



ANNUAL REPORT

2003-2004

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. R.G. Varaiya & Co.

Company Law Consultants
M/s. Dholakia & Associates

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

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DATASOFT APPLICATION SOFTWARE (INDIA) LIMITED

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

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of DATASOFT APPLICATION SOFTWARE (INDIA) LIMITED will be held on Monday, the 6th September, 2004 at 3.00 p.m. at Shree Giridharilal Munshilal Jain Sabha-gruh, 1st Floor, New Shanti Nagar, opp. Jain Mandir, Mandpeshwar Road, Borivali (West), Mumbai 400103 to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at 31st March, 2004 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. Mr. Hasmukh J. Shah, 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 : 29/6/2004

R. M. Bhuta
Managing Director and Chief Executive Officer

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 30th August, 2004 to Monday the 6th September, 2004, 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.

Datasoft Application Software (India) Limited

4. Equity Share of the company is available for trading in dematerialised form through the Depository Participants. Requests for dematerialization and transfer of shares may be sent to the Company's Registrars and Share Transfer Agents, Intra Spectrum Services Limited situated at C-13, Parnala Silk Mills Compound, L.B.S. Marg, Bhandup (W), 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 : 29-05-2004

R. M. Shute
Managing Director and Chief Executive Officer

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DIRECTORS' REPORT

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

Your directors present their Twelfth Annual Report, together with Audited Accounts for the year ended on 31st March 2004.

1. FINANCIAL RESULTS

	2003-2004 (Twelve Months)	(Rs. in Lakhs) 2002-2003 (Nine Months)
Sales and other income	9.98	20.24
Profit/(loss) before Depreciation	(16.16)	(74.34)
Divisible Profit/(loss)	(22.95)	(318.70)
Retained Profit/(loss)	(22.95)	(313.70)
Dividend	-	-

2. DIVIDEND

Due to accumulated losses Directors regret to recommend any dividend for the year ended on 31st March 2004.

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 has decided to suspend all its business activities due to unavailability of sufficient resources, till the time the required resources are generated for effective working. Company has a positive net worth and a commercially viable software product. Company has meager liability, which will be met out of its assets and thereby company shall not make defaults in repaying its debts. Your directors are evaluating various options open to the company to recommence its activities but 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 a commercially viable software product the annual accounts are prepared 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. Management discussion and Analysis Report is appearing below in this Report only and not by way of separate annexure.

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 industry is expected to be around 30% per annum.

b) Outlook, Opportunities and Threats

Your company has temporarily suspended all its activities and the company is looking for a strategic partner, who can bring in required resources to recommence its activities. Company has a positive net worth and a commercially viable software product, besides its development center. The Company's software product is suitable for the growing Small to Medium Enterprises. The unavailability of resources to promote this product aggressively is the stumbling block. Your directors are considering various options to generate revenue from this product. There is a fierce competition in the software market but considering the utility of the Company's product for medium and small enterprises your Company with adequate resources can turn the corner.

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. However the company has temporarily suspended all its business operations.

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

8. PERSONNEL

During the year all the employees of the Company had resigned. 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. Has Mukh J. Shah retires by rotation and being eligible offers himself for reappointment. Mr. Has Mukh J. Shah, 63, has been on the board of directors of this company since its incorporation. He is a mechanical engineer. Mr. Shah has furnished a declaration in DDA to the Company stating that he is not disqualified from being appointed as a Director of the Company.

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 88% of the shares issued by the company have been dematerialised.

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 year ended 31st March 2004 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 year under review.

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15. AUDITORS

M/S B. L. Eriwal & Company, Chartered Accountants, Mumbai have become disqualified in terms of section 226(3) of the Companies Act, to hold the office of the auditors of the company as he has joined as a partner in the firm in which one of the directors of the company is a partner. Your directors wish to place on record their sense of appreciation for the services and counsel given to the Company by the outgoing auditors.

The Board had appointed M/S R. G. Varaiya & Co., Chartered Accountants to fill up the casual vacancy in the post of the auditors. M/S R G Varaiya & Co. Chartered Accountants shall hold the office of Statutory auditors of the company till the conclusion of the ensuing Annual General Meeting.

The Board recommends the appointment of M/s R. G. Varaiya & Co as statutory auditors of the company to hold office from the conclusion of ensuing Annual General Meeting till the conclusion of next Annual General Meeting.

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 : 29-06-2004

H. J. SHAH
CHAIRMAN

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ANNEXURE-A

THE INFORMATION REQUIRED UNDER SECTION 217(1)(c) 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.

B) FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY, RESEARCH & DEVELOPMENT (R & D)**FORM B****RESEARCH & DEVELOPMENT**

The company has temporarily suspended all its operations and therefore not applicable.

Technology Absorption, Adaption and Innovation and Benefits derived therefrom :

The company has temporarily suspended all its operations and therefore not applicable.

Technology Imported and absorbed :

The company has temporarily suspended all its operations and therefore not applicable.

Foreign Exchange Earnings and Outgo :

Please refer to Note No. 5 and 6 of Schedule XV to the Balance Sheet.

Annual Report 2003 - 2004**REPORT ON CORPORATE GOVERNANCE****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. With this end in view this year's annual report has made substantial disclosures in the financial statement and Directors' Report.

2. Board of Directors

The Composition of the Board of Directors and related information as on 31st March, 2004 is as follows:

DIRECTOR	STATUS	NO. OF BOARD MEETINGS DURING THE YEAR ENDED 31 ST MARCH, 2004		LAST AGM ATTENDED	BOARD MEMBERSHIP (OTHER COMPANIES)	
		HELD	ATTENDED		BOARD	COMMITTEES
Mr. H.J.Shah	Chairman Promoter Non Executive	6	6	YES	NONE	NONE
Mr. C.M.Buch	Promoter Non Executive	6	6	YES	NONE	NONE
Mr. C.M.Parmar	Promoter Non Executive	6	6	NO	6	NONE
Mr. R.M.Bhuta	MD and CEO Promoter	6	6	YES	NONE	NONE

During the year under review six Board meetings were held on 30-4-2003, 24-7-2003, 31-7-2003, 30-10-2003, 21-1-2004 and 27-2-2004.

The last AGM was held on 25th August, 2003.

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