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**Datasoft Application Software (India) Limited  
Annual Report 1999-2000**

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**Datasoft Application Software (India) Limited**

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**BOARD OF DIRECTORS**

**Chairman**  
H. J. Shah

**Managing Director & CEO**  
R. M. Bhuta

**Directors**  
C. M. Buch  
Chandan Parmar

**Bankers**  
Bank of India

**Auditors**  
M/s. B. L. Eriwal & Co.

**Company Law Consultants**  
M/s. Dholakia & Associates

**Registered Office**  
Casa Mariana,  
Laxman Mhatre Marg, Borivli (West),  
Mumbai-400 103

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'We always overestimate the  
change that will occur in the  
next two years and  
underestimate the change that  
will occur in the next ten.'

– Bill Gates

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To capitalize on the increased computerization in India, the company introduced two new software products - BILL (sale and purchase order processing) and STOCK (inventory module software). Meanwhile, in response to customer requirements, the company continued to update its existing

The company launched its IPO in 1994. UTI, India's leading investment institution, invested in 15 per cent of the company's equity. The proceeds were invested in strengthening the operating infrastructure. In 1994-95, the company launched TOTAL, the first Indian package using C++ language programming (object oriented programming) and with its own database engine. TOTAL was also the first in India and possibly the world to have a switch-based facility, enabling users to switch from a code-based format to a codeless environment and vice versa. An in-built report designer was included in the accounting package. TOTAL was marketed across India through 25 dealers.

# Who we are

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The company generated a total shareholder return (closing market capitalization plus dividend minus opening market capitalization expressed as a percentage of opening market capitalization) of over 2900 per cent in 1999-2000. The market capitalisation of the company stood at Rs 147.75 cr.

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- The company becomes a Microsoft Certified Solutions Provider, Independent Software Vendor Royalty Partner and joins the Premier Partnership Programme for MS-SQL.

(upto November, 2000)

## Chairman's strategic overview

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The year 1999-2000 represents a watershed in the history of our company. DASIL will never be the same again.

The initiatives taken during the year promise to transform our small company into a growth-led organisation.

The one initiative with far reaching consequences was the issue of shares to angel investors. The resulting inflow of Rs 32.40 cr is now expected to help DASIL kick its innovation with financial solidity. We expect that the combination is expected to unleash the latent potential within the company aggressively over the coming months.

This is our rationale for optimism. Even though the growth of the IT training market in India has led to the mushrooming of the training institutes in the country, they collectively address only 15 per cent of the existing market.

There is a reason for this under-penetration of IT training : the duration, content,

cyberphobia and inconvenience. Better explained, most Indians do not want to visit an IT institute since it is not always conveniently near; besides, inevitably the course content and duration do not address user needs.

To reverse this phenomenon and accelerate the penetration of IT training within the country, your company has taken initiatives to bridge the distance between the training provider (itself) and the users. Our initiatives will help in bringing training to the users.

Besides, we have made the delivery user-friendly : our courses cover the short-term and career oriented, are informative and tailor-made to the specific requirements of users. Besides, the mobile academy, being introduced for the first time in India, is likely to be geographically dispersed with

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business affiliates having been appointed not only in Mumbai, but also in the remote areas of Andhra, Tamil Nadu, Indonesia and the UAE.

The company also sees a big opportunity in developing physical support and the delivery systems to support a virtual environment - and that is physical requirement, not virtual. DASIL is setting up a global network to provide logistics solutions by setting up four offices at Dubai, Singapore, UK and USA by June 2001. The company expects to increase its presence to 12 countries by 2002 and to 20 by 2003. The goal : selling anything anywhere, anytime.

Among the other growth initiatives, the company has launched a 10 module integrated business solution. This package

addresses user concerns of inflexibility, the need for BPR as well as financial constraints - in one comprehensive solution. The DASIL integrated business solution provides tailor-made and customised solutions. The other advantages : the time taken to implement is shorter, the integrated bus solution addresses various financial budgets of users, and provides room for scaling up the implementation from one module to many.

We expect that these changes will restructure the business of your company - for good. In more senses than one.

H. J. Shah  
Chairman



# 10 minutes with the Managing Director

## 'Transforming from a Mumbai-based company into a global organisation'

Rajesh Bhuta, Managing Director, analyses the business restructuring of 1999-2000 that is expected to unleash growth over the foreseeable future for the company

**[ Q ]** Were you pleased with the performance of the company in 1999-2000?

>> Yes and no. For instance, the financial performance was below our expectations. On the other hand, we are satisfied with the timely initiatives taken to arrest the decline in the turnover and profit growth. We derive satisfaction from the fact that the nature of the company's business adapted to the evolving business environment with speed.

The impact of this restructuring is expected to be reflected in 2000-1. From a small product developer marketing packages, DASIL is also expected to fast emerge as a global provider of training through its mobile academy as well as a company providing logistic solutions through a network of international branches. This will transform DASIL into an anytime, anywhere company.

**[ Q ]** What were the highlights of the financial year under review?

>> The biggest thing to have transpired

from the company's perspective was the increase in our cash flow to the extent of Rs 32.40 cr as a result of the private placement to angel investors. This has liberated the company from an ongoing financial constraint that was acting as a bottleneck for our creativity and business plans.

**[ Q ]** How is the company leveraging the availability of funds to drive growth?

>> The setting up of the Datasoft Mobile Academy and the creation of a global logistics company, equipped to market anything anywhere are two of the principal initiatives that we have undertaken to drive growth in the current financial year. DASIL launched TOTAL, a flexible, integrated business solution. The company also embarked on implementing the ISO 9001 certification to standardize processes resulting in a consistent quality of solutions delivery to customers. To sustain this growth, the company increased its people strength to 57 comprising a dedicated R&D team to develop web

solutions expertise and expertise in developing software in other languages.

**[ Q ]** What else went right for the company?

>> We received the status of Microsoft Certified Solutions Provider and the International Software Vendor (ISV) Partner Programme status. This will enable us to competitively market our integrated business solution. Had we not received this status, our customers would have had to buy the MS-SQL software which would have cost Rs 45,000. The ISV Partner Programme allows us to bundle the same with our software. The company entered into a Premier Partnership Programme with Microsoft, enabling us to enjoy an uninterrupted service from MS on MS-SQL, the back-end used by the company for the integrated business solution. Among the other highlights, the company embarked on the research to offer solutions in multiple languages. We are confident that this will enable us to offer solutions in non-English speaking countries like China, Germany and France, among others. Over the long term this will enable us to establish an attractive foothold in countries that are relatively virgin.

**[ Q ]** What are the prospects for the company in the current financial year?

>> The mobile academy is emerging as a bigger success than we could have imagined. Our business associates - expecting to generate a payback in less than 18 months - Have placed a requirement of 60 buses across our preferred markets; meanwhile, we have entered into negotiations for launching an incremental 120 buses. The mobile academy is expected to outgrow its training avatar and will

also be used aggressively for advertisements, distribution and servicing customers.

**[ Q ]** Is the launch of a global logistics network also expected to be lucrative?

>> The business rationale for the global logistics network is this : most companies leveraging e-commerce expect to reduce their costs and increase sales. However, this virtual environment will need a physical system - support and delivery. We will provide the knowledge and the marketing to distribute products and services. We are already present in Dubai; we expect to be in 12 centres by 2002 and 20 by 2003.

**[ Q ]** Will these initiatives result in stronger shareholder value?

>> Absolutely. The inflow of funds and our prospects are already being reflected in the company's market capitalization. DASIL is debt free with a cash surplus. We expect to unleash the value resident in each of our businesses during the current financial year, justifying this growth in the market capitalization.

The selection of our businesses has been prudent : we are present in the growth areas of software products, IT training and logistics management. The launch of integrated business solution package in the next year has reduced the gestation period normally associated with IT products enabling cash inflows into the company from 2000-1 onwards. Besides, each of these businesses enjoy a low payback period and a high return on capital employed. In the process, DASIL is transforming from a Mumbai-based company into a global organisation.