

# XVIII

*Deutsche*  
APPLICATION SOFTWARE (AG) LIMITED

## ANNUAL REPORT

2009-2010

## BOARD OF DIRECTORS

### Chairman

H. J. Shah

### Directors

Chandan Parmar

(appointed as MD & CEO with effect from 12th July 2010)

C. M. Buch

R. M. Bhuta

(resigned as MD & CEO with effect from 29th December 2009)

Ajay Nagpal

(with effect from 27th April 2010)

Mahesh Kurlawala

(with effect from 27th April 2010)

Ravindra Malgaonkar

(with effect from 27th April 2010)

Shailesh Bendugade

(with effect from 27th April 2010)

### Bankers

Karnataka Bank Limited

### Auditors

M/s. Kanu Doshi Associates

### Registered Office

22, Blue Rose Industrial Estate,  
Western Express Highway,  
Borivall (East),  
Mumbai-400 066.

**DATASOFT APPLICATION SOFTWARE (INDIA) LIMITED**

Regd. Office :- 22, Blue Rose Industrial Estate, Western Express Highway, Borivali (East), Mumbai 400066

**NOTICE**

NOTICE is hereby given that the Eighteenth Annual General Meeting of DATASOFT APPLICATION SOFTWARE (INDIA) LIMITED will be held on Monday, 23rd August, 2010 at 3.00 p.m. at 22, Blue Rose Industrial Estate, Western Express Highway, Borivali (East), Mumbai 400066 to transact the following business:

**ORDINARY BUSINESS :**

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2010 and Profit and Loss Account for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rajesh M. Bhuta, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting, to authorize the Board of Directors to fix their remuneration and to pass the following resolutions.

"RESOLVED THAT Messrs Kanu Doshi Associates, Chartered Accountants be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors"

**SPECIAL BUSINESS :**

**4. Appointment of Mr. Ajay Nagpal as a Director of the Company, liable to retire by rotation.**

To consider and if thought fit to pass with or without modifications following resolution as Ordinary Resolution:  
"RESOLVED THAT Mr. Ajay Nagpal who was appointed as Additional Director of the Company and who holds office till the conclusion of this Annual General Meeting pursuant to Section 260 of the Companies Act 1956 and article 141 of the Articles of Association of the Company in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act 1956 proposing his candidature, be and is hereby appointed as a director of the Company liable to retire by rotation."

**5. Appointment of Mr. Mahesh Kurlawala as a Director of the Company, liable to retire by rotation.**

To consider and if thought fit to pass with or without modifications following resolution as Ordinary Resolution:  
"RESOLVED THAT Mr. Mahesh Kurlawala who was appointed as Additional Director of the Company and who holds office till the conclusion of this Annual General Meeting pursuant to Section 260 of the Companies Act 1956 and article 141 of the Articles of Association of the Company in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act 1956 proposing his candidature, be and is hereby appointed as a director of the Company liable to retire by rotation."

**6. Appointment of Mr. Ravindra Malgaonkar as a Director of the Company, liable to retire by rotation.**

To consider and if thought fit to pass with or without modifications following resolution as Ordinary Resolution:  
"RESOLVED THAT Mr. Ravindra Malgaonkar who was appointed as Additional Director of the Company and who holds office till the conclusion of this Annual General Meeting pursuant to Section 260 of the Companies Act 1956 and article 141 of the Articles of Association of the Company in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act 1956 proposing his candidature, be and is hereby appointed as a director of the Company liable to retire by rotation."

**7. Appointment of Mr. Shailesh Bendugade as a Director of the Company, liable to retire by rotation.**

To consider and if thought fit to pass with or without modifications following resolution as Ordinary Resolution:  
"RESOLVED THAT Mr. Shailesh Bendugade who was appointed as Additional Director of the Company and who holds office till the conclusion of this Annual General Meeting pursuant to Section 260 of the Companies Act 1956 and article 141 of the Articles of Association of the Company in respect of whom the Company has



received a notice from a member under Section 257 of the Companies Act 1956 proposing his candidature, be and is hereby appointed as a director of the Company liable to retire by rotation."

**8. Appointment of Mr. Chandan M. Parmar as a Chairman and Managing Director of the Company.**

To consider and if thought fit to pass with or without modifications following resolution as Ordinary Resolution: "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with schedule XIII and all other provisions if any, of the Companies Act 1956 and in conformity with the provisions contained in Article 131 of the Articles of Association of the Company, consent of the Company be and is hereby accorded to the appointment of Mr. Chandan M. Parmar Director of the Company as Managing Director and Chief Executive Officer (MD & CEO) of the Company for a period of five years commencing from 12th July 2010 on the terms and conditions set out in the agreement (agreement) to be entered into between the Company and Mr. Chandan M. Parmar, a draft whereof is placed before the meeting and initiated by Mr. Hasmukh J. Shah Chairman of the Company, for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Directors to amend the terms and conditions of his appointment, including the remuneration, commission payable, and perquisites to be provided, to Mr. Chandan M. Parmar so as not to exceed the limits specified in Schedule XIII to be the Companies Act, 1956 or any amendments thereto that may from time to time be made and that the Board of Directors of the Company be and is hereby authorized to enter in to an agreement with Mr. Chandan M. Parmar in terms of the said draft agreement with such modifications as may be agreed to by and acceptable to the Board of Directors and Mr. Chandan M. Parmar.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

**BY ORDER OF THE BOARD**

**For DATASOFT APPLICATION SOFTWARE (INDIA) LIMITED**

Place : MUMBAI

Date : 12-07-2010

Chandan Parmar  
MD & CEO

**NOTES:**

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

1. Register of Members and the share transfer books of the company will be closed from Monday 16th August, 2010 to Monday 23rd August, 2010 both days inclusive.
2. The identities/signature of members holding shares in electronic form are liable for verification with the specimen signatures as may be furnished by NSDL and CDSL to the company. Such members are advised to bring the identity cards issued by their Depository Participants.
3. The company's equity shares are listed at the Mumbai and Ahmedabad Stock Exchanges.



4. Equity Shares of the company is available for trading in dematerialized form through the Depository Participants. Requests for dematerialization and transfer of shares may be sent to the Company's Registrars and Share Transfer Agents, Link Intime India Private Limited situated at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai-400 078.
5. Shareholders desiring any information as regards accounts are requested to write in advance to the company at least seven days before the date of meeting to enable the management to keep the information ready.
6. As a measure of economy copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring copies with them.
7. Members are requested to notify immediately any change of their address to the company or the Share Transfer agents.

**BY ORDER OF THE BOARD  
For DATASOFT APPLICATION SOFTWARE (INDIA) LIMITED**

**Place : MUMBAI  
Date : 12-07-2010**

**Chandan Parmar  
MD & CEO**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF  
THE COMPANIES ACT, 1956**

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice :

**Item No. 4 to 7**

The resolutions at item numbers 4 to 7 of the notice pertain to appointment of Directors. The Board of Directors of the Company (the 'Board'), at its meeting held on April 27, 2010 appointed Shri Ajay Nagpal, Shri Mahesh Kurlawala, Shri Ravindra Malgaonkar and Shri Shailesh Bendugade as additional directors pursuant to the provision of Section 260 of the Companies Act, 1956 (the 'Act') read with Article 143 of the Articles of Association of the Company. These directors are independent directors. In terms of the provision of Section 260 of the Act, all these additional Directors would hold office up to the date of the ensuing Annual General Meeting.

The Company has received four separate notices in writing from members alongwith deposit of Rs. 500/- each for proposing the candidature of Shri Ajay Nagpal, Shri Mahesh Kurlawala, Shri Ravindra Malgaonkar and Shri Shailesh Bendugade respectively for the office of Directors of the Company under the Provision of Section 257 of the Act.

Mr. Ajay Nagpal is a practicing Chartered Accountant. Mr. Ajay has an experience in the field of Audit and taxation of about ten years. He has expertise on Corporate Laws.

Mr. Mahesh Kurlawala is an accountant by profession. He undertakes outsourced accounting assignments, prepares and finalizes financial statements including Balance Sheet, Profit and Loss Account and Cash Flow statements. Mr. Kurlawala has been consulting in the areas of VAT and Service Tax. He has experience in this field of over 20 years.

Mr. Ravindra Malgonkar is an able administrator. He manages chemical business since last fifteen years. He has been shouldering the responsibilities of customer and supplier relationships, banking, and legal compliances.

Mr. Shailesh Bandugade is an accountant by profession. After completing his graduation in commerce he did diploma course-"Industrial Accountant Plus" covering Accounting, Taxation and Company Law. He has varied experience in career of three years.

None of Shri Ajay Nagpal, Shri Mahesh Kurlawala, Shri Ravindra Malgaonkar and Shri Shailesh Bendugade is disqualified from being appointed as Directors in terms of Section 274 (1) (g) of the Act. The Company has received the requisite Form 'DD - A' from them, in terms of the Companies (Disqualification of Director under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003, confirming their respective eligibility for such appointment.

It is proposed to seek Members' approval for the appointment of Shri Ajay Nagpal, Shri Mahesh Kurlawala, Shri Ravindra Malgaonkar and Shri Shailesh Bendugade in terms of the applicable provision of the Act.

Shri Ajay Nagpal, Shri Mahesh Kurlawala, Shri Ravindra Malgaonkar and Shri Shailesh Bendugade are interested in the Resolution as set out at Item No. 4 to 7 of the Notice respectively which pertains to their respective appointment. Save and except the respective candidate for directorship none of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

The Board commends the Resolutions as set out at Item No. 4, 5, 6 and 7 of the Notice for your approval.

**Item No. 8**

Mr. Rajesh M. Bhuta was Managing Director and CEO of the Company till he resigned with effect from 29th December, 2009. Mr. Chandan M. Parmar, the Director of the Company was requested to take over the responsibilities of Managing Director. Mr. Chandan M. Parmar has accepted the request and agreed for a position of Managing Director and CEO from 12th July 2010. Keeping in view the financial position of the Company Mr. Chandan M. Parmar has expressed that Company may not pay him any Salary or perquisites. Company appreciates his gesture and accepts his proposal, accordingly Company do not recommend any salary / perquisites to Mr. Chandan M. Parmar. His other terms of office are as under :

**1. SALARY AND PERQUISITES**

Nil

**2. SITTING FEES :**

Mr. Chandan M. Parmar will not be entitled to sitting fees for meeting of Board / committees of Board attended by him.

**3. TERMINATION :**

The appointment will be subject to termination by three months notice in writing on either side.

A copy of the draft agreement referred to in the resolution would be available for inspection by the members at the Registered Office of the Company during business hours on any working day excluding Saturday up to and including the date of this meeting. The above terms and conditions may be treated as abstract under Section 302 of the Act.

None of the Directors, except Mr. Chandan M. Parmar is concerned or interested in the resolution at item No. 8.

The Board commends the Resolutions as set out at Item No. 8 of the Notice for your approval.

**BY ORDER OF THE BOARD**  
**For DATASOFT APPLICATION SOFTWARE (INDIA) LIMITED**

**Place : MUMBAI**  
**Date : 12-07-2010**

**Chandan Parmar**  
**MD & CEO**



## DIRECTORS' REPORT

**TO,  
THE MEMBERS OF  
DATASOFT APPLICATION SOFTWARE (INDIA) LIMITED.**

Your directors present their Eighteenth Annual Report, together with Audited Accounts for the year ended on 31st March, 2010.

### 1. FINANCIAL RESULTS

	(Rs. in Lakhs)	
	2009-2010	2008-2009
Sales and Other Income	7.19	3.08
Profit/(Loss) before Depreciation	4.74	0.74
Divisible Profit/(Loss)	4.74	0.74
Retained Profit/(Loss)	4.74	0.74
Dividend	-	-

### 2. DIVIDEND

Due to accumulated losses Directors regret to recommend any dividend for the year ended on 31<sup>st</sup> March 2010.

### 3. BUSINESS REVIEW AND FUTURE PROSPECTS

Principal business of the company remains temporarily suspended due to unavailability of sufficient resources. Company shall restart its business upon generating required resources for effective working. In order to open up choice of business, your company has liquidated its assets, vide authority granted by the shareholders by postal ballot, results of which were declared on 20-1-2005. The funds generated there from are currently invested in interest fetching loans/deposits. Company has a positive net worth. Company has meager liability, which will be met out of the liquidity generated. Your directors are trying to tie up with strategic investor but have not met with success so far and hence it is difficult to predict any time frame for such success.

### 4. DIRECTORS' RESPONSIBILITY

Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors confirm:

- that in the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from it.
- that 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 the affairs of the company at the end of financial year and of profit and loss of the Company for that year.
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- that considering the fact that the company's net worth is positive and that company has investible surplus after meeting its liabilities fully, the annual accounts are prepared on 'going concern' basis. The values of the assets and liabilities as stated in the Balance Sheet shall remain unchanged even if the

accounts are not prepared on going concern basis and consequently no adjustments are required in the accounts.

**5. CORPORATE GOVERNANCE**

A report of the auditors of your company regarding compliance of the conditions of Corporate Governance as stipulated by clause 49 of the Listing Agreement with stock exchange is attached herewith. Management Discussion and Analysis Report is appearing below in this Report and not by way of separate annexure.

**6. MANAGEMENT DISCUSSION AND ANALYSIS**

**a) Industry Structure and Development**

The domestic IT market for Small to Medium enterprises is growing rapidly. The growth rate for the software industry is expected to be around 20% per annum.

**b) Outlook, Opportunities and Threats**

Your company has temporarily suspended its software related activities and the company is looking for partner, who can bring in required resources to recommence its activities. Your directors are considering various options to recommence the business.

**c) Segment wise Performance**

Your company had miniscule revenues from operations within India. Accordingly there is only one segment relating to software activities, within India.

**d) Internal Control System and their adequacy**

The company has adequate internal control procedures commensurate with its size and nature of business.

**7. ADDITIONAL DISCLOSURES**

In accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, your company has made additional disclosures in respect of related party transactions and earnings per share. These statements have been audited by the Statutory Auditors and are part of the Annual Report.

**8. PERSONNEL**

All the employees of the Company had resigned in the earlier year/s. Your company will recruit new employees after restructuring the business.

**9. DIRECTORS**

Mr. Rajesh Bhuta resigned as MD & CEO of the Company from December 29, 2009. He continues as Director on Board of the Company. The Board of Directors put on record appreciation for the services rendered by him.

Mr. Chandan M. Parmar has accepted additional responsibilities of a Managing Director and CEO of the Company subject to the approval by the member he will be appointed as Managing Director and CEO with effect from 12th July 2010.

Mr. Rajesh M. Bhuta retires by rotation and being eligible offers himself for reappointment. Mr. Bhuta, 52 has been on the board of directors of this company since its incorporation and MD & CEO till 29th December 2009. He is a Chartered Accountant. Mr. Bhuta has furnished a declaration in DDA to the Company stating that he is not disqualified from being appointed as a Director of the Company.

Shri. Ajay Nagpal, Shri. Mahesh Kurlawala, Shri. Ravindra Malgaonkar and Shri. Shailesh Bandugade were appointed under section 260 as additional Directors to hold office till the conclusion of this Annual General Body Meeting. Company has received a notice for each of them from a member under Section 257 of the Companies Act 1956 proposing their candidature, for appointment as a Director of the Company, liable to retire by rotation.

10. **DEPOSITS**

The company has not accepted any Fixed Deposits from the public.

11. **LISTING REQUIREMENTS**

Your company's equity shares are listed at Mumbai and Ahmedabad Stock Exchanges. However as discussed elsewhere in this report the shares are suspended for trading.

12. **DEMATERIALISATION OF SHARES**

Approximately 88.55% of the shares issued by the company have been dematerialized.

13. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.**

Since Company has temporarily suspended its business activities, the information as required under Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 is not applicable. Company has neither earned nor spent any foreign exchange during the year.

14. **PARTICULARS OF EMPLOYEES**

There were no employees drawing remuneration of Rs 2,00,000/- per month or more or Rs 24,00,000/- per annum or more during the year under review.

15. **AUDITORS**

M/s Kanu Doshi Associates Statutory Auditors of the company will hold the office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Board recommends their appointment as the Statutory Auditors of the Company for the next year.

16. **ACKNOWLEDGEMENT**

Your directors wish to place on record their appreciation for the continued support received from shareholders and other stakeholders, banks and government departments.

For and on behalf of the  
BOARD OF DIRECTORS

Place : Mumbai  
Date : 12-07-2010

H. J. Shah  
Chairman