



Progeon Limited

Electronics City, Hosur Road

Bangalore 560100, INDIA

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April 8, 2005

Dear member,

You are cordially invited to attend the third annual general meeting of the members on Wednesday, June 1, 2005 at 10.00 a.m. at the Registered Office of the Company at Plot No.26/3, 26/4 & 26/6, Electronics City, Hosur Road Bangalore 560100.

The notice for the meeting containing the proposed resolutions is enclosed herewith.

Very truly yours,

A handwritten signature in black ink that reads "T. V. Mohandas Pai".

T. V. Mohandas Pai

Chairman and Director

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Notice

NOTICE is hereby given that the third annual general meeting of the members of Progeon Limited (the "Company") will be held on Wednesday, June 1, 2005 at 10.00 A.M. at the Registered Office of the company at Plot No. 26/3, 26/4, 26/6, Electronics City, Hosur Road, Bangalore 560100, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2005 and the Profit and Loss Account for the period from April 1, 2004 to March 31, 2005 and report of the directors and auditors thereon.
2. To appoint a director in place of Mr. T. V. Mohandas Pai, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration.

RESOLVED THAT BSR & Co., Chartered Accountants be and are hereby appointed as the auditors of the Company for the year ending March 31, 2006 to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting at a fee to be determined by the Board of Directors in consultation with the auditors which fee may be paid on a progressive billing basis to be agreed between the auditors and the Board of Directors or such employee of the Company as approved by the Board.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Sridar A. Iyengar, who was co-opted as an additional director by the Board of Directors, and who holds office under Section 260 of the Companies Act, 1956 until the date of 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 a director, be and is hereby appointed as a director of the Company, liable to retire by rotation".
5. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:
"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and the Executive Director) in such amounts or proportions and in such manner as may be directed by the Board of Directors, and such payments shall be made out of profits of the Company for each corresponding year, till March 31, 2009."
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Section 293(1)(e) of the Companies Act, 1956 and other applicable provisions, if any, the Board of Directors of the Company be and are hereby authorized to contribute from time to time, to any charitable and other funds or general charities or other purposes not directly relating to the business of the company, or welfare of its employees such amount or amounts, the aggregate of which shall not exceed an amount of Rs. 25.00 lakh (Rupees twenty five lakh) or 5% of the company average net profits as determined in accordance with the provisions of Section 349 and 350 of the Companies Act during the three financial years immediately preceding, whichever is greater.
RESOLVED FURTHER THAT the said contribution may be made to funds/ institutions situated in Republic of India or outside Republic of India and Indian Rupees or in any foreign currency equivalent to the above or in such other form as may be decided from time to time.
RESOLVED FURTHER THAT the Board of Directors or any committee constituted thereof be and are hereby authorized to take such steps as may be necessary in connection therewith and incidental and ancillary thereto."
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the company hereby approves the remuneration payable to Mr. Akshaya Bhargava, Managing Director and CEO with effect from April 1, 2005 till the expiry of his present term of office, remuneration by way of salary, perquisites, etc. as detailed in the explanatory statement to this notice."

By Order of the Board

Bangalore
April 8, 2005

N. R. Ravikrishnan
Company Secretary

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.4

Mr. Sridar A. Iyengar was co-opted as an additional director of the Company with effect from September 17, 2004 pursuant to Section 260 of the Companies Act, 1956. Mr. Sridar A. Iyengar holds office of the additional director up to the date of the ensuing annual general meeting. The Company has received a notice in writing from a member along with a deposit of Rs. 500 (Rupees five hundred) proposing the candidature of Mr. Sridar A. Iyengar for the office of the director under the provisions of Section 257 of the Companies Act, 1956.

None of the directors other than Mr. Sridar A. Iyengar may be deemed to be interested or concerned in the proposed resolution as set out in Item No. 4 as above.

The Directors recommend the resolution for your approval.

Item No.5

Section 309(4)(b) of the Companies Act, 1956 provides that a director who is neither in the whole-time employment of the company nor a Managing Director may be paid remuneration by way of commission, if the company by special resolution, authorizes such payment.

The proposed resolution would allow the Company to make payment by way of commission to the non-executive independent directors till the period ending March 31, 2009 in accordance with Section 309 of the Companies Act, 1956.

All the non-executive independent directors other than the Managing Director of the Company may be deemed to be interested or concerned in the resolution to the extent of the commission payable to them in accordance with the proposed resolution.

The Directors recommend the resolution for your approval.

Item No. 6

The Company proposes to contribute to charitable or other funds not directly relating to the business of the company or welfare of its employees, from time to time.

Section 293(1) (e) of the Companies Act, 1956 states that where the contribution to any fund or institutions in any financial year exceeds Rs. 50,000 or 5% of the average net profits as determined in terms of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater, then approval of the shareholders is required.

As the proposed contribution of Rs. 25.00 lakh (Rupees twenty five lakh) in any financial year will be in excess of the said limit, the approval of the shareholders is required. Further, the company also proposes to make this contribution to various institutions situated in Republic of India or outside Republic of India, in Indian Rupees or in any foreign currency.

None of the directors may be deemed to be interested or concerned in the resolution.

The Directors recommend the resolution for your approval

Item No. 7

The board of directors appointed Mr. Akshaya Bhargava as Managing Director and Chief Executive Officer of the company with effect from November 4, 2002. Mr. Akshaya Bhargava appointment was approved by the Central Government vide their Letter No. 1/491/2002 - CL VII dated March 20, 2003. Subsequently, the company applied to and obtained the approval of the Central Government to increase the remuneration payable to Mr. Akshaya Bhargava with effect from July 1, 2004 vide their Letter No. 2/112/2004 - CL.VII dated 23.12.2004.

As the company has adequate profits and in accordance with Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, the company proposes to pay remuneration to Mr. Akshaya Bhargava, Managing Director and CEO as follows:

1. Salary per month

Rs. 1,50,000/- (Scale Rs. 90,000 – Rs. 3,00,000)

2. Performance incentive

Mr. Akshaya Bhargava shall be entitled to a performance incentive upto a maximum of 200% of salary, payable quarterly or at other intervals as may be decided by the Board.

3. Perquisites and allowance per month

Mr. Akshaya Bhargava shall be entitled to following perquisites and allowances, subject to a maximum of Rs. 1,00,000.

1. *Housing*: Furnished/ unfurnished residential accommodation or house rent allowance up to 10% of salary in lieu thereof. The expenditure incurred by the company on gas, electricity, water, furnishings shall be valued as per Income Tax Act, 1961.
2. *Medical reimbursement / allowance*: Reimbursement of actual expenses for self and family and/ or allowance will be paid as decided by the Board from time to time.
3. *Leave Travel concession/ allowance*: For self and family once in a year, as decided by the Board from time to time.
4. *Club fees*: Fees payable subject to a maximum of two clubs.
5. *Provision for driver/ driver salary allowance*: As per the rules of the company.
6. *Personal accident insurance*: As per rules of the Company

Other benefits:

Earned/ Privilege leave: As per rules of the company.

The aggregate of salary, performance bonus, company-linked performance incentive, perquisites and allowances and other benefits taken together shall always be subject to the overall ceilings laid down in Section 198 and Section 309 of the Companies Act, 1956.

Minimum remuneration

Where in any financial year during the currency of tenure of Mr. Akshaya Bhargava, the company incurs loss or its profits are inadequate, the company may pay remuneration by way of salary, performance incentive, perquisites and allowances not exceeding Rs. 24,00,000/- per annum or Rs. 2,00,000/- per month, and in addition the perquisites not exceeding the limits specified under para 2 of Section II, Part II of Schedule XIII to the Companies Act, 1956 or such other limits as may be prescribed by the government from time to time as minimum remuneration.

Memorandum of interest

No other director except Mr. Akshaya Bhargava is deemed to be interested or concerned in the remuneration payable to him. The terms of payment of remuneration as stated in the notice, may be treated as abstract under Section 302 of the Companies Act, 1956. The copies of relevant resolution of the Board in respect of remuneration of the above mentioned resolution is available for inspection by the members at the registered office of the company during working hours on any working day till the date of this annual general meeting.

The Board recommends the resolution for your approval

By Order of the Board

Bangalore
April 8, 2005

N. R. Ravikrishnan
Company Secretary

Additional information on directors seeking election at the annual general meeting

Brief profile of Mr. T. V. Mohandas Pai, Chairman and Director

Mr. T. V. Mohandas Pai is at present Director and Chief Financial Officer of Infosys Technologies Limited. Prior to that, he was Senior Vice-President, Head-Finance and Administration and Chief Financial Officer of Infosys Technologies Limited. He received his B.Com degree from St. Joseph's College of Commerce, Bangalore and an LL.B. degree from University Law College, Bangalore. He is also a fellow member of the Institute of Chartered Accountants of India. Mr. T. V. Mohandas Pai represents Infosys Technologies Limited on the Board of the Company and is also the Chairman of the Compensation, Investment and Share Allotment Committees of the Company.

Brief Profile of Mr. Sridar A. Iyengar, Independent Director

Mr. Sridar A. Iyengar is the President of TiE (The Indus Entrepreneurs) in Silicon Valley. Previously, he was partner-in-charge of KPMG's Emerging Business Practice. Mr. Sridar A. Iyengar has the unique distinction of having worked as a partner in all three of KPMG's regions - Europe, America and Asia-pacific as well as in all four of KPMG's functional disciplines - assurance, tax, consulting and financial advisory services. He was the Chairman and CEO of KPMG's India operations between 1997 to 2000 and during that period was a member of the executive board of KPMG's Asia-Pacific practice. Prior to that, he headed the International Services practice in the West Coast. On his return from India in 2000 he was asked to lead a major effort of KPMG focused on delivering audit and advisory services to early stage companies. Mr. Sridar A. Iyengar served as a member of the audit strategy group of KPMG LLP. He was with KPMG from 1968 until his retirement in March 2002. Mr. Sridar A. Iyengar is a Fellow of the Institute of Chartered Accountants in England and Wales, holds Bachelors Degree in Commerce (honors) from the University of Calcutta and has attended the Executive Education Course at Stanford.