



# ANNUAL REPORT



# 2002-2003

## **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, Borivali (West),  
Mumbai-400 103

Report



Junction

com

**Annual Report 2002 - 2003**

---

**DATASOFT APPLICATION SOFTWARE (INDIA) LIMITED**

Casa Mariana, Laxman Mhatre Marg, Borivali (West), Mumbai 400103

**NOTICE**

NOTICE is hereby given that the Eleventh Annual General Meeting of DATASOFT APPLICATION SOFTWARE (INDIA) LIMITED will be held on Monday, the 25<sup>th</sup> August, 2003 at 3.00 p.m. at Shree Girdharilal Munshilal Jain Sabhagruh, 1<sup>st</sup> Floor, New Shanti Nagar, opp. Jain Mandir, Mandpeshwar Road, Borivali(West), Mumbai 400103 to transact the following business:

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2003 and Profit and Loss Account for the period ended on that date and reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Chandan Parmar, 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 and to authorize the Board of Directors to fix their remuneration.

**BY ORDER OF THE BOARD**

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

Place : MUMBAI

Date : 24/7/2003

R. M. Bhuta

Managing Director and Chief Executive Officer

**NOTES:**

1. **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.**
2. Register of Members and the share transfer books of the company will be closed from Monday 18<sup>th</sup> August, 2003 to Monday the 25<sup>th</sup> August, 2003, both days inclusive.
3. 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.
4. The company's equity shares are listed at the Mumbai and Ahmedabad Stock exchanges.

**Datasoft Application Software (India) Limited**

5. 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, Intime Spectrum Services Limited situated at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400 078.
6. 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.
7. 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.
8. 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 : 24/7/2003**

**R. M. Bhuta**  
**Managing Director and Chief Executive Officer**



**DIRECTORS' REPORT**

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

The directors present the Eleventh Annual Report, together with Audited Accounts for the period 1<sup>st</sup> July 2002 to 31<sup>st</sup> March 2003.

**1. FINANCIAL RESULTS**

	2002-2003 (Nine months)	(Rs. in Lakhs) 2001-2002 (Twelve months)
Sales and other Income	20.24	107.94
Profit/(loss) before Depreciation	(74.34)	(30.48)
Divisible Profit/(loss)	(313.70)	(45.20)
Dividend	-	-
Retained Profit/(loss)	(313.70)	(45.20)

**2. DIVIDEND**

Due to accumulated losses Directors regret to recommend any dividend for the period ended on 31<sup>st</sup> March 2003.

**3. BUSINESS REVIEW & FUTURE PROSPECTS**

Your company's sustained efforts could not bring any impact on the net results of the working of the company. Your company decided to discontinue the training activities due to the downturn of the IT Training Industry and due to unavailability of sufficient financial resources. The business integration software developed by your company could not be effectively marketed for want of funds. Your company has substantially curtailed the software operations, till the time the required financial resources are generated. As a measure of cost rationalization your company has decided to wind up Dubai and Singapore branch. Your directors are evaluating various options open to the company to consolidate its position.

**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 period and of profit and loss of the Company for that period.
- 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 they have prepared the annual accounts on going concern basis.

**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. Your company

is in process to identify independent directors to strengthen the board as also to comply with the specific requirements of clause 49 which became mandatory to your company during this period.

This report includes Management discussion and Analysis so that duplication and overlap between Directors' Report and a separate MD&A is avoided.

## 6. MANAGEMENT DISCUSSION & ANALYSIS

### a) Industry Structure and Development

The domestic IT market for Small to Medium enterprises is growing rapidly. The total market size is about Rs. 350 crores. The growth rate for the software product is expected to be around 18% per annum.

### b) Opportunities and Threats

Your company after discontinuing training related operations is now focusing on the software for Integrated Business Solution developed by the company. The product is suitable for the growing Small to Medium Enterprises. The unavailability of finance to promote this product aggressively is the stumbling block. If the opportunity to penetrate in to SME sector is not captured in time then it can be lost. Your directors are considering various options to generate revenue from this product.

### c) Segmentwise Performance

Your company had revenues from operations within India and operations out of India. Segment wise performance has been attached to the annual accounts.

### d) Outlook, Risks and Concerns

Company has developed various modules of the Integrated Software Product. This product has many unique functionalities as also it has cost benefits and the benefit on easy and fast implementation of the product. The principal concern for the company is to establish a corporate brand and a product brand. For both substantial amount of funds are required. The success of the product at the market place depends *interalia* on the availability of adequate finance. Your directors are considering options to generate the required funds for the purpose.

### e) 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, earnings per share and segment reporting. These statements have been audited by the Statutory Auditors and are part of the Annual Report.

## 8. PERSONNEL

Relations with employees remained cordial during the period. During the period staff strength has been substantially reduced. Your company proposes to recruit new employees after restructuring the finance. Your directors wish to place on record their sense of appreciation for the devoted services of the executives and staff of the company for their hard and sincere work.

## 9. DIRECTORS

Mr. Chandan Parmar retires by rotation and being eligible offers himself for reappointment. Mr. Chandan Parmar, 50, has been on the board of directors of this company since its incorporation. He is a practicing Chartered Accountant and specializes in Direct Taxes.

## 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.

## 12. DEMATERIALISATION OF SHARES

Approximately 86% of the shares issued by the company have been dematerialised. Your company has also made arrangements for simultaneous transfer and dematerialisation of shares.

## Annual Report 2002 - 2003

---

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

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 and forming part of the Directors' report for the period ended 31<sup>st</sup> March 2003 is annexed and forms part of this report.

**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 period under review.

**15. AUDITORS**

M/s. B. L. Eriwal & Co., Chartered Accountants, Mumbai, will hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. 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 : 24/7/2003**

**H. J. SHAH  
CHAIRMAN**



**ANNEXURE-A**

THE INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

**A) CONSERVATION OF ENERGY**

The Company's operations do not involve high energy consumption warranting measures for conservation. However, measures are being taken to make optimum use of the energy.

**B) FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY, RESEARCH & DEVELOPMENT (R & D)****FORM B****RESEARCH & DEVELOPMENT****1) Specific areas in which R&D carried out by the Company :**

Software Products and development of ERP.

**2) Benefits derived as a result of the above R&D :**

Commercialization of Software Products.

**3) Future plan of action :**

After generating required finance, the Company's R&D efforts will be targeted towards upgradation of the present software products and development of new software products for commercialization and revenue increase in domestic and foreign markets.

**Technology Absorption, Adaption and Innovation and Benefits derived therefrom :**

The R & D efforts have been successfully translated and commercialized, in a modest way, through the software products.

**Technology imported and absorbed :**

The Company has not imported, through foreign collaborations or otherwise, any technology for the existing products of the Company.

**Foreign Exchange Earnings and Outgo :**

Please refer to Note No. 7 and 8 of Schedule XV to the Balance Sheet.



## CORPORATE GOVERNANCE

The Stock Exchange has by an amendment added Clause 49 to the Listing Agreement incorporating a code of corporate governance at the directive of the Securities and Exchange Board of India (SEBI). The features of the code were required to be implemented by all companies in a phased manner. Accordingly your company was required to implement the guidance by 31<sup>st</sup> March 2003. Your company has complied with majority of the mandatory requirements of the corporate governance. A report on the corporate governance in the format prescribed in the Listing Agreement is given below.

### 1. Company's Philosophy on Code of Governance:

Your company firmly believes in transparency in its dealings and lays emphasis on the integrity and regulatory compliances. Your company considers good corporate governance a prerequisite for meeting the needs and aspirations of its shareholders and other stakeholders in the company. With this end in view this year's annual report has made substantial disclosures on the Board, the Board Committees as also on the financial and the stock performance.

### 2. Board of Directors

The board is headed by a non executive Chairman Mr. Hasmukh J. Shah and is composed of the directors named hereunder.

DIRECTOR	STATUS	BOARD MEETINGS		LAST AGM ATTENDED	BOARD MEMBERSHIP (OTHER COMPANIES)	
		HELD	ATTENDED		BOARD	COMMITTEES
Mr. H.J.Shah	Chairman Promoter Non Executive	7	7	YES	NONE	NONE
Mr. C.M.Buch	Promoter Non Executive	7	7	YES	NONE	NONE
Mr. C.M.Parmar	Promoter Non Executive	7	7	NO	6	NONE
Mr. R.M.Bhuta	MD and CEO Promoter	7	7	YES	NONE	NONE

During the year under review seven Board meetings were held on 29<sup>th</sup> July 2002, 30<sup>th</sup> September 2002, 28<sup>th</sup> October 2002, 29<sup>th</sup> January 2003, 7<sup>th</sup> February 2003, 28<sup>th</sup> February 2003 and 6<sup>th</sup> March 2003.

The last AGM was held on 30th December 2002.

### 3. Board Committees:

#### (a) Audit Committee:

The audit committee consists of following three non- executive directors

Mr. C.M.Buch  
Mr. H.J.Shah  
Mr. C.M.Parmar

The brief description of the terms of reference of the audit committee is:

To review the Statutory Auditor's report on the financial statements  
To generally interact with the Statutory Auditors  
To review weaknesses in the internal control procedures  
To select and establish accounting policies and review the same

During the year one meeting of the audit committee was held on 28<sup>th</sup> February 2003, in which all the members of the committee were present.

(b) **Remuneration Committee**

The remuneration committee consists of following two non executive directors

Mr. H.J.Shah  
Mr. C.M.Parmar

The brief description of the terms of reference of the remuneration committee is:

- i) to determine on behalf of the Board the company's policy on specific remuneration package to MD&CEO
- ii) to avoid conflict of interest and to review and suggest to the Board and to the members the remuneration payable to MD&CEO.

One meeting of this committee was held on 28<sup>th</sup> February 2003, wherein both the members were present.

Salary, perquisites, incentives, allowances, Provident Fund, Superannuation, commission, sitting fees, or other payment of such nature have not been paid to Executives and/or Non Executive directors, during the year under review.

Company does not have a scheme for grant of stock options either to the Managing Director or to the employees.

(c) **Sharetransfer/Investors Grievance Committee.**

The share transfer function has been delegated to the MD&CEO of the company, who looks after the share transfers. The Shareholders/Investors Grievance Committee consists of following two directors

Mr. R.M.Bhuta  
Mr. C.M.Buch

The brief description of the terms of reference of the Shareholders/Investors Grievance Committee is to consider the grievances of shareholders/investors, relating to transfers, non-receipt of annual accounts, dividends and other such grievances.

The committee met once on 28<sup>th</sup> February 2003 where in both the directors were present.

All complains received by the company as on 31<sup>st</sup> March 2003 have been redressed.