



COMPUAGE INFOCOM LTD.

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1st Annual Report

1999-2000



NOTICE

NOTICE is hereby given that the 1st Annual General Meeting of **COMPUAGE INFOCOM LIMITED** will be held on Monday, the 4th December, 2000 at 4 p.m. at Bala Mandir German Hall, No. 17, Prakasam Street, T. Nagar, Chennai - 600017 to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000, Profit and Loss Account for the period ended on 31st March, 2000 and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Preference and Equity shares of the company.
3. To appoint Director in place of Mr. C. Subramaniam, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Mr. Atul Mehta who was appointed as Additional Director under Section 260 of the Companies Act, 1956 and holds office till the conclusion of this Annual General Meeting be and is hereby appointed as 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 Mr. Ajay Mehta who was appointed as Additional Director under Section 260 of the Companies Act, 1956 and holds office till the conclusion of this Annual General Meeting be and is hereby appointed as Director of the Company."
7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Mr. Bhavesh Mehta who was appointed as Additional Director under Section 260 of the Companies Act, 1956 and holds office till the conclusion of this Annual General Meeting be and is hereby appointed as Director of the Company."
8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT" Mr. G. S. Ganesh who was appointed as Additional Director under Section 260 of the Companies Act, 1956 and holds office till the conclusion of this Annual General Meeting be and is hereby appointed as Director of the Company."



9. 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, 309 and 310 read with Schedule XIII and any other applicable provisions of the Companies Act, 1956, the Company hereby accords its approval to the appointment of Mr. Atul Mehta as Managing Director of the Company for a period of five years with effective from 9th September, 2000 on the basis of the such remuneration, perquisites/benefits and terms and conditions set out in a draft agreement that is proposed to be entered into with the said Mr. Atul Mehta, copy whereof initialled by the Chairman is produced at the meeting.
10. To consider and, if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution.
 "RESOLVED THAT pursuant to Section 198, 269, 309 and Schedule XIII, and other applicable provisions, if any of the companies Act, 1956, consent of the company be and is hereby accorded to the appointment of and remuneration payable to Mr. Ajay Mehta as Whole time Director of the Company with effective from 18th October, 2000 on terms and conditions set out in a draft agreement that is proposed to be entered into with the said Mr. Ajay Mehta, copy whereof initialled by the Chairman is produced at the meeting.
11. To consider and, if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution.
 "RESOLVED THAT pursuant to Section 198, 269, 309 and Schedule XIII, and other applicable provisions, if any of the companies Act, 1956, consent of the company be and is hereby accorded to the appointment of and remuneration payable to Mr. Bhavesh Mehta as Wholetime Director of the Company with effective from 18th October, 2000 on terms and conditions set out in a draft agreement that is proposed to be entered into with the said Mr. Bhavesh Mehta, copy whereof initialled by the Chairman is produced at the meeting.
12. To consider and if thought fit to pass with or without modifications, the following Resolution as Special Resolution :
 "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provision of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :
 (A) The following new Article numbered as 8C and 8D be inserted after Article 8B :
8C : Register and Index of Members :
 The Company shall cause to be kept at its registered office or at such place as may be decided by the Board of Directors, the Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Companies Act, 1956 and Depositories Act, 1996 with the details of shares held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media.
 The Register of Index of Beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 and any amendment or reenactment thereof. The Company shall have power to



keep in any State or country outside India, a register of Members for the residents in that State or country.

8D : Nomination :

1. Every shareholder or debenture holder of the Company may at anytime nominate in the prescribed manner a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
2. Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate in the prescribed manner a person to whom all the rights in the shares or debentures of the company as the Company as the case may be, shall vest in the event of death of all the joint holders.
3. Notwithstanding anything contained in any other law for the time being in force or in any depositions, whether testamentary or otherwise in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to invest the shares in or debentures of the Company, the nominee shall on the death of the share holder or debenture holder or as the case may be on the death of the joint holders, become entitled to all the rights in such shares or debentures or as the case may be all the joint holders in relation to such shares or debentures to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.
4. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint, in the prescribed manner any person to become entitled to shares in or debentures of the Company in the event of his death during the minority.
5. A nominee, upon production of such evidence as may be required by the Board and subject as herein after provided, elect, either :
 - (a) to be registered himself as holder of the share or debenture, as the case may be : or
 - (b) to make such transfer of the share or debenture as the case may be as the deceased shareholder or debenture holder could have made :
 - (c) if the nominee elects to be registered as holder of the share or debenture, himself as the case may be he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be :
 - (d) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture and if the notice is not complied with within ninety days the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture until the requirements of the notice have been complied with.



(B) The following interpretations will follow after existing Article 2(u) :

- v) Beneficial Owner : "Bye-Laws" means the beneficial owner as defined in clause (a) of subsection (1) of section 2 of the Depositories Act 1996.
- w) Bye-laws : "Bye-Laws" mean bye-laws made by a Depository under section 26 of the Depositories Act, 1996.
- x) Depositories Act : Depositories Act means the Depositories Act, 1996 and any statutory modification or reenactment thereof for time being in force.
- y) Depository : Depository means a Company formed and registered under the Companies Act 1956 (1 of 1956) (the Act) and which has been granted a certificate of registration under sub-section (1) of Section 12 of the Securities and Exchange of India Act, 1992 (15 of 1992).
- z) Record : "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI.
- aa) Regulations : Regulations means the regulation made by SEBI.
- ab) SEBI means the Securities and Exchange Board of India.
- ac) Security : "Security means such as may be specified by SEBI from time to time.

Shareholder or Member : shareholder or Member means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding equity shares and /or Preference Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository.

(C) The following Articles Nos. from 53A to 53L shall be inserted after Article 53 :

53A. Dematerialisation of Securities :

Notwithstanding anything contained in these articles, the Company shall be entitled to dematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to Depositories Act, 1996 and Rules framed thereunder if any :

53B. Option for Investors :

Every person subscribing to the securities offered by the company shall have the option to receive the security certificates or hold the securities 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 law, in respect of any security in the manner provided by the Depositories Act, and the company shall in the manner and within time prescribed, issue to the Beneficial Owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security :

53C. Securities in Depositories to be in fungible form :

All securities held by Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a



Depository in respect of the securities held by it on behalf of the beneficial owners :

53D. Rights of Depositories and Beneficial Owners :

1. 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 :
2. Save as otherwise provided in (1) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it :
3. Every person holding securities of the Company and whose name is entered as a Beneficial Owner in records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of the securities shall not have any voting rights or any other right in respect of his securities held by a Depository.

53E. Depository to furnish information :

Notwithstanding anything to the contrary contained in the Act or these Articles, where the 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 and discs.

53F. Option to opt out in respect of the security :

If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall, on receipt of intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

53G. Section 83 and 108 of the Act not to apply :

Notwithstanding anything to the contrary contained in the articles-

- i. Section 83 of the Act shall not apply to the shares with a Depository.
- ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository.

53H. Register and Index of Beneficial Owners :

The Register and Index of Beneficial Owner, maintained by a Depository under section 11 of the Depositories Act shall be deemed to be the Register and Index of members and security holders as the case may be for the purpose of these Articles.

53I. Intimation to Depository :

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

53J. Stamp duty on securities held on dematerialised form :

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

**53K. Applicability of the depositories Act, 1996 :**

In case of transfer of shares, debentures and other marketable securities, where the company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories act 1996 shall apply.

53L. Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository :

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in the records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company shall not except as ordered by a court of competent jurisdiction or as by law required be bound to recognise and benami trust or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provision of the Companies Act, 1956, the Articles of Association of the Company be altered by adding new clause no.104h after existing clause no.104g in the following manner:

104(h) So long as Mr. Atul Mehta along with his relatives and bodies corporate owned and controlled by him together hold not less than 10% (Ten per cent) or more of the paid up equity share capital of the Company, from time to time, notwithstanding anything contained in any other clause in Articles of Association, Shri Atul Mehta or his nominee or a person duly authorised by him shall have the right to nominate upto the maximum of four persons as Director or Directors on the Board of the Company and to remove such person or persons from the Board and nominate other or others in their place and the company and the Board of Directors shall be bound by such nomination. Such nominee Director would not be liable to retire by rotation. If at any time the total number of the nominee Directors is more than one third of the total number of Directors, the nominee Directors who shall not retire shall be determined by and in accordance with their respective seniorities and the seniorities of the nominee Directors shall be determined by the dates of their appointments as nominee Directors by Shri Atul Mehta.

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

"RESOLVED THAT company do hereby accord its approval under section 293(1)(a) of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and movable properties of the Company, wherever situate, both present and future or the whole or substantially the whole of the undertaking or undertakings of the company in such manner and in such form as the board of Directors may think fit, together with power to takeover management of the business and concern of the Company in certain events for securing any loans and / or advances already obtained or that may be obtained from any financial institution / banks / insurance companies or person or persons, and or to secure any debentures issued and or that may be issued and all interests, compound/additional interest, commitment charge, costs charges, expenses and all other moneys payable by the Company to the concerned lenders within the overall limit of Rs.50 crores (Rupees fifty crores.)



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

"RESOLVED THAT according to Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of the Company be and are hereby authorised and shall be deemed to have always been authorised, to raise or borrow from time to time at its discretion either from time to time at its discretion either from the company's Bankers or from the directors or from elsewhere on such terms and conditions as to repayment, interest or otherwise, as it thinks fit, such sums as may be necessary for the purpose of the Company upto a limit of Rupees Fifty Crores over and above the aggregate of the paid-up capital and free reserves of the company, outstanding at any one time and that such borrowing shall be exclusive of temporary loans obtained or to be obtained by the company from the company's bankers in the ordinary course of business."

By ORDER OF THE BOARD OF DIRECTORS
for COMPUAGE INFOCOM LIMITED

Atul H. Mehta
(Chairman)

Date : 18th October, 2000

Place : Mumbai

NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.

A proxy form, duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

- b) The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item 5 to 15 stated above is annexed hereto.
- c) Members/Proxies should bring the Attendance Slip sent herewith, duly, filled in, for attending the meeting. You are also requested to bring the copy of Annual Report sent to you.
- d) Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's Share Department enclosing their share certificates, to enable the company to consolidate their holding in one folio.
- e) Members desiring any information on the Accounts are requested to write to the Company, which should reach the Company at least one week before the meeting so as to enable the Management to keep the information ready. Replies will be provided only at the meeting.
- f) Members are requested to notify the Company, the changes, if any, in the address in full with the postal area pin code number quoting their folio numbers.



**EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956.**

ITEM NO. 5

In order to broaden the Board of Directors, the Directors at its meeting held on 16th June, 2000 appointed Mr. Atul Mehta, as Additional Director pursuant to the provisions contained in the Articles of Association of the Company under Section 260 of the Companies Act, 1956.

Mr. Atul Mehta, holds office as Director upto the date of Annual General Meeting.

As required under Section 257 of the said Act, notice has been received from some members signifying their intention to propose Mr. Atul Mehta as candidate for the office of Director of the Company.

The Directors, therefore, recommended the passing of this Resolution.

No Director except Mr. Atul Mehta may be considered to be interested in the passing of this Resolution.

ITEM NO.6

The Board of Directors of the Company appointed Mr. Ajay Mehta as an additional Director of the Company with effect from 18th October, 2000. In terms of the Articles of Association of Company, Mr. Ajay Mehta holds office upto the date of the forthcoming Annual General meeting of the Company. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Bhavesh Mehta as a Director of the Company at the ensuing Annual General Meeting. Mr. Ajay Mehta is willing to act as a Director and has consented in writing pursuant to Section 264(1) of the Act.

No Director of the Company is concerned or interested in the resolution except Mr. Ajay Mehta.

The Board commends the resolution for the approval of the members.

ITEM NO.7

The Board of Directors of the Company appointed Mr. Bhavesh Mehta as an additional Director of the Company with effect from 18th October, 2000. In terms of the Articles of Association of Company, Mr. Bhavesh Mehta holds office upto the date of the forthcoming Annual General meeting of the Company. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Bhavesh Mehta as a Director of the Company at the ensuing Annual General Meeting. Mr. Bhavesh Mehta is willing to act as a Director and has consented in writing pursuant to Section 264(1) of the Act.

No Director of the Company is concerned or interested in the resolution except Mr. Bhavesh Mehta.

The Board commends the resolution for the approval of the members.

ITEM NO. 8

The Board of Directors of the Company appointed Mr. G. S. Ganesh an additional Director of the Company with effect from 18th October, 2000. In terms of the Articles of Association of Company, Mr. G. S. Ganesh