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To consistently create value for our stakeholders, by providing solutions which enable our customers to achieve excellence and sustainable competitive edge

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## 3i Infotech Limited

(Formerly ICICI Infotech Limited)

### NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of 3i Infotech Limited will be held on Friday, July 22, 2005 at 3.00 p.m. at Arya Samaj Hall, Plot No. 6, Sector 9A, Vashi, Navi Mumbai 400 703, to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2005 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors.
2. To confirm the dividend paid on 6.35% preference shares.
3. To declare dividend on equity shares.
4. To appoint a Director in place of Mr. Hoshang N. Sinor, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Suresh Kumar, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors and approve their remuneration.

#### SPECIAL BUSINESS

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

RESOLVED that Mr. Vincent Addonisio, in respect of whom the Company has received a Notice in writing from one of the Members proposing his candidature for the office of director, under the provisions of Section 257 of the Companies Act,

1956, along with a deposit of Rs.500, who is eligible for appointment to the office of director, be and is hereby appointed a Director of the Company liable to retire by rotation.

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

RESOLVED that Mr. Bruce Kogut, in respect of whom the Company has received a Notice in writing from one of the Members proposing his candidature for the office of director, under the provisions of Section 257 of the Companies Act, 1956, along with a deposit of Rs.500, who is eligible for appointment to the office of director, be and is hereby appointed a Director of the Company liable to retire by rotation.

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

RESOLVED that Mr. S. Santhanakrishnan, in respect of whom the Company has received a Notice in writing from one of the Members proposing his candidature for the office of director, under the provisions of Section 257 of the Companies Act, 1956, along with a deposit of Rs.500, who is eligible for appointment to the office of director, be and is hereby appointed a Director of the Company liable to retire by rotation.

10. 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 if any of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and other applicable laws, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and regulations/



guidelines prescribed by the Securities and Exchange Board of India (SEBI) and any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be required, and subject to such conditions as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised to accept, the Board be and is hereby authorised on behalf of the Company, to create, issue, offer and allot, to or for the benefit of such person or person(s) as are in the permanent employment and the Directors (including the wholetime Directors) of the Company, at any time, the equity shares of the Company and/or warrants (whether attached to any security or not) with an option exercisable by the warrant holder to subscribe for equity shares/equity linked securities and/or bonds, debentures, preference shares or other securities convertible into equity shares at such price, in such manner, during such period, in one or more tranches and on such terms and conditions as the Board may decide prior to the issue and offer thereof, for, or which upon exercise or conversion could give rise to the issue of a number of equity shares not exceeding in aggregate (including any equity shares issued pursuant to the Resolution at item 11 and 12 of the Notice), twenty five percent of the aggregate of the number of issued equity shares of the Company, from time to time, on the date(s) of grant of stock option(s) under the 3i Infotech Employees Stock Option Scheme (ESOS), as placed at the Meeting.

RESOLVED further that subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid Resolution shall in all respect rank pari-passu inter se as also with the then existing equity shares of the Company.

RESOLVED further that for the purpose of giving effect to any creation, offer, issue, or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) (including to amend or modify any of the terms of such issue or allotment), as it may, in its absolute discretion deems fit, without being required to seek further consent or approval of the Members.

RESOLVED further that the Board be and is hereby authorised to vary or modify the terms of the ESOS in accordance with any guidelines or regulations that may be issued, from time to time, by any appropriate authority provided such variation, modification or alteration is not detrimental to the interests of the employees / Directors (including wholetime Directors).

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 any one or more of the wholetime Directors of the Company.

11. 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, if any of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and other applicable laws, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and regulations/ guidelines prescribed by the Securities and Exchange Board of India (SEBI) and any other

relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be required, and subject to such conditions as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised to accept, the Board be and is hereby authorised on behalf of the Company, to create, offer, issue, and allot, to or for the benefit of such person or persons who are in the permanent employment and the Directors (including the wholetime Directors) of any subsidiary company and holding company of the Company, at any time, equity shares of the Company and/or warrants (whether attached to any security or not) with an option exercisable by the warrant holder to subscribe for equity shares/equity linked securities and / or bonds, debentures, preference shares or other securities convertible into equity shares at such price, in such manner, during such period, in one or more tranches and on such terms and conditions as the Board may decide prior to the issue and offer thereof, for, or which upon exercise or conversion could give rise to the issue of a number of equity shares not exceeding in aggregate (including any equity shares issued pursuant to the Resolution at item 10 and 12 of the Notice), twenty five percent of the aggregate of the number of issued equity shares of the Company, from time to time, on the date(s) of grant of stock option(s) under 3i Infotech Employees Stock Options Scheme (ESOS) as placed at the Meeting.

RESOLVED further that subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid Resolution shall in all respects rank *pari-passu* inter se as also with the then existing equity shares of the Company.

RESOLVED further that for the purpose of giving effect to any creation, offer, issue, or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) (including to amend or modify any of the terms of such issue or allotment), as it may, in its absolute discretion deems fit, without being required seek further consent or approval of the Members.

RESOLVED further that the Board be and is hereby authorised to vary or modify the terms of the ESOS in accordance with any guidelines or regulations that may be issued, from time to time, by any appropriate authority provided such variation, modification or alteration is not detrimental to the interests of the employees / Directors (including wholetime Directors).

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 any one or more of the wholetime Directors of the Company.

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

RESOLVED that pursuant to Sections 198, 309, 349, 350 and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), and in compliance with other applicable laws, rules and regulations, if any, the non executive Directors, including independent Directors, be paid, apart from the fees payable for attending the Meetings of the Board or

Committee thereof, a remuneration by way of commission on net profit of the Company, provided that the aggregate of such commission paid to all such Directors shall not exceed 1% of the net profit of the Company in any financial year.

RESOLVED further that pursuant to the Sections 198, 309, 349, 350 and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), and in compliance with the other applicable laws, rules and regulations, if any, and subject to the approval of the Central Government and subject to such conditions as may be prescribed while granting the approval, which the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised to accept, the non executive Directors, including independent Directors, be paid, apart from the fees payable for attending the Meetings of the Board or Committee thereof, a remuneration by way of commission on net profit of the Company in excess of 1% but not exceeding 3% of the net profit of the Company in any financial year.

RESOLVED further that pursuant to the Section 310 and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), and in compliance with the other applicable laws, rules and regulations, if any and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the non executive Directors, including independent Directors, be paid, apart from the remuneration by way of commission on net profit, a remuneration by way of fees for attending each Meeting of the Board or a Committee thereof and the amount of such fees shall not exceed the limit prescribed by the Central Government from time to time and all such fees paid herebefore by the Company pursuant to the Resolutions passed by the Board of Directors of the Company be and is hereby ratified.

RESOLVED further that subject to the terms of the Resolutions passed by the Members approving the grant of stock options to the employees and the Directors, the total number of stock options that can be granted to the non executive Directors, including independent Directors under the 3i Infotech Employees Stock Options Scheme (ESOS) shall not exceed one percent in a financial year in respect of each such Director and five percent in respect of all such Directors in aggregate, of the number of issued equity shares of the Company, on the date(s) of grant of stock option(s).

RESOLVED further that the Board of Directors of the Company or any Committee thereof be and is hereby authorised to finalise or determine and pay the aforesaid remuneration, at such time and in such manner, as it may deem fit, to the non executive Directors.

By Order of the Board



**Shivanand R. Shettigar**  
**Company Secretary**

April 22, 2005

Registered Office:

Tower # 5, 3rd to 6th floors,  
International Infotech Park, Vashi,  
Navi Mumbai 400 703

**NOTES:**

- (a) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item Nos. 7 to 12 set out above is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE

OF THE COMPANY, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- (c) Members holding shares in physical form are requested to immediately notify change in their address, if any, to the Company at its registered office, quoting their Folio Number(s). Members holding shares in electronic form may update such details with their respective Depository Participant(s).
- (d) Members are requested to note that the Company's shares are under compulsory demat trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
- (e) The Register of Members and the Share Transfer Book of the Company will remain closed from Tuesday, July 5, 2005 to Friday, July 22, 2005 (both days inclusive).

The dividend on equity shares for the year ended on March 31, 2005, if declared at this Meeting, will be paid:

- (i) to those Members, holding shares in physical form, whose names appear on the Register of Members of the Company, at the close of business hours on Friday, July 22, 2005, after giving effect to all valid transfers in physical form lodged with the Company on or before Monday, July 4, 2005.
- (ii) in respect of shares held in electronic form, on the basis of beneficial ownership, as per the details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the close of business hours on Monday, July 4, 2005.

In terms of the directives of Securities and Exchange Board of India, shares issued by the

companies should rank *pari-passu* in all respects, including dividend entitlement, and hence, the equity shares allotted or to be allotted by the Company during the financial year 2004-05 and beyond that till July 4, 2005 under the Employee Stock Option Scheme of the Company and the equity shares allotted under the Initial Public offer of the Company (including the Green Shoe Option) in April 2005 will be entitled to full dividend that may be declared at this Meeting.

- (f) In order to avoid fraudulent encashment of dividend warrants, Members are requested to send to the Company, at the registered office address, on or before July 4, 2005, the information relating to the name and address of their banker, branch, PIN code and particulars of the bank account, under the signature of the sole / first joint holder. This information will be printed on the dividend warrants.
- (g) Members may avail of the nomination facility as provided under Section 109A of the Companies Act, 1956.
- (h) Pursuant to the requirements on corporate governance under the Listing Agreements entered into with the stock exchanges, the information about the Directors proposed to be appointed / reappointed is given in the Annexure to the Notice.
- (i) The Members desirous of getting any information about the accounts and operations of the Company are requested to write to the Company atleast seven days before the Meeting to enable the Company to keep the information ready at the Meeting.
- (j) All the documents referred to in the Notice and the explanatory statement will be available for inspection by the Members at the Registered office of the Company between 10.30 am and 12.30 pm. on all working days from the date hereof upto the date of the Meeting.

**Explanatory Statement under Section 173(2) of the Companies Act, 1956**

**Item No. 7, 8 and 9**

The Board of Directors of the Company had appointed Mr. Vincent Addonisio, Mr. Bruce Kogut and Mr. S. Santhanakrishnan as Additional Directors, who would hold office upto the date of the 12th Annual General Meeting of the Company as provided under Article 130 of the Articles of Association of the Company and are eligible for appointment. Mr. Vincent Addonisio, is a MBA from Georgia Tech, USA and a CPA. He is associated with technology industry in USA for more than two decades. He has been on the Board of a few Nasdaq listed companies. He was earlier Director Finance in IMR Global, prior to its acquisition by CGI. Mr. Kogut is a Professor at INSEAD, France. His areas of work include international direct investment, development economics, technology policy, and privatization. Mr. S. Santhanakrishnan is a Chartered Accountant with a degree in Law. He is the Managing Partner of Sridhar & Santhanam and is a member of Central Council of the Institute of Chartered Accountants of India (ICAI) and serves on several committees of the ICAI.

It was felt that their knowledge and experience in technology industry coupled with strategic contacts would enable the Company to take larger strides on the path to future success.

The Company has received Notices in writing along with a deposit of Rs.500/- in respect of each of them, from certain Members, signifying their intention to propose their candidature for the office of the Director, in terms of Section 257 of the Companies Act, 1956.

Your Directors recommend these Resolutions for the approval of the Members.

Except Mr. Vincent Addonisio, Mr. Bruce Kogut and Mr. S. Santhanakrishnan to the extent of their respective appointments, no Director is in any way interested in these Resolutions.

**Item No. 10 and 11**

The Company has been granting stock options to its employees since the year 2000, pursuant to 3i Infotech Employees Stock Options Scheme (ESOS). The Board of Directors of the Company at its Meeting held on January 23, 2005 had amended the ESOS to make it compliant with the provisions of SEBI (Employee Stock Options Scheme & Employee Share Purchase Scheme) Guidelines, 1999 (as amended). As per the ESOS, the Board can grant upto twenty five percent of the aggregate of the number of issued equity shares of the Company, from time to time, on the date(s) of grant of stock option(s).

To enhance employee motivation and retention, and employee participation in the growth and financial success of the Company, it is necessary to continue to grant stock options in coming years. The grant of stock options would also be necessary to attract new talent to the organization. As per the SEBI guidelines, it is obligatory for the Company to obtain approval from the Members to grant stock options to the employees under pre-IPO stock options scheme.

The salient features of the 3i Infotech Employees Stock Options Scheme as approved by the Board are as under:

**Total Number of Options to be granted:**

The maximum number of Options granted to any Eligible Employee in a financial year shall not exceed 5% of the issued equity shares of the Company at the time of grant of the Options and the aggregate of all such Options granted to all the Eligible Employees shall not exceed 25% of the aggregate number of issued equity shares of the Company as at the time of grant of the options.

Options which lapse / expire or forfeited will be available for grant to Eligible Employees.



**Grant date:**

The date of the Meeting of the Board/Committee approving the grant of Option(s) or the date on which the Managing Director & CEO grants the stock options to an employee at the time of joining, pursuant to the authority granted to him by the Board or a Committee thereof.

**Eligibility for grant of Options:**

- Persons as are in the permanent employment of the Company, its subsidiary companies and its holding company, at any time, at all grades, whether working in India or out of India, as may be decided by the Board or the Committee at the time of grant.
- Persons to whom Managing Director and CEO decides to grant stock option at the time of their joining based on the criticality of that person for the organization as per the delegation of authority from the Board or the Committee.
- Directors (including wholtime Directors) of the Company, its subsidiary companies and its holding company, at any time.

**Vesting, requirements of vesting and maximum period of vesting:**

The vesting period would commence on expiry of one year from the date of grant and may vary at various points of time as may be decided by the Board or the Committee.

The Options granted to an employee may vest at one time or at various points of time as stipulated in the Award Confirmation (communication evidencing grant of options). Provided, however, there shall be a minimum period of one year between the grant of Options and vesting of Options. Unless earlier vested, expired, forfeited or otherwise terminated, each Option shall expire in its entirety by such period as stipulated in the Award Confirmation or the fifth anniversary of the date of grant of Option whichever is earlier, or such further or other period as the Committee may determine.

The options may vest in batches subject to the terms and conditions as may be stipulated by the Board / Committee which may include satisfactory performance of the employees / Directors and their continued employment with the Company / its subsidiaries / its holding company, as the case may be, unless such employment is discontinued on account of death, permanent / total disability or on retirement in which case the whole of outstanding options would vest on the date of such event. In case such a Director is a Managing Director or a wholtime Director of the Company, the retirement would mean the end of the term as the Managing Director or wholtime Director as the case may be, unless such Director, is reappointed for additional term by the Board or the Members.

If an employee/Director (including wholtime Directors) voluntarily terminates employment with the Company, the options to the extent not vested shall lapse / expire and be forfeited forthwith. However, this shall not be applicable to the employee / Director (including wholtime Director) of the Company who has resigned or who may resign from time to time to join the companies that have been established or promoted or set up by the Company or its subsidiary companies.

**Exercise Period and Process of Exercise:**

The exercise period shall commence from the date of vesting and expire at the end of five years from the date of vesting or ten years from the date of grant whichever is later. The options would be exercisable by submitting the requisite application form/exercise notice to the Company or such other person as the Company may prescribe subject to conditions for payment of price in a manner prescribed by the Board/Committee.

**Appraisal Process:**

The Board / Committee shall determine the eligibility criteria for the employees and Director (including wholtime Directors) under ESOS based on the evaluation of the employees / Directors on various parameters, such as length of service, grade, performance, professional and technical skills,

knowledge, leadership qualities, merit, contribution, conduct, future potential, etc, and such other factors as may be deemed appropriate by the Board / Committee. Stock Options can also be granted to employees at the time of joining considering the criticality of the function that an employee would handle and the need to retain an employee in the long-term interest of the Company. Such grant can be made at the discretion of Managing Director & CEO pursuant to the delegation of authority granted by the Board or a Committee thereof.

**Maximum number of options that can be granted to an employee and in aggregate:**

The maximum number of options that can be granted to any eligible employee in a year would be less than one percent of the issued equity share capital of the Company at the time of grant of options unless a separate approval is obtained from the members by way of special resolution. However, the aggregate options granted to any eligible employee shall not exceed five percent of the issued equity share capital of the Company at the time of grant of stock options. The aggregate of all such options granted shall not exceed twenty five percent of the aggregate of the equity shares issued of the Company from time to time, on the date(s) of the grant of option(s).

**Disclosures and Accounting Policies:**

The Company shall comply with the disclosure and accounting policies prescribed by the Securities and Exchange Board of India and any other authority from time to time.

**Exercise Price and Valuation of Options:**

Exercise Price of the Options is the market price, being the latest available closing price, prior to the date of the Meeting of the Board of Directors in which Options are granted, on the National Stock Exchange of India Limited or Stock Exchange Mumbai, whichever has a higher trading volume, on the said date.

In case, if the Company calculates the employee compensation cost using the intrinsic value of the

stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised, had it used the fair value of the options, will be disclosed in the Directors' report and also the impact of this difference on profits and EPS of the Company will also be disclosed in the Directors' Report.

In terms of the provisions of the Section 81(1A) and other applicable provisions if any of the Companies Act, 1956 and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, approval of the Members is sought for issue equity shares pursuant to the options granted under ESOS, not exceeding in aggregate twenty five percent of the issued equity shares of the Company, from time to time as on the date(s) of grant of option(s) under ESOS. The Board/Committee shall have the absolute authority to vary or modify the terms of ESOS in accordance with the regulations and the guidelines prescribed by SEBI or regulations that may be issued by any appropriate authority from time to time, provided such variation, modification or alteration is not detrimental to the interests of the employees / Directors (including wholetime Directors). The full version of 3i Infotech Employee Stock Option Scheme is available at the Registered Office of the Company for inspection by the Members.

The Directors recommend the adoption of the Resolutions at Item Nos. 10 and 11 of the Notice.

Some of the Directors, viz. Mr. Hoshang N. Sinor, Mr. Suresh Kumar, Mr. Balaji Swaminathan, Mr. Vincent Addonisio, Mr. V. Srinivasan., Mr. Manoj Kunkalienkar and Mr. Hariharan Padmanabhan who were granted the Stock Options are interested in the Resolutions at the item Nos. 10 and 11 of the Notice, to the extent of the benefit they may derive under ESOS.

**Item No. 12**

The non executive Directors have a very important role in the growth and governance of the companies as they represent various fields with expertise in their