



MELSTAR INFORMATION TECHNOLOGIES LIMITED



SOFTWARE AND ENTERPRISE SOLUTION PROVIDER

**TWELFTH ANNUAL REPORT
FOR THE YEAR ENDED
31ST MARCH, 1999**

www.melstar.com



MELSTAR INFORMATION TECHNOLOGIES LIMITED

BOARD OF DIRECTORS

MR. SURESH BANSAL

MR. SURINDER MOHAN ARORA

MR. SATTAR SHAIKH

MR. BHARAT RAMANI

MR. PRASHANT JHAWAR (w.e.f 20/4/99)

MR. BRIJESH KUMAR BIYANI
(ALTERNATE TO PRASHANT JHAWAR w.e.f 20/4/99)

REGISTERED OFFICE AND SOFTWARE/ SOLUTION/SERVICES DIVISION

G-4, MELSTAR HOUSE,
CROSS ROAD 'A', M.I.D.C.,
ANDHERI (EAST),
MUMBAI 400 093.

MAIN BANKERS

PUNJAB NATIONAL BANK

SEEPZ BRANCH

MUMBAI 400 096

THE VYSYA BANK LTD.

FLORAL DECK PLAZA

M.I.D.C., ANDHERI (EAST),

MUMBAI 400 093

INFORMIX SOFTWARE DEVELOPMENT DIVISION

UNIT NO.35, SDF II
SEEPZ, ANDHERI (EAST)
MUMBAI 400 096.

IBM SOFTWARE DEVELOPMENT CENTRE

CONNECTION POINT, 1ST FLOOR,
AIRPORT EXIT ROAD,
INDIRANAGAR, BANGALORE - 560 017

AUDITORS

GUPTA MAHESHWARI & JAIN

CHARTERED ACCOUNTANTS

LEGAL ADVISOR

M.R. LAL

TWELFTH ANNUAL REPORT**NOTICE**

Notice is hereby given that the Twelfth Annual General Meeting of the Members of Melstar Information Technologies Limited will be held at the Registered Office of the Company at Melstar House, G-4, MIDC, Cross Road "A", Andheri East, Mumbai-400093 on 23rd August, 1999 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March 1999, the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To elect a Director in the place of Mr.Suresh Bansal, who retires by rotation at this Meeting and, being eligible, offers himself for re-election.
3. To elect a Director in the place of Mr.Bharat V. Ramani, who retires by rotation at this Meeting and, being eligible, offers himself for re-election.
4. To reappoint M/s.Gupta Maheshwari & Jain, as Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit to pass the following Resolution as Ordinary Resolution.
"RESOLVED THAT Mr.Prashant Jhavar who vacates the office of Additional Director at this Meeting and in respect of whom the Company has received a notice from a Shareholder pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for appointment as a Director be and is hereby appointed as a Director liable to retirement by rotation of directors.
6. To consider and if thought fit to pass the following Resolution as an Ordinary Resolution
"RESOLVED THAT M/s.Deloitte Haskins & Sells, Chartered Accountants, from whom the Company has received requisite confirmation under Section 224(1B), be and are hereby appointed as Co-Statutory Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of next Annual General Meeting and that they be paid such remuneration as may be mutually agreed upon between the Board and the Auditors besides service tax and out of pockets expenses, if any, incurred by them".
7. Alternation of Objects Clause of Memorandum of Association
To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:
"RESOLVED THAT in pursuance of the provisions of Section 17(1) of the Companies Act, 1956, sub clause (1) of the Main Clause (III)(A) of the Memorandum of Association of the Company be and is hereby altered in the manner following :
'that after the words 'Electronic Systems' and before the words 'Gadgets for measurement' occurring in line three, the following words be hereby inserted
"Information Technology including Consultancy, Computer Hardware, Software Development, Infotech Services, Enterprise Solutions, Out-sourcing and Facility Management, Internet, E-Commerce, Infotainment, Education and Training, etc."
RESOLVED FURTHER THAT pursuant to Section 149(2A)(b)(i) of the Companies Act, 1956, the Company do commence with immediate effect and undertake business in new activities authorised by the amended sub clause (1) of the Main Clause III(A) of the Memorandum of Association of the Company.

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

RE-APPOINTMENT OF MR.S.M.ARORA AS MANAGING DIRECTOR

"RESOLVED THAT in pursuance of the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, approval of the Members of the Company be and is hereby accorded to the re-appointment of Mr.S.M.Arora as Managing Director of the Company for a period of five years effective from 1.4.1999 on the following terms subject however to the condition that the remuneration payable to Mr.S.M.Arora in any financial year together with that payable to other Whole-Time Directors of the Company shall not exceed ten (10) per cent of the net profits of the Company computed in the manner provided in Section 349/350 of the Act and where in any year the Company has no profits, or its profits are inadequate, the remuneration payable to Mr.S.M.Aroa shall not exceed the applicable ceiling laid down in Schedule XIII to the Act:

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| (i) Salary | : | Rs.1,25,000/- per month with authority to the Board to sanction annual increases as they deem fit, not exceeding Twenty (20) per cent of the salary drawn before such increase. |
| (ii) Helper Allowance | : | Rs.2,000/- per month. |
| (iii) Medical Benefits (for self and family) | : | Reimbursement of expenses on domiciliary treatment at actuals, besides a mediclaim policy for hospitalization. |
| (iv) Reimbursement of Gas & Electricity | : | At actuals – Upto Rs.8,000/- per month. |



- (v) Leave Travel facility : At actuals - The Company shall reimburse the expenditure incurred on travel for self and family to and fro any place in India once a year subject to a ceiling of 40% of a month's salary.
- (vi) Commission : Not exceeding 100% of the Annual Salary as may be sanctioned by the Board within the overall ceiling of 10% of the net profits of the Company in any year.
- (vii). Other Benefits:
 - a. Leave – as per Company Rules and Encashment of unavailed privilege leave at the time of retirement or cessation of employment shall be permitted.
 - b. Conveyance – Company Car with Chauffeur for official use. Monetary value for the private use, if any, shall be evaluated as per Income Tax Rules.
 - c. Benefits of Company's contribution of Provident Fund, Superannuation Fund and payment of Gratuity as per Company Rules

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

INCREASE IN REMUNERATION OF MR.SURESH BANSAL, EXECUTIVE CHAIRMAN

"RESOLVED THAT the remuneration payable to Mr.Suresh Bansal as Executive Chairman of the Company be and is hereby increased as set forth hereinafter effective from 1.4.1999 for the remainder of his current tenure ending on 31.5.2001 and that the approval of the company in General Meeting be obtained in terms of the following Resolution:

RESOLVED THAT in pursuance of the provisions of Section 198, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 and in modification of the Resolution passed at the AGM held on 30.9.96 consent of the Company be and is hereby given to the increase in the remuneration of Mr.Suresh Bansal as Executive Chairman as under effective from 1.4.99 for the remainder of his tenure ending on 31.5.2000, subject however to the condition that the remuneration payable to Mr.Suresh Bansal in any financial year together with that payable to the Managing Director and other Whole-Time Director of the Company shall not exceed ten (10) per cent of the net profits of the Company computed in the manner provided in Section 349/350 of the Act and where in any year the Company has no profits, or its profits are inadequate, the remuneration payable to Mr.Suresh Bansal shall not exceed the applicable ceiling laid down in Schedule XIII to the Act:

- (i) Salary : Rs.1,25,000/- per month with authority to the Board to sanction annual increases as they deem fit, not exceeding Twenty (20) per cent of the salary drawn before such increase.
- (ii) Helper Allowance : Rs.2,000/- per month.
- (iii) Reimbursement of Gas & Electricity : At actuals – Upto Rs.8,000/- per month.
- (iv) Medical Benefits (for self and family). : Reimbursement of expenses on domiciliary treatment at actuals, besides a mediclaim policy for hospitalization.
- (v) Leave Travel facility : At actuals - The Company shall reimburse the expenditure incurred on travel for self and family to and fro any place in India once a year subject to a ceiling of 40% of a month's salary.
- (vi) Commission : Not exceeding 100% of the Annual Salary as may be sanctioned by the Board within the overall ceiling of 10% of the net profits of the Company in any year.
- (vii) Other Benefits:
 - a. Leave – as per Company Rules and Encashment of unavailed privilege leave at the time of retirement or cessation of employment shall be permitted.
 - b. Conveyance – Company Car with Chauffeur for official use. Monetary value for private use, if any, shall be evaluated as per Income Tax Rules.
 - c. Benefits of Company' contribution of Provident Fund, Superannuation Fund and payment of Gratuity as per Company Rules

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

INCREASE IN REMUNERATION OF MR.SATTAR SHAIKH, WHOLE-TIME DIRECTOR

"RESOLVED THAT the remuneration payable to Mr.Sattar Shaikh as Whole-Time Director of the Company be and is hereby increased as set forth hereinafter effective from 1.4.1999 for the remainder of his current tenure ending on 31.8.2002 and that the

TWELFTH ANNUAL REPORT

approval of the Company in General Meeting be obtained in terms of the following Resolution:

RESOLVED THAT in pursuance of the provisions of Section 198, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 and in modification of the Resolution passed at the AGM held on 3.9.97 consent of the Company be and is hereby given to the increase in the remuneration of Mr. Sattar Shaikh as Whole-Time Director as under effective from 1.4.99 for the remainder of his tenure ending on 31.8.2002, subject however to the condition that the remuneration payable to Mr. Sattar Shaikh in any financial year together with that payable to the Executive Chairman and the Managing Director of the Company shall not exceed ten (10) per cent of the net profits of the Company computed in the manner provided in Section 349/350 of the Act and where in any year the Company has no profits, or its profits are inadequate, the remuneration payable to Mr. Sattar Shaikh shall not exceed the applicable ceiling laid down in Schedule XIII to the Act:

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| (i) Salary | : | Rs.1,25,000/- per month with authority to the Board to sanction annual increases as they deem fit, not exceeding Twenty (20) per cent of the salary drawn before such increase. |
| (ii) Helper Allowance | : | Rs.2,000/- per month. |
| (iii) Reimbursement of Gas & Electricity | : | At actuals – Upto Rs.8,000/- per month. |
| (iv) Medical Benefits (for self and family). | : | Reimbursement of expenses on domiciliary treatment at actuals, besides a mediclaim policy for hospitalization. |
| (v) Leave Travel facility | : | At actuals - The Company shall reimburse the expenditure incurred on travel for self and family to and fro any place in India once a year subject to a ceiling of 40% of a month's salary. |
| (vi) Commission | : | Not exceeding 100% of the Annual Salary as may be sanctioned by the Board within the overall ceiling of 10% of the net profits of the Company in any year. |
| (vii). Other Benefits: | | |
| | a. | Leave – as per Company Rules and Encashment of unavailed privilege leave at the time of retirement or cessation of employment shall be permitted. |
| | b. | Conveyance – Company Car with Chauffeur for official use. Monetary value for private use, if any, shall be evaluated as per Income Tax Rules. |
| | c. | Benefits of Company's contribution to Provident Fund, Superannuation Fund and payment of Gratuity as per Company Rules |

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

INCREASE OF ISSUED CAPITAL – BY WAY OF FRESH ISSUE(S)

RESOLVED THAT in partial modification of the earlier Resolutions on the subject and pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification thereof), and of the Articles of Association of the Company and subject to such approvals, permissions and sanctions, as may be necessary, and on such terms and conditions as may be considered expedient by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall include a Committee thereof), or as may be prescribed or imposed by the concerned authority while granting such approvals, permissions and sanctions which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board to issue and offer 51,60,203 (Fifty one lac sixty thousand two hundred three only) Equity Shares of Rs.10/- each (made up of 1,60,203 Equity Shares and 50,00,000 Unclassified Shares of Rs.10/- each) remaining unissued/unsubscribed in the Authorised Capital of the Company of Rs.15 crores, to such persons (including employees, Business Associates, etc) Bodies, Corporates, Financial Institutions, Banks, Mutual Funds, FIIs, NRIs, OCBs, etc by Public Issue (including reservation, if any), Private Placements, or Preferential allotment or any combination thereof and at par or at such premium and on such terms and conditions as may be decided by the Board in consultation with the Lead Managers to the Issue having regard to the various factors including the projected growth in business and profitability of the Company and that the issue to the Public may be in conjunction with the Offer for Sale, if any, of Equity Shares by the Co-Investors in terms of the Bought Out Deal or independently thereof provided that in the event of the Board deciding to make a Public Issue for a lower number of Equity Shares than aforesaid, the Board shall have further authority to make additional Issue(s) of the shares remaining unissued at any time thereafter in any manner or form as the Board may deem fit.

ALSO RESOLVED THAT the new Equity Shares to be so issued and allotted by the Company shall rank pari-passu in all respects with the then existing Equity Shares of the Company except that in the matter of dividend the same shall be entitled to dividend on a prorata basis for the period for which the shares have been fully paid up during the relevant financial year.

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, matters and things including to comply with the requirement to dematerialise the shares of the Company and to issue the new shares in demat form, wherever so required, and to execute all such deeds, documents, instruments and writings as it may deem necessary or desirable and to pay any fees, commission and incur expenses in relation thereto.



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

RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as the "ACT") and the Articles of Association of the Company as amended from time to time and subject to such approvals, consents and permissions of the appropriate authorities as may be required and subject further to such conditions and modifications as may be prescribed by any authority in granting such approvals, consents and permissions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "The Board" which term shall include a Committee thereof) the consent of the Company be and is hereby accorded to the Board to issue / offer for subscription and allot to or for the benefit of such person(s) as may be in the employment of the Company including Indian Working Directors or to any Trust, Society or any other entity or any combination thereof that may be existing or created for the benefit of such person(s) at any time under a Scheme titled "EMPLOYEES STOCK OPTION PLAN" (hereinafter referred to as the "ESOP" or "Scheme" or "PLAN") to be evolved in this regard and for the employees of associate companies, such number of Equity Shares, debentures whether convertible or non-convertible or partly convertible secured or unsecured with or without detachable Warrants or any combination thereof of such description (hereinafter referred to as "Securities") as may be permissible under the Articles of Association, in one or more tranches and in such numbers so that the total number of Equity Shares issued or which may result from allotment of Equity Shares or upon exercise of option to acquire or conversion of any or more of the aforesaid securities at any time and from time to time to such person(s) and, as does not in the aggregate, exceed at any time ten percent of the Issued and Subscribed Equity Share Capital of the Company, at the relevant time(s) and on such terms and conditions including the freedom to fix issue price(s) at par or at a premium(s) or discount as may be determined by the Board in accordance with the applicable Rules, Regulations or Guidelines.

RESOLVED FURTHER THAT ESOP as described above may be implemented through a Welfare Trust and that such Trust be allotted shares or other securities on behalf of Employees of the Company and of its associate companies on preferential allotment basis.

RESOLVED FURTHER THAT the Board be and is hereby authorised to provide such financial assistance as they deem necessary or desirable to the Trust to subscribe to the securities so offered.

RESOLVED FURTHER THAT Equity Shares / Warrants or any other security or instrument held by the Trust would be entitled to Bonus or Rights issues, if any, made by the Company and that such Bonus or Rights Shares offered in relation to securities offered / allotted under ESOP shall not be transferable except to the Trust and the same could be forfeited if any conditions prescribed by the Company for compliance or observance by any employee precedent to his becoming eligible to exercise his right are not fulfilled and consequently the original allotment is forfeited.

ALSO RESOLVED THAT the new Equity Shares to be so issued and allotted by the Company shall rank pari-passu in all respects with the then existing Equity Shares of the Company except that in the matter of dividend the same shall be entitled to dividend on a prorata basis for the period for which the shares have been fully paid up during the relevant financial year with authority to the Board to amend, alter or modify the terms and conditions of the issue of such securities from time to time with regard to dividend and/or pari-passu rights of such securities in accordance with the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to all or any of the foregoing the Board be and is hereby authorised inter-alia to evolve, decide upon and bring into effect the Scheme and make and give effect to any modification, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time and to do all such acts, deeds, matters and things whatsoever, including settling any question, doubt or difficulty that may arise with regard to or in relation to the Scheme or with regard to issue or allotment of any securities under the Scheme as it may in its absolute discretion consider necessary, expedient, usual, desirable or proper in or about the premises.

13. Alteration of Articles

To consider and if thought fit to pass, with or without modification the following Resolution as a Special Resolution:

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

A. Insert the following Article along with the marginal notes as Article 13A after the existing Article 13:

"13-A The Company may purchase its own shares or other specified securities in accordance with the provisions of the Act for the time being in force.

"Purchase by the Company of its own Shares"

The Expression "Specified Securities" includes Employees Stock Options or other securities as may be notified by the Central Government from time to time."

B. Insert the following new Articles 45A and 45B along with marginal notes after the existing Article 45.

45A (i) Every holder of Shares in, or holder of Debentures of the Company may, at any time nominate, in the prescribed manner under Section 109A of The Act, a person to whom

"Nomination of Shares"

TWELFTH ANNUAL REPORT

his Shares, in or Debentures of the Company shall vest in the event of his death.

- (i) Where the Shares in, or debentures of the Company are held by more than one person, jointly, the joint holders may together nominate, in the prescribed manner under Section 109A of the Act, a person to whom all the rights in the Shares or Debentures of the Company shall vest in the event of death of all the joint holders.
 - (ii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of shares in, or debentures of the Company, where a nomination made in the prescribed manner under Section 109A of the Act, purports to confer on any person the right to vest the Shares in, or Debentures of the Company, the nominees shall, on the death of the Shareholder or holder of Debentures of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the Shares or Debentures of the Company or, as the case may be, all the joint holders, in relation to such Shares in, or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under Section 109A of the Act.
 - (iii) Where the nominee is a minor, it shall be lawful for the holder of the Shares, or holder of Debentures, to make the nomination to appoint, in the prescribed manner under Section 109A of the Act, any person to become entitled to Shares in, or Debentures of the Company, in the event of his death, during the minority."
- 45B (i) Any person who becomes a nominee by virtue of the provisions of the Section 109A of the Act, upon the production of such evidence as may be required by the Board and subject to as hereinafter provided, elect, either:-
- a. to be registered himself as holder of the Shares or Debentures, as the case may be; or
 - b. to make such transfer of the Share or Debenture, as the case may be, as the deceased Shareholder or Debenture holder, as the case may be, could have made.
- (ii) The Board shall, in either case, have the right to decline or suspend registration as it would have had, if the deceased Shareholder or Debenture holder had transferred the Shares or Debentures, as the case may be, before his death.
- (iii) If the person being a nominee, so becoming entitled, elects to be registered as holder of the Shares or Debentures, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder or Debenture holder, as the case may be.
- (iv) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfers of Shares or Debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that Shareholder or Debenture holder, as the case may be.
- (v) A person, being a nominee, becoming entitled to a Share or Debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture except that he shall not, before being registered as holder in respect of his Share or Debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share or Debenture, until the requirements of the notice have been complied with."



- C. The following wordings be added at the beginning of the present Article 46 :-

"Subject to the provisions of Articles 45A and 45B.....".

- D. Insert the following Heading and Article along with the marginal notes as Article 53A after the existing Article 53.

53A. "DEMATERIALIZATION OF SECURITIES"

- (1) For the purpose of this Article:

"Definitions"

"SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

"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 sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

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

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

"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 12(1A) of the Securities and Exchange Board of India Act, 1992.

"Record" includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.

"Regulations" means the regulations made by SEBI.

"Security" means such security as may be specified by SEBI.

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

Words imparting persons include corporations.

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

- (2) 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 dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.
- (3) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.

"Dematerialisation of Securities"

TWELFTH ANNUAL REPORT

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| <p>(4) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.</p> <p>If a person opts to hold his security with Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the security.</p> | <p>"Option to receive Securities, certificates or hold Securities with Depository"</p> |
| <p>(5) All securities held by a Depository shall be dematerialised and be in fungible form. 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 Owner.</p> | <p>"Securities in Depositories"</p> |
| <p>(6) (a) Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.</p> <p>(b) Save as otherwise provided in (a) 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.</p> <p>(c) Every person holding securities of the Company and whose name is entered as the 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.</p> | <p>"Rights of Depositories and Beneficial Owners"</p> |
| <p>(7) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the 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 or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than 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 entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivors of them</p> | <p>"Beneficial Owner deemed as absolute owner"</p> |
| <p>(8) 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.</p> | <p>"Depository to furnish information"</p> |
| <p>(9) 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 Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.</p> | <p>"Cancellation of certificates upon surrender by a person"</p> |
| <p>(10) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.</p> <p>The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.</p> <p>The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and 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.</p> | <p>"Option to opt out in respect of any Security"</p> |
| <p>(11) Notwithstanding anything 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.</p> | <p>"Service of Documents"</p> |



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| (12) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien or 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 in physical form subject to the provisions of the Depository Act. | "Provisions of Articles to apply to shares held in Depository" |
| (13) Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities. | "Allotment of Securities dealt with in a Depository" |
| (14) The Shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore 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. | "Distinctive numbers of Securities held in a Depository" |
| (15) The Company shall cause to keep a Register and Index of Members and a Register and Index of Debenture holders in accordance with Section 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country. | "Register and Index of Beneficial Owners" |
| (16) 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. | "Register of Transfers" |

Notes :

1. Pursuant to Section 173(2) of the Companies Act, 1956 an Explanatory Statement in respect of the business contained in the Notice is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and that the Proxy need not be member of the company. In order to be valid the instrument appointing the proxy must be deposited at the registered office of the company not later than 48 hours before the scheduled time of the meeting.

By Order of Board of Directors

Place : Mumbai
 Date : 14th July, 1999
 Registered Office:
 G-4, Melstar House
 MIDC, Cross Road "A", Andheri East
 Mumbai - 400 093.

Sattar Shaikh
 Director