supporting & encouraging the National Apprenticeship Promotion Scheme (NAPS) and Employment Promotion Program (EPP) aimed at skill development and promoting youth employment with local economic opportunities. During the FY 2018-19, we hired & trained 1358 such trainees under both the programs;
- **ASK HR:** Effective internal tool based query redressal machinery has been evolved and established in the company. Majority of the queries have been disposed of within 3 working days of its receipt;
- **New Entrant Observation ("NEO"):** One to One Session conducted by HR for new recruits after completion of 30 days, 60 days and 90 days in the organization. Employees share their experience. The aim of this program is to gather employee's feedback on good practices and improvement areas. In FY18-19, we have received feedback from 2145 employees;
- **Probationary Review:** HR collects the performance feedback from the manager post 2-4-6 month's completion of the new joiners. In FY18-19, we have received feedback of 1378 employees;
- **Euphoria:** Monthly meeting is conducted by the HR & business functions, which offers the team an opportunity to interact with each other, come together and celebrate. It provides a platform on monthly basis for the seniors & HRD to provide updates, to have an element of fun together, reward & recognize employees, all with a munch & mingle session at the end;
- **Instant Recognition and Client Appreciation:** The R&R program has given good results while recognizing the individual as well as the team performance. The reward program was one of the key retention tools across the organization. In FY 18-19, total 712 awards were conferred to employees;
- **Engagement Activities:** Various wellness, financial awareness & fun activities were organized throughout the year through the local JOSH committee across locations. Employees got a chance to showcase & experience the diversity in culture & festivals through a sense of pride, collaboration & team work.

Automation

The HR team is always on the look out to leverage our in-house talent and build automation tools to enhance our overall employee experience positively, thereby impacting the bottom line leading to a cost effective HR model. Below are the HR automation initiative implemented this year.

- **NEO:** New Entrant Observation tool was automated. It captures the feedback of all the new joiners;
- **Pulse Database:** The employee database structure was consolidated in Pulse with creation of additional relevant data fields;
- **Competency Platform on e-dialogue:** Competency Platform was built on intranet Pulse under e-dialogue to facilitate the mapping of employees to the defined roles and the competencies required to succeed in the role.

Disclosure Under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ("POSH Act")

The Company has always provided a safe and harassment free workplace for every individual working in its premises through various policies and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company is actively involved in ensuring that the employees/resources are aware of the provisions of the POSH Act and rights thereunder.

The Company has constituted an Internal Committee (IC) as required under POSH Act and the constitution of the committee is in compliance with the said Act.

The Company has also adopted Anti-Sexual Harassment Policy in place which is in line with requirements of the POSH Act, 2013 and is fully committed to uphold and maintain the dignity of every women executive working in the Company. The Company's Policy provides for protection against sexual harassment at workplace and for prevention and redressal of such complaints.

Number of complaints pending as on the beginning of the financial year: 0

Number of complaints filed during the financial year: 0

Number of complaints pending as on the end of the financial year: 0

Particulars of Employees

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Act read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as "Annexure – A" to this Report.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars drawing remuneration in excess of the limits set out in the said Rules forms part of the report. However, having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Members of the Company. The said information is available for inspection at the Registered Office of

the Company during the working hours. Any member interested in obtaining such information may write to the Company Secretary, at the Registered Office and the same will be furnished on request.

Datamatics' Insider Trading Policy for Regulation of Trading by Insiders

Datamatics has formulated an Insider Trading Policy for Directors and employees to comply with SEBI (Prohibition of Insider Trading) Regulations, 2015 (Insider Trading Regulations). This policy is framed adopting the standards set in the Insider Trading Regulations to regulate, monitor, and report trading by its employees to achieve compliance with the said Regulations

The Insider Trading Policy for Regulation of Trading by Insiders is available on our website (<http://www.datamatics.com/sites/default/files/insider-trading-policy.pdf>)

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge confirms that:

- in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a 'going concern' basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Secretarial Standards

The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

Secretarial Auditor

The Company had appointed Mr. Tushar Shridharani, Practicing Company Secretary, to conduct the secretarial audit for the financial year 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed as "Annexure – B" to this Report.

As per the requirements of the SEBI Listing Regulations, Mr. Tushar Shridharani, Practicing Company Secretary, have undertaken secretarial audit of Lumina Datamatics Limited, material unlisted Indian subsidiary of the Company for the FY 2018-19. The Audit Report confirms that Lumina Datamatics Limited have

complied with the provisions of the Act, Rules, Regulations and Guidelines and that there were no deviations or non-compliances.

Information on Auditors' Observations

1. Statutory Auditors:
The report of the Statutory Auditors on Standalone and Consolidated Financial Statements forms part of this Annual Report. There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report.
2. Secretarial Auditor:
The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Statutory Auditors

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the provisions of Companies Act, 2013. In line with the requirements of the Companies Act, 2013 M/s. M L BHUWANIA AND CO. LLP, Chartered Accountants (Firm Registration No. 101484W/W100197) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of 29th Annual General Meeting till the conclusion of 34th Annual General Meeting, subject to ratification by Shareholders at each AGM.

In accordance with the Companies Amendment Act, 2017, enforced on May 07, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

During the year, the statutory auditors have confirmed that they satisfy the independence criteria required under the Companies Act, 2013 and other applicable provisions of law.

Maintenance of Cost Records as Specified by the Central Government Under Sub-Section (1) Of Section 148 of the Companies Act, 2013

As per provisions of sub section (1) of Section 148 of the Companies Act 2013, the Company is not required to maintain cost records.

Details in Respect of Frauds Reported by Auditors Under Sub Section (12) of Section 143 other than those which are Reportable to the Central Government

No frauds were reported by auditors under sub-section (12) of Section 143 of the Companies Act, 2013

Corporate Governance

Pursuant to the SEBI Listing Regulations, Report on Corporate Governance for the year under review, is presented in a separate section. A certificate from M/s. M L BHUWANIA AND CO LLP, confirming compliance of conditions of Corporate Governance, as stipulated under the SEBI Listing Regulations, is annexed to this report.

Material changes and commitments, if any, affecting the Financial Position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of

the report

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the company to which the financial statements relate and the date of this report.

Management Discussion and Analysis

The Management's Discussion and Analysis Report for the year under review, as stipulated under SEBI listing Regulation is presented in a separate section.

Composition of the Committees of the Board

There are currently four Committees of the Board, as under:

- Audit Committee;
- Corporate Social Responsibility Committee;
- Nomination and Remuneration Committee;
- Stakeholders' Relationship Committee.

Details of all the Committees along with their charters, composition and meetings held during the year, are provided in the "Report on Corporate Governance", a part of this Annual Report.

Particulars of Loans, Guarantees and Investments

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013, are provided in the Notes to Financial Statements, which forms part of this Annual Report.

Contracts and arrangements with related parties

All contracts, arrangements and transactions entered by the Company with related parties during FY 2019-20 were in the ordinary course of business and on an arm's length basis. During the year, the Company did not enter into any transaction, contract or arrangement with related parties that could be considered material in accordance with the Company's policy on related party transactions.

Accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. However detailed disclosure on related party transactions as per IND AS-24 containing name of the related party and details of the transactions have been provided under financial statements.

The Company has formulated a Policy on Related Party Transactions which is also available on Company's website at <http://www.datamatics.com/investors/corporate-governance>. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

Policies

The SEBI Listing Regulations mandated the formulation of certain policies for all Listed Companies. In compliance with the above requirement, all our policies are available on our website

(<http://www.datamatics.com/investors/corporate-governance>). The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

In addition to its Code of Conduct, key policies that have been adopted by the Company are as follows:

Name of the Policy	Brief Description	Web Link
Whistleblower/Vigil Mechanism	The Company has formulated and adopted a Whistleblower Policy/Vigil Mechanism for its Directors and Employees to report concerns about unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct and ethics.	http://www.datamatics.com/sites/default/files/WhistleblowerPolicy.pdf
Corporate Social Responsibility (CSR) Policy	The Policy outlines the Company's strategy for bringing about a transformation in the quality of life of people in the society through social upliftment programs. The CSR vision of our Company is "Employability & Environment".	http://www.datamatics.com/sites/default/files/CSR-Policy-DGSL-Final.pdf
Policy on Material Subsidiaries	The Policy is framed to determine Material subsidiaries of the Company and to provide governance framework for such subsidiaries of the Company.	http://www.datamatics.com/sites/default/files/Policy-on-Material-Subsidiaries.pdf
Related Party Transaction Policy	Related Party Transactions Policy is framed to ensure the proper approval and reporting of transactions between the Company and its related parties.	http://www.datamatics.com/sites/default/files/Related-Party-Transaction-Policy.pdf
Insider Trading Policy	The Policy provides the framework in dealing with the securities of the Company.	http://www.datamatics.com/sites/default/files/insider-trading.pdf
Policy for determination of Materiality of Events	The Policy is framed to provide an overall governance framework for determination of materiality of events / information and to ensure timely and adequate disclosures of material events / information fully, fairly, correctly and transparently to the concerned authorities.	http://www.datamatics.com/sites/default/files/Policy-on-determination-of-Materiality-of-Events.pdf
Document Retention and Archival Policy	The Policy is framed to outline the guidelines for retention and archival for corporate records / documents of the Company.	http://www.datamatics.com/sites/default/files/Document-Retention-and-Archival-Policy.pdf

Internal Financial Controls

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

The Audit Committee is responsible for implementing and maintaining the internal control and periodically reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

The Company has adopted accounting policies which are in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Act, and other relevant provisions of the Act.

Risk Management Policy

Risk Management is embedded in Datamatics operating framework. The Company has a duly approved Risk Management Policy, which lays down broad guidelines for the appropriate authority to identify, assess, categorise and prioritise risks in a timely manner and formulate plans for mitigation of such risks.

The Internal Audit function is responsible for assisting the Investment & Risk Management Committee on an independent basis with full status of the risk assessments and management. Operationally, management process to identify key risks across the organization and prioritise relevant action plans to mitigate these risks.

Corporate Social Responsibility ("CSR")

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company during the financial year 2018-19 are annexed as "Annexure - C" to this Report in the format prescribed in the Companies (Corporate Social Responsibility Policy), Rules, 2014.

Composite Scheme of Arrangement

The Board of Director have, at their meeting held on April 27, 2018 subject to obtaining the requisite approvals/consents, approved the Composite Scheme of Arrangement under Section 232 read with Section 230 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder between Delta Infosolutions Private Limited, Datamatics Infotech Services Private Limited, Datamatics Global Services Limited and their respective shareholders.

As per the directions of the National Company Law Tribunal, Mumbai Bench, Meeting of the equity shareholders of the Company was held on Thursday, May 09, 2019 at Mumbai to approve the Composite Scheme of Arrangement.

The requisite majority required under the SEBI Circulars for approval of the Scheme was not obtained since the votes cast by the public shareholders of DGSL in favour were less than the votes cast against the same. Hence, the Scheme was withdrawn.

Demerger and Listing of Lumina Datamatics Limited

The Board of Director have, at their meeting held on December 14, 2018, subject to obtaining the requisite approvals/consents, approved the Composite Scheme of Arrangement under Section 232 read with Section 230 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder between Lumina Datamatics Limited, Datamatics Global Services Limited,

LDR ERetail Limited and their respective shareholders (hereinafter referred to as "Lumina Demerger Scheme").

The National Company Law Tribunal, Mumbai Bench, had directed the Company to hold Meeting of the equity shareholders of the Company on Wednesday, June 19, 2019 at Mumbai to approve the Composite Scheme of Arrangement providing, inter alia, for approval of Lumina Demerger Scheme.

As per the terms of the Scheme, this Scheme was conditional upon a separate Composite Scheme of Arrangement under section 230 to 232 of the Companies Act, 2013 for the proposed demerger and vesting of Demerged Undertaking of Delta Infosolutions Private Limited ("Delta") into Datamatics Infotech Services Private Limited ("DISPL") on a going concern basis and thereafter proposed amalgamation and vesting of the residual Delta (post demerger) into Datamatics Global Services Limited ("DGSL"), becoming effective (hereinafter referred to as "Delta Scheme").

However, the requisite majority required under the SEBI Circulars for approval of the Scheme was not obtained since the votes cast by the public shareholders of DGSL in favour were less than the votes cast against for the Delta Scheme. Hence, the authorised representatives of Delta Scheme withdrew the Scheme.

Since the conditionality in relation to the approval of the Delta Scheme, was not met, application was filed before the Tribunal for withdrawal of the Lumina Demerger Scheme which was sanctioned by Tribunal on May 27, 2019.

Significant/Material orders passed by the Regulators

There are no significant/material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

Annual Return

Extract of the Annual Return for the Financial Year ended on March 31, 2019 as required by Section 92(3) of the Act and Rule 12(1) of the Companies (Management & Administration) Rules, 2014 is annexed as "Annexure - D" to this Report and can be accessed at www.datamatics.com under the 'Investor' Section.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Details relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are mentioned hereunder:

A. Conservation of Energy:

- (i) Our Company being in IT & ITES industry, our operations are not energy intensive. Adequate measures have been taken to conserve energy.
- (ii) The Company has not taken any steps for utilising alternate sources of energy.
- (iii) There were no additional capital investment on energy consumption equipments and proposals if any, being implemented for reduction of consumption of energy as the nature of the Company's operations entails a very low level of energy consumption.

B. Technology Absorption:

- (i) 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.
- (ii) The Company has not imported any technology during the year under review.
- (iii) The 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.

C. Foreign Exchange Earnings and Outgo:

Foreign Exchange Earned in terms of Actual Inflows : ₹ 2,555.76 million.

Foreign Exchange Outgo in terms of Actual Outflows : ₹ 155.05 million.

Acknowledgements

Your Directors' place on record their deep appreciation to employees, customers, shareholders, vendors, bankers, financial institutions, Governments authorities and other stakeholders at all levels for their hard work, dedication and commitment. 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
DIN 00008050

Place : Mumbai
Dated : May 09, 2019