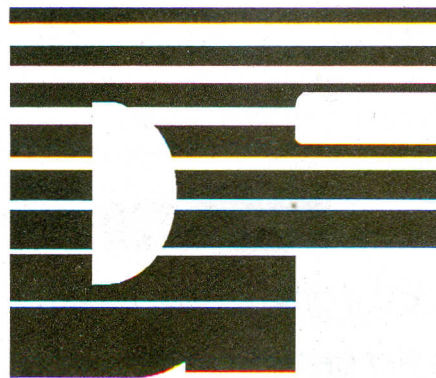


**DATABASE  
FINANCE LTD.**



**15TH ANNUAL REPORT**  
**2003 - 2004**

**AUDITORS****M. A. DARJI & CO.**

Chartered Accountants

**REGISTERED OFFICE :**Noble Chambers, S. A. Brelvi Road,  
Fort, Mumbai-400001. (India)**CONTENTS**

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**REPORT ON CORPORATE GOVERNANCE**

There has been of late wide appreciation and realization of the need to improve the level of corporate governance practices in order to create greater confidence in investors. Database Finance Ltd. continues to endeavor to follow the globally recognized best practices would enable our Company to face the challenges of growth effectively and successfully and contribute to enhancing shareholder value.

Recognizing the increasing importance of good governance of corporate, the Hon'ble Prime Minister in his address at the annual meet of a chamber of Commerce called upon the corporate to follow good governance practices so as to create greater confidence among the investors. To achieve the desired results, it was suggested that greater focus be given to certain areas of governance. We present hereunder the guidelines suggested and the practices followed at Database Finance Ltd.

**Company's Philosophy on Code of Governance :**

Database Finance Ltd. has been practising the principles of good corporate governance as means of effective protection and enhancement of shareholder's interest.

**Board Meetings :**

DFL regularly holds board meetings and at least four such meetings are held every (One in each quarter as required under Section 285 of the Companies Act, 1956) for which the agenda papers are normally circulated about a week in advance. The Board at its meeting fixes the date for the subsequent Board Meeting.

The Board of the Company, as also the various specialized Committees Constituted by the Board, held as many as meetings including meetings of the Board during 2003-2004. Detailed Agenda notes with MIS Reports were circulated in advance to the Board and all matters with explanatory notes/reports relating to the respective Committees were circulated to the Committee members sufficiently in advance of its meetings. Committee Meetings were held to transact matters delegated to the Committee, by the Board, These meetings were held mostly at the Registered Office or Corporate Office of the Company. The provisions relating to notice, agenda, quorum and minutes shall mutatis mutandis apply to such meetings held through audiovisual media. This will enable the Directors to

conduct the deliberations of the meetings speedily, cost effectively, most efficiently and without loss of time.

**Non-Executive Directors :**

Any Listed Company with a turnover over Rs. 100 Crores and above should have Professionally Competent Non-Executive Directors, who should constitute at least 30% of the Board if the Chairman of the Company is a Non-Executive Director, or at least 50% of the Board if the Chairman and the Managing Director is the same person. So far as our Company is concerned, the Chairman of the Board and the Managing Director both are separate. All Directors including non-executive directors are professionally competent.

The non-executive directors play an active and important role in the meetings of the Board of Directors of the Company. They also take active part in the deliberations of various Committees of the Board, which are entrusted with clearly defined responsibilities. The particulars of the Board Committees and the number of meetings held with average attendance of the members are furnished below.

The Board consisted of 5 Directors as on July 31, 2004.

The number of meetings held during the tenure of the directors and the number of Meetings attended by them also are furnished hereunder :

Directors	No. of Meetings		Attended Last AGM**
	Held*	Attended	
G.R. Kambli	9	9	Yes
Supriya Khanna	9	9	Yes
M. Nagotkar	9	9	Yes
Alice Fernandes	9	8	Yes
V. K. Chaturvedi	9	9	Yes

Note : The Directors were available on-line in all meetings, when not physically present.

\* The Board of Directors met 9 times during the year on the following dates :

August 22, 2003, September 10, 2003, November 21, 2003, December 13, 2003, January 22, 2004, February 20, 2004, April 28, 2004, May 3, 2004, July 14, 2004

\*\* Annual General Meeting (AGM) held on November 4, 2003

**MEETINGS OF INVESTMENT COMMITTEE :**

Name of the Director	No. of Meetings held during the tenure of Directors	No. of Meetings attended
G.R. Kambli	4	4
Alice Fernandes	4	3
Supriya Khanna	4	4
M. Nagotkar	4	4

Miss Alice Fernandes was available on-line in the meeting, when not physically present.

The Attendance of Whole-time directors was almost 100%. All the Directors proposed for reappointment have attended more than one half of the meeting held during their tenure.

**Audit Committee :**

The Audit Committee comprises three Directors. The Chairman of the Audit Committee is Mr. M. Nagotkar and its other members are Mrs. Alice Fernandes and Mr. G. R. Kambli. All these Directors possess knowledge of corporate finance, accounts, company law, general and administration.

The terms of reference of the Audit Committee include :

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that
- b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on;
  - Any change in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by management.

- Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d) Reviewing with the management, external and internal auditors the adequacy of internal control systems.
  - e) Reviewing the adequacy of internal audit function.
  - f) Discussion with internal auditors on any significant findings and follow up thereon.
  - g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - h) Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
  - i) Reviewing the Company's financial and risk management policies.

The Audit Committee met four times during the financial year 2003-2004 on 30-09-2003, 27-01-2004, 22-04-2004 and 15-06-2004.

**THE ATTENDANCE AT THE AUDIT COMMITTEE MEETING WAS AS UNDER :**

Director	No. of Committee meetings held	No. of Committee meetings attended
M. Nagotkar	4	4
Alice Fernandes	4	3
G.R. Kambli	4	4

Ms. Alice Fernandes was available on-line in all the meeting, when not physically present.

**Details of shareholders Complaints received, not solved and pending Share Transfer :**

Name & Designation of Compliance Officer : Mr. C. S. Vijayan  
Company Secretary

The total number of complaints received during the year were 36. All the complaints have been attended to, replied and resolved to the satisfaction of the shareholders. As on 31<sup>st</sup> July, 2004, there were no complaints which remained to be attended or resolved. All the share transfer as on 31<sup>st</sup> July, 2004 have been given effect to and no share transfers are pending.

**Compensation Committee :**

The Compensation Committee comprised of four Directors, Mr. M. Nagotkar, Mr. G. R. Kambli, Mrs. Alice Fernandes and Mrs. Supriya Khanna. The Committee ensures that a proper system of compensation is devised, recommends to the Board a Scheme for granting option to the employees of the company and frames suitable rules to ensure proper administration and Superintendence of the Employees. The committee submits its recommendation to the Board of Directors from time to time with the details of eligible and performance of the employees.

**Details of Remuneration to all The Directors For F. Y. 2003-2004 :**

Name	Designation	Salary	Performance Incentive	Commission	Total
		Rs.	Rs.	Rs.	Rs.
Alice Fernandes	Director	Nil	Nil	Nil	Nil
M. Nagotkar	Whole time Director	50,000/-	Nil	Nil	50,000/-
V.K. Chaturvadi	Director	Nil	Nil	Nil	Nil
G.R. Kambli	Director	Nil	Nil	Nil	Nil
Supriya Khanna	Director	Nil	Nil	Nil	Nil

**Annual General Meetings :**

Particulars Date & Time	F.Y. 2002-2003 4th Nov. 2003 5.30 p.m.	F.Y. 2001-2002 16th Oct., 02 at 5.30 p.m.
Venue	Plot A-387, Gr. Flr., Road No. 28, Wagle Ind. Est., Thane - 400604.	Plot A-387, Gr. Flr., Road No. 28, Wagle Ind. Est., Thane - 400604.

**Disclosures :**

The Company does not have any materially significant related party transactions with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

There were no non-compliance by the Company and penalties, strictures were imposed on the Company by Stock Exchange or SEBI in respect of any matter related to capital markets, during the last five years.

**Means of Communication :**

The quarterly results are published in a national newspaper, a regional newspaper.

**General Shareholder's Information :**

*a) Annual General Meeting*

Date : Wednesday November 24, 2004

Time : 5.30 p.m.

Venue : Noble Chambers, S. A. Brelvi Road,  
Fort, Mumbai - 400 001.

*b) Financial Calendar :*

(i) 15th Annual General Meeting-November 24, 2004  
(Aug 1, 2003-July 31, 2004)

(ii) 1st Quarterly result-Third week of November, 2003  
2nd Quarterly result-Third week of February, 2004  
3rd Quarterly result-First week of May, 2004  
Annual Audited result-Fourth week of September, 2004.

*c) Book Closure Date :*

Thursday, November 18, 2004

Wednesday, November 24, 2004

*d) Listing on Stock Exchanges :*

Equity Shares : Are listed on the following Stock Exchanges

**Inter-connected Stock Exchange of India Ltd.**  
(Regional Stock Exchange)  
International Infotech Park, Tower 7, 5th Floor,  
Vashi, Navi Mumbai-400 703.

**The Stock Exchange, Mumbai**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400 001.

e) *Share Transfer System :*

Share Transfer requests received in physical form is registered within an average period of 12 days. A Share Transfer Committee comprising of members of the Board meets twice in a week a consider the transfers of shares.

Request for dematerialisation (demat) received from the shareholders are effected within an average period of 3 days.

The Company has, as per SEBI guidelines with effect from March 24, 2002, offered the facility of transfer cum demat. Under the said system after the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. The DP based on the option letter, generates a demat request and sends the same to the Company alongwith the option letter issued by the Company. On receipt of the same, the Company dematerialise the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the Company will despatch the share certificates after 15 days from the date of such option letter.

f) *Address for correspondence :*

**With the Company :**

Demat Share Department,  
Noble Chambers, S. A. Brelvi Rd,  
Fort, Mumbai - 400 001.

The Company is taking necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement, as applicable to the Company.

**Standardized Accounting Practices :**

The accounts of the Company are governed by various statutory enactment's and are drawn in accordance with the generally accepted accounting standards. Relevant Accounting Policies are clearly defined and followed consistently.

**Management Information System :**

As a matter of transparency and good governance, key operational and financial data as also other relevant information is furnished to the members of the Board. Besides, Chairman & Managing Directory presents a brief account of important developments at every Board Meeting.

The Company continues to endeavor to adopt and follow the best practices of governance, keeping the long term interest of all shareholders.

**WHOLE TIME DIRECTOR**

**DIRECTORS REPORT**

To,  
The Members

Your Directors have pleasure in presenting their 15th Annual Report for the period ended 31st July, 2004

**FINANCIAL REPORT :**

During the Year, Company has earned the profit of Rs. 44,482/-

**DIVIDEND :**

To augment the financial strength of the Company, the profits have been ploughed back and hence your Directors do not recommend any dividend for the current year.

**DIRECTORS :**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Ms. Supriya Khanna retires by rotation at the Annual Meeting and eligible for re-appointment.

**PERSONNEL :**

The Provisions of the section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, does not apply to the Company.

**CONSERVATION OF ENERGY OF TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTFLOW**

The provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988 as amended, does not apply to the Company, There was no foreign and outflow during the year under review.

**AUDITORS :**

M/s. M. A. Darji & Co. Chartered Accountants, the Auditors of the Company retire at the forthcoming Annual General Meeting and being hereby eligible and recommended for appointment.

**ACKNOWLEDGMENT :**

Your Directors would like to express their appreciation for the Assistance and Co-operation receive from their Advocates & Solicitors, Consultants, Stock Exchange, SEBI, State and Central Government authorities at all level, CBDT Officials, Bankers during the year under review.

Your Board of Directors wish to place their appreciation for the sincere and devoted service ended by the executive and staff at all levels of the Company for its Success.

For and behalf of the Board of Directors

Director

Place : Mumbai  
Date : 23rd September 2004

**DATABASE FINANCE LTD****NOTICE**

Notice is hereby given that the 15th Annual General Meeting of the Members of DATABASE FINANCE LTD. will be held on Wednesday, the 24th November, 2004 at 5.30 p.m. at Noble Chambers, S. A. Brelvi Road, Fort, Mumbai-400 001 to transact the following business.

**ORDINARY BUSINESS**

1. To Consider and adopt the Balance Sheet and Profit and Loss account as at 31st July, 2004 and the report of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Supriya Khanna who retires by rotation and eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

By order of the Board of Directors

Director

**Registered Office :**

Noble Chambers, S. A. Brelvi Road,  
Fort, Mumbai-400001. (India)

Place : Mumbai,

Dated 23rd September 2004



**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY, THE PROXY 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. The register of Members and the Share Transfer registers of the Company will be closed from 18th November, 2004 to 24th November, 2004
3. The Members are requested to :
  - a) Intimate to Company changes, if any in their registered address, at an early date.
  - b) Quote ledger folio number in all their correspondence.
  - c) Bring their copy of the Annual Report and the Attendance slip at the Annual General Meeting.

By order of the Board of Directors

Director

**Registered Office**

Noble Chambers, S. A. Brelvi Road,  
Fort, Mumbai-400001. (India)

Place : Mumbai,

Dated 23rd September 2004

**AUDITOR'S REPORT**

To,  
The Members of,  
Database Finance Ltd.

We have audited the attached Balance Sheet of M/s. Database Finance Ltd. as at 31st July, 2004 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure, referred to in paragraph (2) above we report that :
  - a) We have obtained all the information and explanations which to the best of our Knowledge and belief were necessary, for the purpose of our audit.
  - b) In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as, it appears from our examination of these books.
  - c) The balance sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standard referred in sub section (3C) of section 211 of the Companies Act, 1956.
  - e) We are unable to comment as we have not received written representation, from the Directors of the company, as on 31st July, 2004, regarding disqualification as a directors of the company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act. 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India :

- (i) in the case of the Balance Sheet, of the "State of Affairs" of the Company as at 31st July, 2004 and,
- (ii) in the case of the Profit & Loss Account of the "Profit" of the Company for the Year ended on that date.
- (iii) in the case of cash flow statement of the cash flows for the year ended on that date.

**FOR M. A. DARJI & CO.**  
Chartered Accountants

Place : Mumbai  
Date : 23rd September 2004

Proprietor

## ANNEXURE TO THE AUDITOR'S REPORT

1. In respect of its fixed assets :
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the bases of available information.
  - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories :
  - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b. In our opinion and according to the information and explanation and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - a. The Company has not granted loans and has not taken loans from the parties covered in the register maintained u/s. 301 of the Companies Act, 1956.
  - b. In our opinion and according applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
  - c. In respect of loans granted by the Company to one party, the amount has been repaid of loans granted by the Company to one party, the amount has been repaid during the year. In respect of the other party, a wholly owned subsidiary of the Company, the loan is interest free and is repayable on demand. In respect of loans taken by the Company, the interest payments are regular and the principal amount is repayable on demand.
- d. There is no overdue amount in respect of loans taken by the Company. In respect of loans given by the Company, these are repayable on demand and therefore the question of overdue amounts does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956.
  - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b. In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956 aggregating during the year to Rs. 500000/- or more in respect of any party.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made maintained. We have not, however, made a detailed examination of the same.
9. In respect of statutory dues :
  - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st July 2004 for a period of more than six months from the date of becoming payable.

- b. There are no undisputed statutory dues except Income tax liability for A. Y. 2001-02, Rs. 13310 for which matter is pending with the C.I.T. Appeals.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Thereof, clause-4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name.
15. The Company has given guarantees for loans taken by other from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima-facie prejudicial to the interests of the Company.
16. The Company has not raised any new term loans during the year. The term loans outstanding at the beginning of the year were applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilized any amount from short term sources towards repayment of long-term borrowings and acquisition of fixed assets.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued debentures and hence the question of securities does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially mistaken.

FOR M. A. DARJI & CO.  
Chartered Accountants

Proprietor

**BALANCE SHEET AS AT 31ST JULY 2004**

Particulars	Schedule No.	Amount (Rs)	As At 31 July, 2004 Amount (Rs)	As At 31 July 2003 Amount (Rs)
<b><u>SOURCES OF FUNDS</u></b>				
<b>1. <u>SHAREHOLDER'S FUNDS</u></b>				
Share Capital	1		53,333,000	53,333,000
Reserves and Surplus	2		2,322,222	2,277,740
Share Application Money	3		132,866,000	132,866,000
<b>2. <u>LOAN FUNDS</u></b>				
Secured Loans	4		2,526,910	3,073,171
	<b>Total...</b>		<b>191,048,132</b>	<b>191,549,911</b>
<b><u>APPLICATION OF FUNDS</u></b>				
<b>1. <u>FIXED ASSETS</u></b>				
(a) Gross Block	5	11,165,827	4,665,334	11,165,827
(b) Less Depreciation		6,500,493		6,102,710
(C) Net Block				5,063,117
<b>2. <u>INVESTMENTS</u></b>				
	6		155,033,263	155,033,263
<b>3. <u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>				
	7	57,645,920		46,071,633
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
	8	26,547,409		15,019,414
<b>NET CURRENT ASSETS</b>				
			31,098,511	31,052,219
<b>4. <u>MISCELLANEOUS EXPENDITURE</u></b>				
(To the extent not written off or adjusted)	9		251,024	401,312
	<b>Total...</b>		<b>191,048,132</b>	<b>191,549,911</b>

Notes forming part of Accounts and Significant Accounting Policies

12

Above referred schedules form an integral part of the Balance Sheet

In Terms of our attached report of even date

**FOR M. A. DARJI & CO.**  
Chartered Accountants

Proprietor

FOR AND BEHALF OF THE BOARD

DIRECTOR

DIRECTOR

Place : Mumbai  
Date : 23rd September 2004

Place : Mumbai  
Date : 23rd September 2004

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST JULY, 2004**

Particulars	Schedule No.	Period Ended 31 July 2004 Amount (Rs)	Period Ended 31 July 2003 Amount (Rs)
<b><u>INCOME</u></b>			
Sales		44,647,405	1,499,527,600
Other Income		—	240
<b>TOTAL..... (I)</b>		<b>44,647,405</b>	<b>1,499,527,840</b>
<b><u>EXPENDITURE</u></b>			
Purchase		43,489,000	1,498,058,000
Operational & Administrative Exp.	10	238,645	260,211
Financial Charges	11	327,207	316,757
Public Issue Expenses W/off		116,274	116,274
Preliminary Expenses W/off		34,014	34,014
<b>TOTAL..... (II)</b>		<b>44,205,140</b>	<b>1,498,785,256</b>
Profit before Depreciation & Taxation		442,265	742,584
Depreciation		397,783	650,242
Profit before Taxation		44,482	92,342
Less : Provision for Tax		—	—
Profit after Tax for the year		44,482	92,342
Add : Profit/(Loss) brought forward		1,587,740	1,495,397
Balance Carried to Balance Sheet		<b>1,632,222</b>	<b>1,587,740</b>

Notes forming part of Accounts and Significant Accounting Policies

12

Above referred schedules form an integral part of the Balance Sheet

In Terms of our attached report of even date

**FOR M. A. DARJI & CO.**  
Chartered Accountants

Proprietor

For and Behalf of the board

Director

Director

Place : Mumbai  
Date : 23rd September 2004

Place : Mumbai  
Date : 23rd September 2004

## SCHEDULES TO THE BALANCE SHEET AS AT 31ST JULY, 2004

	As at 31 July 2004 Amount (Rs)	As at 31 July 2003 Amount (Rs)
<b><u>SCHEDULE '1' : SHARE CAPITAL</u></b>		
<b><u>AUTHORISED</u></b>		
65,000,000 Equity shares of Re. 1/- each (Previous Year 65,000,000 Equity Shares of Rs. 1/- each)	65,000,000	65,000,000
<b><u>ISSUED, SUBSCRIBED AND PAID UP</u></b>		
53,333,000 Equity shares of Re. 1/- each fully paid up (Previous Year 53,333,000 Equity Shares of Re. 1/- each fully paid up)	53,333,000	53,333,000
<b><u>SCHEDULE '2' : RESERVES AND SURPLUS</u></b>		
General Reserve	690,000	690,000
Profit & Loss Account	1,632,222	1,587,740
	<b>2,322,222</b>	<b>2,277,740</b>
<b><u>SCHEDULE '3' SHARE APPLICATION MONEY</u></b>		
Share Application Money Recd.	1,32,866,000	1,32,866,000
	<b>132,866,000</b>	<b>132,866,000</b>
<b><u>SCHEDULE '4' SECURED LOANS</u></b>		
LOAN FROM HDFC BANK	668,530	824,658
LOAN FROM ICICI BANK	816,089	1,011,710
LOAN FROM STANDARD CHARTERED BANK	667,408	861,920
INDIAN BANK	349,116	349,116
MEMON CO-OPERATIVE BANK	25,767	25,767
	<b>2,526,910</b>	<b>3,073,171</b>
<b><u>SCHEDULE '6' INVESTMENTS</u></b>		
In Government Securities- Kisan Vikas Patra	25,000	25,000
<b><u>IN UNQUOTED SHARES :</u></b>		
3000 Equity Shares of Juxta Trading Ltd. Rs. 10/- each Rs. 5/- paid up	3,000,000	3,000,000
250 Preference Shares of Donna Investments Ltd. of Rs. 100/- each Rs. 50/- paid up	2,50,00,000	2,50,00,000
290 Preference Shares of Morena Infotech Ltd. Rs. 100/- each Rs. 50/- paid up	72,50,000	7,250,000

Particulars	As at 31 July 2004 Amount (Rs)	As at 31 July 2003 Amount (Rs)
<b>IN QUOTED EQUITY SHARES</b>		
8714 Equity Shares of Rs. 1/- each of Vatsa Education Ltd. (Last traded Market Price was Rs. 116/- per share, currently trading suspended)	8,714	8,714
1380000 Equity Shares of Rs. 1/- of Vatsa Music Ltd. (Aggregate Market Price Rs. 45,40,89,000/-)	17,940,000	17,940,000
101809549 Equity shares of Rs. 1/- each of Vatsa Corporation Ltd. (Last traded Market Price was Rs. 0.09/- per share, currently trading suspended)	101,809,549	101,809,549
	<b>155,033,263</b>	<b>155,033,263</b>
<b><u>SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES :</u></b>		
<b><u>(A) SUNDRY DEBTORS :</u></b>		
(Unsecured considered good)		
(a) Debt Outstanding for a Period exceeding six months	13,700,965	13,700,965
(b) Other Debts	38,690,297	27,170,449
	<b>52,391,262</b>	<b>40,871,414</b>
<b><u>(B) CASH AND BANK BALANCES :</u></b>		
(a) Cash-in-hand	1,889	38,339
(b) Balances with Scheduled Banks	468,938	183,599
	<b>470,827</b>	<b>221,938</b>
<b><u>(C) LOANS AND ADVANCES :</u></b>		
(Unsecured, considered good)		
(a) Advances recoverable in cash or in kind or for value to be received	4,745,684	4,940,134
(b) Loans	6,854	6,854
(c) Deposits	31,293	31,293
	<b>4,783,831</b>	<b>4,978,281</b>
<b>Total (A+B+C)</b>	<b>57,645,920</b>	<b>46,071,633</b>



**SCHEDULE '5' : FIXED ASSETS**

Description	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	Amount Rs. 31.07.2003	Additions During The Year	Deduction During The Year	Amount Rs 31-07-2004	Amount Rs 31-07-2003	For the Year 2003-2004	Amount Rs 31-07-2004	Amount Rs 31-07-2004	Amount Rs 31-07-2003	
<b>A. LEASEHOLD ASSETS</b>										
Plant & Machinery	5,469,924	0	0	5,469,924	4,207,720.87	-	4,207,720.87	1,262,203.13	1,262,203.13	
Air Conditioners	1,027,792	0	0	1,027,792	627,648.21	48,820.12	676,468.33	351,323.67	400,143.79	
Computers	547,796	0	0	547,796	547,796.00	0	547,796.00	0	0	
<b>Total (A)</b>	<b>7,045,512</b>	<b>0</b>	<b>0</b>	<b>7,045,512</b>	<b>5,383,165.08</b>	<b>48,820.12</b>	<b>5,431,985.20</b>	<b>1,613,526.80</b>	<b>1,662,346.92</b>	
<b>B. OWN ASSETS</b>										
Office Equipments	136,600	0	0	136,600	84,338.34	6,488.50	90,826.84	45,773.16	52,261.66	
Motor Car	3,983,715	0	0	3,983,715	635,206.78	342,474.38	977,681.16	3,006,033.84	3,348,508.22	
<b>Total (B)</b>	<b>4,120,315</b>	<b>0</b>	<b>0</b>	<b>4,120,315</b>	<b>719,545.12</b>	<b>348,962.88</b>	<b>1,068,508.00</b>	<b>3,051,807.00</b>	<b>3,400,769.88</b>	
<b>Total (A+B)</b>	<b>11,165,827</b>	<b>0</b>	<b>0</b>	<b>11,165,827</b>	<b>6,102,710.20</b>	<b>397,783.00</b>	<b>6,500,493.20</b>	<b>4,665,333.80</b>	<b>5,063,116.80</b>	

Particulars	As at 31 July 2004 Amount (Rs)	As at 31 July 2003 Amount (Rs)
<b><u>SCHEDULE '8' : CURRENT LIABILITIES &amp; PROVISIONS :</u></b>		
<b>(A) CURRENT LIABILITIES</b>		
(a) Sundry Creditors	26,447,734	14,858,239
(b) Other Liabilities	98,675	160,175
<b>(A)</b>	<b>26,546,409</b>	<b>15,018,414</b>
<b>(B) PROVISIONS :</b>		
Provision for Taxation	1,000	1,000
<b>(B)</b>	<b>1,000</b>	<b>1,000</b>
<b>Total (A+B)</b>	<b>26,547,409</b>	<b>15,019,414</b>
<b><u>SCHEDULE '9' : MISCELLANEOUS EXPENDITURE</u></b>		
(to the extent not written off or adjusted)		
Preliminary Expenses	18,470	52,484
Share Issue Expenses	232,554	348,828
	<b>251,024</b>	<b>401,312</b>
<b><u>SCHEDULE '10' : OPERATIONAL &amp; ADMINISTRATIVE EXPENSES</u></b>		
Salary A/c	179,652	140,800
Register & Transfer Expenses	30,000	51,200
Listing Fees	12,500	12,500
Business Promotion expenses	-	4,000
Conveyance	-	4,900
Telephone Expences	1,630	5,006
Advertisement Expences	-	6,050
Bank Charges	912	1,705
Auditions' Remuneration	10,500	10,500
Repairs & Maintenance Expenses	-	8,544
Printing & Stationery	-	7,900
Office Expenses	-	5,000
Insurance	3,451	2,106
	<b>238,645</b>	<b>260,211</b>
<b><u>SCHEDULE '11' : FINANCIAL CHARGES</u></b>		
Interest on Loan paid to		
ICICI BANK	105,850	105,850
STANDERED CHARTERED BANK	105,188	129,749
HDFC BANK	120,147	81,158
	<b>327,207</b>	<b>316,757</b>

**DATABASE FINANCE LTD.****SCHEDULE - 12****Significant Accounting Policies And Notes On Accounts****I) Significant Accounting Policies****i) BASIS OF ACCOUNTING**

The Company prepares its financial statements in accordance with the generally accepted accounting principles therequirement of the Companies Act. 1956.

**ii) FIXED ASSET & DEPRECIATION**

Fixed Asset including leased assets are shown at cost less depreciation. Depreciation on the Fixed Assets including assets costing below Rs. 5000/- has been provided on straight line method at the rate prescribed in the schedule XIV of the Companies Act, 1956 on pro-rate basis with reference to the actual month of purchase/installment/sale.

The terminal depreciation in respect of assets given on lease transferred on termination of lease agreement so as to provide for the difference between cost of assets less transfer value and accumulated depreciation till date of transfer takes place is charged as depreciation.

**iii) MISCELLANEOUS EXPENDITURE****Preliminary Expenses :**

Preliminary Expenses are being written off equally over a period of ten Years.

**II. Notes on Accounts :**

1. Contingent liability as may arise due to delayed/Non compliance of various fiscal statues...amount unascertainable.
2. Receipt of share application money in excess of authorised capital is pending regularisation.
3. The figures of previous year have been re-grouped/re-arranged whenever necessary to confirm to those of the current year.
4. In the opinion of the board, the current assets including sundry Debtors, Loans and advances are approximately of the provisions for all known liabilities including depreciation has been adequately made.
5. Balance appearing in some parties account under the head Sundry Debtors, Creditors, Loans & Advance are subject to confirmation and reconciliation, therefore consequential adjustment thereof if any remains pending in the accounts.
6. Balance lying with Banks are subject to confirmation and reconciliation, therefore consequential adjustment thereof, if any, remains pending in the accounts.
7. The company's financial year for the purpose of compliance with the provisions of the companies Act, 1956 ends on 31st July, as against the previous year for tax purpose, which ends on 31st March. The Company does not expect any taxable income relevant to the previous year ended on 31st March, 2004 and therefore, no provision for tax is considered necessary for the said year.
8. Additional Information Pursuant to Paragraph 3 & 4 of part II of Schedule VI of the Companies Act. 1956 to the extent applicable.

9. Information pursuant to part-IV of schedule VI regarding Balance Sheet abstract and Company's general business profile.

**I) REGISTRATION DETAIL**

Registration No.	52319
State Code.	11 (Maharashtra)
Balance Sheet Date -	31st July, 2004

**II) Capital raised during the period**

(Amount in Rs. '000)

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement/Preferential allotment	Nil

**III) Position of Mobilisation and Deployment of Funds**

(Amount in Rs. '000)

Total Liabilities	191048.132
Total Assets	191048.132

**(A) Sources of Funds**

Paid-up Capital	53333.000
Share Application Money	132866.000
Reserve & Surplus	2322.222
Secured Loans	0.000
Unsecured Loans	2526.910

**(B) Application of Funds**

Net Fixed Assets	4665.334
Investments	155033.263
Net Current Assets	31098.511
Misc. Expenditure	251.024

**IV) Performance of Company**

(Amount in Rs. '000)

*Turnover	44647.405
Total Expenditure	44602.923
Profit/Loss Before Tax	44.482
Profit/Loss After Tax	44.482
Earning per Share (Annualised) Rs.	Nil
Dividend Rate %	Nil

V) Generic Names of three principle products/service of the Companies - Not applicable

Principle Service	N.A.
Lease	N.A.
Hire Purchase	N.A.

Signature to Schedule 1 to 11

For **M. A. DARJI & CO.**  
Chartered Accountants

Proprietor

Place : Mumbai  
Date : 23rd September 2004

For and on Behalf of the Board of Directors

Directors                      Directors

Place : Mumbai  
Date : 23rd September 2004

**CASH FLOW STATEMENT ANNEXED TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST JULY 2004**

Particulars	2003-2004 Amount (Rs.)	2002-2003 Amount (Rs.)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	44,482	92,342
<b>ADJUSTMENT FOR</b>		
Depreciation	397,783	650,242
Preliminary Expenses W/Off	34,014	34,014
Share Issue Expenses W/Off	116,274	116,274
<b>Operating Profit Before Working Capital Changes</b>	<b>592,553</b>	<b>892,872</b>
<b>ADJUSTMENT FOR</b>		
Trade And other Receivables	(11,325,398)	(25,890,365)
Trade Payable	11,527,995	12,733,911
<b>Cash Generated From (Used) In Operations</b>	<b>795,150</b>	<b>(12,263,582)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(2,367,906)</b>
Net Cash From (Used) In Investing Activities		(2,367,906)
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Unsecured Loans	(546,261)	2,041,300
Net Cash From/Used in Financing Activities		<b>2,041,300</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents Represented as</b>	<b>248,889</b>	<b>(12,590,188)</b>
Cash And Cash Equivalents at the Beginning of the Period	221,938	12,812,126
Cash and Cash Equivalent At the End of Period	470,827	<b>221,938</b>

**AUDITORS CERTIFICATE**

We have examined the attached Cash Flow statement of **DATABASE FINANCE LTD.** for the year ended 31st July 2004. The statement has been prepared by the Company in accordance with the requirement of the Listing Agreement of the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Accounts and Balance Sheet of the Company covered by our report of **DATABASE FINANCE LTD.** to the Members of the Company.

For **M. A. DARJI & CO.**  
Chartered Accountants

Proprietor

Place : Mumbai

Date : 23rd September 2004

For and on Behalf of the Board of Directors

Director

Director

Place : Mumbai

Date : 23rd September 2004

15TH ANNUAL REPORT 2003-2004

Registered Office : Noble Chambers, S. A. Brelvi Road, Fort, Mumbai-400001. (India)

PLEASE FILL IN THE ATTENDENCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint Shareholders may obtain additional Attendance Slip on request.

NAME AND ADDRESS OF THE SHAREHOLDER/PROXY

Master Folio No.

No. of Shares held :

I hereby record my presence at the 15th Annual General Meeting of the Company held on Wednesday the 24th November 2004 at Noble Chambers, S. A. Brelvi Road, Fort, Mumbai-400 001.

SIGNATURE OF THE SHAREHOLDER OR PROXY\*

\*Strike out whichever is not applicable

15TH ANNUAL REPORT 2003-2004

Registered Office : Noble Chambers, S. A. Brelvi Road, Fort, Mumbai-400001. (India)

Master Folio No. [ ]

PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ being a

member/members of DATABASE FINANCE LTD hereby appoint

\_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the 15th Annual General Meeting to be held on Wednesday 24th November, 2004 at 5.30 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2004

Affix Revenue Stamp Re. 1/-

NOTE : The proxy in order to be effective should be duly stamped, completed and signed and must at the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.