



The agility to transform



Registered Office: Tower # 5, 3rd to 6th floors, International Infotech Park, Vashi, Navi Mumbai 400 703 | www.3i-infotech.com

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of 3i Infotech Limited will be held on Wednesday, July 25, 2007 at 4.00 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, 2007 and the Balance Sheet as on 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. S. Santhanakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. Bruce Kogut, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors and approve their remuneration.

SPECIAL BUSINESS

7. Appointment of Dr. Ashok Jhunhunwala as Director

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

RESOLVED THAT Dr. Ashok Jhunhunwala, 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 as Director of the Company, liable to retire by rotation.

8. Increase of Authorised Capital

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

RESOLVED THAT the existing Authorized Capital of the Company be and is hereby increased from Rs.2,500,000,000 (Rupees two and half billion only) divided into 150,000,000 (One hundred and fifty million) equity shares of Rs. 10/- each and 200,000,000 (Two hundred million) preference shares of Rs. 5/- each to Rs. 4,000,000,000 (Rupees four billion only) divided into 300,000,000 (Three hundred million) equity shares of Rs.10/- each and 200,000,000 (Two hundred million) preference shares of Rs. 5/- each by creation of additional 150,000,000 (One hundred and fifty million) equity shares of Rs. 10/- each, which shall rank pari passu in all respects with the existing equity shares of the Company.

9. Amendment to Memorandum of Association

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

RESOLVED THAT the Memorandum of Association of the Company be and is hereby altered by amending Clause V as follows:

The words and figures, "Rs.2,500,000,000 (Rupees two and half billion only) divided into 150,000,000 (One hundred and fifty million) equity shares of Rs. 10/- each and 200,000,000 (Two hundred million) preference shares of Rs. 5/- each." in Clause V be substituted by the words and figures, "Rs. 4,000,000,000 (Rupees four billion only) divided into 300,000,000 (Three hundred million) equity shares of Rs.10/- each and 200,000,000 (Two hundred million) preference shares of Rs. 5/- each. "

10. Amendment to Articles of Association

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

RESOLVED THAT the Articles of Association of the Company be and are hereby altered by amending Article 5 as follows:

The words and figures, "Rs.2,500,000,000 (Rupees two and half billion only) divided into 150,000,000 (One hundred and fifty million) equity shares of Rs. 10/- each and 200,000,000 (Two hundred million) preference shares of Rs. 5/- each." in Article 5 be substituted by the words and figures,

"Rs. 4,000,000,000 (Rupees four billion only) divided into 300,000,000 (Three hundred million) equity shares of Rs.10/- each and 200,000,000 (Two hundred million) preference shares of Rs. 5/- each."

11. Authority for capitalization of Reserves by issue of Bonus shares

To consider and if thought fit, to pass, with or without modification(s), the following Resolutions as Special Resolutions :

RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof), SEBI (Disclosure and Investor Protection) Guidelines, 2000 (including any amendment thereof), other applicable laws and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions, sanctions as may be necessary, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee(s) constituted/to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), for capitalization of such sum standing to the credit of such Reserves of the Company as may be considered necessary by the Board for the purpose of issue of Bonus shares of Rs.10 each, to be allotted and credited as fully paid up shares (hereinafter referred to as the Bonus Shares), to the holders of the existing equity shares of the Company, whose names appear in the Register of Members, on such date as may be fixed in this regard by the Board of Directors, in the proportion of one equity share for every one equity share held by such Members.

RESOLVED FURTHER THAT the Bonus shares so allotted shall, in all respects *rank pari passu* to the existing equity shares of the Company, provided however that the Bonus Shares shall not be entitled to participate in any dividend declared or to be declared for any year or period prior to the issue of the Bonus Shares and that no letter of allotment shall be issued in relation to the Bonus Shares.

RESOLVED FURTHER THAT the issue and allotment of the said Bonus shares to the extent they relate to Non-Resident Indians (NRIs), Persons of Indian Origin (PIO), Overseas Corporate Bodies (OCBs) and other foreign investors of the Company will be subject to the approval of the Reserve Bank of India (RBI), as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all other steps, give all such directions, do all such deeds, matters and things as may be necessary to give effect to the aforesaid resolution and determine all other terms and conditions of the issue of Bonus shares, as the Board may, in its absolute discretion, deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee(s) of Directors or any of the Directors of the Company, to give effect to the aforesaid Resolutions.

12. Authority for issue of shares under Employee Stock Option Scheme 2007 to Employees and Directors of the Company

To consider and if thought fit, to pass, with or without modification(s), the following Resolutions as Special Resolutions:

RESOLVED THAT pursuant to the provisions of Section 81(1A) 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(s) constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution) is hereby authorized to accept, the Board be and is hereby authorized, on behalf of the Company, to create, issue, offer 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 the Company, at any time under the 3i Infotech Employees Stock Option Scheme 2007 (hereinafter referred to as ESOS 2007), 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 13 of the Notice), twenty five percent of the aggregate of the number of issued equity shares of the Company from time to time, subject to a maximum of 50 million shares of Rs. 10/- each(excluding the stock options granted upto the date of this Meeting), which shall increase or decrease proportionately in the ratio of any further split, consolidation, bonus issue of shares or any other corporate action, that has the effect of alteration of the share capital from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to vary or modify the terms of the ESOS 2007 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(s) of Directors, or any one or more of the Wholetime Directors of the Company.

14. Authority to borrow money

To consider and if thought fit, to pass with or without modification(s), the following Resolutions as Ordinary Resolutions:

RESOLVED THAT in modification of the earlier Resolutions passed in this regard, the consent of the Company be and is hereby accorded to the Board of Directors under Section 293(1)(d) of the Companies Act, 1956, to borrow such moneys or sums of money, subject to the prevailing laws, rules, regulations and guidelines to the extent they are applicable, in any manner, from time to time, with or without security and upon such terms and conditions as the Board may think fit, notwithstanding that moneys to be borrowed together with moneys already borrowed, if any, by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed Rs.20,000,000,000 (Rupees twenty billion only).

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all other steps, give all such directions, do all such deeds, matters and things as may be necessary to give effect to aforesaid resolution and as the Board may, in its absolute discretion, deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any committee(s) of Directors or any of the Directors of the Company to give effect to the aforesaid Resolutions.

15. Authority to create security against borrowings

To consider and if thought fit, to pass, with or without modifications, the following Resolutions as Ordinary Resolutions:

RESOLVED THAT in modification of the earlier Resolutions passed in this regard, the consent of the Company be and is hereby accorded under Section 293(1)(a) of the Companies Act, 1956, to the Board of Directors of the Company to mortgage/charge any of the immovable and/or movable properties of the Company, both present and future, as the Board may deem fit, for the purpose of creating security against the borrowings (past, present and future) of the Company, provided that the aggregate of such borrowings and outstanding at any point of time shall not exceed Rs. 2,500,000,000 (Rupees two and half billion only).

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all other steps, give all such directions, do all such deeds, matters and things as may be necessary to give effect to aforesaid resolution and as the Board may, in its absolute discretion, deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any committee(s) of Directors or any of the Directors of the Company to give effect to the aforesaid Resolutions.

By Order of the Board



Shivanand R. Shettigar
Company Secretary

April 25, 2007

Registered Office:

Tower # 5, 3rd to 6th floors,

International Infotech Park, Vashi,

Navi Mumbai 400 703

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 ESOS 2007, 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 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, deem 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 2007 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 Wholtime Directors).

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee(s) of Directors, or any one or more of the Wholtime Directors of the Company.

13. Authority for issue of shares under Employee Stock Option Scheme 2007 to Employees and Directors of subsidiary and/or holding Company

To consider and if thought fit, to pass, with or without modification(s), the following Resolutions as Special Resolutions:

RESOLVED THAT pursuant to the provisions of Section 81(1A) 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(s) 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 Wholtime Directors) of any subsidiary company and/or holding company of the Company, at any time, under the 3i Infotech Employee Stock Option Scheme 2007 (hereinafter referred to as ESOS 2007) 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 12 of the Notice), twenty five percent of the aggregate of the number of issued equity shares of the Company from time to time, subject to a maximum of 50 million shares of Rs. 10/- each (excluding the stock options granted upto the date of this meeting), which shall increase or decrease proportionately in the ratio of any further split, consolidation, bonus issue of shares or any other corporate action, that has the effect of alteration of the share capital from time to time.

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 deem fit, without being required to seek further consent or approval of the Members.

NOTES:

- (a) The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of item Nos. 7 to 15 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 Saturday, July 7, 2007 to Wednesday, July 25, 2007 (both days inclusive)

The dividend on equity shares for the year ended on March 31, 2007, if declared at this Meeting, will be paid;

- (i) in respect of shares held in electronic form, on the basis of beneficial ownership, at the close of business hours on Friday, July 6, 2007, as per the details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL),
- (ii) to those Members, holding shares in physical form, whose names appear in the Register of Members of the Company, at the close of business hours on Wednesday, July 25, 2007, after giving effect to all valid transfers in physical form lodged with the Company on or before Friday, July 6, 2007.

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 2006-07 and beyond that till Friday, July 6, 2007, under the Employee Stock Option Scheme of the Company and the equity shares allotted to the investors upon conversion of the Foreign Currency Convertible Bonds, if converted, will be entitled to full dividend that may be declared at this Meeting.

However, no dividend would be payable on Bonus shares.

- (f) The record date for Bonus Shares would be fixed and communicated to stock exchanges upon approval of the proposal for Bonus Shares by the shareholders as per Resolution in item no.11.
- (g) 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 Friday, July 6, 2007, 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.
- (h) Members may avail the nomination facility as provided under Section 109A of the Companies Act, 1956.
- (i) Pursuant to the requirements of corporate governance under the Listing Agreements entered into with the Stock Exchanges, the information about the Directors proposed to be appointed/re-appointed is given in the Annexure to the Notice.
- (j) The Members desirous of getting any information about the accounts and operations of the Company are requested to write to the Company at its Registered Office at least seven days before the Meeting to enable the Company to keep the information ready at the Meeting.
- (k) 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 a.m. and 12.30 p.m. on all working days from the date hereof, upto the conclusion of this Meeting.
- (l) The Company has received in-principal approval for listing of shares arising out of grant of stock options aggregating to 1.32 million. As per the terms of the grant, the stock options granted vest in 3 years after one year from the date of grant. 20%, 30% and 50% of the options vest on the completion of the 1st year, 2nd year and 3rd year respectively. This is subject to fulfillment of the conditions set out in the existing ESOS Scheme of the Company.

Explanatory Statement under Section 173(2) of the Companies Act, 1956**Item No. 7:**

The Board of Directors of the Company had appointed Dr. Ashok Jhunjunwala as an Additional Director, who will hold office upto the date of the 14th Annual General Meeting of the Company as provided under Article 130 of the Articles of Association of the Company, and is eligible for appointment. Dr. Ashok Jhunjunwala is a Professor at the Department of Electrical Engineering, Indian Institute of Technology, Chennai, India. He received his B.Tech degree from IIT, Kanpur, and MS and Ph.D degrees from the University of Maine. Dr. Ashok Jhunjunwala has been awarded Padma Shri in the year 2002.

It was felt that his vast domain knowledge, coupled with rich experience would enable the Company achieve bigger milestones.

The Company has received a Notice in writing along with a deposit of Rs.500/- from a Member, signifying his intention to propose Dr. Jhunjunwala's candidature for the office of the Director, in terms of Section 257 of the Companies Act, 1956. As required under Clause 49 of the Listing Agreement, a brief resume and other directorships of Dr. Ashok Jhunjunwala are attached to this Notice. Your Directors recommend this Resolution for the approval of the Members.

Except Dr. Ashok Jhunjunwala, to the extent of his appointment, no Director is in any way interested in the said Resolution.

Item No. 8, 9 and 10:

The existing authorised capital within which the Company is authorised to issue shares is Rs.2,500,000,000 (Rupees two and half billion only) divided into 150,000,000 (One hundred and fifty million) equity shares of Rs. 10/- each and 200,000,000 (Two hundred million) preference shares of Rs. 5/- each.

The Company raised Foreign Currency Convertible Bonds (FCCBs) in three tranches of USD 50 million, Euro 15 million and Euro 30 million between March 2006 to April 2007, which are convertible into equity shares subject to the terms of issue.

The Company has issued stock options to its employees. As on the date of this Notice, there are about 7 million Stock Options that are outstanding. The Company has also proposed the introduction of a New Stock Option Scheme, named as Employee Stock Option Scheme 2007 in this Notice for the Members' approval as per Agenda item nos. 12 and 13.

The Company has also placed the proposal for issue of Bonus shares for approval of the Members as per Agenda item no 11.

If all the convertible bonds that were issued get converted and all the stock options that were granted and outstanding are exercised with proposed bonus shares, the paid up equity capital would exceed the present limit of Rs.1500 million. Further, for implementing the expansion plans of the Company, the Company may need to raise additional capital. Taking into account, the present needs and the future requirements of the Company, it would be necessary to increase the Authorised Capital.

Hence, the Company would be required to increase the Authorised Equity Capital with the approval of the Members of the Company pursuant to Section 94 and 95 of the Companies Act, 1956. This would enable the Company to create 150,000,000(One hundred and fifty million) additional equity shares of Rs. 10/- each, which shall rank pari passu with the existing equity shares of the Company. The change in Authorised Capital is also required to be reflected in the respective clauses in the Memorandum and Articles of Association, pursuant to Sections 17 and 31 of the Companies Act, 1956, subject to approval of the Members. Therefore, the Members are requested to pass the necessary Resolutions.

None of the Directors is in any way concerned or interested in items 8, 9 and 10.

Item No. 11:

In view of the Company having crossed many a milestone and as an acknowledgement of the continued support provided by the shareholders, the Board of Directors on April 25, 2007 has announced a Bonus Issue of 1:1, subject to requisite approvals.

In order to issue Bonus shares by capitalising the reserves of the Company, approval of the Members by way of Special Resolution is necessary.

Further, it is necessary to authorise the Board of Directors of the Company to complete all the regulatory formalities prescribed by the SEBI, Stock Exchanges on which the Company's securities are listed and any other regulatory authority.

Accordingly, the resolution seeks the approval of the Members for capitalisation of the reserves and issue of Bonus shares, on the terms and condition as decided by the Board.

All the Directors, to the extent of their entitlements to the Bonus shares, may be deemed to be interested in the resolution.

Item No. 12 and 13:

The Company has been granting stock options to its employees since the year 2000, pursuant to the employees stock options scheme that was approved by the Members earlier under Employees Stock Option Scheme 2000.

The Company believes that the demand environment for good talent will continue to remain buoyant in near future, due to increased IT spend by organizations, as well as greater acceptance of the global delivery model. To exploit the available opportunities, the Company needs to strengthen its business solutions capability, by hiring best-in-class employees and make a focused attempt to enhance its competence in its business areas that would drive the growth going forward. Inorganic growth, as a means to accelerate the growth, continues to be a key objective of a long-term growth plan.

The limits sanctioned by the Members under the ESOS Scheme were fully utilized over the the last 7 years. However, as mentioned earlier, it is imperative that the Company continue to offer stock options to employees to make them stake holders in the success of the Company and keep them motivated to drive the ambitious growth strategy adopted by the Company.

The salient features of the Employees Stock Option Scheme 2007 (ESOS 2007) as proposed by the Board, which is the same as the existing stock option scheme, are as under:

Total Number of Options to be granted and Maximum number of options to be granted per employee and in aggregate:

The maximum number of Options granted to all the Eligible Employees shall not exceed twenty five percent of the aggregate of the number of issued equity shares of the Company from time to time, subject to a maximum of 50 million shares of Rs. 10/- each (excluding the stock options granted upto the date of this meeting), which shall increase or decrease proportionately in the ratio of any further split, consolidation, bonus issue of shares or any other corporate action that has the effect of alteration of the share capital from time to time.

Options which lapse/expire or are forfeited will be available for grant to eligible employees.

The maximum number of options granted to any eligible employee in a year will be less than one percent of the issued 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.

Grant of Options to Non-Executive Directors:

The provisions of Clause 49 makes it obligatory for the Company to obtain shareholders approval for laying the limits for the maximum number of stock options that can be granted to Non-Executive Directors, which is capped at 1% in a financial year to one Non-Executive Director and 5% of the shares in the aggregate of the number of issued equity shares of the Company, on the date(s) of grant of stock option(s).

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 who are in the permanent employment of the Company, its subsidiary companies and/or 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 the Managing Director & CEO decides to grant stock option at the time of his joining, based on the criticality of that person for the organization, as per the delegation of authority from Board or Committee thereof.
- Directors (including Wholetime Directors) of the Company, its subsidiary companies and/or its holding company.

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 approved by the Board Governance Committee. 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 expiry of ten years from the date of grant or after the expiry of five years from the date of vesting 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 Wholetime Director of the Company, the retirement would mean the end of the term as the Managing Director or Wholetime Director, as the case may be, unless such Director is reappointed for additional term by the Board or the Members. In case of a Non-Executive Director, the retirement would mean the end of the term where he retires by rotation and being eligible for re-appointment does not opt for reappointment and retires at the Annual General Meeting of the Company.

If an employee/Director (including Wholetime Director) 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 Wholetime 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 Price and Valuation of Options:

Exercise Price 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 Bombay Stock Exchange Limited, whichever has a higher trading volume, on the said date.

In case 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 Earnings Per Share of the Company will also be disclosed in the Directors' Report.

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 Wholetime Directors) under ESOS 2007 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 the Managing Director & CEO pursuant to the delegation of authority granted by the Board or a Committee thereof.

Disclosures and Accounting Policies:

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

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 Member is sought for issue of equity shares, pursuant to the options granted under ESOS 2007, as mentioned in the resolution item no 12 and 13. The Board/Committee shall have the absolute authority to vary or modify the terms of ESOS 2007 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 Wholtime Directors). The full version of the ESOS 2007 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. 12 and 13 of the Notice.

Directors have been granted Stock Options and are interested in the Resolutions at item Nos.12 and 13 of the Notice, to the extent of the benefit they may derive under ESOS.

Item No. 14:

The Members of the Company, at their Extra Ordinary General Meeting held on December 22, 2000, had approved under Section 293(1)(d) of the Companies Act, borrowings by the Board of Directors in excess of paid-up Share Capital of the Company and its free reserves, subject to maximum outstanding amount at any time not exceeding Rs.5,000,000,000 (Rupees five billion only).

This approval was given by the Members when the consolidated turnover of the Company was Rs.417.6 million and Share Capital of the Company was Rs.50 million. In the year 2005-06, after the Initial Public Offering of the Company, the Company had decided to accelerate its growth speed through organic and inorganic mode. The Company also decided to have a revenue mix of 1:1 between products and services. To pursue these strategies, the Company would need additional funds, apart from the cash generated out of business operations. To meet these fund requirements, the Company, on the approval given by the Board and the Members, has already issued Foreign Currency Convertible Bonds (the Bonds) of US\$50 million, Euro 15 million and Euro 30 million on March 2, 2006, October 6, 2006 and April 2, 2007 respectively.

The funds raised by issuing the Bonds were utilized by your Company for acquiring companies in various geographies. The consolidated turnover of the Company is Rs.6707.72 million and the paid up capital is Rs. 1562.99 million as on March 31, 2007. To maximize the growth momentum, the Company would have to resort to additional borrowings in the coming years.

As per the provisions of section 293 (1) (d) of the Companies Act, 1956, the Members' approval is necessary to enable the Board of Directors to borrow money in excess of paid-up capital and free reserves. In view of this, approval of the Members is sought to increase the borrowing limits, subject to a maximum outstanding at any time not exceeding Rs. 20,000,000,000 (Rupees twenty billion only).

The directors recommend the adoption of the Resolution. None of the Directors is in any way concerned and interested in the Resolution.

Item No.15:

The Company has made significant investments in acquisition of companies, businesses and various marketing initiatives during the past few years in the process of its organic and inorganic growth. With a view to reduce the interest cost, the Company might have to resort to secured loans instead of unsecured loans.