

5TH ANNUAL REPORT 1998-99

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SONI INFOSYS LIMITED

SONI INFOSYS LIMITED

5th Annual Report 1998-99

BOARD OF DIRECTORS

S. P. Maheshwari	<i>Chairman</i>
B. K. Soni	<i>Managing Director</i>
G. S. Roongta	
Talakshi Gosar	
Aruna Soni	
Deepak Nanda	<i>(w.e.f. 30.07.99)</i>

AUDITORS

Durgesh Kabra & Co.
Chartered Accountants
B-301, Yashwant Shopping Centre,
Carter Road No. 7,
Borivali (East),
Mumbai - 400 066.

BANKERS

Andhra Bank
IndusInd Bank Limited
Canara Bank
The Lakshmi Vilas Bank Limited
Standard Chartered Bank

REGISTRAR & TRANSFER AGENTS

Bigshare Services Private Limited
J/12, Ansa Industrial Estate,
Saki Vihar Road,
Saki Naka, Andheri (East),
Mumbai - 400 072.

REGISTERED OFFICE

6, Rustom Building, 2nd Floor,
29, Veer Nariman Road,
Fort, Mumbai - 400 023.

CORPORATE OFFICE

311-314, Mahavir Industrial Estate,
Off Mahakali Caves Road,
Andheri (East),
Mumbai - 400 093.

E-MAIL ADDRESS

bksoni@vsnl.com

WEB-SITE

www.soniindia.com



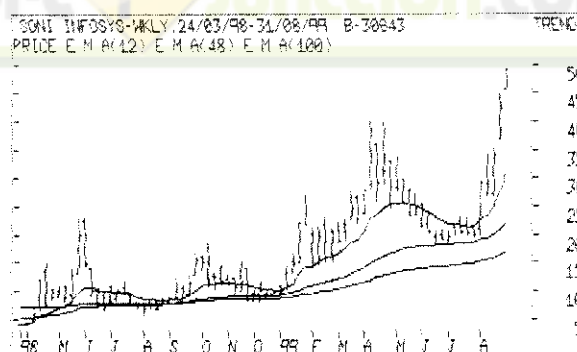
SONI INFOSYS LIMITED

INFORMATION TO SHAREOWNERS

1. Date of Book Closure : September 22, 1999 to September 28, 1999
2. Venue of the Annual General Meeting : Janmabhoomi Bhavan, 4th Floor, Janmabhoomi Marg, Fort, Mumbai - 400 001.
3. Shares listed on : Mumbai Stock Exchange, Ahmedabad Stock Exchange, Over The Counter Exchange of India
4. Dematerialisation : The Company's shares are available for conversion in the electronic form, through NSDL "INE316A01012".
5. Stock Market Data : Monthly high/low of closing quotations & volume of shares traded on BSE

Months	High (Rs.)	Low (Rs.)	Volume (Nos.)
April '98	14.80	4.00	159800
May '98	23.00	8.00	280400
June '98	22.90	6.50	146900
July '98	11.60	7.00	49500
August '98	9.00	5.50	53400
September '98	16.75	8.00	112600
October '98	18.70	10.25	91200
November '98	15.00	8.45	818300
December '98	11.80	8.05	620700
January '99	27.00	9.60	559200
February '99	23.00	14.25	392500
March '99	27.50	18.50	469300
April '99	40.00	24.70	518300
May '99	33.75	23.10	207800
June '99	25.50	18.05	86100
July '99	23.10	19.00	103500
August '99	49.15	20.00	463400

Share Price Movement



6. Distribution Schedule as on 30th August, 1999

Nominal Value (Rs.)	Total Shareowners	% of shareowners
1 - 5000	1517	80.01
5001 - 10000	199	10.50
10001 - 20000	97	5.12
20001 - 30000	36	1.90
30001 - 40000	7	0.37
40001 - 50000	10	8.53
50001 - 100000	10	0.53
100001 - 99999999	20	1.05
TOTAL	1896	

7. BSE Code : Physical - 30643, Demat - 530643
8. Web Site Address : www.soniindia.com



SONI INFOSYS LIMITED

FROM THE DESK OF THE CHIEF EXECUTIVE OFFICER:

Dear Shareholders,

The performance for the financial year 1998-99 relates to a significant change vis a vis that of the previous year. While a beginning has been made in the information technology arena, particularly in software, we are preparing ourselves for a leadership position in this industry segment which is destined to play a significant role in the country's economic landscape.

Your Company (SIL) is at the crossroads and the need of the hour is to reflect on **current initiatives and future direction**.



As we approach the new millenium, Organisations, both global and Indian, are transforming and growing taking full advantage of the IT revolution Today, as never before, a vast majority of both internal and external processes of organisations, both for profit and non-profit, are IT enabled. Benefits accruing to organisations using IT enabled processes are very substantial; such benefits have usually not been achievable by any other means. The bulk of the current growth in the global IT market is due to this reality.

Your Company is very live to this and is organising itself to become a leading player in the IT services market both globally and in India. As such our strategy is to concentrate on those IT applications that, besides simply automating operations, provide organisation the competitive edge. There is strong management commitment and, as a result, necessary internal processes and systems are being implemented at a rapid pace to capture the growing IT business opportunity. The following outlines our current initiatives and approximate future directions of our activities.

Global and National Presence

Tie ups, both technical and marketing, with appropriate global IT companies, would receive considerable attention.

With offices opening shortly in the US, UK, the Middle East and later in the South East Asia, we are concentrating on a global reach. In India we are opening branches in three other cities in the next two months. In the overseas arena, initially the main approach would be to get business via concentrated field marketing trips by professionals from India. Later, upon reaching a critical size, permanent marketing personnel would be posted in the overseas offices. In

the global as well as in the domestic front aggressive marketing efforts would be undertaken to identify, follow-up and win large client accounts.

Business Activity Areas

SIL business activity areas are as follows:

- For the export market both onsite staffing services and offshore software development in India.
- In the domestic market IT services spanning IT and business consulting, software development, professional services, systems integration, system and communication.
- Teleprocessing services for global clients, to start with transcription services pertaining to the medical and legal fields for the US clients and billing, insurance, and other applications software projects for the healthcare industry.
- Internet based services including portal services to meet the growing electronic commerce industry need.

Current thrust in the vertical industry segments are finance, banking and insurance, enterprise solutions including group ware and systems & communication. IT consulting and business consulting (particularly business re-engineering), electronic commerce, both EDI and internet based applications. The thrust is on the entire value chain that needs to be converted to an electronic commerce enabled process (i.e. a paperless process). Business in the GIS areas would also receive considerable attention.

Technology Areas

While the necessary emphasis is being given to legacy and current client/server technologies, much of the emphasis, to be in line with global trends, is on web


SONI INFOSYS LIMITED

and web integrated applications. As such much of the consulting design, development and implementation efforts are based on current internet technologies.

IT Consulting Areas

Soon your Company would be active in several IT consulting areas like information strategy planning, performance and technology evaluation, MIS audit, etc. This would begin with domestic customers and later efforts would be made in the international market.

Quality Initiatives

To enable us compete globally, a strong quality foundation as well as sustained ongoing efforts is a necessity. Following an appropriate analysis, a detailed action plan towards an ISO 9000 and/or SEI-CMM certification would be developed. This would off course require smooth implementation of internationally proven consulting, development and project management methodologies.

Infrastructure

In Mumbai, in addition to the current premises of 6200 sq.ft. more space is being acquired in the next few weeks, taking the total area to about, 10,000 sq.ft. This is to meet the current needs of corporate operations, state of the art facilities for software development and medical transcription.

Human Resources

Particulars in this industry, more so than in others, the real asset of such organisations is the human resources comprising mostly of knowledge workers.

As is well known there is a global shortage, including in India, of the appropriate talent. Your Company is giving prime importance to this aspect and is putting in place a well thought out plan to attract, develop and retain the very best of talents, critically required to ensure business success.

Financial Advisor and Consultants

To evaluate your Company's business plans and assess your Company's rapid thrust into the information technology sector, your Company appointed M/s. Communications Equity Associates India Pvt. Ltd. ("CEAI") an affiliate of Communications Equity Associates, a US Investment Bank headquarters in Tampa, Florida, USA, in June 1999. CAEI will also assist your Company in raising finance for your Company's growth plans. CEA is one of the world's largest Investment Banks in media, information technology, Internet and telecommunications sectors. CEA closes more than US\$ 2 billion per annum of financing for its clients all over the globe. In the last 25 years CEA has participated in more than 700 transactions. Your Company will grow its information technology business through its team of talented software professionals.

While we take advantage of the current IT market ground realities, we need to be dynamic enough to continuously monitor emerging global and national trends.

We would need all the support and necessary inputs to take advantage of this vast business opportunity to ensure a grand business success.

Ram S Maitra

Chief Executive Officer


SONI INFOSYS LIMITED
NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the Company will be held at Janmabhoomi Bhavan, Janmabhoomi Marg, Fort, Mumbai - 400 001, on 28th, September, 1999 at 5.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 1999.
3. To appoint a Director in place of Smt. Aruna Soni who retires by rotation, but being eligible offers herself for re-appointment.
4. To appoint a Director in place of Shri G. S. Roongta who retires by rotation, but being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. To appoint a Director in place of Shri Deepak Nanda, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director.
7. To consider and if thought fit, to pass with or without modifications, the following as an Ordinary Resolution.

Re-appointment of Shri B. K. Soni as the Managing Director of the Company for a further period of 5 years who completes his tenure at the ensuing Annual General Meeting.

"RESOLVED THAT pursuant to the provisions of Sections 269, 309, 198 and other applicable provisions (if any) of the Companies Act, 1956, Shri Brijkishore Soni be re-appointed as Managing Director of the Company for a period of Five years with effect from 1st September, 1999 upon the terms and conditions set out below:

- i) Salary Rs. 50,000 (Rupees Fifty Thousand) per month.
Commission 1 percent of Net Profit of the Company subject to ceiling of 50 percent of

the Salary or Rs. 60,000/- p.a. whichever is less.

- ii) Perquisites restricted to an amount equal to Rs. 2,40,000/- p.a. The perquisites are classified into the following three categories.

Category A
1. Housing

- a) The Expenditure to the Company on Hiring Unfurnished Accommodation for the Managing Director will be subject to the ceiling of 50 percent of salary over and above 10 percent payable by the Managing Director. The Expenditure incurred by the Company on Gas, Electricity, Water and furnishing shall be valued as per the Income Tax Rules, 1962, subject to a ceiling of 10 percent of salary of the Managing Director.
- b) In case no accommodation is provided by the Company the Managing Director shall be entitled to House Rent Allowance subject to ceiling mentioned in (a) above.

2. Medical Reimbursement

Expenses incurred for the Managing Director and his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years or as applicable under the Income Tax Act, 1961.

3. Leave Travel

For the Managing Director and his family once in a year incurred in accordance with the rules specified by the Company.

4. Club Fees

Fees for clubs subject to maximum of two clubs. This does not include admission and life membership fees.

5. Personal Accident Insurance

On an amount the premium of which shall not exceed Rs. 7,500/-.

Category B

1. The Company's contribution to Provident Fund, Super Annuation Fund or Annuity Fund in respect of salary paid to the Managing Director shall be in accordance with the Rules and Regulation of the Company such contribution will not be included in computation of the ceiling on perquisites to


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the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

2. Gratuity payable subject to the condition that it will not exceed half a month's salary for each completed year of service and shall be subject to the maximum amount as may be permitted under the Company's rules in relation to gratuity prevailing from time to time subject to a ceiling of Rs. 1,00,000.

Category C

Provided that provisions of car for use for the Company's business and telephone at residence provided that personal long distance calls on the telephone and use of car for private purpose shall be billed by the Company to the Managing Director. The provision for car and telephone will not be considered as perquisites.

Further the Managing Director shall:

Be entitled to reimbursement of expenses incurred in connection with the business of the Company.

Not paid any sitting fees for attending Board/Committee Meetings.

Be entitled for encashment of leave at the end of his tenure.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits of the Company in any year during the tenure the salary proposed to be paid to him will be reduced by 10 percent and perquisite benefits and amenities as set out above shall be paid to him as minimum remuneration notwithstanding such loss or inadequacy of profits.

"FURTHER RESOLVED THAT so long as Shri Brijkishore Soni is holding the post of Managing Director, he shall not be liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Section 81 of the Companies Act, 1956 and other enabling provisions of the

Memorandum and Articles of Association of the Company and subject to the approvals, sanctions, consents, and/or permissions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India, and of such other appropriate authorities, and subject also to such terms, conditions and modifications as may be prescribed/imposed while granting such approvals, sanctions, permissions and/or sanctions and agreed to by the Board of Directors of the Company (hereinafter referred to as to the "Board", which term shall be deemed to include any committee which the Board may have constituted or hereafter constitute to exercise its power including the powers conferred by this Resolution), the consent authority and approval of the Company be and it is hereby accorded to the Board to issue, offer and allot from time to time in one or more tranches and in consultation with lead managers and or underwriter and/or other advisors, equity shares and/or securities convertible into equity shares at the option of the Company or to the holders thereof and all securities linked to equity shares with or without detachable warrants with right exercisable by the warrant holder to convert or subscribe to equity shares (hereinafter collectively referred to as "The Securities") by way of private placement, preferential allotment public offerings or by any combination thereof to such Indian or Foreign Institutional Investors/Non Resident Indians/Overseas Commercial Bodies/Indian Financial Institutions/Companies/Individuals/other person or Investors whether or not they are members of the Company, Indian Companies including promoters/Group/Associate Companies, Shareholders and employees of associate and group Companies, incorporated bodies, individuals and other entity and to such other persons whether members of the Company or not as may be deemed appropriate permitted by law from time to time and as may be deemed appropriate by the Board for such an amount equivalent to 20 lacs equity shares and/or warrants/convertible instruments, convertible into equity shares at a later date but subject to SEBI Regulations.

Mumbai
30th July, 1999

Registered Office:

6, Rustom Building, 2nd Floor,
29, Veer Nariman Road,
Fort, Mumbai - 400 023.

By Order of the Board

S. P. MAHESHWARI
Chairman


SONI INFOSYS LIMITED
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 a Proxy need not be a member. Proxies in order to be valid and effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under items 6, 7 and 8 as set above is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 1999 to 28th September, 1999 both days inclusive.
4. All requests for transfer of shares and allied matters along with the relevant transfer deeds and/or share certificate should be sent to the Company's Registrar and Share Transfer Agents viz. M/s. Bigshare Services Private Limited, J/ 12, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai - 400 072.
5. Members seeking any further information about Accounts are requested to write to the Company at least seven days before the Meeting so as to enable the management to keep the information ready at the meeting.
6. Members are requested to notify any change in their address to the Registrar and Share Transfer Agents of the Company quoting their Folio Number.
7. Those shareholders who have not encashed their dividend warrants for the financial years ended 31st March, 1996 and 31st March, 1997 are requested to do so immediately or to contact the Company's Registrars M/s. Bigshare Services Private Limited.
8. As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for shareholders and in respect of the shares can be obtained from the Registrars of the Company.
9. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

Mumbai
30th July, 1999

Registered Office:

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By Order of the Board

S. P. MAHESHWARI
Chairman