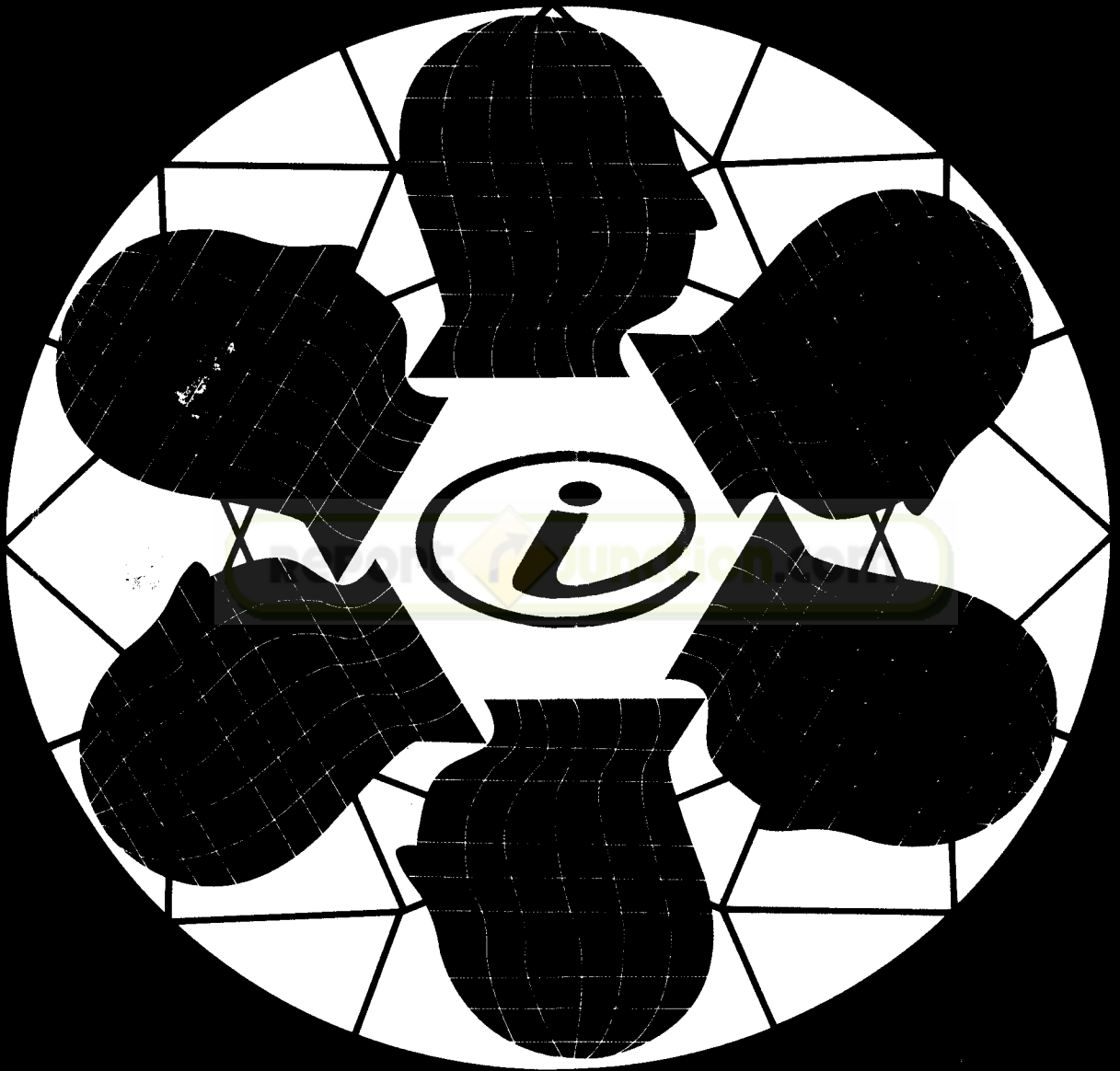


# ANNUAL REPORT 2004 - 2005



## INDUS NETWORKS LIMITED

Plot No. 312, Road No. 10C, New M.L.A. & MP's Colony,  
Jubilee Hills, Hyderabad - 500 033, India.


**INDUS NETWORKS LIMITED**


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**BOARD OF DIRECTORS**

<b>MANAGING DIRECTOR</b>	:	SHRI S.T. PRASAD
<b>DIRECTORS</b>	:	SHRI ABDUL HAFEEZ ABBASI SHRI B.A.KISHORE SHRI R.K.MEHTA SHRI UMESH CHANDRA
<b>COMPANY SECRETARY</b>	:	SMT SHAIK RAZIA
<b>AUDITORS</b>	:	M/s. KUMAR & GIRI CHARTERED ACCOUNTANTS
<b>BANKERS</b>	:	Canara Bank Industrial Finance Branch, Nampally, Hyderabad.
<b>REGISTERED OFFICE</b>	:	Plot No. 312, Road No.10C, New MLA & MP's Colony, Jubilee Hills, Hyderabad – 500 033 Ph. : 040 - 2354 0588 Fax : 040 - 2354 1022 E-Mail : info@indusnetworks.com
<b>REGISTRARS &amp; TRANSFER AGENTS</b>	:	M/s. Bigshare Services Private Limited E/2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072 Ph No: 022 – 2852 3474 Fax: 022 – 2852 5207
<b>SECURITIES LISTED AT</b>	:	1. The Hyderabad Stock Exchange Limited, Hyderabad 2. The Stock Exchange, Mumbai



## INDUS NETWORKS LIMITED

*"The Authorized Share Capital of the Company is Rs.25,00,00,000 (Rupees Twenty Five crores only) divided into 2,50,00,000 (Two Crores Fifty Lakhs only) Equity Shares of Rs. 10/- (Rupees ten only) each with power to increase and reduce the capital."*

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

"RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification (s) or re-enactments thereof, for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company, Foreign Exchange Management Act, 2000, the Listing Agreement entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and the prevailing Statutory Guidelines 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 that 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 (here-in-after referred to as Board ) and / or a duly authorized 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 create, issue, offer or allot either at par or at premium (issue price being not less than the price as arrived at ), in accordance with the terms of Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000, either in for cash or for consideration other than cash or in satisfaction of a genuine debt, as may be deemed most appropriate by the Board, equity shares and / or convertible debentures (fully or partly) and/or, all or any of the aforesaid with or without 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 up to an amount of Rs.13 Crores (Rupees Thirteen Crores only) (inclusive of the present paid up share capital of Rs 6.5 crores), to the existing members of the Company and/or promoter group members (which term shall include directors, promoter directors, their families, relatives, friends and associates) and/or non promoters and/or strategic investors and/or Financial Institutions/Banks either directly or through conversion of existing loans and/or interest on such loans whether resident in India (individuals as well as bodies corporate) or Non Resident Indians, Overseas Corporate Bodies (OCBs), Mutual Funds, Debentureholders, Employees, Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons whether through public issue, rights issue, private placement, 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



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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 in the event of issue of equity shares and/or any securities through preferential allotment, the relevant date for this purpose will be 30<sup>th</sup> August, 2005 as per the provisions of SEBI (Disclosure and Investor Protection) Guidelines, 2000".

"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 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 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 take over 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 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 purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem 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."



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

"RESOLVED that 43,33,333 equity shares of Rs.10/- each in the share capital of the company be and are hereby issued at a premium as may be decided by the Board/Committee to the persons who at the date of the offer as may be decided by the Board/Committee are holders of the equity shares of the company in proportion as nearly as circumstances admit of one equity share now being issued for every three equity shares held on the aforesaid date inter alia on the following terms and conditions:

- i) That the full amount of Rs. 10/- per share together with the premium as may be decided by the Board/Committee shall be payable along with the application for such shares in the prescribed application form of the company.
- ii) The offer for new equity shares now being made shall be limited to those persons who, as on the record date as may be decided by the Board/Committee are holders of equity shares of the company. Such persons are, however, entitled to apply for additional shares out of those shares not taken up by any of the existing shareholders in the proportion to be decided by the Board of Directors at its discretion having regard to the proportion such equity shareholders have to the paid-up equity share capital of the company.
- iii) The offer aforesaid shall include a right exercisable by the persons to renounce the shares now being offered in favour of any other person(s) provided such renunciation is made before the time not being less than fifteen days from the date of the offer.
- iv) The shares which are not accepted by the offerees will be allotted by the Board of Directors at their own discretion as benefited to the company.

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem 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."

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

"RESOLVED that pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approvals, consents, permissions and/or sanctions as may be necessary of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), the Listing Agreement entered by the Company with the Stock Exchanges and any other appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by any of them in granting such approval, consent, permission or sanction, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee of the Board exercising the powers



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conferred by the Board) be and is hereby authorized on behalf of the Company to issue/offer and allot Equity Shares/Preference Shares/Convertible notes/Securities with or without detachable warrants/Fully Convertible Debentures (FCDs)/ Partly Convertible Debentures (PCDs) or any securities convertible into Equity Shares whether optionally or otherwise/Euro Convertible Bonds (ECBs)/ Foreign Currency Convertible Bonds (FCCBs) / Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Secured Premium Notes (SPN), (hereinafter referred to as "Securities" ) for an aggregate amount not exceeding USD-7 Million (with permissible green shoe option) or equivalent in Indian and/or any other Currency(ies) (inclusive of such premium, , as may be fixed on such Equity Shares) or upon such limit as may be permitted by the Ministry of Finance or such other Authorities whichever is higher, directly to Indian or Foreign Investors (whether institutions, incorporated bodies, mutual funds and/or individuals or otherwise and whether or not such investors are members, promoters, directors or their associates of the Company) through Public Issue(s), Right Issue(s), Private Placement(s), Preferential Allotment for cash or stock swap or acquisition of business / companies or a combination thereof at such time or times and in such tranches - at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest etc. as may be decided and deemed appropriate by the Board at the time of such issue or allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the Lead Managers and Underwriters or through the subsidiaries, so as to also enable the Company to get Listed at Indian Stock Exchanges and Overseas Stock Exchanges such as Singapore, Luxembourg, London, Nasdaq and /or New York Stock Exchange and/or any of the other Overseas Stock Exchanges."

"RESOLVED FURTHER that the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI / GOI / RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board."

"RESOLVED FURTHER that without prejudice to the generality of the above, issue of securities in international offering may have all or any term or combination of terms in accordance with International Practice including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payment whatsoever and all such terms as are provided in international offering of this nature including terms for issue of additional Equity Shares or variations of the conversion price of the Securities during the duration of the Securities."

"RESOLVED FURTHER that the Board be and is hereby authorized to also enter into and execute all such arrangement/agreement with any Lead Managers/Underwriters/Guarantors/ Depositors / Custodians and all such agents as may be involved or concerned in such offering of securities and to remunerate all such agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any or the like."

"RESOLVED FURTHER that the Board be and is hereby also authorized subject to approval of the Reserve Bank of India and the concerned authorities to secure the entire or any part of the issue by creation of the mortgage/charge on the Company's immovable and movable properties, present and future, such charge to rank either pari passu with or second, subsequent, subservient and subordinate to all the mortgages/charges created/to be created by the Company for all existing and future borrowings and facilities whatsoever."





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"RESOLVED FURTHER that the Company and/or any agency or body authorized by the Company may issue Global Depository Receipts and/or other form of securities mentioned herein above representing the underlying Equity Shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the Capital Markets."

"RESOLVED FURTHER that the Securities issued in international offering shall be deemed to have been made abroad in the market and/or at the place of issue of the securities in international markets and shall be governed by English or American Law, as the case may be."

"RESOLVED FURTHER that the board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any securities referred to in paragraph(s) above as may be necessary in accordance with the terms of the offering and all such shares to rank pari passu with the existing Equity Shares of the Company in all respects, excepting such right as to dividend and voting as may be provided under the terms of the issue and in the Offer Document."

"RESOLVED FURTHER that for the purpose of giving effect to any issue of allotment of equity shares or securities representing the same, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may in its absolute discretion, deem fit and proper."

"RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors or Senior Executive(s)/Officer(s) of the Company to give effect to the Resolution."

"RESOLVED FURTHER that in accordance with the FEMA (Transfer or issue of security by a Person Resident Outside India) Regulations, 2000, or any other applicable law, and subject to the approval of the Central Government and Reserve Bank of India, if required and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions which may be agreed to by the Board of Directors of the Company and/or a duly authorized Committee thereof for the time being exercising powers conferred by the board of directors (herein after referred to as board) the consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors including their sub-accounts (hereinafter referred to as the "FIIs"), in the shares or debentures convertible into shares of the company, by purchase or acquisition from the market under the Portfolio Investment Scheme or Foreign Direct Investment Scheme under FEMA, subject to the condition that the total holding of all FIIs put together shall not exceed 100% of the Paid up Equity Share Capital / paid up value of the respective areas of the convertible warrants / coupons or such securities of the Company as may be applicable or such other maximum limit as may be prescribed from time to time."

"RESOLVED FURTHER that the board be and is hereby authorized to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for the matters connected therewith or incidental thereto."

**BY ORDER OF THE BOARD**

**Sd/-**

**S. T. PRASAD**

**MANAGING DIRECTOR**

**PLACE: HYDERABAD**

**DATE : 30.08.2005.**

**INDUS NETWORKS LIMITED**

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**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES DULY STAMPED AND SIGNED MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/proxies are requested to bring alongwith them Annual Reports being sent to them.
3. The Share Transfer Books and Register of Members of the company will remain closed during the period from 29<sup>th</sup> September, 2005 to 30<sup>th</sup> September, 2005 (both days inclusive).
4. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956, will be available for inspection at the venue of the Annual General Meeting. The Register of Directors' Shareholding is also available for inspection of the members at the registered office of the company, fourteen days before and three days after the date of the Annual General Meeting of the company.
5. The registration of share transfers and other related correspondence will be dealt with by the Company at it's Registrar & Share Transfer Agents - Bigshare Services Private Limited, E-2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400072. Members are requested to update this information and make all future correspondence, if any, at the above address.
6. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, is enclosed.
7. The members are requested to:
  - (a) intimate to the Company, changes, if any, in their registered address at an early date;
  - (b) quote ledger folio number in all their correspondence;
  - (c) bring their copy of the annual report and the attendance slip duly filled in, at the Annual General Meeting.



**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO.4:**

Shri Umesh Chandra, was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 27<sup>th</sup> July, 2005, who holds office upto the date of the ensuing Annual General Meeting of the Company.

Shri Umesh Chandra is a Business and Financial Consultant and Chief Executive Officer of 3i Group Corporation. His presence on the board will be highly beneficial to the Company.

Notice required under Section 257 of the Companies Act, 1956 together with the requisite deposit has been received from a member proposing the appointment of Shri Umesh Chandra as Director. The said notice and the Memorandum and Articles of Association of the Company are available for inspection at the Registered Office of the Company on any working day.

Therefore, your Directors recommend the resolution for your approval.

None of the Directors of the Company except Shri Umesh Chandra is concerned or interested in the aforesaid resolution.

**ITEM NO.5:**

The Authorised Share Capital of the Company at present stands at Rs.10,00,00,000/- (Rupees Ten Crores only) divided into 1,00,00,000 (One Crore only) Equity Shares of Rs. 10/- (Rupees Ten only) each. With the growing requirement of funds, (a) for meeting the normal capital expenditure of the company (b) to part finance the amount required to acquire the Software Division of M/s Internet Communications India Limited for a consideration of Rs.386 lakhs, (c) to make investments in telemedicine activity (d) to make investments in overseas development centers and (e) to meet the working capital requirements, it is proposed to raise additional equity capital of about Rs. 15 Crores by issue of 1,50,00,000 (One Crore Fifty lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each through Preferential Allotment, issue of Rights Shares to the existing shareholders and by way of Global Depository Receipts. The existing authorized share capital of the Company is not sufficient to accommodate the proposed capital issues.

It is therefore, considered necessary to increase the Authorised Share Capital of the Company from Rs. 10,00,00, 000/- to Rs. 25,00,00,000/- by creation of 1,50,00,000 (One Crore Fifty Lakhs only) Equity shares of Rs. 10/- (Rupees ten only) each which shall rank pari passu with the existing equity shares of the Company.

The Proposed increase of the Authorized Capital of the Company requires the approval of the members in the general meeting. Consequent upon the increase in Authorised Capital of the Company, its memorandum and articles of association require alteration so as to reflect the increase in share capital.

None of the Directors of the Company is concerned or interested in the above resolution except to the extent of their holding of equity shares in the Company.



## INDUS NETWORKS LIMITED

### **ITEM NO: 6**

To make investments in Telemedicine Activity and to finance the amount required to acquire the software division of M/s Internet Communications India Limited for a consideration of Rs. 386 lakhs, it is proposed to create, issue, offer, allot equity shares and/or warrants compulsorily convertible into equity shares at a later date and/or any other financial instruments compulsorily convertible into equity shares at a later date, as may be decided by the Board either through rights or through preferential allotment to the existing members of the Company and/or to the promoter group members (which term shall include Directors, Promoter Directors, their family, relatives, friends and associates) and/or non promoters, strategic investors, whether resident in India (individuals as well as bodies corporate) or Non resident Indians, Overseas Corporate Bodies, Mutual Funds, Debentureholders, Employees, Foreign Institutional Investors (FIIs), Companies, other entities / authorities and to such other persons, whether through rights issue, private placement, preferential allotment, exchange of securities, conversion of loans or otherwise and/or in one or more combination(s). Section 81 of the Companies Act, 1956 provides, inter alia that whenever it is proposed to increase the subscribed capital of a Company by a further issue or allotment of shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the said section, unless the shareholders decide otherwise in a general meeting. The listing agreement with the Stock Exchanges also provide, inter alia that the Company in the first instance should offer all the shares and debentures to be further issued for subscription pro rata to the Equity Shareholders unless the Shareholders decide otherwise in a general meeting. The Special Resolution passed at this Meeting for issue of equity shares will expire if the issue is not subscribed and the allotment of relevant financial instruments have not been made within fifteen days from the date of passing of the resolution at the 8<sup>th</sup> Annual General Meeting and in such an event a fresh special resolution is required for issue and allotment of financial instruments.

The consent of the Shareholders is therefore being sought pursuant to the provisions of Sec 81(1A) of the Companies Act, 1956, SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the listing agreement entered into with the Stock Exchanges, authorizing the Board to raise additional capital by further issue of Equity Shares and/or financial instruments compulsorily convertible into equity shares at later date in such manner or on such terms as the Board may deem fit in the manner proposed in the Resolution.

Disclosure under Clause 13.1A of SEBI (Disclosure and Investor Protection) Guidelines, 2000, regarding proposed issue and allotment of equity shares and/or compulsorily convertible warrants as preferential allotment:

#### **i) Objects of the issue through preferential offer:**

The issue and allotment of equity shares and/or warrants and/or any financial instruments compulsorily convertible into equity shares, as preferential allotment is proposed to raise the funds for part financing the normal expenditure required to be incurred for the business of the Company and to acquire the software division of M/s Internet Communications India Limited for a consideration of Rs.386 lakhs.

#### **ii) Intention of promoters / directors / others to subscribe to the offer:**

The promoter directors, their associates and others are, intending to subscribe to the offer.