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**SQL STAR INTER**

## Our Vision

"We shall provide value to our global clients through innovative IT solutions of high-quality by rapidly deploying leading-edge technologies."

"We would deliver consistently high-quality IT education in, and using, emerging technologies to individuals and Corporates, to attain leadership status."

## Our Quality Policy

We, at SQL Star, shall constantly strive to achieve total customer satisfaction by providing services on time and consistently meeting customer expectations.



At SQL Star, the new millennium marks a transition of pace combined with the strengthening of our existing values.

We have set our sights on the tomorrow even while keeping our feet on the ground. Deriving inspiration from the past. Analysing the present. Planning for the future.

As we sharpen our technological skills to make a significant impact on the global IT scenario, the scene seems to be set for action - and the future begins from our new state-of-the-art development center located at Infocity, Hyderabad. An appropriate symbol indeed of a sound structure built on a solid foundation.





# SQL STAR INTERNATIONAL LIMITED

## Notice

Notice is hereby given that the **14th Annual General Meeting** of the members of **SQL STAR INTERNATIONAL LIMITED** will be held on Wednesday, the 27th June, 2001 at 10.00 a.m. at Laxmipat Singhania Auditorium, PHD House, 4/2 Hauz Khas, Khel Gaon Marg, New Delhi – 110 016 to transact the following business :

### ORDINARY BUSINESS:

#### Adoption of Directors' Report and Annual Accounts

1. To consider and adopt the Balance Sheet as at 31st December 2000, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

#### Declaration of Dividend

2. To declare Dividend on Equity Shares.

#### Appointment of Directors retiring by rotation

3. To appoint a Director in place of Dr. Kishore B. V. Buddhiraju, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Ms. Janet E. Mellor, who retires by rotation and being eligible, offers herself for re-appointment.

#### Appointment of Auditors

5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and to fix their remuneration.

### SPECIAL BUSINESS:

#### Re-appointment of Dr. Ashok Kumar Agarwal - Managing Director

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, approval of the shareholders be and is hereby accorded to the re-appointment of Dr. Ashok Kumar Agarwal as Managing Director for a further period of five years with effect from 01.01.2001 and that he shall be paid existing remuneration by way of salary and perquisites etc. subject to limits, if any, specified in Schedule XIII of the Companies Act, 1956 as per terms approved by the shareholders of the company in their Annual General Meeting held on 30th March, 2000."

#### Re-appointment of Mr. Brij Kumar Tankha - Whole-time Director

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

**"RESOLVED THAT** subject to the provisions of Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, approval of the shareholders be and is hereby accorded to the re-appointment of Mr. Brij Kumar Tankha as Whole-time Director for a further period of five years with effect from 01.01.2001 and that he shall be

paid existing remuneration by way of salary and perquisites etc. subject to limits, if any, specified in Schedule XIII of the Companies Act, 1956 as per terms approved by the shareholders of the company in their Annual General Meeting held on 30th March, 2000."

#### Increase in the Authorised Capital of the Company

8. To consider and if thought fit to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

**"RESOLVED** that pursuant to Section 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be increased from Rs. 12,50,00,000 (Rupees twelve crores & fifty lacs only) divided into 1,25,00,000 (One crore twenty five lacs) Equity Shares of Rs. 10/- each to Rs.15,00,00,000- (Rupees fifteen crores only) by creation of 25,00,000 (Twenty five lacs) further Equity Shares of Rs.10/- (Rupees ten ) each ranking pari-passu with the existing shares with the power to issue the new shares upon such terms and conditions and with such rights and privileges attached thereto as the Board shall determine, subject to any directions of the Company at General Meeting at the time of issue thereof."

**"RESOLVED FURTHER** that clause (V) of the Memorandum of Association of the Company be and is hereby substituted as under:

(V) The Authorised Share Capital of the Company is Rs.15,00,00,000 (Rupees fifteen crores only) divided into 1,50,00,000 (One crore fifty lacs) Equity Shares of Rs.10/- (Rupees ten) each."

**"RESOLVED FURTHER** that the Board of Directors be and are hereby authorised to do all such acts, deeds or things as may be necessary or desirable for giving effect to this Resolution."

#### Insertion/Alteration in the Articles of Association of the Company

9. To consider and if thought fit, to pass with or without modifications, 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 and are hereby altered/amended by inserting/substituting the following clauses of the Articles of Association:

#### Substitution of Article 4:

The Authorised Share Capital of the Company is Rs.15,00,00,000 (Rupees fifteen crores only) divided into 1,50,00,000 (One crore fifty lacs) Equity Shares of Rs.10/- each with power to subdivide, consolidate and increase or decrease and with power, from time to time, to issue any share of the original capital or any new capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be thought fit and upon the subdivision of a share to apportion the right to participate in profit in any manner as between the shares resulting from such subdivision. The rights attached to preference shares shall be such as may be determined by the company at the time of issue thereof.

#### Amendment in Article 95:

In the second line of the first paragraph of Article 95 of the Articles of Association of the company the figure and words Rs.500/-



(Rupees five hundred only) be substituted by the figure and words Rs.5,000 - (Rupees five thousand only).

#### Insertion of Article 90A after Article 90

##### *Passing of Resolution by postal ballot*

90A. Notwithstanding anything contained in the Articles of Association of the company, the company do adopt the mode of passing a resolution by the members of the company by means of a postal ballot and/or other ways as may be prescribed by the Central Government in this behalf in respect of the following matter instead of transacting such business in a General Meeting of the company:

- i. Any business that can be transacted by the company in General Meeting; and
- ii. particularly resolution relating to such business as the Central Government, may by notification, declare to be conducted only by postal ballot.

The company shall comply with the procedure for such postal ballot and/or other ways prescribed by the Central Government.

#### **Increase in the Borrowing powers of the Board:**

10. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

**"RESOLVED THAT** in suppression of the earlier resolution passed by the Company in the Annual General Meeting held on 27th July, 1998 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors and/or any Committee formed by them for borrowing for and on behalf of the Company, from time to time, moneys for the purposes of the Company either in foreign currency and/or in rupee currency, as may be deemed necessary, amounting in the aggregate to a sum not exceeding Rs.30.00 Crores (Rupees thirty crores) notwithstanding that the money so borrowed, together with money already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Share Capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purpose."

11. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

**"RESOLVED THAT** the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) to the Board of Directors and/or any Committee formed by them to mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Company, amounting in aggregate to a sum not exceeding Rs.30.00 crores (Rupees thirty crores) in such form and manner and with such ranking and on such terms as the Board may determine on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company in certain events of default, in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowings of the Company availed/to be availed by way of loan(s) and securities (including Fully/Partly Convertible Debentures and/or Non Convertible Debentures with or without warrants or other debt instruments), issued/to be issued by the Company from time to time, together with interest at the respective agreed rates, additional interest, compounded interest, accumulated interest, liquidated damages, commitment charges, premia on repayment, remuneration of the Agent(s)/Trustee(s),

premium (if any) on redemption, all other costs, charges and expenses including any increase as a result of fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s)/ Heads of Agreement(s), Debenture Trust Deed(s) or any other document, entered into/to be entered into between the Company and the Lender(s)/ Agent(s) and Trustee(s), in respect of the said loans/borrowings/debentures 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 Lender(s)/ Agent(s)/Trustee(s)."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to finalise, settle and execute such documents/deeds/agreements/papers as may be required and to do all such acts, deeds and things as may be required or considered necessary or incidental thereto."

#### **Issue of Optionally Convertible Debentures on Preferential basis**

12. To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION :

**"RESOLVED THAT** pursuant to Section 81, 81(1A) and 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 provisions of the Memorandum and Articles of Association of the Company, Foreign Exchange Management Act, 2000 (FEMA) and the prevailing statutory guidelines in that behalf and subject to all necessary consents, permissions and approvals and/or sanctions from all appropriate authorities including the Securities and Exchange Board of India (SEBI), Government of India, Reserve Bank of India (RBI), the Stock Exchanges and all such other bodies, institutions as may be relevant and subject to such conditions as may be prescribed or imposed by any one of them while granting such consents, permissions and approvals/sanctions (hereinafter referred to as "the requisite approvals") and which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of Directors, which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot, 15% Optionally Convertible Debentures with or without detachable warrants of a total value not exceeding Rs. 4.00 Crore (Rupees four crore only) (hereinafter referred to as "OCDs") whether secured or not, in one or more offering(s)/tranche(s), as the Board in its sole discretion may at any time or times hereafter decide, at such price as it may deem most appropriate for subscription for cash and the conversion of OCDs into equity shares at a later date shall be at a price not less than the higher of the average of weekly high and low of the closing prices of the company's shares quoted on a stock exchange during the six months preceding the relevant date or the average of weekly high and low of the closing prices of the company's shares quoted on a stock exchange during the two weeks preceding the relevant date i.e. thirty days prior to the date of Annual General Meeting and determined by the board prior to the issue, provided that the increase in equity capital as aforesaid together with the existing paid-up equity capital, outstanding for the time being shall at any point be within the limits of Authorised Equity Capital of the company, to promoter group members [which term shall include Directors other than Promoter Directors, their families, relatives, friends, and associates, whether Resident or Non- Resident Indian(s) (including Overseas Corporate Body(ies) (OCBs) substantially owned by Non Resident Indian(s))] and/or Indian/Foreign Financial Institutions (FIs), Investment Institution(s), Mutual Fund(s), Bank(s), Body Corporate(s), other individuals, whether Resident or Non- Resident Indian(s) [whether or not those entities include members of the company] on preferential basis and in such manner as the Board may in its absolute discretion think fit and determine from time to

time in conformity with the relevant provisions of law and the Articles of Association of the company, wherever applicable, on such terms and conditions including the number of securities to be issued, face value, redemption/conversion period, manner/ terms of redemption/conversion, the number of equity shares to be allotted on conversion/redemption/ exercise of rights attached to warrants, the ratio of exchange of shares and/or warrants, period of conversion and other related or incidental matters and all such other terms as are provided in the offering(s) of a like nature, as may be permitted in accordance with the prevailing rules/guidelines in this behalf."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Optionally Convertible Debentures as referred to in paragraphs(s) above as may be necessary in accordance with the terms of the offering(s) and all such shares issued by the company shall rank pari-passu with the then existing fully paid-up Equity shares of the company in all respects, save that the dividend if any, payable in respect of the shares shall be paid proportionately to the amounts paid-up or credited as paid-up on the shares during any portion or portions of the period in respect of which the dividend is paid, excepting such rights and other entitlements as may be provided under the Terms of the Issue and in the Offer Documents."

**"RESOLVED FURTHER THAT** the offer for the aforesaid securities shall be made immediately after the Annual General Meeting of the company and shall be valid for a period of three months."

**"RESOLVED FURTHER THAT** for the aforesaid purpose, the Board/ Committee of Directors be and is hereby authorised to make on its own accord or to accept such amendments, modifications, variations and alternations as Securities & Exchange Board of India, and/or Stock Exchange and/or Institutions and/or other concerned authorities may stipulate on their behalf at the time of their approval and as agreed to by the Board and to do all such

acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution without being required to seek any further consent or approval of the company or other wise to the end and intend that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

#### **Subsidiarisation of Education Division**

13. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

**"RESOLVED THAT** in terms of Section 293(1)(a) and 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 the relevant provisions of the Memorandum and Articles of Association of the Company, and the prevailing statutory guidelines, if any, the consent of the Company be and is hereby accorded to the Board, to subsidiarise/hive off the Education division of the company by forming a new company and transferring the assets and liabilities of the said division at an appropriate value to the said new company in such manner as the Board may deem most beneficial to the company."

**"RESOLVED FURTHER THAT** Dr. Ashok Kumar Agarwal, Managing Director and/or Mr. Brij Kumar Tankha, Whole-time Director be and are jointly and/or severally authorised to sign/execute necessary documents/papers/ applications on behalf of the company and to do all such acts, deeds and things as may be required in this connection for giving effect to this resolution."

By order of Board of Directors  
For **SQL STAR INTERNATIONAL LIMITED**

Place : New Delhi  
Date : April 26, 2001

**BRIJ KUMAR TANKHA**  
DIRECTOR



## NOTES :

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item 6 to 13 set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
3. The Register of Members and Transfer Books of the Company will remain closed from Saturday the 16<sup>th</sup> June 2001 to Wednesday the 27<sup>th</sup> June 2001, both days inclusive.
4. The dividend on the share recommended by Directors for the year ended 31<sup>st</sup> December, 2000, if declared at the meeting, will be payable to those members whose names appear as member in the books of the company on 16<sup>th</sup> June, 2001, in accordance with the resolution to be passed by the company. Members who have not encashed their dividend warrants for the year 1999, may send them for revalidation to Karvy Consultants Ltd, Unit : SQL Star International Ltd, "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034.
5. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the registered office of the company on all working days except Saturdays and Sundays between 10:00 a.m. to 13:00 p.m. upto the date of the Annual General Meeting.
6. Members seeking any information with regard to accounts of the company, are requested to send their queries so as to reach at least 10 days before the meeting, to enable the management to keep the information ready.
7. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., Karvy Consultants Limited, Unit : SQL Star International Limited, "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034, on or before 15<sup>th</sup> June 2001 the changes, if any, in their registered addresses along with the Pin Code number quoting their folio number. All correspondence relating to shares may be addressed to The Company Secretary, Corporate Office, 2nd Floor, A - 38 B, Kailash Colony, New Delhi - 110 048 and requests for share transfer may be sent directly to Transfer Agents of the Company.
8. Members are requested to bring their copy of the Annual Report to the Meeting.
9. Shareholders/Proxy-holders are requested to produce at the entrance, the attached Attendance Slip duly completed and signed, for admission to the meeting hall.

## Annexure to the Notice

### EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act 1956, the following Explanatory Statement sets out material facts relating to the business under items 6 to 13 of the accompanying Notice dated 26<sup>th</sup> April, 2001.

#### ITEM 6:

The five years tenure of Dr. Ashok Kumar Agarwal as Managing Director of the company expired on 31.12.2000. The Board of Directors in their meeting held on 31<sup>st</sup> January, 2001, had considered re-appointment of Dr. Ashok Kumar Agarwal as Managing Director w.e.f. 1.1.2001 for a further period of 5 years. Keeping in view his vast experience as an IT professional and valuable services rendered by him to the company as its Managing Director resulting in phenomenal growth of the company including maiden IPO of the company in June - 1999, the Board has recommended to the shareholders his re-appointment as Managing Director for a further period of five years with effect from 01.01.2001 on the existing terms, conditions & remuneration as approved by the shareholders of the company in their Annual General Meeting held on 30<sup>th</sup> March, 2000 subject to limits, if any, specified in the Section II of Part II of Schedule XIII of the Companies Act, 1956. Terms and conditions are as follows:

Salary per month	Rs.63,000.00
House Rent Allowance	@ 40% of Salary
Commission	1% of the net profit of the company as computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to a maximum of Rs. 12 lacs per year payable annually.
Performance linked variable bonus	Subject to the approval of the Board of Directors on the basis of board's assessment of the performance payable after the adoption of the annual accounts by the shareholders (subject to a maximum of Rs.12 Lacs).

Medical Reimbursement	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.
Leave Travel Concession	For self and family once in a year in accordance with the rules of the Company.
Personal Accident Insurance	Of an amount, the annual premium of which does not exceed Rs.15,000/-.
Club Fees	Fees, subject to maximum of two clubs will be allowed. This will not include admission and life membership fees.

In addition, he will be eligible for the following perquisites:

- (a) Company's contribution towards Provident Fund as per rules of the Company but not exceeding 12% of the salary as laid down under the Income-Tax Rules, 1962.
- (b) Company's contribution towards Superannuation Fund as per rules of the Company.
- (c) Gratuity - Not exceeding half month's salary for each completed year of service.
- (d) Earned/Privilege Leave - As per rules of the Company. Leave accumulated but not availed of during the tenure may be allowed to be encashed at the end of the tenure.
- (e) Company's Car with driver for the business of the Company.
- (f) Telephone facility for official use at residence at Company's cost.

Provided further that in the event of inadequacy of profits in any financial year the remuneration of Dr. Ashok Kumar Agarwal, Managing Director shall be governed by the limits prescribed under Section II of Part II of the Schedule XIII of the Companies Act, 1956.

Dr. Ashok Kumar Agarwal is concerned and has interest in the proposed resolution to the extent of his remuneration as Managing Director. No other Director of the Company has any interest or concern in the proposed resolution.

The resolution set out in the accompanying notice together with the explanation



should be treated as an extract under Section 302 of the Companies Act, 1956. The Directors recommend the proposed resolution for approval of the shareholders.

#### ITEM 7:

The five years tenure of Mr. Brij Kumar Tankha as Whole-time Director of the company expired on 31.12.2000. The Board of Directors in their meeting held on 31st January, 2001, had considered re-appointment of Mr. Brij Kumar Tankha as Whole-time Director w.e.f. 1.1.2001 for a further period of 5 years. Keeping in view his vast experience in the IT industry and valuable services rendered by him to the company as its Whole-time Director resulting in phenomenal growth of the company including maiden IPO of the company in June – 1999, the Board has recommended to the shareholders his re-appointment as Whole-time Director for a further period of five years with effect from 01.01.2001 on the existing terms, conditions & remuneration as approved by the shareholders of the company in their Annual General Meeting held on 30th March, 2000 subject to limits, if any, specified in the Section II of Part II of Schedule XIII of the Companies Act, 1956. Terms and conditions are as follows:

Salary per month	Rs.57,000.00
House Rent Allowance	@40% of Salary
Commission	1% of the net profit of the Company as computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to a maximum of Rs.10.80 lacs per year payable annually.
Performance linked variable bonus	Subject to approval of the Board of Directors on the basis of board's assessment of the performance payable on adoption of annual accounts by the Shareholders (subject to a maximum of Rs.10.80 Lacs).
Medical Reimbursement	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.
Leave Travel Concession	For self and family once in a year in accordance with the rules of the Company.
Personal Accident Insurance	Of an amount, the annual premium of which does not exceed Rs.8500/-.
Club Fees	Fees, subject to maximum of two Clubs will be allowed. This will not include admission and life membership fee.

In addition he will be eligible for the following perquisites:

- Company's contribution towards Provident Fund as per rules of the Company but not exceeding 12% of the salary as laid down under the Income-Tax Rules, 1962.
- Company's contribution towards Superannuation Fund as per rules of the Company.
- Gratuity – Not exceeding half month's salary for each completed year of service.
- Earned/Privilege Leave – As per rules of the Company. Leave accumulated but not availed of during the tenure may be allowed to be encashed at the end of the tenure.
- Company's Car with driver for the business of the Company.
- Telephone facility for official use at residence at Company's cost.

Provided further that in the event of inadequacy of profit in any financial year the remuneration of Mr. Brij Kumar Tankha, Whole-time Director shall be governed by the limits prescribed under Section II of Part II of the Schedule XIII of the Companies Act, 1956.

Mr. Brij Kumar Tankha is concerned and has interest in the proposed resolution to the extent of his remuneration as Whole-time Director. No other Director of the Company has any interest or concern in the proposed resolution.

The resolution set out in the accompanying notice together with the explanation should be treated as an extract under Section 302 of the Companies Act, 1956.

The Directors recommend the proposed resolution for approval of the shareholders.

#### ITEM 8:

The present authorised capital of the company is Rs.12.50 Crores divided into 1,25,00,000 Equity Shares of Rs.10/- each and the paid up capital is Rs. 10.40 crores (Rupees Ten Crores Forty Lacs only). The Company proposes to raise funds to the tune of about Rs.25.00 Crores through Public/Right/Preferential issues of capital. The funds so raised would be utilised in meeting the requirements of expansion plan of the Company. For the said issues of fresh equity capital, it is necessary to increase the authorised capital. It is therefore, proposed to increase the authorised capital of the Company by additional 25,00,000 Equity Shares of Rs.10/- each.

The directors recommend the resolution for approval of the Shareholders.

None of the directors of the company is in any way concerned or interested in this resolution.

#### ITEM 9:

##### Substitution of Article 4

In view of proposed change in the Authorised Share Capital of the Company from Rs.12.50 Crores to Rs. 15.00 Crores, it is necessary to change Capital Clause of the Articles of Association. Accordingly it is proposed to amend the Clause 4 of Articles of Association of the Company.

The Directors recommend the proposed resolution for approval of the shareholders.

None of the directors of the company is in any way concerned or interested in this resolution.

##### Amendment in Article 95

Provisions of Section 310 relate to payment of remuneration by way of a fee for each meeting of the Board or a committee thereof attended by any such Director and the amount of such fee. The limit for such fee was revised to a maximum of Rs.1,000/- on flat basis from 15.6.1988 and to Rs.2,000/- w. e. f. 27.8.1993. The Central Govt. has recently amended Rule 10B of the Companies (Central Govt.'s) General Rules & Forms, 1956, with effect from April 1, 2000 prescribing a maximum limit of a sum of Rs.5,000/- (Rs. Five thousand only) for each meeting of the Board or a committee thereof or any adjournment thereof, attended by him/her.

Article 95 of the Articles of Association of the company entitles each Director of the company to receive by way of sitting fee not exceeding Rs.500/- (Rs. Five hundred only) for each meeting of the Board or a committee thereof or any adjournment thereof, attended by him/her. Article 95 continued to have a ceiling of Rs.500/- and the company did not make revision thereof consequent upon the revisions made by the Central Govt. by amending Rule 10B of the Companies (Central Govt.'s) General Rules & Forms, 1956. It is therefore proposed to amend Article 95 of the Articles of Association of the company.

The Directors recommend the proposed resolution for approval of the shareholders.

The Directors of the Company other than two Operating Directors may be deemed to be interested in the resolution.

##### Insertion of Article 90A after Article 90 (90 A. Passing of Resolution by Postal Ballot)

The Companies (Amendment) Act, 2000, has inserted Section 192A for passing of resolutions by postal ballot. The Central Government by notification in the official gazette shall declare resolution(s) which shall be conducted only by postal ballot. Necessary provision has been made in the Articles of Association of the Company by inserting Article 90A after Article 90 to implement the provision of the section on notification by the government in the official gazette.

The Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company is in any way concerned or interested in this resolution.

#### ITEM 10:

At present the Board of Directors have authority under Section 293(1)(d) of the



Companies Act, 1956, to borrow moneys for the business of the Company upto a limit of Rs. 17.00 Crores. In view of the expanding activities of the Company, it is proposed to raise this limit to Rs.30.00 Crores.

The Directors recommend this resolution for approval of the Shareholders.

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

#### ITEM 11:

The borrowings of the Company, are generally secured by suitable mortgage or charge on the movable and immovable properties of the Company. To meet the funds requirement for the future expansion plan, the Company may require to borrow funds from individuals, firms, bodies corporate or financial institutions. Such loans may be required to be secured by the Company's immovable and/or movable assets, in such form and in such manner as may be agreed to between the Board and lenders. The terms prescribed for providing such loans or finance facilities may provide for taking over the assets of the Company in certain events.

In terms of Section 293(1)(a) of the Companies Act, 1956, the Board of Directors cannot, without the consent of the Members, sell, lease or otherwise dispose off wholly or partially, the undertaking(s) of the Company. In order to mortgage and/or charge the Company's assets so as to secure the borrowings, consent of the Company in General Meeting is required to be obtained in terms of Section 293(1)(a) of the Companies Act, 1956. Accordingly, necessary authority may be given to the Board of Directors of the Company to enable them to take necessary borrowings against security of the assets of the Company.

The Board of Directors recommend the resolution for approval by the members of the Company as an Ordinary Resolution.

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

#### ITEM 12:

The company at present needs funds for meeting its additional working capital requirements and to part finance the ongoing projects and expansion plans. The proposed preferential offer of 15 % Optionally convertible debentures with/without detachable warrants is for meeting the said requirements. As the 15 % Optionally convertible debentures proposed to be issued may be converted into equity, the resolution is placed for the approval of the shareholders as per the provisions of Section 81(1A) of the Companies Act, 1956.

A certificate from the Auditors of the Company certifying that the proposed preferential issue conforms to the guidelines issued by the SEBI will be laid before the meeting for consideration of the members.

The Promoters/Directors/Key management personnels intend to subscribe to the proposed preferential offer. The percentage of the post preferential allotment would increase in proportion to the number of shares allotted which would depend on the price arrived for conversion based on the pricing formula as per SEBI Guidelines. Considering the prevailing market price of the script and taking the relevant date as the date 30 days prior to the date of AGM, the conversion price is expected to be not less than Rs.28/- per share. In case all the OCDs are converted into equity shares at the time of maturity, the expected percentage of holding of promoters and non-promoters would be as below.

Particulars	As on 31.03.2001	Post allotment holding after conversion of all the OCDs
<b>Promoters, their families, friends &amp; associates</b>	36.86	35.43
<b>Indian Financial Institutions (FIs), Investment Institution(s), Mutual Fund(s), Bank(s),</b>	11.35	13.00
<b>Non-Promoters including, Body Corporate(s), other individuals</b>	51.79	51.57
<b>Total</b>	100.00	100.00

The proposed debentures on preferential basis would be allotted within a period of three months from the date of passing of this resolution in one or more tranches. The proposed allottees of the preferential offer of Optionally Convertible Debentures may be in any combination of the followings:

1. Promoters, Directors, their family members & relatives, their friends and associates, whether Resident, Non Resident Indian(s) (including Overseas Corporate Body(ies) (OCBs) substantially owned by Non Resident Indian(s)) to a maximum of 17,857 OCDs or 3,57,140 equity shares.
2. Indian/Foreign Financial Institutions (FIs), Investment Institution(s), Mutual Fund(s), Bank(s), Body Corporate(s), other entity(ies) whether Resident or Non Resident Indian(s) [whether or not those entities include members of the company] to a maximum of 17,857 OCDs or 3,57,140 equity shares.
3. Any other categories of persons, institutions, authorities or sections or otherwise [whether or not those investors include members of the company] to a maximum of 35,714 OCDs or 7,14,280 equity shares.

In order to give adequate flexibility and discretion to the Board to finalise the issue structure, and the terms of the issue in the best interest of the company, the consent of the shareholders under Section 81(1A) of the Companies Act, 1956 is sought. The present resolution is an enabling resolution to cover all contingencies and requirements.

None of the Directors of the company is in any way concerned or interested in the proposed resolution except to the extent the number of Optionally Convertible Debentures offered to him.

The Directors recommend the resolution for the approval of the shareholders.

#### ITEM 13:

The Education division of the company is presently contributing around 33% to the turnover of the company and whereas balance 67% comes from Software Services of which Exports forms the substantial part. However, SQL Star is being perceived as an IT Education Company. In Education, the earning growth is not perceived to be as high as in Software Services. Therefore, the company gets lower valuation as the common investor does not differentiate between pure Software Services company and a company both in Education and Software Services. The market categorises the company primarily as an IT Education Company in terms of growth and returns. In order to move as per the market sentiments, it has been considered appropriate to transfer the education division to a separate company which will be a wholly owned subsidiary of the company. This will enable the company to create its image as a potential provider of Software Solutions & Services and shed the image of primarily a Hi-end IT Education company.

None of the Directors may be deemed to be interested in the resolution.

The Directors recommend the resolution for approval by the shareholders.

By order of Board of Directors  
For **SQL STAR INTERNATIONAL LIMITED**

Place : New Delhi  
Date : April 26, 2001

**BRIJ KUMAR TANKHA**  
DIRECTOR





## SQL STAR INTERNATIONAL LIMITED

Regd. Office : 2nd Floor, Andhra Association Building,  
24- 25, Institutional Area, Lodhi Road, New Delhi-110 003.

### PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
being a member(s) of **SQL STAR INTERNATIONAL LIMITED** hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
failing him/her \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to  
be held at Laxmipat Singhanian Auditorium, PHD House, 4/2 Hauz Khas, Khel Gaon Marg, New Delhi – 110 016 on Wednesday, the  
27th day of June 2001 at 10.00 a.m. and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2001.

Affix  
Rs.1.00  
Revenue  
Stamp

Signature of the Shareholder(s) \_\_\_\_\_

Folio No./Client Id. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Note: The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding  
of the aforesaid meeting.

## SQL STAR INTERNATIONAL LIMITED

Regd. Office : 2nd Floor, Andhra Association Building,  
24 – 25, Institutional Area, Lodhi Road, New Delhi-110 003.

### ATTENDANCE SLIP

(Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall)

I hereby record my presence at the Annual General Meeting of the Company being held at Laxmipat Singhanian Auditorium, PHD  
House, 4/2 Hauz Khas, Khel Gaon Marg, New Delhi – 110 016 on Wednesday, the 27th day of June 2001 at 10.00 a.m.

Name of the Shareholder(s) \_\_\_\_\_  
(in Block letters)

Folio No./Client Id. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Signature of the Shareholder/Proxy

# Contents

1. Company Information .....	2
2. Chairman's Message .....	4
3. Directors' Report .....	5
4. Annexures to the Directors' Report .....	10
5. Auditor's Report .....	13
6. Balance Sheet .....	14
7. Profit & Loss Account .....	15
8. Schedules to the Balance Sheet .....	16
9. Balance Sheet Abstract .....	24
10. Cash Flow Statement .....	25
11. Statement Pursuant to Section 212 .....	26
12. Financial Statements of SQL Star International Inc., USA .....	27
13. Financial Statements of International SQL Star Pte. Ltd., Singapore .....	33

