

ANNUAL REPORT

1999-2000

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AVINASH INFORMATION TECHNOLOGIES LIMITED

REGD. OFFICE:

101/102, 1st Floor, New York Complex, GNFC Info Tower, Sarkhej-Gandhinagar Highway,
Bodakdev, Ahmedabad 380054.

Tel: (079) 6857596-7-8. Fax: (079) 6848050. E-mail: avintech@entinet.net

AVINASH INFORMATION TECHNOLOGIES LIMITED

Board of Directors
(As on 15.11.2000)

Shri Chimanbhai Sathi – Chairman
Shri Hanubha M Jadeja
Shri Pran S Fultariya
Shri Mansukhbhai J Shah
Shri Hiralal P Shah
Shri Prakash Chandra Bhandari – MD

Company Secretary Shri Khamir Raval

Bankers

Charotar Nagarik Sahakari Bank Ltd
Navrangpura Branch,
Opp Navrangpura Bus Stand,
Navrangpura, Ahmedabad.

Global Trust Bank
New York Plaza, Bodakdev Branch,
Ahmedabad.

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ICICI Banking Corp. Ltd
JMC House, Opp Parimal Garden
Ahmedabad.

Auditors

Surendra Kumar Jain & Co.,
Chartered Accountants, Ahmedabad.

Registered Office

101/102, New York Complex,
GNFC INFOTOWER,
Sarkhej-Gandhinagar Highway,
Bodakdev, Ahmedabad – 380 054.

Stock Exchanges

The Mumbai Stock Exchange
P J Tower, Dalal Street, Fort,
Mumbai – 400 001

The Ahmedabad Stock Exchange
Kamdhenu Complex,
Opp Sahajanand College,
Panjara Pole, Ahmedabad 380 015

AVINASH INFORMATION TECHNOLOGIES LIMITED**NOTICE**

Notice is hereby given that the **Annual General Meeting** of the members of the Company will be held on, **Saturday 30th December 2000 at 10.30 AM** at the Registered Office of the Company 101/102, New York Complex, GNFC INFOTOWER, Sarkhej-Gandhinagar Highway, Bodakdev, Ahmedabad 380 054 to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and audited Profit and Loss Account, for the year ended March 31st 2000 and the Balance Sheet as at that date.
2. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

3. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

"RESOLVED THAT Shri Hiralal P Shah who was appointed as a Casual Director in place of Smt. Manjula Shah at the meeting of the Board of Directors of the Company held on 28th February, 2000 and holds office as such up to the date of this Annual General Meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 have been received from some members signifying their intention to propose Shri Hiralal Shah as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company."

4. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

"RESOLVED THAT Shri Chimanbhai Sathi a Director who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 22nd August 2000 and who holds office as such up to the date of this Annual General Meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 have been received from some members signifying their intention to propose Shri Chimanbhai Sathi as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company."

5. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

"RESOLVED THAT Shri Hanubha Jadeja a Director who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 22nd August 2000 and who holds office as such up to the date of this Annual General Meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 have been received from some members signifying their intention to propose Shri Hanubha Jadeja as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company."

6. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

"RESOLVED THAT Shri Pran Fultariya a Director who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 22nd August 2000 and who holds office as such up to the date of this Annual General Meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 have been received from some members signifying their

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intention to propose Shri Pran Fultariya as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company."

7. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

"RESOLVED THAT in supersession of the resolution passed by the Company in the General Meeting held on 22nd May 1995 and all other resolution in relation to the exercise of borrowing power, the Board of Directors of the Company be and is hereby authorised, pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, to borrow money, from time to time for the business of the Company, at its discretion either from the Company's Bank or any other Bank, Financial Institution or any other Lending Institution or persons on such terms and conditions as may be considered suitable by the Board in excess of the aggregate of the paid up capital and free reserves, that is to say reserves not set apart for any specific purpose, subject however to the condition that such borrowings shall not exceed Rs.100.00,00,000 (Rs. One Hundred Crores only) over and above the Company's paid up capital and free reserve and shall exclude all temporary loans obtained by the company from its bankers in the ordinary course of business."

8. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

"RESOLVED THAT the Company in General Meeting hereby accords its consent pursuant to Section 293 (1) (a) and other applicable provisions of the Companies Act, 1956, to the Board of Directors of the Company for mortgaging or charging on such form and manner as it may think fit, the whole or substantially the whole of the Company's undertaking including all present and future properties whether movable or immovable, comprised in one undertaking or more undertakings as the case may be in favour of Company's Bank or any other Bank, Financial Institution or any other Lending Institution or persons and/or any manner for the company in which behalf the Directors are hereby authorised to decide, approve, accept and confirm any of all the terms, conditions, form, manner, time and to all acts, deeds and things necessary and incidental for furtherance of the aforesaid."

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 17 of the Companies Act, 1956, the Object Clause of the Memorandum of Association of the Company be enlarged by adding the following new Clause 3 after the existing Clause 2 thereof:

"3 (a) To carry on the business to conduct, undertake, carry out, sponsor, organise, franchise, develop and to act as agent, representative, consultant or otherwise deal in or provide services in information technology, communication, computer software, solutions, including programs, application systems, data collection, development of technology, computer education, desk top publishing and other facilities relating to computer operations, training and data processing and to establish and run data processing and computer education centres.

3 (b) To carry on the business to process data for domestic companies or for export in the areas of I.T enabled services such as Medical Transcription, Call Centre, Insurance Claim form processing, back office operations, coding, page making, pre-press publicity and other related areas and also to undertake training of professionals for carrying out the above business activities for company's own consumption or placement with other similar service providers.

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- 3 (c) To carry on the business to import, export, manufacture, buy, sell, distribute, transfer, hire, use, dispose off, assemble, record, maintain, repair, recondition, work, procure, install, modify and to act as agent, franchiser, job worker, representative, consultant or to deal in all types and kinds of computer and computer hardware, software, peripherals, computer parts, data transmission circuits, process control systems, micro processors, electronic and electrical apparatuses, electro-mechanical goods and spares gadgets, modulators, auxiliary, consumable, computer related products, data processing equipments, programming and development of technology and for purpose of foregoing but without limiting the generality materials, accessories, components fixtures, devices and spare parts."
10. 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 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Article of Association of Company, be and are hereby amended, altered and/or substituted in the manner and to the extent as is set out hereinbelow:
- [A] Existing Article 2 of the Articles of Association shall include the following definitions:
- (q) "Beneficial Owner" means beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- (r) "Depositories Act" means the Depositories Act, 1996 including any statutory modification or re-enactment thereof for the time being in force.
- (s) "Depository" shall mean a Depository as defined under clause (e) of sub-section (1) Section 2 of the Depository Act, 1996.
- [B] Article 2 (o) of the existing Articles of Association, be deleted and the following with the marginal note be substituted in its place:
- "Shareholders" or "Members" means the duly registered holders from time to time of the shares of the company and includes every person whose name is entered as beneficial owner in the records of the Depository.
- [C] Article 2 (g) of the existing Article be substituted by the following:
- Register and Index of Members:** Register of members and an index of members according to Section 150 and 151 of the Companies Act, 1956 and Section 11 of the Depository Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media.
- [D] Article 12 of the existing Article of Association be substituted by the following:
- Shares to be numbered progressively and no share to be sub-divided except in Demate form:** The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the company which are in dematerialised form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form should continue to bear the number by which the same was originally distinguished.
- [E] The following Article No.12-A be inserted after the existing Article 12 of the Existing Article of Association:

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- (i) **Dematerialised Shares:** The company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the Depositories and/or to offer its fresh shares in a Dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.
- (ii) **Option for investors:** Every person subscribing to securities offered by the company shall have the option to receive security certificate or to hold the security with a Depository. Such a person who is the Beneficial owner of the securities can at any time opt out of a Depository, if permitted by the law, in respect of any security in the manner provided by The Depository Act, 1996 and the Company shall in the manner and within the time prescribed, issue to the Beneficial owner, the required Certificate of the Securities. If a person opts to hold its securities with Depository, the company shall intimate such Depository the details of allotment of the Security, and on receipt of the information, the Depository shall enter in its record, the name of the allottee as the Beneficial Owner of the Security.
- (iii) **Securities in Depositories to be in fungible form:** All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in section 153, 153A, 153B, 187B, 187C, 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial owners.
- (iv) **Right of Depository and Beneficial Owners:**
 - (a) Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial Owner.
 - (b) Same as otherwise provided at (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
 - (c) Every person holding the securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.
- (v) **Service of Documents:** Notwithstanding anything contained in the Act or in these Articles to the contrary, where securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (vi) **Transfer of Securities:** Nothing contained in Section 108 of the Companies Act, 1956, or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
- (vii) **Allotment of securities dealt with a Depository:** Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository, immediately on allotment of such securities.

Clause (a) & (b) of Article 24 of the existing Articles of Association be substituted by the following:

- (a) Except as ordered by a Court of Competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly

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provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles of the person from time to time registered as holders thereof or whose name appears as the beneficial owner of shares in the records of the Depository, whether or not the company has express, implied or constructive notice thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

- (b) Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any shares or the person whose name appears as the beneficial owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction, or by the act required, be bound to recognise any equitable or other claim or interest in such share on the part of any other person.

- [G] Article 57 of the existing Articles of Association be substituted by the following:

Transfer and Transmission of Shares register of Transfers: The company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer, or transmission of any shares held in material form.

- [H] The following Article shall be inserted as Article 57-A after the Article 57 of the existing Article of Association:

Transfer and Transmission of shares in electronic form: In the case of transfer or transmission of shares or other marketable securities where the company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

- [I] The following Article shall be inserted as Article 102-A of the existing Articles of Association:

Voting Right of Beneficial Owner for Demate Shares: A Depository, as a registered owner, shall not have any voting rights in respect of shares and securities held by it in dematerialised form. However, the beneficial owner as per the Register of Beneficial Owner maintained by a Depository shall be entitled to such rights in respect of shares or securities held by him in the Depository. Any reference to the Member or Joint members in Article 101 to 116 of the Articles of Association shall include a reference to Beneficial Owner or Joint Beneficial Owner in respect of the shares held in a Depository.

- [J] The following Article shall be inserted as the Article 67-A after Article 67 of the existing Articles of Association:

- (i) Notwithstanding anything contained in Article 67, every holder of shares in, or holder of debentures of the Company may either singly or jointly up to two persons at any time nominate a person in the prescribed manner to whom the shares and/or interest of the Member in the capital of the Company or debentures shall be transferred in the event of his or her death. A member may revoke or vary his or her nomination, at any time, by notifying the Company to that effect.
- (ii) Where the shares in, or debentures of the Company are held by more than one person jointly, the jointholder upto two persons may together nominate, in the