



2000

1999

REPORT

AVANTEL
Softech Ltd.

ANNUAL

By consistently evolving up the communications and computing value chain; By constantly enhancing shareholders value ; And by excelling in every task undertaken -We are committed to deliver quality products and solutions and be a growth-oriented company in the New Economy

- enhance

- involve

- excel

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Avantel Softech Limited



Board of Directors

Shri A. Venkateswara Rao	:	Chairman
Shri M.R. Subrahmanyam	:	Vice Chairman
Shri A. Vidyasagar	:	Managing Director
Smt A. Sarada	:	Director
Shri P. Sudarshan	:	Director
Shri Dasaradha R. Gude	:	Director
Dr. R. Srinivasan	:	Director

Company Secretary

P.S. Rao

Auditors

M/s A. Madhusadana & Co.
Chartered Accountants

Bankers

Canara Bank,
I.F. Branch, S.P. Road,
Secunderabad.

Registered Office & Works

B.R.T Enclave,
Nacharam,
Hyderabad - 500 076.

Communication

Preparing for the New Economy, the communications industry finds itself in an era of tidal change: a shift from proprietary to open architecture; and from circuit to packet switching. Intelligence is moving towards the edge of the network.

In our way, we are responding to these trends. We are doing this by finding ways to deliver next generation access solutions

to carriers, corporates and service providers.

"Be innovative or be gone"

Objectives Moving Ahead

The key objective is to increase the market share and occupy a leadership position in the emerging technology areas.

Strategy

The objective will be realised through a combination of : strengthening existing product lines; launching of varied DSL products; and introduction of IP compliant network access solutions.

In addition, we are contemplating to provide value-added services to corporates by helping them to set up Virtual Private Networks (VPN), Intranets, and Extranets.

It is through these strategies that we intend to benefit from early-movers advantage and gain a favourable market share.

" Only the paranoid survive"

- Andrew Grove

Computing

"The truly revolutionary impact of the Information Revolution is just beginning to be felt. But it is not "Information" that fuels this impact. It is not the effect of computers and data processing on decision-making and strategy. It is something that no one foresaw: e-commerce-that is, the explosive emergence of the Net as the major worldwide distribution channel for goods, services and jobs."

- Peter Drucker

"How do I e-enable my business"

Report



Junction

Objectives Moving Ahead

The primary objectives will be to consolidate our e-business services, to provide value-added services to the corporates and to grow as an eContent developer and distributor.

Strategy

Distinct paths are being adopted to realise the laid objectives. For one, we have recently forged an alliance with Venkye Information Technologies, Pte, Singapore to develop B2C applications. Next, we have drafted top talent for our U.S. office (Avantel Softech Inc., Boston) to ensure a seamless B2B applications development. The team at our U.S. office comprise members from some of the Most Admired Corporations like McKinsey, Fidelity Investments and Sapient.

Another initiative is the entry into ISP arena. As an ISP, we will, however, purely serve the business segment as its Application Service Provider (ASP). The segments that the ASP division will address include - SOHOs, SMEs, institutions and communities of professionals. Here, the competitive advantage we possess is the ability to deploy customized data centres and bandwidth enhancing equipment that handle real-time applications without compromising on the scalability required.

Value

"There is more to our approach than meets the eye"

Report

junction

We are a technology-driven, research intensive organization. We believe that it is only by introducing a stream of innovative products and solutions can we best maximize value. Our entire approach towards building the value blocks goes beyond the traditional means of valuing just by the book. It includes the intellectual capital embedded in every process, product and solution that goes unseen.

The fact is, over the years we have been discovering ways to enhance knowledge content in our products, enhance knowledge assets, and enhance the intellectual capital that improves financial performance.

In truth, we are determined to emerge as a Most Valuable company by following good business practices.

Objectives Moving Ahead

To maximize shareholders value and to do so in an innovative manner.

Strategy

We intend to achieve the stated objective by turning out strong profitability by improving efficiency, increasing revenues, raising product quality and seizing new opportunities.

Our enhanced MIS system (codenamed 'Funwork'), will be a key component that is expected to support our efforts in identifying and driving out the inefficiencies. On the other hand, Funwork, will also enable an enterprise-wide free flow of information, thereby, readying us to anticipate and respond to changes in the business environment. Quickly. And profitably.

"Progress is going to speed up, not slow down, so in the long run people who invest in common stocks of well managed companies will be better off."

- John Marks Templeton

People

"In every one of us there are two ruling and directing principles, whose guidance we follow wherever they may lead; the one being an innate desire of pleasure; the other an acquired judgement which aspires excellence."
- Socrates

"When the efforts are combined, the results are evident"

There is a spirit in the company. It's what we call the 'Can-do' spirit. Can design better. Can develop better. Can deliver better. It is this attitude that spurs us to achieve what we set out for.

Over the years, we have built an atmosphere that is fun to work, live and contribute in.

And this conducive working environment has served us well: our retention rates are amongst the highest in the industry.

A significant part of our effort, during the last year, has gone

towards continuous skill building. The efforts have paid off. Today, we are home to a pool of talented people making the difference in each and every division they operate from. People delivering results, day in and day out.



Objectives Moving Ahead

To attract and retain top talent while boosting productivity.



Strategy

A number of measures are being initiated to attract and build the Human Capital base of our company. Chief among them include : investments in latest tools and technologies, enterprise – wide continuous improvement programs, pay-per-performance and stock options.

Significantly, the HR policies will ensure that the resident Intellectual Capital adds more value by driving up productivity at every given opportunity.

Notice



Notice is hereby given that the 10th Annual General Meeting of the members of the Company will be held on Monday, the 29th May 2000 at 10 AM at Taj Residency (formerly known as Holiday Inn Krishna) Road No.1, Banjara Hills, Hyderabad to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date and the Report of the Auditors and Directors there on.
2. To declare dividend for the year ended 31st March, 2000.
3. To appoint a Director in place of Mr.A. Venkateswara Rao, who retires by rotation and being eligible, offers himself for re-election.
4. To Appoint a Director in place of Shri P.Sudarshan, who retires by rotation.
5. To appoint Auditors and to fix their remuneration by passing the following resolution:

"RESOLVED THAT pursuant to the provisions of Section-224 of the Companies Act, 1956, M/s A. Madhusudana & Co., Chartered Accountants be and are hereby re-appointed as Auditors of the company who shall hold office as Auditors from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be decided by the Board of Directors."

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 310 of the Companies Act, 1956 and any other applicable provisions if any, read with Schedule XIII of the said Act, consent of the members be and is hereby accorded to the Company to increase the remuneration of the Managing Director Shri A. VIDYASAGAR, to an amount, which if annualised, does not exceed the maximum limit of 5% of the Net Profits during the particular year calculated as per the provisions contained in the Companies Act, 1956, and subject to a minimum of Rs. 72,000/- (Rupees Seventy Two Thousand only) per month, and the following perquisites for the remaining period of his present tenure with effect from 1st April 2000."

PART A

PERQUISITES :

i) Housing:

Housing I - The expenditure incurred by the Company on hiring furnished accommodation shall be subject to ceiling of 60% of the salary over and above 10% payable by him.

Housing II - In case no accommodation is provided by the Company, House Rent Allowance subject to the ceiling laid down in Housing I shall be paid to him.

ii) Medical Reimbursement :

Mr. A. Vidyasagar shall be reimbursed medical expenses actually incurred for himself and his family, the total cost of which to the Company shall not exceed one month's salary in a year or three months salary in a block of three years.

ii) Club Fees:

Mr. A. Vidyasagar shall be reimbursed fees of one club excluding admission and life membership fees which shall not be borne by the Company.

iii) Leave Travel Concession:

Mr. A. Vidyasagar shall be paid leave travel allowance once in a year in accordance with the Rules of the Company.

PART B

- i) The Company's contribution towards Provident Fund, Pension/Superannuation Fund or Annuity Fund as per the scheme formed by the Company shall be subject to the extent that these are, singly or put together to the extent allowable under the Income Tax Act, 1961.
- ii) Gratuity will be payable in accordance with the Gratuity Scheme of the Company and shall not exceed one half month's salary for each completed year of service with the Company.
- iii) Free use of Company's car with driver for the purpose of Company's business and telephone facility at his residence which shall not be considered as perquisites/benefits but the use of the car for private purpose and personal long distance calls on telephone shall be billed by the Company to Mr. A. Vidyasagar.

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 310 of the Companies Act, 1956 and any other applicable provisions if any, read with Schedule XIII of the said Act, consent of the members be and is hereby accorded to the Company to appoint Smt. A. Sarada as Director (Accounts) for a period of Five years at a monthly remuneration of Rs 25,000/- (Rupees Twenty Five thousands only) per month with effect from 16th February 2000."

8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT subject to the approval of Central Government and pursuant to the provisions of Section 314 (1B) and all other applicable provisions of the Companies Act, 1956, consent of the company be and is hereby accorded to Shri K. RAMESH, Principal Member of the company and also a relative of Smt. A. Sarada, a Director of the Company, to continue to hold office or place of Profit as the Vice-President (Operations) of the Company with effect from 1st June 2000, at a remuneration of Rs.50,000/- (Rupees Fifty Thousand Only), per month, the break-up of the remuneration be as mentioned hereunder :

a) Basic Salary	Rs 30,000 per month
b) Dearness Allowance	Rs 10,000 per month
c) HRA	Rs 10,000 per month
Total	Rs. 50,000 per month

"FURTHER RESOLVED that Mr. K. Ramesh be and is hereby entitled for an increment of 20% on Basic salary, Dearness Allowance and HRA every year, subject to the satisfactory performance at the discretion of the Board of Directors."

"FURTHER RESOLVED that Shri P.S.Rao, Company Secretary of the Company be and is hereby authorised to take all the necessary steps for obtaining the consent of the Central Government and comply with all other necessary formalities."

9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special resolution:

"RESOLVED THAT pursuant to the provisions of Section 256, Section 257, Section 309, Section 314 (1) (a), and all other applicable provisions, if any, of the Companies Act, 1956, Mr.K.J. TILAK, who has filed his consent to act as a Director of the Company, pursuant to the provisions of Section 264 of the Companies Act, 1956, be and is hereby appointed as Director and also designated as the Chief Operating Officer (C.O.O) of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation, at a remuneration of Rs. 80,000/- per month, with effect from 1st April 2000."

10. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. V. SATISH, pursuant to the provisions of Section 257 of the Companies Act, 1956, who has filed his consent to act as Director, pursuant to the provisions of Section 264 of the said Act, be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

11. To consider and if thought fit, to pass, with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 31 of the Companies Act, 1956 and other applicable provisions if any, the existing Articles No.39 & 60 of the Articles of Association of the company be and are hereby altered to read as follows:

Article No.39

The Directors may, subject to Section 92 of the Companies Act, 1956 receive from any member willing to pay in advance all or any part of money unpaid upon the shares held by him beyond the sums actually called for and upon the money so paid in advance or so much thereof as from time to time exceeds the amount of calls made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate not less than 15 percent per annum as the member paying such sum in advance and the Directors agree upon and the money so paid in excess of the amount of call shall not rank for dividend or voting rights or participate in profits until it is appropriated towards satisfaction of any call and the Directors may at any time repay the amount so advanced".