

HCL Infosystems Ltd.

At HCL Infosystems, the last year was a time to identify, harness and put to use the winds of change sweeping over an increasingly wired world. In other words, evolve.

At a fundamental level, evolve symbolises the metamorphosis of HCL Infosystems into a complete end-to-end IT Service Provider.

At the next level it represents your company's faith in, and state-of-preparedness for, the next big thing: e-commerce.

And finally it is about the innate ability in each one of us to change. Into a higher world.

evolve

Report



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NOTICE**HCL INFOSYSTEMS Ltd.**

Regd. Office : 806-808, Siddharth, 96, Nehru Place, New Delhi-110 019.

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Company will be held on Saturday the 16th October, 1999 at FICCI Auditorium, 1, Tansen Marg, New Delhi-110001 at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS :-

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 30th June, 1999, the Profit and Loss Account for the financial year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To declare Dividend for the financial year ended on 30th June, 1999.
3. To appoint a Director in place of Mr. T.S. Purushothaman who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R.P. Khosla who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Shiv Nadar who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Price Waterhouse, Chartered Accountants, the retiring Auditors, being eligible offer themselves for re-appointment.

SPECIAL BUSINESS :-

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

"RESOLVED that in partial modification of the resolution passed by the Members of the Company at the Eleventh Annual General Meeting held on 26th November, 1997 and pursuant to Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for payment of enhanced remuneration to Mr. Ajai Chowdhry, President and Chief Executive Officer, as set out in the explanatory statement attached to the Notice of this Annual General Meeting w.e.f. 1st July, 1998 to the rest of the term of his office."

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

"RESOLVED that pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the re-appointment of Mr. Ajai Chowdhry, President and Chief Executive Officer, as a Whole-time Director

of the Company for a period of five years with effect from 1st April, 1999 on the salary, perquisites and benefits as set out in the explanatory statement attached to the Notice of this Annual General Meeting."

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

"RESOLVED that in partial modification of the resolution passed by the members of the Company at the Eleventh Annual General Meeting held on 26th November, 1997 and pursuant to Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for payment of enhanced remuneration to Mr. T.S. Purushothaman, Whole-time Director, as set out in the explanatory statement attached to the Notice of this Annual General Meeting w.e.f. 1st July, 1998 to the rest of the term of his office."

10. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Ordinary Resolution:

"RESOLVED that pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the appointment of Mr. T.S. Purushothaman, as a Whole-time Director of the Company for a period of two years with effect from 1st July, 1999 to 30th June, 2001 on the salary, perquisites and benefits as set out in the explanatory statement attached to the Notice of this Annual General Meeting."

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 Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as under:-

I. Insert the following new definitions in Article 1 :-

"Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

"Depositories Act, 1996" shall include Depositories Act, 1996 and any statutory modification or re-enactment thereof; and

"Depository" shall mean a Depository as defined under Clause (e) of sub-section (1) of Section (2) of the Depositories Act, 1996.

II. In Article 1 of the Articles of Association, the definition of "Member" shall be altered as follows:-

"Member" means a person;

- a) whose name is entered in the Register of Members as holding any share(s) either solely or jointly;
- b) subscribers to the Memorandum of the Company; and
- c) Beneficial Owner(s).

III. Article 5 of the Articles of Association shall be altered to include clause 5.d. :-

5.d. The Company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the Depositories and/ or to offer its fresh shares or buyback its shares in a dematerialised form pursuant to the Depository Act, 1996 and the rules framed thereunder, if any.

IV. Article 14(ii) of the Articles of Association shall be altered to include a proviso :-

Provided, however, no share certificate(s) shall be issued for shares held by the "Beneficial Owner(s)".

V. Insert Article 3A after Article 3 of the Articles of Association as under:-

Save as permitted by Sections 77A and 77B of the Act, the Company shall purchase its own offshares or other specified securities out of (i) its free reserves; or (ii) the securities premium account; or (iii) the proceeds of any shares or other specified securities or (iv) otherwise specified by the Law for the time being in force.

VI. Insert Article 49A after Article 49 of the Articles of Association as under:-

Subject to the provisions of Section 79A and subject to any special rights or privileges for the time attached to any shares in the capital of the Company then issued, the Company may issue equity shares to employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called or for the performance of past or future services.

VII. Insert Article 47A after Article 47 of the Articles of Association as under:-

- 47A i) Every holder of shares in, or holder of debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the Company shall vest in the event of his death.
- ii) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of, the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of, the Company, the nominee shall, on the death of the shareholder or holder of debentures of, the Company or, as the case may be on the death of the joint holder becomes entitled to all the rights in the shares or debentures of the Company or, as the case may be, all the joint holders, in relation to such shares in, or debentures of, the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of the debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of, the Company, in the event of his death, during the minority.
- v) Any person who becomes a nominee may upon production of such evidence as may be

required by the Board and subject as hereinafter provided, elect, either –

- to be registered himself as holder of the share(s) or debenture(s) as the case may be ; or
- to make such transfer of the share(s) or debenture(s) as the deceased shareholder or debenture holder, as the case may be, could have made.”

**By Order of the Board
for HCL Infosystems Ltd.**

New Delhi
24th August, 1999

**K.R. Radhakrishnan
Company Secretary**

NOTES :

1. The relative explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under items 7 to 11 is attached hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A BLANK PROXY FORM IS ENCLOSED FOR USE BY MEMBERS, IF REQUIRED, WHICH MUST BE SUBMITTED TO THE COMPANY'S REGISTERED OFFICE ATLEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 6th October, 1999 to Saturday, the 16th October, 1999 (both days inclusive) for the purpose of payment of Dividend.
4. The Dividend when declared will be paid to the Members whose names stand in the Register of Members on the date of the Annual General Meeting.
5. All correspondence with regard to share transfers/dividends and matters related therewith may directly be addressed to the Company's Share Registrar and Transfer Agents at the addresses given below:

PHYSICAL MODE	ELECTRONIC MODE
M/s. MCS Limited 212-A, Sri Venkatesh Bhavan, Shahpur Jat, New Delhi – 110 049 Tel : 6494830-831 Fax : 011-6494152	M/s. Alankit Assignments Limited 205 – 206, Anarkali Market, Jhandewalan Extn. New Delhi – 110 055 Tel : 3546001, 3545773, 3545774 Fax : 011-7514186; 3552001

6. The Members are also requested to notify any change in their addresses immediately to the Company's Share Registrars and Transfer Agents, MCS Ltd.
7. To enhance convenience to the shareholders to operate through multiple Depositories, based on tariffs, quality and range of services being offered by them, the Company has participated as an issuer in the Central Depository Services (India) Ltd., (CDSL) in addition to NSDL.
8. Members/Proxy holders are requested to produce at the entrance of the auditorium the enclosed attendance slip duly completed and signed.
9. The Registration of Members for attending the meeting would start from 8.30 A.M. on the day of the Meeting.

EXPLANATORY STATEMENT

PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 7 & 8:

Mr. Ajai Chowdhry, President and Chief Executive Officer of the Company was appointed as a Whole-time Director at the Annual General Meeting held on 29th December, 1989 for a period of five years and subsequently he was re-appointed at the Annual General Meeting held on 24th October, 1994 for a further period of five years.

The term of his appointment as a Whole-time Director has come to an end on 31st March, 1999. Mr. Ajai Chowdhry has contributed immensely towards the growth and progress of the Company. Considering the increased business operations and proposed future plans, your Directors felt it necessary to appoint Mr. Ajai Chowdhry as a Whole-time Director for a further period of five years from 1st April, 1999.

During his tenure prior to 1st April, 1999, the remuneration paid/payable to Mr. Ajai Chowdhry was revised as follows with effect from 1st July, 1998:—

Salary

Basic : Rs.1,86,000/- per month

Management Allowance : Rs. 18,000/- per month

Performance Linked Bonus : Annually payable as approved by the Board of Directors.

Perquisites

Part A :

Company Leased Accommodation / House Rent Allowance, Electricity, Gas, Water and Hard and Soft Furnishings, Medical Re-imbursement, Leave Travel Assistance, Club Fees and Medical Insurance : As per the scheme of the Company applicable to the Whole-time Directors.

Part B :

Contribution to Provident Fund, Superannuation Fund or Annuity Fund : As per the rules of the Company, which shall be limited to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity : Which shall be limited to half a month's salary for each completed year of service, payable as per the rules of the Company.

Part C :

Company's car with driver and telephone at residence : Provided that personal long distance calls on telephone and use of car for private purposes will be billed by the Company to the Director.

Provided that the aggregate of the aforesaid salary, perquisites and other benefits, as per the scheme of the Company applicable to the Whole-time Directors, shall not exceed five percent of Company's net profit for the Whole-time Director and the aggregate of remuneration to all Whole-time Directors shall not exceed ten percent of Company's net profits as provided under the provisions of sections 198, 309, schedule XIII, of the Companies Act, 1956 and other applicable provisions, if any.

Minimum Remuneration :

The remuneration as set out above may be paid as the minimum remuneration to Mr. Ajai Chowdhry, in the absence or inadequacy of profits in any financial year, provided that the total remuneration by way of salary, perquisites and any other allowance shall not exceed the ceiling of Rs. 10,50,000/- per annum or Rs. 87,500/- per month and the perquisites provided in Section II of Part II of Schedule XIII of the Companies Act, 1956 as may be amended from time to time or an equivalent statutory re-enactment thereof.

The payment of enhanced remuneration and the appointment of Mr. Ajai Chowdhry as a Whole-time Director are subject to the approval of the Shareholders.

The remuneration as revised above shall continue to be paid to Mr. Ajai Chowdhry for the current period of his appointment as proposed in the Item No: 8.

The Directors, therefore, recommend the resolution set out at item Nos.: 7 & 8 for approval.

Except Mr. Ajai Chowdhry, none of the Directors of the Company is interested in this resolution.

This should also be treated as an abstract of the terms of appointment of the aforesaid Whole-time Director and the memorandum of interest of the Director in the said appointment, as contemplated under Section 302 of the Companies Act, 1956.

Item No. 9 & 10

At the Annual General Meeting held on 26th November, 1997, Mr. T.S. Purushothaman was appointed as a Whole-time Director with effect from 25th September, 1997 to 30th June, 1999.

The term of his appointment as a Whole-time Director has come to an end on 30th June, 1999. In consideration of the contribution made by Mr. T.S. Purushothaman, towards the growth and progress of the Company, your Directors felt it necessary to appoint Mr. T.S. Purushothaman for a further period of two years with effect from 1st July, 1999 to 30th June, 2001.

During his earlier tenure prior to 1st July, 1999, the remuneration paid/payable to Mr. T.S. Purushothaman was revised as follows w.e.f. 1st July, 1998;

Salary : Rs. 75,000/- per month

Management Allowance : Rs 20,000/- per month

Performance Linked Bonus : Annually payable as approved by the Board of Directors.

Perquisites

Part A :

Company Leased Accommodation / House Rent allowance, Electricity, Gas, Water and Hard and Soft Furnishings, Medical Re-imbursement, Leave Travel Assistance, Club Fees and Medical Insurance : As per the scheme of the Company applicable to the Whole-time Directors.

Part B:

Contribution to Provident fund, Superannuation Fund or Annuity Fund:

As per the rules of the Company, which shall be limited to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity : Which shall be limited to half a month's salary for each completed year of service, as per the scheme of the Company.

Part C :

Company's car with driver and telephone at the residence: Provided that personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Whole-time Director.

Provided that the aggregate of the aforesaid salary, perquisites and other benefits, as per the scheme of the Company applicable to the Whole-time Directors, shall not exceed five percent of Company's net profit for the Whole-time Director and the aggregate of remuneration to all Whole-time Directors shall not exceed ten percent of the Company's net profits as provided under the provisions of sections 198, 309, Schedule XIII of the Companies Act and other applicable provisions, if any.

Minimum Remuneration

The remuneration as set out above may be paid as the minimum remuneration to Mr. T.S. Purushothaman, Whole-time Director, in the absence or inadequacy of profits in any financial year, provided that the total remuneration by way of salary, perquisites and any other allowance shall not exceed the ceiling of Rs. 10,50,000/- per annum or Rs. 87,500/- per month and the perquisites provided in Section II of Part II of Schedule XIII of the Companies Act, 1956 as may be amended from time to time or an equivalent statutory re-enactment thereof.

The payment of enhanced remuneration and the appointment of Mr. T.S. Purushothaman as a Whole-time Director are subject to the approval of the Shareholders.

The remuneration as revised above shall continue to be paid to Mr.T.S.Purushothaman for the current period of his appointment as proposed in the Item No: 10.

The Directors, therefore, recommend the resolution set out at item Nos.: 9 & 10 for approval.

Except Mr. T.S. Purushothaman, none of the Directors of the Company is interested in this resolution.

This should also be treated as an abstract of the terms of appointment of the aforesaid Whole-time Director and the memorandum of interest of the Director in the said appointment, as contemplated under Section 302 of the Companies Act, 1956.

Item No. 11

The Company had opted to participate as an issuer with the National Securities Depository Ltd. (NSDL) and Central Securities Depository Ltd. (CDSL) for introduction of the Company's securities into their depository system.

Consequent upon the introduction of the Company's securities into Depository System, some of the provisions of the Articles of Association of the Company relating to the issue, transfer/ transmission, dealing in shares, etc are proposed to be amended to conform to the requirements of the Depositories Act, 1996.

Further the Companies Act, 1956 has been amended by the Companies (Amendment) Act, 1999. The amendment has introduced a few important changes in the law to provide for inter alia :-

1. Facility to the shareholders to nominate a person to whom his shares in the company shall vest in the event of his death.
2. Power of Companies to purchase its own securities out of its free reserves or the securities premium account or the proceeds of any shares or other specified securities.

In order to be consistent with the provisions of the Companies Act, it is proposed to insert/amend certain Articles in the Articles of Association of the Company.

A copy of the Articles of Association of the Company with the proposed alteration is available for inspection by the members during the business hours on any working day at the Registered Office of the Company, upto to the date of the Annual General Meeting.

The Directors recommend the resolution set out at item No: 11 for approval.

None of the Directors is interested in this resolution.

**By Order of the Board
for HCL Infosystems Ltd.**

**New Delhi
24th August, 1999**

**K.R. Radhakrishnan
Company Secretary**