



TWINSTAR SOFTWARE EXPORTS LTD.



**ANNUAL REPORT
1998-99**

5th Annual Report 1998-99**BOARD OF DIRECTORS**

Shri D. S. Mehta	<i>Managing Director</i>
Shri G. S. Subbiah	<i>Director</i>
Shri V. D. Vyas	<i>Director</i>
Smt. Sharbari Nag - Fernandes	<i>Nominee Director, IDBI</i>
Shri Yogesh Wadhwa	<i>Director</i>
Shri K. S. Mehta	<i>Director</i>
Shri S. N. Talwar	<i>Alternate Director to Shri G. S. Subbiah</i>

AUDITORS

M/s. A. T. Jain & Co.
Chartered Accountants
Mumbai

BANKERS

Bank of Baroda

SHARE TRANSFER AGENT

Dynamic Superways & Exports Ltd.
Rainbow Palace, I. C. Colony,
Cross Road No. 5, Borivali (West),
Mumbai-400 103.

REGISTERED OFFICE

Plot No. EL-178, TTC MIDC Ind. Area,
Mahape, Navi Mumbai-400 701.

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5th Annual Report 1998-99**NOTICE**

NOTICE is hereby given that the 5th Annual General Meeting of TWINSTAR SOFTWARE EXPORTS LIMITED will be held on Friday, the 31st day of December, 1999 at 10.00 a.m. at the Registered Office at Plot No. EL-178, TTC MIDC Indl. Area, Mahape, Navi Mumbai-400 701, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 1999 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. V.D. Vyas who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Yogesh Wadhwa who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company, be and is hereby increased from the existing Rs.16,50,00,000/- (Rupees Sixteen Crores Fifty Lacs only) consisting of 1,65,00,000 (One Crore Sixty five Lacs) equity shares of Rs.10/- each to Rs.20,00,00,000/- (Rupees Twenty Crores only) by creation of additional 35,00,000/- (Thirty Five Lacs only) Preference Shares of Rs. 10/- each aggregating to Rs. 3,50,00,000/- (Rupees Three Crores Fifty Lacs only) and that Clause V of the Memorandum of Association and Article 4 of the Articles Association be altered accordingly."

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

"RESOLVED THAT pursuant to Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof), the relevant provisions of the Memorandum and Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary, from the appropriate authorities or bodies, and subject to such conditions as may be prescribed by them while granting such approvals, consents, permissions and sanctions and subject to such terms, conditions and alterations which the Board of Directors of the Company (hereinafter referred to as the 'Board'), be and is hereby authorised to accept, if it thinks fit in the interest of the Company, the Board be and is hereby authorised to issue, offer and allot Preference Shares of Rs. 10/- each of an aggregate value of upto Rs. 50,00,00,000 (Rupees Fifty Crores only), inclusive of such premium if any, as may be determined by the Board, in one or more private offerings including private placement, in Indian markets to Indian/foreign investors (whether institutions/banks and/or incorporated bodies (including companies) and/or any other body corporate and/or trusts and/or mutual funds and/or local bodies and/or any combination thereof) and whether or not such investors are Members of the Company, on such terms and conditions and in such tranche as may be decided by the Board in its absolute discretion".

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the Board be and is hereby authorised to determine as to when the said Preference Shares are to be issued, the type or types of the Preference Shares to be issued, the types and classes of investors to whom the Preference Shares are to be offered, the number and value of the Preference Shares to be issued in each tranche, the terms or combination of terms, subject to which the Preference Shares are to be issued, including but not limited to terms relating to dividend, premium on redemption or premature or early redemption at the option of the Company and/or the investor, terms for cumulation of dividends and all such terms as are provided in offerings of like nature".

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents,



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instruments and writings as it may in its absolute discretion deem necessary or desirable, and pay any fees and commission and incur expenses in relation thereto."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of the Preference Shares and utilisation of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Managing Director or any other Officer or Officers of the Company to give effect to the aforesaid Resolutions".

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

"RESOLVED THAT pursuant to Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof), the relevant provisions of the Memorandum and Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary, from the Government of India, Reserve Bank of India and other appropriate authorities or bodies and subject to such conditions as may be prescribed by them while granting such approvals, consents, permissions and sanctions and subject to such terms, conditions and alterations which the Board of Directors of the Company (hereinafter referred to as the 'Board'), be and is hereby authorised to accept, if it thinks fit in the interest of the Company, the Board be and is hereby authorised to issue, offer and allot Equity Shares and/or Global Depository Receipts/American Depository Receipts (hereinafter collectively referred to as the 'Securities') of an aggregate nominal (face) value of upto Rs. 50 crores (Rupees Fifty crores only) or equivalent thereof in any other currency or currencies at such premium as may be determined by the Board from time to time, in one or more public or private offerings including private placement in Indian/Foreign markets to Indian/Foreign investors (whether Institutions/Banks and/or incorporated bodies (including companies) and/or any Body Corporate including Foreign Institutional Investors/multilateral agencies and/or trusts and/or Non-Residents and/or local bodies or otherwise or any combination thereof) and whether or not such investors are Members of the Company, through prospectus and/or on private placement basis, on such terms and conditions and in such tranche as may be decided by the Board in its absolute discretion provided, however, that no Securities (including Equity Shares), shall be issued pursuant to this Resolution either on a rights basis, or by way of public issue to Indian investors."

"RESOLVED FURTHER THAT the Company and/or any Agency/Body authorised by the Board on behalf of the Company may issue Depository Receipts representing the Securities issued by the Company in negotiable, registered or bearer form, whether in India or abroad, with such features and attributes as are prevalent in capital markets for instruments of like nature and to provide for the tradeability and free transferability thereof as per practices and regulations."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the Board be and is hereby authorised to determine as to when the Securities are to be issued, the type or types of the Securities to be issued, the types and classes of investors to whom the Securities are to be offered, the number and value of each of the Securities to be issued, the terms or combination of terms subject to which the Securities are to be issued and all such terms as are provided in offerings of like nature."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable, including without limitation to enter into arrangements for underwriting, marketing, listing, trading, and for appointing Depository agent(s), Custodian(s), Registrar(s), paying and Conversion agent(s), Trust(s), Lead and other Manager(s), Advisor(s), Consultant(s), etc. and, pay any fees and commission and incur expenses in India and abroad in relation thereto."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of the Securities and utilisation of the issue, offer or allotment of the Securities and utilisation of the issue proceeds as it may in its absolute discretion

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deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein-conferred to any Committee of Directors or Managing Director or any other Officer or Officers of the Company, to give effect to the aforesaid Resolutions."

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification thereto or any re-enactment thereof for the time being in force) the Articles of Association of the Company, be and are hereby amended and altered in the manner and to the extent as is set out hereinbelow :

- A. Insert the following Heading and Article as Article 33A after existing Article 33.

Dematerialisation of Securities

Definitions 33A

- (1) For the purpose of this Article:-

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities & Exchange Board of India;

'Depository' means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

Dematerialisation of Securities

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options for investors

- (3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opts out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a 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 record the name of the allottee as the beneficial owner of the security.

Securities in Depositories to be in fungible form

- (4) 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 owners.

Rights in Depositories and Beneficial Owners

- (5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the



- registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (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 securities held by it.
- (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.
- Service of Documents** (6) 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.
- Transfer of Securities** (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- Allotment of Securities dealt with in a Depository** (8) 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.
- Distinctive numbers of Securities held in a Depository** (9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with a depository.
- Register and index of Beneficial Owners** (10) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."
9. To consider and, if thought fit, to pass with or without modification/s, the following Resolution as an Ordinary Resolution :
- "RESOLVED THAT consent of the Company pursuant to Section 293 (1)(d) of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, be and is hereby accorded to the Board of Directors of the Company to borrow from time to time such sum or sums of money as it may consider fit for the purpose of the business of the Company notwithstanding that the moneys to be so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any other specific purpose, provided however, that the total amount so borrowed by the Board of Directors and outstanding at any one time shall not exceed the sum of Rs.50 Crores (Rupees Fifty Crores only)."
10. To consider and if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution :
- "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby given to the re-appointment of Mr. Daulat .S. Mehta as Managing Director of the Company for a period of 5 years effective from 21st September, 1999 at a monthly salary of Rs.35,000/- (Rupees Thirty-Five Thousand only) per month,

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along with perquisites as may be permissible under Schedule XIII of the Companies Act, 1956 and on the terms and conditions as contained in the agreement entered into between the Company and Mr. Daulat S. Mehta, a copy of which as placed before the Board and initialled by the Chairman for the purpose of identification."

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

"RESOLVED THAT pursuant to the provisions of the Securities Contracts Regulation Act, 1956 as amended by the Securities and Exchange Board of India (SEBI) Act, 1992 and other applicable provisions, subject to such approvals as may be necessary, the Company hereby approves listing of Equity Shares on any recognized national or international Stock Exchange(s) as the Board of Directors may deem fit in the best interest of the Company".

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts and things as may be necessary in order to give effect to this resolution including acceptance of any modification and/or conditions which may be suggested by the said Exchanges and/or other authorities and as may be acceptable to the Board of Directors without any further reference to the Company in General Meeting".

For and on behalf of the Board

(DAULAT S. MEHTA)
Managing Director

Place : Mumbai,

Date : 6th December, 1999.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A form of proxy is attached to this notice. Any member appointing a proxy must do so by sending the duly executed instrument of proxy and deliver it to the Registered Office of the Company not less than 48 hours before the date and time of the meeting.
3. An Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 in respect of the Special Business under items No. 5 to 11 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 21st December, 1999 to 29th December, 1999 (both days inclusive).
5. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.
6. Members are requested to send their queries at least 7 days before the meeting to the Registered Office of the Company so that information required by the Members may be made available at the Meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****ITEM NO. 5 :**

The existing authorised share capital of the Company is Rs.16,50,00,000/- (Rupees Sixteen Crores Fifty Lacs only) consisting of 1,65,00,000 (One Crore Sixty five Lacs) equity shares of Rs 10/- (Rupees ten only) each. It is necessary to raise the authorised share capital of the Company from the existing Rs.16,50,00,000/- (Rupees Sixteen Crores Fifty Lacs only) to Rs 20,00,00,000 (Rupees Twenty Crores only) each by creation of additional 35,00,000/- (Thirty Five Lacs only) preference shares of Rs.10/- each aggregating to Rs. 3,50,00,000/- (Rupees Three Crores Fifty Lacs Only).

Approval of the Shareholders is mandatory for increase in the Authorised Share Capital. Alteration of the relevant Clauses of the Memorandum and Articles of Association is consequential.

Approval of the Shareholders is being sought through this resolution for the proposed increase in the Authorised Share Capital of the Company.

None of the directors are interested in the Resolution.

ITEM NO. 6 & 7 :

With a view to augmenting the Company's resources for its ongoing business, it is proposed to raise an amount of upto Rs. 50 Crores (inclusive of premium, if any) through an issue of Preference Shares and upto Rs. 50 Crores or its equivalent (exclusive of premium), through an issue of Equity Shares and/or American/Global Depository Receipts. Detailed terms and conditions including the issue price, premium, etc. will be determined by the Board in consultation with the Lead Managers/Advisors/Consultants and depending on the then prevailing market conditions. The proposed issue of securities as aforesaid, will if required, be subject to the approval of the Government of India, Reserve Bank of India and other relevant authorities. In terms of the proposed Resolution, the Board is being empowered to issue and allot Preference Shares on a private placement basis and/or Equity Shares to foreign/Indian investors who may not be the Members of the Company. Consent of the Members at General Meeting would, therefore, be necessary, pursuant to Section 81 of the Companies Act, 1956, and the listing agreement with the Bombay Stock Exchange.

The Board of Directors recommends the Resolutions for the approval of the Members.

None of the Directors of the Company, are in any way, concerned or interested in the said Resolutions.

ITEM NO. 8 :

The company proposes to enter into an agreement with National Security Depositories Ltd. for dematerialisation of Equity Shares at an appropriate time.

Consequent to the passing of the Depositories Act, 1996, and the introduction of the Depository System, some of the provisions of the Companies Act, 1956 relating to issue, holding, transfer and dealing in shares, debentures and other securities as also Certificates thereof have been amended to facilitate participating in the Depository System. Therefore, it is proposed to insert a new Article no. 33A providing for dematerialisation of securities.

A copy of the Articles of Association of the Company together with proposed amendments is available for inspection of the members at the Registered Office of the Company between 10.00 a.m. to 5.30 p.m. on any working day of the Company upto the date of the meeting.

The Board recommends this resolution for the approval of the Members.

None of the Directors of the Company are interested or concerned in the said Resolution.

ITEM NO. 9 :

Section 293(1)(d) of the Companies Act, 1956 provides that the Board of Directors of a Public Company shall not, except with the consent of the Company in General Meeting, borrow moneys, where the moneys to be borrowed together with the moneys already borrowed by the Company, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. The Board considers that in the interest of the Company and its expanding business, the Board should be empowered to