

7th
Annual Report
1998-99

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ENCORE SOFTWARE LIMITED

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BOARD OF DIRECTORS

1. Mr. Vinay L. Deshpande
2. Mr. Ravi Kumar Neeladri
3. Mr. A. Raja Reddy

AUDITORS

Messrs. Kowtha & Co.
Chartered Accountants

CORPORATE OFFICE & WORKS

III Floor, Leo Complex
44/45, Residency (Cross) Road
BANGALORE - 560 025

BANKERS

Syndicate Bank

SHARE TRANSFER AGENT

Karnataka Financial Services Ltd.
No.29, Hospital Road
Shivajinagar
BANGALORE - 560 001.
Ph. No. : 2860861/2869881/2869882

ENCORE SOFTWARE LIMITED

(Formerly Amity Agro Product Ltd.)

REGD. OFFICE :

SURAMPALLY INDUSTRIAL ESTATE
SURAMPALLY - 521 212
GANAVARAM MANDAL,
KRISHNA DIST, A.P. INDIA

NOTICE

Notice is hereby given that the 7th Annual General Meeting of Encore Software Limited will be held at the registered office of the Company at Surampally Industrial Estate, Surampally - 521 212, Ganavaram Mandal, Krishna Dist, A.P. India, on Thursday, the 30th December 1999 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet as at 30th June 1999 and the profit and loss account made up to that date together with the reports of the Directors and the Auditors thereon.
2. To appoint Dr. S.K. Gupta as a Director in place of Mr. A. Raja Reddy who retires by rotation and who does not offer himself for reappointment.
3. To consider, and if thought fit, to pass, with or without any modification (s), the following as an Ordinary Resolution :

"RESOLVED THAT Messrs. Kowtha & Co., Chartered Accountants, auditors of the company having expressed their inability to continue and the Company having received notice from a member, Messrs. Ishwar & Gopal, Chartered Accountants, Bangalore be and are hereby appointed as Auditors of the Company from the conclusion of this meeting till the conclusion of the next Annual General Meeting and that the Board of Directors be authorised to fix their remuneration in consultation with them".

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass, with or without any modification (s), the following as an Ordinary Resolution :

"RESOLVED THAT Mrs. Chhanda Deshpande be and is hereby appointed as Director of the Company."

5. To consider, and if thought fit, to pass, with or without any modification (s), the following as an Ordinary Resolution :

"RESOLVED THAT Dr. Christian Schwarz-Schilling be and is hereby appointed as Director of the Company."

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

"RESOLVED THAT Prof. V. Rajaraman be and is hereby appointed as Director of the Company."

7. To consider, and if thought fit, to pass, with or without any modification (s), the following as an Ordinary Resolution :

"RESOLVED THAT Prof. V. Umapathy Reddy be and is hereby appointed as Director of the Company."

8. To consider, and if thought fit, to pass, with or without any modification (s), the following as an Ordinary Resolution :

"RESOLVED THAT Mr. Ashwin Vora be and is hereby appointed as Director of the Company."

9. To consider, and if thought fit, to pass, with or without any modification (s), the following as a Special Resolution :

"RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from the existing Rs.6,20,00,000/-(Rupees Six Crores Twenty Lakhs) divided into 62,00,000 Equity Shares of Rs.10/-each to Rs.7,00,00,000/-(Rupees Seven Crores) divided into 70,00,000 Equity Shares of Rs.10/-each by additionally creating 8,00,000 Equity Shares of Rs.10/-each.

RESOLVED THAT the unissued shares to be allotted by the Company, shall rank pari passu with the existing Equity Shares except for dividend entitlement for the first qualifying year, which shall be on pro-rata basis.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all the necessary acts to give effect to this resolution."

10. To consider, and if thought fit, to pass, with or without any modification (s), the following as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association be and is hereby altered in the following manner :

By deleting the existing Clause V and by substituting the following new Clause V as hereunder :

V. The Authorised Capital of the Company is Rs.7,00,00,000 (Rupees Seven Crores) divided into 70,00,000 (Seventy Lakhs) Equity Shares of Rs.10/-(Rupees Ten Only) each."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association be and are hereby altered in the following manner :

By deleting the existing Article 2 and by substituting the following new Article 2 as hereunder :

2. The Authorised Capital of the Company is Rs.7,00,00,000 (Rupees Seven Crores) divided into 70,00,000 (Seventy Lakhs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each."

12. To consider, and if thought fit, to pass, with or without any modification (s), the following as a Special Resolution :

"RESOLVED THAT consent of the Company be and is hereby granted to the Board of Directors in terms of Sec. 81(1-A) of the Companies Act, 1956, to issue upto 6,00,000 (Six Lakhs Only) Equity Shares of Rs.10/-(Rupees Ten Only) each to any Person(s), Institution(s), Mutual/Venture Funds, Foreign Financial Institution(s), Foreign Institutional Investor(s), whether such Person(s) etc., is/are existing Members of the Company or not, on a preferential basis, at a price not less than Rs.35/-(Rupees Thirty Five only) per share, such that allotment(s) to any single individual or entity (as mentioned earlier), shall not exceed five percent of the post issued/paidup capital and the overall aggregate ceiling in the primary and secondary market on FII investment (including NRI/OCBs, wherever applicable) be the maximum permissible under the Law, from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to do all such acts, deeds and things in connection therewith and incidental thereto including acceptance of subscription money in tranches, permitting the appointment of Nominee Director(s), executing necessary documents, seeking the approval of appropriate Authorities, without being required to seek any further consent or approval of the Company or otherwise to the intent that they shall be deemed to have given their approval thereto expressly by the authority to this Resolution."

13. To consider, and if thought fit, to pass, with or without any modification (s), the following as a Special Resolution :

"RESOLVED THAT in terms of Section 81(1-A) of the Companies Act, 1956, SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, along with other applicable provisions and subject to the approvals of such Authorities, whose permission and sanctions that may be necessary, consent of the Company be and is hereby accorded to issue such number of Equity Shares, as may be determined from time to time, however, not exceeding 5% of the paid-up Equity Share Capital of the Company, to a Trust to be formed under a suitable Employee Stock Option Scheme (ESOS) which shall be managed by a COMPENSATION COMMITTEE consisting of majority of independent Directors.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the COMPENSATION COMMITTEE be and is hereby authorised to do all such acts, deeds and things in connection therewith and incidental thereto, including formulation of detailed terms and conditions, ensuring implementation and in particular comply with the specified Accounting Policy of the guidelines issued by the Securities and Exchange Board of India, without being required to seek any further consent or approval of the Company or otherwise to the intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

14. To consider, and if thought fit, to pass, with or without any modification (s), the following as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sec 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner :

- a. By deleting the existing Article 13 and by substituting the same with the following new Article 13 thereof :

' 13. The Directors need not have any qualification shares.'

- b. By including the following new Article 26 :

' 26. DEMATERIALISATION OF SHARES.

Definitions : For the purpose of this Article :

"DEPOSITORIES ACT" means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force.

"DEPOSITORY" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under the Securities and Exchange Board of India, Act, 1992.

"SEBI" means the Securities and Exchange Board of India.

"SECURITY" means such security as may be specified by the Securities and Exchange Board of India from time to time.

"MEMBER" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a beneficial owner in the records of the Depository.

"PARTICIPANT" means a person registered as such under Section 121(1A) of the Securities and Exchange Board of India Act, 1992.

"REGISTERED OWNER" means a Depository whose name is entered as such in the record of the Company.

"BENEFICIAL OWNER" means a person whose name is recorded as such with a Depository.

"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 issued by the Securities and Exchange Board of India, in relation to the Depositories Act.

"BYE-LAWS" means bye-laws made by a Depository under Section 26 of the Depositories Act.

"REGULATIONS" means the regulations made by the SEBI.

Words imparting the singular number only include the plural number and vice versa.

Words and expressions used and not defined in the Act but defined in the Depositories Act shall have the same meaning respectively assigned to them in that Act.

COMPANY TO RECOGNISE INTEREST IN DEMATERIALIZED SECURITIES UNDER DEPOSITORIES ACT

Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification (s) thereto or re-enactment thereof.

DEMATERIALISATION/REMATRIALISATION OF SECURITIES

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in depositories and/or offer its fresh securities in the dematerialized form pursuant to the Depositories Act and the rules framed thereunder, if any.

OPTION TO RECEIVE SECURITY CERTIFICATES OR HOLD SECURITIES WITH DEPOSITORY

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificates or hold securities with a Depository. Where a person opts to hold a 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 allottee as the beneficial owner of that Security.

SECURITIES IN FUNGIBLE FORM

All Securities held by a Depository shall be dematerialised and be in fungible form. No Certificate shall be issued for the Securities held by the Depository. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

BENEFICIAL OWNER DEEMED AS ABSOLUTE OWNER

Except as ordered by a Court of competent jurisdiction or by Law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust equity, equitable contingent, future, partial interest, other claim to or interest in respect of such share or (except only as by these Articles otherwise expressly provide) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS

Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.

Save as otherwise provided above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.

Every person holding securities of the Company and whose name is entered as a Beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial Owner of securities 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.

REGISTER AND INDEX OF BENEFICIAL OWNERS

The Company shall cause to be kept a Register and Index of Members with details of shares and debentures held in material and dematerialized forms in any media as may be permitted by law including any form of electronic media. The Register and Index of Beneficial owners maintained by a Depository under the Depositories Act shall be deemed to be a Register and Index of Members for the purpose of this Act. The Company shall have power to keep in any State or Country outside India a branch Register of Members resident in that State or Country.

CANCELLATION OF CERTIFICATES UPON SURRENDER BY A PERSON

Upon receipt of certificate of Securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of the Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

SERVICE OF DOCUMENTS

Notwithstanding anything contained in the Act or 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.

ALLOTMENT OF SECURITIES

Where the Securities are dealt with in a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

TRANSFER OF SECURITIES

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in Depository.

DISTINCTIVE NUMBER OF SECURITIES HELD IN A DEPOSITORY

The shares in the capital shall be numbered progressively according to their several denomination, provided however, that the provision relating to progressive numbering shall not apply to the shares of the

Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

PROVISIONS OF ARTICLES TO APPLY TO SHARES HELD IN DEPOSITORY

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.

DEPOSITORY TO FURNISH INFORMATION

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

OPTION TO OPT OUT IN RESPECT OF ANY SUCH SECURITY

If a beneficial owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within thirty (30) days of the receipt of intimation from a Depository and on fulfilment 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.

OVERRIDING EFFECT OF THIS ARTICLE

Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Article of these presents".

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 and other applicable provisions, if any, read with Schedule XIII, of the Companies Act, 1956 or any amendment modification (s) thereof, the consent of the Company be and is hereby accorded to the appointment of Mr. Vinay L. Deshpande as Chairman and Chief Executive Officer of the Company for a period of 5 years, with effect from 1st January 2000 on the terms and conditions and on remuneration, including commission and perquisites as set out in the Explanatory Statement to this Resolution.