

SANJAY BORADE



Kanodia:

Surfing to the next level

Even though global sentiment remained under pressure, the company has managed to ensure robust growth,” explains Rahul Kanodia, vice chairman & CEO of Datamatics Global Services (DGSL) whose 85 per cent of revenues now originate from international operations, which include US and Europe.

The road to sustained profitability hasn’t been easy, especially with 2012 being an election year in the US and on overall soft market. There was far more controversy on outsourcing. Each business wishes to be profitable and US being the land of entrepreneurs understands commerce better than most in the world. Also, we have a local presence in the region and employ more than 200 people across our centres, thereby supporting communities actively,” says Kanodia.

The turnaround is evident in the US. The gears of growth have started to move again, albeit slowly. Today, US accounts for more than 50 per cent of DGSL’s revenues. “We remain optimistic of the potential and performance from this region, especially in wake of the recovery being hinted at in the US economy. The company also cemented its presence in European markets. The company opened its offices in Bosnia in 2012 to complement its marketing efforts in the European market.”

The company has evolved in terms of its business focus, cementing its presence and expertise across the value chain of data-to-intelligence. “As a company that lives and breathes data, we focused on consolidation and expansion to improve our margins. Today, we have a presence across the value chain from data capture to data analytics and at the same time, we have gained traction and customer mindshare in new verticals like online publishing, online retail, enterprise content management, analytics, mobility, etc,” adds Kanodia. The company has further strengthened its expertise in new and related service verticals by forging successful partnerships with leading global specialist companies such as TEMIS, PAUX Technologies (both, for online platform in the publishing space for semantic enrichment, content management and social enhancement) and Kofax (to provide a comprehensive offering of business process solutions). Besides, the company continued to grow organically in Tier II cities like Puducherry and Nashik.

Its deep-rooted presence in western markets is also reaping benefits of long-standing client

relationships in an increasingly fluid environment. Recently, when a global retailer of repute forayed into India Datamatics became its partner of choice for designing and setting its Center of Excellence in India. “India, currently accounts for 15 per cent of our revenues, which we are expecting to grow at a fast pace. With the likely improvement in the global outlook, we feel that the year ahead would be exciting for the company,” explains Vidur Bhogilal, ED and CFO of the company.

For FY12-13, the company posted a 24.5 per cent growth in consolidated net sales to ₹550 crore and a 10.2 per cent jump in EBITDA to ₹57crore. “We performed well despite a challenging economy and declining IT spends in key markets of presence. However, our EBITDA margins are further expected to improve with higher realisations and our continuous initiatives to reduce overheads,” adds Bhogilal. “In the past year, we focused on consolidation. Despite the slowdown, we have grown at a CAGR of 30 per cent in the past four years. We strongly feel that the growth sentiment will spark the next phase of growth for developed economies from 2014,” concludes Bhogilal.

Meanwhile, DGSL is now undertaking the journey to unlock the next level of growth. The smartphone penetration in India is inching towards a 10 per cent mark, which is also considered to be the tipping point. With the sales of smart devices set to explode, digitised content and analytics is also expected to take off in a big way. The company is further expanding its forte to cater to the impending growth through organic and inorganic expansion in the digital publishing space. “We have always believed in responsible growth. Post the acquisition of Vista and Cignex, we had both deep pockets as well as many potential acquisition targets. However, we chose to concentrate on integration and unlocking synergies with the acquisition. Today, the companies have completely been integrated in terms of common values and culture. This has also now led us to look for newer companies as potential targets for inorganic growth. At the same time, we have continued to invest in existing infrastructure to ensure better efficiency and scale of operations,” concludes Kanodia. The market is yet to take a note of this confidence and the company’s scrip continues to trade near ₹20 levels, with a market capitalisation of just ₹118 crore.

♦ LANCELOT JOSEPH

In November 2011, we reported on Datamatics Global Services Ltd (DGSL) and its plans to emerge as an integrated solutions provider comprising of products and services. Now, it seems to have arrived