

4TH

**ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
30TH SEPTEMBER, 2000**



INDUS

INDUS NETWORKS LIMITED

INDUS NETWORKS LIMITED

BOARD OF DIRECTORS:

Shri. S.T.Prasad
Shri Narendra Luther
Smt. S.Dhanalakshmi
Shri. S.T.S Prasad
Shri Lars Kreul

Managing Director
Director
Director
Director
Director

Company Secretary

Shri K P Karthikeyan

REGISTERED OFFICE:

PAWANI PLAZA,
6-3-698/A, PUNJAGUTTA,
HYDERABAD - 500 082
Ph : 040-330 9595
Fax : 040-330 9594
E-mail - info@indusnetworks.com

AUDITORS

M/S. KUMAR & GIRI
CHARTERED ACCOUNTANTS
HYDERABAD

BANKERS

Bank of Baroda, Masab Tank Branch,
Hyderabad
Central Bank of India,
Hyderabad Main Branch, Hyderabad
Centurion Bank Limited, Hyderabad

REGISTRARS & TRANSFER AGENTS:

Bigshare Services Private Limited
E/2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E) ,Mumbai -400 072
Ph : 022- 852 3474
Fax : 022- 852 5207
SEBI Registration No. INR 000001385

SECURITIES LISTED AT

The Hyderabad Stock Exchange Limited,
Hyderabad
The Stock Exchange, Mumbai
The Stock Exchange, Ahmedabad
Pune Stock Exchange Limited, Pune

NOTICE

NOTICE is hereby given that the Fourth Annual General Meeting of the members of INDUS NETWORKS LIMITED will be held on Friday, the 29th day of December, 2000, at Hotel Golconda, Masab Tank, Hyderabad at 3:00 PM to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at September 30, 2000 and the Profit and Loss Account for the 18 month period ended September 30, 2000 and the reports of the Directors and Auditors thereon.
2. To declare dividend on Equity shares, for the period ended 30th September, 2000.
3. To appoint a Director in place of Smt. S.Dhanalakshmi, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint M/s. Kumar & Giri, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company. The retiring Auditors M/s. Kumar & Giri, Chartered Accountants, Hyderabad, are eligible for reappointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT Shri S.T.S Prasad, who was appointed as an Additional Director of the Company with effect from 02.02.2000 and holds office upto the date of this Annual General Meeting of the Company, be and is hereby appointed as a Director of the Company who shall be liable to retire by rotation".

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

"RESOLVED THAT Shri Lars Kreul, who was appointed as an Additional Director of the Company with effect from 29.11.2000 and holds office upto the date of this Annual General Meeting of the Company, be and is hereby appointed as a Director of the Company who shall be liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if necessary, the remuneration of Shri. S.T.Prasad, Managing Director, be enhanced to Rs.15,00,000/- p.a (Rupees Fifteen Lakhs Only) fixed on the following terms and conditions:

1. Salary Rs. 62,500/- per month
2. Perquisites shall be restricted to an amount equal to the annual salary.

The perquisites are classified into three categories A, B & C

Category A:

- 1) Housing:
 - i) The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary.
 - ii) In case the accommodation is provided by the Company ten percent of the salary shall be deducted by the Company
 - iii) In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in (i) above.
- 2) Reimbursement of expenses incurred on gas, electricity and water in respect of the accommodation provided by the Company subject to a ceiling of ten percent of the salary.
- 3) Medical Reimbursement: Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.



- 4) Leave Travel Concession: Leave Travel Concession for self and family once in a year incurred in accordance with rules of the Company.
- 5) Club Fees: Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- 6) Personal Accident Insurance: Personal Accident Insurance of an amount the annual premium of which does not exceed Rs.4000/- per annum.

Category B:

- 1) Contribution to provident fund, superannuation or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act of 1961.
- 2) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs.1,00,000/-.
- 3) Earned/privilege leave:

On full pay and allowances as per the rules of the Company, but not more than one month's leave for every eleven months of service. Leave accumulated but not availed of will be allowed to be encashed at the end of the tenure.

The aforesaid perquisite stated in Category-B will not be included in the computation of the aforesaid ceiling on perquisites.

Category C:

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

The Managing Director will also be entitled to a commission payable annually subject to a maximum of 5% of the net profits of the Company as computed under Section 309 of the Companies Act, 1956.

In case of loss or inadequacy of profits in any financial year(s) of the Company, Shri S.T. Prasad shall be entitled to receive the remuneration and perquisites as aforesaid provided that the total shall not exceed the limit of Rs.15,00,000/- per annum".

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

"RESOLVED that in partial modification of the resolution passed at the Third Annual General Meeting of the Members of the Company held on 29.09.1999, the consent of the Company under the provisions of Section 293(1)(d) of the Companies Act, 1956 be and is hereby accorded to the Directors of the Company to borrow monies from time to time, but so that the monies to be borrowed together with the monies already borrowed by the Company, for the time being (apart from temporary loans obtained from Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, but shall not exceed the amount of Rs. 30 (Thirty only) Crores at any one time".

9. 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 Section 372A and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the approval of the Public Financial Institutions, Securities and Exchange Board of India (SEBI) and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or duly authorised Committee thereof for the time being exercising the powers conferred by the Board, consent of the Company be and is hereby accorded to the Board of Directors and/or duly authorised Committee of the Company, to make any loan to and/or to give any guarantee to and/or to provide

security, in connection with a loan made by any other person to, or to other person by and/or to acquire, by way of subscription, purchase, or otherwise the securities of INDUS NETWORKS AMERICA, INC. upto an amount of 1,00,000 US\$(approx. Rs 47 lakhs) and any other bodies corporate as may be decided from time to time, such amounts as may exceed sixty percent of the aggregate of the paid-up capital of the Company and its free reserves or hundred percent of the free reserves, whichever is more, but the loans to be made and/or the guarantees to be given or security to be provided and/or the investment to be made together with the existing loans made and/or the guarantees given or security provided and/or the investment already made, shall not exceed the amount as specified above at any point of time.

RESOLVED FURTHER THAT for the above purpose the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper, desirable or expedient”.

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

“RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to increase the Authorized Share Capital of the Company from Rs.10 (Ten) crores to Rs.15 (Fifteen) crores, by further creation of 50,00,000 Equity shares of Rs.10/- (Rupees ten only) each which shall rank pari passu with the existing equity shares of the Company.

FURTHER RESOLVED THAT Clause V of the Memorandum of Association of the Company be altered as follows:.

“The Authorized Share Capital of the Company is Rs.15 Crores (Rupees Fifteen crores only) divided into 1,50,00,000 Equity Shares of Rs.10/- (Rupees ten only) each with power to increase and reduce the capital to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential or special rights or

privileges or conditions as may be determined by or in accordance with the regulations of the Company and the Companies Act, 1956, and to vary, modify or abrogate such rights, privileges and conditions in such manner as may for the time being be provided by the regulations of the Company’.

RESOLVED FURTHER THAT Article 3 of the Articles of Association of the Company be altered as follows:

“The Authorised Share Capital of the Company is same as mentioned in Clause V of the Memorandum of Association of the Company”.

11. To consider and if, thought fit, to pass with or without modification(s), the following resolution as a special resolution.

“RESOLVED THAT in supersession of the earlier resolution passed at the Third Annual General Meeting of the members of the Company held on 29-09- 1999 and in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and enabling provisions in the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval of the Financial Institutions (FIs), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as “Board”) and/ or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to issue/offer either at par or at premium, equity shares and/or convertible debentures (fully or partly) and/or non-convertible debentures, all or any of the aforesaid with or with-



out detachable or non-detachable warrants and/or warrants of any nature and/or secured premium notes and/or floating rate notes/bonds and/or any other financial instruments (hereinafter for brevity's sake referred to as "Securities") to be subscribed either in rupees/foreign currency(ies) as the Board at its sole discretion may at any time or times hereinafter decide, which Securities when issued or allotted would ultimately result in an increase in the paid-up equity share capital of the Company to an amount not exceeding Rs.15 Crores (Rupees Fifteen crores only), the equity share capital component of the Authorised Share Capital of the Company as specified in the item no.10 of the notice calling for the Fourth Annual General Meeting of the members of the Company, to the members, General public, Mutual funds, Debentureholders, Employees, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), companies, other entities/authorities and to such other persons, whether through Public issue, rights issue, private placement, preferential allotment, exchange of Securities, conversion of loans or otherwise and for general corporate purposes including Capital expenditures, working capital requirements, strategic investments, any mergers, amalgamations, acquisitions, reconstructions or arrangements or any other re-organisations as the Board may deem fit and/or by any one or more or a combination of the above modes/methods or otherwise and in one or more tranches, with or without voting rights in General Meetings/Class Meetings of the Company as may be permitted under the prevailing laws at such price or prices, or in such manner as the Board or Committee thereof may on its absolute discretion think fit in consultation with the Lead Managers, Underwriters, Advisors and such other persons and on such terms and conditions including the number of Securities to be issued, face value, premium, rate of interest, redemption period, manner of redemption, amount of premium on redemption, the number of equity shares to be allotted on conversion/redemption/extinguishment of debts, exercise of rights attached with warrants, the ratio of exchange of shares and/or warrants and/or any other financial instrument, period of conversion, fixing

the record date or Book closure and related or incidental matters.

RESOLVED FURTHER that such of these Securities to be issued as are not subscribed may be disposed of by the Board/Committee thereof, to such persons and in such manner and on such terms as the Board or the Committee may in its all absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/ Foreign Institutional Investors or such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide.

RESOLVED FURTHER that the consent of the Company be and is hereby given to the Board of Directors in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, to sell, lease, dispose, mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine, all or any of the movable or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to takeover the management of the business and concern of the Company in certain events of default in favour of the Agents and Trustees/Lenders for securing the Securities (if they comprise fully/partly secured Convertible Debentures and/or secured Non Convertible Debentures with or without detachable or Non-Detachable warrants or secured premium notes, floating rate notes/bonds or other secured debt instruments) together with interest and further interest thereon, compound interest in case of default, accumulated interest, remuneration of the Trustees, premium (if any) on redemption, all other costs, charges and expenses payable by the Company in terms of the Trust Deed/other documents to be finalised and executed between the Company and the Agents and Trustees/Lenders and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Agents and Trustees/Lenders.

RESOLVED FURTHER that for the above purpose, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion think necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds of issue of the securities and further to do all such acts, deeds, matters and things in respect of appointment of Lead Managers, Registrars, Bankers, Trustees, Agents, Lenders, Brokers and Underwriters and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit”.

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

“RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows:

Articles 14,15,21,22,39,40,56,59,66,71,176 shall be deleted and the new articles substituted therefor:

FURTHER ISSUE OF SHARES: 14

- 1) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:
 - a) such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
 - b) such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- c) the offer aforesaid shall be deemed to include a right exercisable by the persons concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
- d) after expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner and to such person(s) as it may in its sole discretion think fit.
- 2) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever:
 - a) if a special resolution to that effect is passed by the company in the General Meeting, or
 - b) where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.
- 3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - a) to extend the time within which the offer should be accepted; or
 - b) to authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation



was first made has declined to take the shares comprised in the renunciation.

- 4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued or loans raised by the company:
- i) to convert such debentures or loans into shares in the company: or
 - ii) to subscribe for shares in the company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- b) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in the General Meeting before the issue of the debentures or raising of the loans.

SHARES AT THE DISPOSAL OF THE DIRECTORS: 15

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or

part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to make call on shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

LIMITATION OF TIME

FOR ISSUE OF CERTIFICATES: 21

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares, as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED: 22

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new Certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company may deem adequate, being given, and a new certificate in lieu thereof shall be given

to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulations or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall *mutatis mutandis* apply to debentures of the Company.

PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST: 39

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon, provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall *mutatis mutandis* apply to the calls on debentures of the company.

COMPANY'S LIEN ON SHARES / DEBENTURES: 40

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares / debentures) registered in the name of each

member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares /debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

INSTRUMENT OF TRANSFER: 56

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof.

DIRECTORS MAY REFUSE TO REGISTER TRANSFER: 59

Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company, but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares, transfer of shares/debentures in whatever lot shall not be refused.

NO FEE ON TRANSFER OR TRANSMISSION: 66

No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other document.