

# **DATAPRO INFORMATION TECHNOLOGY LIMITED**



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**DATAPRO INFORMATION TECHNOLOGY LIMITED**

**10th Annual Report 1998-99**

**DIRECTORS**

**Rajeev Arora**  
(Chairman & Managing Director)

**Deepak Kamdar**  
**A.D. Narula**  
**Anand Bhatt**  
**Ashok Someshwar**  
**Pankaj Saxena**

**AUDITORS**

**Chetan D. Kadam & Co.**  
Chartered Accountants,  
7-A, Shaheen Apartments, 2nd Floor, 132, Modi Street,  
Fort, Mumbai-400 001.

**BANKERS**

Central Bank of India

**SOLICITORS**

**Wadia Ghandy & Co.**  
N.M. Wadia Bldg., 123, Mahatma Gandhi Marg,  
Mumbai-400 023.

**REGISTERED OFFICE**

EL-21, Electronic Zone, MIDC,  
Bhosari, Pune-411 026.

**REGISTRARS AND SHARE TRANSFER AGENTS**

**SRG Infotec Limited,**  
(Share Transfer Division)  
Devraha House, A-256, Industrial Area Phase-I,  
Okhala, New Delhi-110 020.  
Tel.: 6812434  
Fax : 011-6812828



**DATAPRO INFORMATION TECHNOLOGY LTD.**

## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD ON SATURDAY THE 17TH DAY OF JULY 1999 AT 9.00 A.M. AT EL- 21, ELECTRONIC ZONE, MIDC, BHOSARI, PUNE, MAHARASHTRA TO TRANSACT THE FOLLOWING BUSINESS :-**

### **Ordinary Business**

- 1) To receive, consider and adopt the audited Profit and Loss Account of the Company for the year ended 31st March 1999 and the Balance Sheet as on that date together with the report of the Director's and the Auditor's thereupon.
- 2) To appoint a director in place of Mr. Deepak Kamdar, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a director in place of Mr. A.D. Narula, who retires by rotation and being eligible, offers himself for re-appointment.

### **Special Business:**

- 4) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **"Ordinary Resolution"**

**"Resolved** that pursuant to Sec.224 & 225 of the Companies Act 1956, M/s. Rajesh Kukraja & Associates, Chartered Accountants, be and are hereby appointed as the auditor of the Company, in place of M/s. Chetan D. Kadam & Co., Chartered Accountants, the retiring Auditors, to hold office upto the conclusion of next Annual General Meeting and to fix their remuneration".

- 5) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **"Ordinary Resolution"**

**"Resolved** that the consent of the Company be and is hereby accorded to the Board of Directors of the Company to make an application with the National Stock Exchange (NSE) for the listing of Securities of the Company."

**"Resolved** that the Board be authorised to do all such acts, things, deeds etc. as may be necessary in this regard."

- 6) To consider and if thought fit, to pass with or without modification(s) the following resolution as a **"Special Resolution"**

**"Resolved** that in pursuant to the applicable provisions of the Companies Act, 1956 &


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Depository Act 1996 (including any statutory modification or re-enactment thereof for the time being in force) and further in accordance with the SEBI's relevant guidelines issued under the Securities and Exchange Board of India Act 1992, the consent of the Company be and is hereby accorded to the Board of Directors to get the Securities of the Company dematerialized and further to convert the nominal value of Equity Shares of the Company from Rs.10/- per shares to such value as may be in accordance with the relevant guidelines of SEBI's in this respect."

**"Resolved** that the board be authorised to make necessary alterations in the Articles of Association of the Company to incorporate the suitable provisions as per the law."

**"Resolved** further that the Board of Directors of the Company be authorised to execute and file all necessary papers, documents etc. with the concerned authorities and to do all such acts, things, deeds etc. as may be necessary in this regard."

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a **"Special Resolution"**

**"Resolved** that in accordance with the provisions of Sec. 81(1A) and other applicable provisions if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof), the Articles of Association of the Company and the guidelines and clarification as issued by the Securities and Exchange Board of India (SEBI), from time to time and subject to such consents, approvals, permissions or sanctions as may be necessary of the appropriate authority(ies) required under any legislation, rules and regulations for the time being in force concerning issue of Capital, and further subject to such terms, conditions, stipulations, alterations, modifications as may be specified by the said authority(ies) and accepted by the Board of Directors of the Company hereinafter called the "Board" (which term shall be deemed to include any committee which the Board may have constituted or hereafter constitute to exercise its power including the power conferred by this resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot 1 Crore Equity Shares of Rs.10/- each at a premium of Rs.5/- per share and 23 Lac Zero Interest Fully Convertible Debentures (FCDs) of Rs 100/- each, which shall be converted into Equity Shares of Rs. 10/- each within a period of 16 months from the date of Allotment at a premium as may determined by the Board, however such conversion price shall be in accordance with the pricing guidelines of SEBI as stated in Securities and Exchange Board of India (SEBI's) Guidelines on "Preferential Issue of Shares by private placement" dated 4th August 1994, in one or more trenches as may be deemed appropriate by the Board on such terms and conditions and in such manner as the Board may in its absolute discretion think fit".

**"Resolved** that the new Equity Shares of Rs.10/- each to be issued as aforesaid shall rank, pari passu in all respects with the existing fully paid up Equity Shares in the capital of the Company and shall rank for dividend if declared, pro-rata from the date of allotment."

**"Resolved** that the currency of Zero Interest FCD's be for a maximum period of 16 months from the date of their allotment."

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**"Resolved** further that in the event of the Company making a bonus issue of shares or making a right issue of shares /convertible debentures in whatever proportion prior to the exercise of the Right attached to the FCD's, the entitlement of the holders of the FCD's shall be augmented in the same proportion in which the equity shares capital of the Company increases as a consequence of such bonus/right issue and that the exercise price of the FCDs be adjusted accordingly, subject to such approval as may be required."

**"Resolved** further that the Equity Shares to be issued and allotted by the Company as a consequence of the conversion of the FCD's in the manner aforesaid shall rank *pari passu* in all respects with the existing fully paid up Equity Shares of the Company except that the dividend, if declared, shall be paid pro-rata from the date of allotment in respect of such financial year of the Company in which the FCD's are converted into Equity Shares."

- (8) To consider and, if thought fit, to pass with or without modification(s) the following resolution as a **"Special Resolution"**

**"Resolved** that the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee referred to below) and any duly authorised committee thereof, for the time being authorised to exercise the power of the Board by this resolution, be and is hereby authorised on behalf of the Company to increase the Authorised Capital of the Company upto a maximum of Rs.55,00,00,000 (Fifty Five Crore only) either at one time or time to time as per the requirement, divided either by way of Equity Shares or Preference Shares, whether cumulative or non cumulative, redeemable or non redeemable, convertible or non convertible, as "the Board" may in absolute discretion think fit and upon the said increase in authorised capital becoming complete and effective, Clause V of the Memorandum of Association of the Company and Clause 3 of the Articles of Association of the Company will be altered from time to time accordingly."

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By the Order of Board  
**DATAPRO INFORMATION TECHNOLOGY LIMITED**

(Rajeev Arora)  
Chairman & Managing Director

Pune  
Date : 17.06.99



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**NOTE:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE THE MEMBER OF THE COMPANY.**
2. The proxies in order to be effective must be delivered at the registered office of the Company not later than 48 hours before the time of meeting.
3. Members desiring any information on the accounts are required to intimate at least 7 days prior to the date of Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 6th July 1999 to 17th July 1999. (both days inclusive)
5. Members may note that the Company has appointed its new share transfer agent. Any future correspondence in respect of Share transfer may be forwarded to :

**SRG Infotec Limited (Share Transfer Division)**  
**Division : Datapro Information Technology Limited**  
**Devraha House, A-256, Industrial Area Phase-I,**  
**Okhala, New Delhi-110 020.**  
**Tel.: 6812434**  
**Fax : 011-6812828**

6. An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of all the matters is enclosed herewith.
7. Members may kindly note that no gift/ gift coupon will be distributed at the Annual General Meeting.

By order of Board  
**Datapro Information Technology Limited**

(Rajeev Arora)  
Chairman & Managing Director

Pune  
Date : 17.06.99

**DATAPRO INFORMATION TECHNOLOGY LTD.****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 4**

M/s. Chetan D. Kadam & Co. Chartered Accountants were appointed as Statutory Auditors of the Company for the year 1998-99, at the last Annual General Meeting. However due to certain pre-occupations M/s. Chetan D. Kadam & Co. have expressed their inability to continue for the further term and have requested to be relieved.

The Company has received a special notice from the one of the members, wherein he has signified his intention for appointment of M/s. Rajesh Kukreja & Associates, Chartered Accountants as the Statutory Auditors of the Company.

The Company has intimated both M/s. Chetan D. Kadam & Co. and M/s. Rajesh Kukreja & Associates, of such a special notice.

Your Directors recommend the necessary resolutions for the approval by the members.

None of the Directors of the Company is concerned or interested in the proposed resolutions.

**Item No. 5 & 6**

In order to serve the shareholders' interest in a better and transparent way and further, as a policy of corporate governance, the management of the Company has decided to go with the SEBI's policies for investor's protection. In its effort to provide more transparency, the Company has decided to get the Securities of the Company dematerialised as per the provisions of Depositories Act 1992. As such dematerialization requires certain amendment in Articles of Association of the Company to incorporate necessary definitions and respective provisions, the Board of Directors proposes to pass the requisite resolutions as per the provisions of Sec.31 of the Companies Act 1956.

Further at present Company's Shares are listed at Pune, Mumbai, Ahmedabad and Delhi Stock Exchanges. In order to bring more liquidity for the ultimate benefit of the shareholders of the Company, Board of Directors has decided to get the securities of the Company listed at the National Stock Exchange (NSE). As the NSE has wider accessibility compared to other regional exchanges, the Board sees this as a positive step for the overall benefit of Shareholders in general.

Your Directors recommend the necessary resolutions for the approval by the members.

None of the Directors of the Company is concerned or interested in the proposed resolutions.

**Item No.7**

Presently the Company is providing E-Mail and other related services under the brand "Xee-Mail", to a large client base. With the advent of Internet based services and the liberalization of the government Policies the management looks upon the same as a good opportunity to increase its existing business in this segment and also to take the advantage of synergy in the existing line of business-specially through E-mail, E-Commerce and other web related services. To make a headway in this area, the management is in negotiation with the SRG Group, who have over a period of time developed a sound base for Internet & related services alongwith the necessary software. They have also compiled a huge premium database of 15 million people connected with internet




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investment and related services. Your management has negotiated to acquire their Internet Division as an independent and distinct unit with all the tangible and intangible assets and liabilities attached with the division such as fixed assets, whether movable or immovable, hardware & software with source codes, data bases, brand equity, goodwill & other assets and connected liabilities, as set out in the Draft Memorandum of Understanding to be approved and signed at the Board Meeting of M/s. SRG Infotec Limited, as a running business. The Consideration of the same has been calculated at Rs. 38 Crores. Your Company proposes to allot Equity Shares/FCD's for the same on preferential basis to M/s SRG Infotec Limited.

**DISCLOSURE PURSUANT TO CLAUSE C OF SUB REGULATION (1) OF REGULATION 3 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 1997 IS GIVEN BELOW:**

**(A) IDENTITY OF THE CLASS OF THE PROPOSED ALLOTTEE:**

Name of the Proposed Allottee	No. of Equity Shares proposed to be allotted	No of Zero Interest FCDs' proposed to be allotted
SRG Infotec Limited	1,00,00,000	23,00,000

**(B) PRICE AT WHICH THE ALLOTMENT IS PROPOSED**

It is proposed to issue and allot :

- (1) 1,00,00,000 Equity Shares of Rs.10/- each at a premium of Rs.5/- per share.
- (2) 23,00,000 Zero Interest Fully Convertible Debentures (FCDs) of Rs. 100/- each, to be converted into Equity Shares of Rs. 10/- each within a period of 16 months from the date of issue. The Pricing of the same will be in accordance with the Pricing Guidelines as stated in SEBI's Guidelines on Preferential Issue of Shares by Private Placement, dated 4th August 1994.

**(C) PRESENT SHARE HOLDING OF THE PROPOSED ALLOTTEES : NIL**
**(D) SHARES PROPOSED TO BE ALLOTTED TO THE PROPOSED ALLOTTEES, THEIR SHARE HOLDING AFTER THE PROPOSED ALLOTMENT AND PERCENTAGE OF THEIR HOLDING OF POST ISSUED CAPITAL**

Name of the allottee	No. of Equity Shares proposed to be allotted	% of post issue Capital
SRG Infotec Limited	1,00,00,000	44.24 %

**(E) CONSEQUENTIAL CHANGE IN THE BOARD OF DIRECTORS AND VOTING RIGHTS:**

Neither proposed allottee nor any of its Promoters/Directors has any representation on the Board of Directors of the Company. The composition of the Board of Directors may undergo a change with the induction of new Directors as may be proposed by the aforesaid allottees. However there is no formal understanding on the same.



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Further voting rights of the Shareholders of the Company would be governed to the extent of their respective shareholding and provisions of the Companies Act 1956. There may be a change in the management control of the Company as the percentage of the holding of the proposed allottee will be more than the existing promoter.

**(F) POST ISSUE SHARE HOLDING PATTERN OF THE COMPANY**

Category	Pre-issue Equity Shareholding (%)	Post-issue Equity Shareholding (%)
A. Resident Individuals	46.56	25.96
B. Foreign Holding (FIIs/FFIs/NRIs/OCBs)	13.85	7.73
C. SRG Infotec Limited	—	44.24
D. Bodies Corporate (Others)	36.05	20.09
E. F.I.s	—	—
F. Mutual Funds/Banks	3.54	1.98
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**NOTE:** As the Conversion of FCD's will be at a later date (within 16 months) from the date of allotment, as per the discretion of the Board of Directors, at a price to be decided as per SEBI's preferential guidelines, dated 7-8-1994 it is not appropriate to calculate the Post conversion shareholding pattern.

None of the Directors of the Company is concerned or interested in the proposed resolution.

**Item No. 8**

As stated in items no. 7, the Company plans to issue fresh capital by way of Preferential issue. The present capital of the Company is not sufficient to accommodate the proposed allotment. In order to save on costs, it has been proposed to authorise the Board of Directors with absolute power to increase the authorised capital of the Company upto a maximum of Rs.55 Crore either in one go or in trenches, by one mode or the other as stated in said resolution. New Equity Shares shall rank pari passu with the Existing Equity Shares of the Company.

The resolution is for change in Authorised Share Capital of the Company and to empower the Board to make consequential amendment(s)/modification(s) in the Capital clause in the Memorandum and Articles of Association of the Company, as and when the need arises.

Your Directors recommend the necessary resolution for the approval by the members.

None of the Directors of the Company is concerned or interested in the proposed resolution.

By the Order of Board  
Datapro Information Technology Ltd.

Pune  
Dated : 17.06.99

(Rajeev Arora)  
Chairman & Managing Director



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**Directors' Report**

To  
The Members,

Your directors have pleasure in presenting the Tenth Annual Report together with the Audited Financial Statement of the Company for the year ended 31st March 1999.

**Financial Results**

	For the year Ended 31.03.99	For the year Ended 31.03.98
Income	8,24,75,747	6,84,37,337
Profit/ (Loss) before tax	(5,21,335)	(42,50,662)
Provision for taxation	—	—
Prior year tax	—	36,001
Profit/ (Loss) after tax	(5,21,335)	(42,86,663)
Balance brought forward	(2,18,19,191)	(175,32,528)
Balance carried forward	(2,23,40,526)	(218,19,191)

**2. Operation:**

The Gross receipts of the Company during the year were Rs.8.24 Cr. The total expenditure was Rs.8.29 Cr. As a result, there was a loss of Rs. 5.21 Lac during the year (Previous year loss Rs. 42.86 Lacs). As You are aware, with the advent of whole new set of services on the Internet the industry as a whole, is passing through a transitional phase, and all companies and consumers were closely watching this phase and not making many fresh ventures. It was very difficult to maintain the existing volume of business and obtain the new business. However your management feels satisfied that during the year under review, the Company was able to increase its business by almost 20%, which is quite impressive. However due to strong competition, margins remained low which was further aggravated by the increased promotional expenditures. Yet losses during the year were reduced to Rs. 5.21 Lac.

During the current year under progress, Company has made good business headway and has been achieving the targets as fixed at the start of year. In its efforts to make its forey in Internet based services, the Company has negotiated and entered into strategic alliance with the SRG Group having strong base, including a premium and reliable data base of Internet investment and related