

*Annual Report*  
*2009-2010*



**ORG INFORMATICS LIMITED**  
(An ISO 9001 : 2000 Company)

## BOARD OF DIRECTORS

**Mr. B.V. Suryakumar**  
Managing Director

Mrs. Binu Mehta  
Independent Director

Mr. R.L. Dube  
Independent Director

Mr. Anmol K. Sekhri  
Independent Director

Mr. Ompal Singh Chadha  
Independent Director

Mr. Ketan K. Adhvaryu  
Independent Director

### Auditors

M/s Sorab S. Engineer & Co.,  
Chartered Accountants  
ISMILE Building, 381,  
Dr.D. Naoroji Road,  
Fort, Mumbai-400 001,

### Regd. Office:

3rd Floor, "Abhishek",  
Akshar Chowk,  
Old Padra Road,  
Vadodara 390 020.

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Supporting to MCA's green initiative in Corporat governance, Members of the company are hereby requested to register / update their email addresses by sending their details with e-mail address to [gogreen@orgltd.com](mailto:gogreen@orgltd.com).

**ORG Informatics Limited**

Regd. Office: 3<sup>rd</sup> Floor, "Abhishek", Akshar Chowk, Old Padra Road, Vadodara 390 020.

**Notice**

Notice is hereby given to shareholders to call sine die adjourned Thirty Fourth Annual General Meeting of the Company on Friday the 30<sup>th</sup> September, 2011 at 11.30 A.M. at Vanijya Bhavan, Race Course, Vadodara to transact the following business, which was not transacted in the Annual General Meeting held on 30<sup>th</sup> September, 2010 due to non availability of Audited financial statements:

**Ordinary business:****Item 1**

To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31<sup>st</sup>, 2010 and the Balance Sheet of the Company as of that date together with Reports of the Board of Directors and Auditors thereon.

By Order of the Board of Directors,  
Vinod Negi  
Company Secretary

Vadodara  
03<sup>rd</sup> September, 2011

**NOTES:**

- 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.**
- Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will remain closed from 26.09.2011 to 30.09.2011 (both days inclusive).
- Shareholders holding the shares in Electronic form are requested to bring their Client ID and DPID at the meeting for easy identification.
- The Ministry of Corporate Affairs (MCA) vide Circular No. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively has undertaken a "Green Initiative in Corporate Governance" and allowed Companies to share documents with its Shareholders through electronic mode. Therefore, Members of the Company are requested to support this "Green Initiative in Corporate Governance" of MCA by Registering/Updating their e-mail addresses in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form, the Registrar & Share Transfer Agent (RTA) of the Company. The details of RTA are annexed herein after.***

**Inspection of Documents**

All the documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company during the business hours on all working days (except Saturdays) till the date of meeting.

By order of the Board of Directors,

Vadodara  
03<sup>rd</sup> September, 2011

Vinod Negi  
Company Secretary

**Directors' Report****To the Members,**

Your Directors submits the Annual Report of the Company along with the Audited Statement of Accounts for the financial year ended on 31.3.2010.

**1. Financial Results**

The Financial Results of the Company on Consolidated basis are summarized hereunder :-

Particulars	2009-10 TRs.	2008-09 TRs.
Income	2,040,244	3,599,784
Expenditure	1,935,962	3,887,075
Gross Profit	104,282	(287,291)
Interest and Fixed Financial Charges	75,744	243,481
Depreciation & Amortization	120,908	116,687
Tax	38,160	(71,551)
Prior Period Adjustments	-	137843
<b>Net Profit/(Loss)</b>	<b>(130560)</b>	<b>(713,751)</b>

**2. Dividends**

Based on the Company's performance and considering the loss incurred by the Company, your Directors do not recommend payment of dividend for this financial year.

**3. Transfer to Reserves**

Considering the performance of the Company in the year under review, the Board of Directors do not recommend any amount for transfer to General Reserves.

**4. Company's Performance**

The present Company's performance has been reported in the Director's Report dated 18<sup>th</sup> August, 2011 for the financial year ended on 31<sup>st</sup> March, 2009 and the same has been reproduce here.

The company has suffered severely during the year under review. Major factors contributing to the deterioration are as under:

- The company's cash position deteriorated significantly during the financial year, 2007-08 and 2008-09 leading to defaults in discharging statutory and bank liabilities in time. As a result, attachments were placed on company's bank accounts and receivables. This has led to slow down in project execution and generation of new business.
- The large System Integration projects were running significantly behind schedule leading to possible penalties and liquidated damages. This has not only impacted project completion and cash flow but also impacted the credibility of the company with its Customers, Bankers and other Stakeholders.
- As a result, some of the major vendors have filed cases against the company for recovery of their dues.
- A number of key employees had left the company slowing down operational and administrative activities.

The caused delay in finalization of Annual accounts for the year under review is substantially due to the reasons mentioned herein above. The Board is now concentrating on completion of the delayed large System Integration projects to maintain business continuum, to develop customer confidence and to

generate new System Integration and services business. We are now able to achieve major project milestones and expect to close the ongoing projects very soon so that old pending receivable may be collected and cash flow situation may eased. New business acquisition is a challenge given the cash flow situation which led to foregoing some new business in the recent past.

The Company is parallelly pursuing restructuring of Bank liabilities and amicable settlement with vendors. The company has already submitted one time settlement (OTS) proposal to one of the Banker and same has been agreed between the Company & Bank.

#### 5. Subsidiaries

The company has four Wholly Owned Subsidiary Companies namely, Belgium Satellite Services S.A. (Belgium), Unified Technologies Pvt. Ltd., ORG Telecom Ltd., ORG Singapore Pte. Ltd. The Financial information of these subsidiaries have been given elsewhere in this report

a) The **Belgium Satellite Services, S.A. (BSS)** has achieved the revenue of EURO 27.2 Million equivalent to INR 165.37 Cr. and earned operational profit of EURO 2.0 Million equivalent to INR 1.22 Cr. The company is performing very well and will achieve new benchmarks in the time to come.

b) **Unified Technologies Pvt. Ltd. (TECHUNIFIED) :** As reported in the Director's report for the year 2008-09, the Management is focusing on reorganizing the company's operations around its product portfolio and also diversifying into IT enabled services.

c) **ORG Telecom Ltd. (OTL)** BSS is now focusing on Indian Satellite Services Business through OTL for that BSS has investment into equity of the OTL and by virtue of that OTL now is subsidiary of **BSS**. However it will be follow on subsidiary of your company, BSS being a wholly owned subsidiary of your company. This arrangement will help OTL to pursue new business opportunities in Satellite Service segment.

d) **ORG Singapore Pte. Ltd. (ORG Singapore):** There are no business operations during the financial year under review in the company. However your company is trying to explore the new business opportunity for this subsidiary like offshore IT enabled services etc.

#### 6. Employees Stock Options Scheme (ESOS) :

Pursuant to permission granted by the shareholders of the Company to issue Shares under ESOS to its employees, your Board of Directors has formed an ESOS Committee, with its current members consisting of Mr. B.V. Suryakumar, Mr. R.L. Dube and Mr. Ketan K. Adhvaryu, Directors of the Company.

Pursuant to the ESOS Scheme framed by the Company in accordance with the approval obtained from shareholders vide resolution dated August 30, 2003, the Company has got in-principle approval for issuance of 1176000 equity shares from the Stock Exchange, Mumbai. These shares could be issued by the ESOS Committee from time to time in accordance with the Scheme and SEBI Guidelines. The said ESOS Scheme was extended to the employees of Subsidiary Company i.e. ORG Telecom Ltd. also vide Special Resolution passed by the shareholders of the Company in their

Annual General Meeting held on 30.8.2005.

Following disclosures are being made in respect of the present ESOS Schemes and Options allotted pursuant thereto as per the requirement of Clause 12.1 of the SEBI (ESOS & ESPS) Guidelines, 1999:-

	ESOS-II *(2005)	ESOS-III *(2006)
(I) Optional Granted	2,93,000 to be vested over a period of 4 years equally at the rate of 25% each year	4,46,000 to be vested over a period of 4 years equally at the rate of 25% each year
(II) Pricing Formula	Par value of the share which is Rs. 10/ Or Average of Weekly High and Low of closing price of the share quoted on the the National Stock Exchange of India Limited or Bombay Stock Exchange Limited where number of shares are higher during the period of last two months or as may be think fit by the ESOS Committee.	Par value of the share which is Rs. 10/ or Average of Weekly the High and Low of closing price of the share quoted National Stock Exchange of India Limited or Bombay Stock Exchange Limited where number of trading quantity of shares are higher during the period of last two months or as may be think fit by the ESOS Committee.
(III) Total Options Vested	2,38,475	2,79,250
(IV) Total Option Exercised	82,275	50,625
(V) Total No. of Shares as a result of exercise of Options.	82,275	50,625
(VI) Total Option carried to next year	20,250	45,000
(VII) Total Options Lapsed	1,90,475	3,50,375
(VIII) Variation of terms of Options	N.A. except inclusion of employees of Subsidiary of the Company (ORG Telecom Limited) and revision in Pricing Formula.	N.A. except inclusion of employees of Subsidiary of the Company (ORG Telecom Limited) and revision in Pricing Formula.
(IX) Money realized by exercise of Options	Rs.41,13,750/-	Rs.31,38,750/-
(X) Total number of Options approved by stock exchanges under the scheme.	11,76,000	11,76,000
(XI) Employee wise Details of Options :		
(a) Granted to Senior Management	2,04,000	4,46,000
(b) No. of Employees Receiving 5% or more of Options out of the total Option granted in that year.	16	13

\*Now, the 4 years vesting of Options under this tranche has been completed.

\*\* During the year under report, no option was exercised by any of the employees out of their carried forward Options, due to pricing of options.

## 8. Directors

There were few significant changes in the constitution of the Board of your Company since 1<sup>st</sup> April, 2009. Mr Ajoy K. Khandheria tendered his resignation from the position of Managing Director on 25<sup>th</sup> May, 2009 and from Directorship on 30<sup>th</sup> June, 2009. These resignations were accepted by the Board on 18<sup>th</sup> August, 2009.

On acceptance of resignation of Mr. Ajoy K. Khandheria on 18<sup>th</sup> August, 2009, your Board invited Mr. Manoj Gupta as Managing Director and Mr. Sushil Kumar Chaturvedi as Whole Time Director, subject to approval of shareholders and Statutory Authorities, if required.

Mr. Manoj Gupta has also resigned from the capacity of Managing Director on 19<sup>th</sup> August, 2010 and then Board has appointed Mr. BV Suryakumar as Managing Director initially for a period of one (1) year with effect from August 19<sup>th</sup>, 2010 and reappointed for another two (2) years, subject to the approval of shareholders and Statutory Authorities.

The brief of changes in the non executive Directors of the Company during the period from 1.4.2009 to till date are as given below:

Sr. No.	Name of Directors	Designation	Date of Appointment	Date of Resignation /Change of Designation	Remarks
1	Mr. John W. Cornell	Director	25.02.2003	24.07.2009	Resignation
2	Mr. Kalyan Mazumder	Director	06.11.2009	21.06.2010	Resignation
3	Brig. Jagjit Singh Ahuja	Director	18.08.2009	01.08.2010	Resignation
4	Mr. Kartikeya V. Sarabhai	Director	22.01.2007	11.04.2011	Resignation
5	Mr. Sushil Kumar Chaturvedi	CEO & WTD	18.08.2009	12.05.2011	Resignation
6	Mr. B.V. Suryakumar	Managing Director	19.08.2010	Continuing	
7	Mr. R.L. Dube	Director	06.07.2007	Continuing	
8	Ms. Binu Mehta	Director	19.08.2010	Continuing	
9	Mr. Anmol Krishan Sekhri	Additional Director	12.05.2011	Continuing	
10	Mr. Ompal Singh Chadha	Additional Director	12.05.2011	Continuing	
11	Mr. Ketan K. Adhvaryu	Additional Director	03.08.2011	Continuing	

## 9. Auditor's Report

The Sorab S. Engineer & Co., Chartered Accountants, who are the Statutory Auditors of the company, retire at the ensuing Annual General Meeting, 2011 and are eligible for re-appointment.

The attached Auditor's Report to the members of the company for the period under review is self explanatory except Clauses referred herein below with clarifications/ comments of the board on the same for the consideration of the members.

### Clauses of Audit Report:

Clause-4: With respect to the contingent liabilities not provided for, the Board is of the view that all the items report are not

required to make any provisions as the same are either *subjudic*, project milestone achieved or appeal preferred etc. as the case may be. Regarding cash crunch problem and redressal of the same kindly refer point -4 of this Report above.

Clause-5 (i): The provision made during previous year for permanent fall in the value of investments was on Board's and Management's best judgment basis, considering the nature of business, present maker scenario and the networth of these subsidiaries.

Clause-5(ii): clarified under referred Note No.7

Clause-5(iii): The board is of the view that considering the business relationship with the such sundry debtors, the same is recoverable, may be with some reasonable deductions, which cannot be ascertained at this stage.

Clause-5(iv): The balance confirmation for Banks account in Afganistan, where company was handing project during the year 2004-05 could not be obtained.

Clause-5 (v): The Company has taken legal opinion on all possible appropriate action to be taken to recover/adjust the reported amount from vendors, business associate companies and initiated advised necessary action.

Clause-5(vi): The Board is of the view, that there is possibility of set off of carry forward CENVAT in future but this may be carry forward to the extent permitted by the provision of relevant Act Kindly refer Note 10(a) of the Notes to Accounts, Schedule-22 of the Balance Sheet.

Clause-5(vii): The High Court of MP has passed the Order, quashing the decision of MPSEDC to encash Tender Security submitted by the company. However the Court has given an opportunity to MPSEDC to issue a show cause Notice to the company before refund of such tender security. The Management is hopeful to recover said amount of TRs.25000 from MPSEDC.

Clause-5(viii): During the year under review the Board with the approval of shareholders, subject to approval of Statutory Authorities, if required, appointed highly qualified professionals as Managing Director and Whole Time Director, so that with new Management team the company can be run professionally with all possible efforts to recover the company from persisting financial crises. The required statutory approval will be taken on removal of said procedural constrains. For more clarification please refer Note-20.

Clause-5(ix): The Management of the company in consultation with the Board and Audit committee are of the view that no provision is required to be made for the items reported there at this stage and will be made as and when required. Kindly refer relevant Note in the Notes to accounts for further clarification.

Clause-6(iv) Kindly refer Note-7, 9 and 10 of the Notes to accounts, Schedule-22 of the Balance Sheet for clarification on the reported Items.

### Clauses of Annexure of Audit Report:

Clause-1&2: Considering the nature of business of the company, its not possible to physically verify the Inventories, Stock spare etc. at client site.

Clause 3(b): Interest free loan is given to its wholly owned subsidiary companies only. The company is negotiating with

suppliers to waive off the Interest and commission claim made by them.

Clause-4 & 7: "The Board of Directors has noted the observation of the Auditors that the internal audit was not commensurate with the size and nature of the Company's business. The Board submitted that due to severe cash crunch in the company it could not be done during last few financial years and assures the members that immediate step will be taken to ensure that the internal audit will be commensurate with the business operation of the Company.

#### 10. General

Particulars as required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 is appended herewith and forms part of this report.

There were two employees who withdrawn the remuneration, during the financial year under review, exceeding the limits specified under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

Statement pursuant to the Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended March 31, 2010

Name, qualification and Age (in years)	Description	Remuneration Received (Rs. in lacs)	Experience (in years)	Date of Commencement	Last Employment
Mr. Manoj Gupta, B.E. / MBA, (41 years.)	Managing Director	3,179,536	19	18.8.2009	Essel Group, Mumbai, India
Mr. Sushil Kumar Chaturvedi, B.E. / MBA, (51 years.)	Whole Time Director	2,834,005	26	18.8.2009	GDSS Inc. USA.

#### 11. Directors' Responsibility Statement

Your Directors confirm that:-

- In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;
- The directors have prepared the annual accounts on a going concern basis.

#### 12. Corporate Governance

The Report on Corporate Governance as required under Clause 49 of the Listing Agreement is given as an **Annexure-II** to this Report. A Certificate from Practicing Company Secretaries regarding compliance of applicable conditions of Corporate Governance as stipulated under

Clause 49 of the Listing Agreement is also attached to this report.

#### 13. Acknowledgements

The Board records its appreciation of the support which the Company has received from its Bankers, Customers, Government organizations, Overseas strategic alliance partners, Staff and Employees. The Board also appreciates the confidence reposed by the shareholders in the Company and its management.

For and on behalf of the Board of Directors  
 B.V. Suryakumar Managing Director  
 Binu Mehta Director

Vadobara

September 3, 2011

#### Annexure to the Directors' Report

**Particulars pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988**

#### CONSERVATION OF ENERGY :

Although the Computer Services Industry as such is not an energy intensive industry, effort are being made continuously by the Company for the conservation of energy through improved operational methods and other means. Form of Disclosure of Particulars with respect to Absorption of Technology, Research & Development (R&D).

#### FORM B

- Research & Development : Not Applicable
- Foreign Exchange earnings/ Outgoings : Rs. (TRs.)  
 Foreign Exchange Inflow : 40,783  
 Foreign Exchange Outflow : 23,057

#### Annexure-I

#### Management Discussion and Analysis Report:

#### Introduction

ORG is currently engaged in the business of Telecom/IT Systems Integration, Managed Services, Satellite Communications, Software Services including AMC/FMS Services in IT and Telecom sector. The Company has been able to maintain its position as a major player in System Integration business in Government Domain with dominant market share for turnkey projects and make forays in satellite domain and content delivery. Major System Integration Projects have progressed to customers satisfaction resulting in Repeat business and extension of AMC and FMS contracts.

While the impact of Global recession has been profound on domestic front, however ORG was insulated to some extent due to lower dependence on export business. However the company had to face severe cash crunch resulting in cash flow issues putting a strain on acquisition of new business. But ORG due to its resilience and dedicated staff managed to survive the crisis and focused on completing the ongoing contracts.

#### Business Vertical REVIEW

#### Telecom/IT Systems Integration & Services :

Industry structure and Developments:

Indian economy was not insulated from the ramifications of Global meltdown however Telecom vertical has been showing sustained growth. and there is increased awareness that Telecom/IT are growth engines to boost productivity and competitiveness in the Industry. Government has realized rightfully and taken initiatives for using Technology to empower citizens through E- Governance, which has resulted in increased Telecom /IT spending by Corporate and Government sector alike. Governments E- Governance program has laid increased emphasis on the turnkey solution requirements, which has resulted in increased deployment of computing infrastructure and networks. A significant trend was increase in Data centers, Connectivity, and the last mile solutions. These have been historically the skill sets of ORG. Thankfully these initiatives of Government and Corporate sector together have opened up tremendous opportunities for System Integrators and Service providers.

#### **Opportunities and Threats:**

The –initiatives taken by Government and Corporate sector and renewed emphasis on expanding IT/Telecom infrastructure to rural areas provide ideal target market for the company, which is historically established in the above space. The renewed emphasis and consolidation among its client base provides company an exciting opportunity to be able to expand its business and target higher profitability.

#### **Outlook :**

Company had embarked on consolidating its position by focusing on acquiring in house skill sets ,solutions and service provision during the year which has resulted in acceptance of company as a one stop solution provider which is evident from the repeat business I company is able to attract and win. The new opportunities have promised a larger market share for the company.

#### **Risks and Concerns:**

Telecom/IT sector in India has multiple players both domestic and international operating in the market. There are continued competitive pressures on margins and sales. Additionally, cash flow remains a major constraint as ORG's ability to secure and execute large project profitably.

#### **Telecom :**

##### Industry Structure and Developments

Telecom sector in Indian Subcontinent, CIS, Africa and South East Asia continue to be under tremendous growth stage. With the Government initiative and Corporate emphasis has fuelled technological advances and newer service offerings there is a renewed growth in the systems requirement for servicing the growth. The main impetus is from the subscriber growth being witnessed in these markets which is driving the growth for equipments and services.

#### **Opportunity & Threats**

Increasing public and private investment for satellite services in broadcasting services (TV, Mobile Earth, Fixed Earth solution), Teleport Services ( Carrier SCPC etc.) and SATCOM (Telecom conversion).

Belgium Satellite Services SA (BSS) being among the top satellite service provider worldwide will be able to exploit the opportunities.

#### **Outlook**

The Company has major projects under execution phase and is pitching for diversification in private sector with emphasis on scaling services business. Telecom segment and Services offering have shown tremendous growth and is on path to much higher numbers.

#### **Risk and Concerns**

Increase in opportunities in Telecom/IT segment has attracted global solution providers and increased number of domestic players which has resulted in increase competition and lower margins. Additionally, cash flow remains a major constraint as ORG's ability to secure and execute large project profitably.

#### **Satellite Services :**

##### Industry Structure and Developments

Satellite services industry cover broadcast teleport services, SATCOM Telecom conversions and satellite teleport services. Satellite services market to reach amount USD14.8 billion by 2019 and more than 1200 satellites are expected to be launched in next 10 years. With proliferation of HD and Digital TV the Broadcasting services as an area is looking up Europe's industry is well placed to exploit these opportunities with numerous world cast broadcasters.

#### **Opportunity & Threats**

Increasing public and private investment for satellite services in broadcasting services (TV, Mobile Earth, Fixed Earth solution), Teleport Services ( Carrier SCPC etc.) and SATCOM (Telecom conversion).

Belgium Satellite Services SA (BSS) being among the top satellite service provider worldwide will be able to exploit the opportunities.

#### **Outlook**

The Company has plan for expansion and strengthen the penetration to increase the subscriber base within the Belgium and PAN Europe. The company has robust business plan to concentrate on customer satisfaction, explore business opportunities in Africa, strengthen tie with Asian Channels and market share maximization. BSS expects significant business growth with sustain profit margins.

#### **Risk and Concerns**

The major concern for the company is completion on bandwidth pricing and advancement in Technologies. Hence the CPOM, panby concentrate on quality of services.

#### **Software Services**

##### Industry Structure and Developments

Software development and services has been and remains the key driving force in deploying IT services. It has gained impetus from the initiative taken by the Government for rolling out E-Governance solutions and Corporate initiative of increasing efficiency and productivity in business. The BFSI segment is gaining impetus with more and more financial solutions using IT domain to provide services to ever expanding customer base both in Urban and Rural India. Immense opportunities are opening up in Global markets by way of outsourced software development.

#### **Opportunity & Threats**

The Software services business of the company has being

carried out through its wholly owned subsidiary, Tech Unified, Which is a new venture for the company and started its operation in the third quarter of the fiscal year ended March, 2008. The company is making its strategy to grape the opportunities available within the Middle East and domestic markets focusing in BFSI segment.

### Outlook

The Company has plans for diversifying and building BPO business and providing managed services for software solutions. We envisage seeing some significant revenue growth and increasing in profit margin through this segment of business, as it compliments the Services business of ORG in Telecom/IT domain. The jobs which were outsourced earlier can now be undertaken in house thereby providing one stop solution.

### Risk and Concerns

According to Industry reports new players are emerging in this segment both domestic and Global. There is increased pitch of developed countries not to outsource to ensure in house jobs is basically the risk and concern for the Companies business under the segment.

## Annexure-II

### **CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009-10**

(This Corporate Governance Report pertains to the financial year 2009-10, however has been signed with the Director's Report on 3rd September, 2011 only)

#### **I. Corporate Governance Philosophy:**

The primary objective of good Corporate Governance is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness and to develop capabilities and identify opportunities that best serves the goal of value creation. Corporate governance is about maximizing shareholder value legally, ethically and on a sustainable basis, while ensuring fairness to every stakeholder - our customers, employees, investors, vendor-partners, the governments of the countries in which we operate, and the community. Thus, corporate governance is a reflection of our culture, policies, our relationship with stakeholders and our commitment to values.

Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures always seek to attain the best practices in international corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.

Our corporate governance philosophy is based on the following principles:

- to satisfy the spirit of the law and not just the letter of the law;
- Corporate governance standards should go beyond the law ;
- be transparent and maintain a high degree of disclosure levels;
- When in doubt, disclose;

- make a clear distinction between personal conveniences and corporate resources ;
- communicate externally, in a truthful manner, about how the Company is run internally;
- Comply with the laws in all the countries in which the Company operates
- have a simple and transparent corporate structure driven solely by business needs ;
- Management is the trustee of the shareholders' capital and not the owner .

Your company remains committed to achieving these objects. Given below is the report on corporate governance at ORG Informatics Limited.

#### **II Board of Directors :**

As on 31.3.2010, the Board of Directors of the Company comprises of Seven Directors of whom two are Executives and five are Non-Executive Directors.

The Company is professionally managed and its Board, which oversees how the management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. Our Board of Directors comprises of professionally qualified Directors who have rich experience in the field of Management, Information Technology, Telecommunications and Finance.

The names, Categories of the Directors on the Board, number of Directorships and Committee Position held by them in other companies, attendance of Directors at Board Meetings during the year under review and the last Annual General Meeting are given below:

#### **(a) Composition of Board\* :**

Name of Directors	Category	Number of Board Meeting during the year 2009-10		Whether attended last AGM held on 29.09.2009	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies**	
		Held	Attended		Chairman	Director	Chairman	Member
Mr. Manoj Gupta***	Executive-Non Independent	7	4	YES	-	1	-	-
Mr. Sushil Kumar Chaturvedi****	Executive-Non Independent	7	4	YES	-	1	-	-
Mr. B.V.Suryakumar	Non-Executive-Non-Executive-	7	7	YES	-	3	-	1
Mr. Kartikeya V. Sarabhai	Non-Independent	7	5	YES	-	2	-	1
Mr. R.L. Dube	Non-Executive-Independent	7	4	NO	-	-	-	-
Brig. J. S. Ahuja	Non-Executive-Independent	7	5	YES	-	-	-	-
Mr. Kalyan Mazumder	Non-Executive Independent	7	3	YES	-	-	-	-

#### **No. and dated of Board Meetings:-**

Seven Board Meetings were held during the year 2009-2010 on the following dates.

25.5.2009, 8.7.2009, 18.8.2009, 6.11.2009, 3.12.2009, 25.12.2009 and 11.3.2010

\* All changes in Directorship post 31<sup>st</sup> March, 2010 have been reported in the Director's Report only.



\*\* In accordance with Clause 49 of the Listing Agreement, memberships of only the Audit Committee and Shareholders' / Investors' Grievance Committees of Public Limited Companies have been considered.

\*\*\* Appointed as Managing Director of the Company with effect from 18.8.2009.

\*\*\*\* Appointed as Whole-Time Director of the Company with effect from 18.8.2009.

**b) Code of Business Conduct and Ethics for Directors and Senior Management.**

The Board of Directors of the Company by Circular Resolution dated 1.12.2005 passed by them, has adopted the Code of Business Conduct and Ethics for Directors and Senior Management ('the code').

A copy of the Code has been put on the Website of the Company i.e. [www.orgltd.com](http://www.orgltd.com)

The Code has been circulated to all the members of the Board and Senior Management and the Compliance of the same has been affirmed by them. A declaration signed by the CEO of the Company is given below :

**(c) DECLARATION.**

I hereby confirm that, the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the Financial Year 2009-2010.

**For ORG Informatics Limited,  
Sushil Kumar Chaturvedi  
Chief Executive Officer  
September 1<sup>st</sup>, 2010  
New Delhi,**

**(d) Certification by the Managing Director:**

Mr. B.V. Suryakumar, Managing Director of the Company has issued a Certificate to the Board on the lines of sub-clause V of Clause 49 of the Listing Agreement in connection with the Financial Statements and Cash Flow Statement etc. for the year 2009-2010.

The said Certificates was placed before the Board Meeting held on 3<sup>rd</sup> September, 2011 and were recorded thereat.

**III. Audit Committee :**

- 1) The Audit Committee of the Company is constituted in line with the provisions of the Clause 49 of the Listing Agreement with Stock Exchange read with Section 292A of the Companies Act, 1956.
- 2) The term of reference of the Audit Committee are broadly the same as suggested under the Listing Agreement entered into between the company and Stock Exchanges.
- 3) The Audit Committee invites such of executives, as it considers appropriate (particularly finance head), representatives of the statutory auditors to be present

at its meeting. The Company Secretary acts as the Secretary to the Audit Committee.

- 4) During the financial year under review, four Audit Committee meetings were held on the 18.8.2009, 5.11.2009, 3.12.2009 and 22.1.2010. The composition of the Audit Committee and the details of meetings held and attended by its members are given hereunder:

Name of Member	Designation	No. of Meeting Held	Attended
Mr. Kartikeya V. Sarabhai	Member-Non-Executive-Non Independent	4	2
Mr. B.V. Surya kumar	Non-Executive	4	4
Mr. R.L. Dube	Independent	4	2
Brig. J. S. Ahuja	Independent	4	4

**Attendance and Quorum :** During the financial year ended 31st March, 2010, four meetings of the committee were held and out of four meetings, two were attended by all members and two meetings were attended by two members.

**IV. Shareholders' / Investors' Grievance Committee:**

During the financial year under review, the Shareholders' / Investors' Grievance Committee Meeting was held only one on 25.05.2009 and was comprises of following directors :

Name of Member	Designation	No. of Meeting Held	Attended
Mr. B.V. Suryakumar	Chairman	1	1
Mr. Brig. J. S. Ahuja	Member	1	1
Mr. Sushil Kumar Chaturvedi	Member	1	0
Mr. Kartikeya V. Sarabhai	Member	1	1
Mr. Manoj Gupta	Member	1	0

It was reported in the meeting that 15 complaints were received by the Company from the Shareholders have been amicably resolved by the Company.

**V. Remuneration Committee :**

During the financial year under review, the Remuneration Committee Meeting was held two times on 18.8.2009 and 5.11.2009 and was comprises of following directors :

Name of Member	Designation	No. of Meeting Held	Attended
Mr. Kartikeya V. Sarabhai	Chairman	2	2
Mr. R. L. Dube	Member	2	2
Mr. B.V. Suryakumar	Member	2	2

The meetings of the Remuneration Committee were held on 18.8.2009 and 5.11.2009 where all the then members were present. Agreements between the Company and Managing Director/ Whole-time Director and status of salary and others dues to employees were reviewed in these meetings.

#### Details of Remuneration and sitting fee paid to Directors during the financial year 2009-10.

S. No.	Director	Relationship with other Directors	Sitting Fees for Board & Committee Meeting 2009-10 Rs.	Salaries & Perquisites (Incl. P.F. Super Annuation & Grantuity 2009-10 Rs.	Commission 2009-10 Rs.	Total 2009-10 Rs.
1.	Mr. Ajoy K. Khandheria#	None	Nil	Nil	Nil	Nil
2.	Mr. John W. Cornell##	None	Nil	Nil	Nil	Nil
3.	Mr. Kartikeya V. Sarabhai	None	37,000	Nil	Nil	37,000
4.	Mr. B. V. Suryakumar*	None	34,000	—	Nil	34,000
5.	Mr. Manoj Gupta**	None	Nil	3,132,963	Nil	3,132,963
6.	Mr. R.L. Dube	None	28,000	Nil	Nil	28,000
7.	Brig. J.S. Ahuja***	None	42,000	Nil	Nil	42,000
8.	Mr. Sushil Kumar Chaturvedi****	None	Nil	2,882,037	Nil	2,882,037
9.	Mr. Kalyan Mazumder*****	None	15,000	Nil	Nil	15,000

\* From 18.8.2009 resigned as Whole-time Director of the Company and continue as Non-executive Director.

\*\* Appointed as Managing Director of the Company with effect from 18.8.2009.

\*\*\* Resigned as an alternate Director to Mr. John W. Cornell with effect from 24.7.2009 and appointed as independent Director of the Company with effect from 18.8.2009.

\*\*\*\* Appointed as Whole-time Director of the Company with effect from 18.8.2009.

\*\*\*\*\* Appointed as Director of the Company with effect from 6.11.2009

# Resigned with effect from 18.8.2009.

## Resigned with effect from 24.7.2009.

#### VI. ESOS Committee :

During the financial year under review, the ESOS Committee Meeting was held one time on 5.11.2009 and was comprises of following directors:

Name of Member	Designation	No. of Meeting Held	Attended
Mr. Manoj Gupta	Member	1	1
Mr. Sushil Kumar Chaturvedi	Member	1	1
Mr. Kartikeya V. Sarabhai	Member	1	1
Mr. B.V. Suryakumar	Chairman	1	1
Brig. J.S. Ahuja	Member	1	1

i. **Vesting and allotment under this trench now completed.**

ii. On 19.9.2006 ESOS Committee of the Company has

allotted 45,000 Options to Mr. Sushil Kumar Chaturvedi Whole-time Director and Chief Executive Officer of the Company. The said Options are to be vested in to the equity shares of Rs. 10/- each of the Company at a premium of Rs. 52/- per share, over a period of 4 years, at the rate of 25% per year commencing from 19.9.2007, on the basis of accepted Options

In the Annual General Meeting held on 29.9.2008, the Shareholders of the Company have approved the revised price of these shares as Rs. 27/- per share i.e. Rs. 10/- plus Rs. 17/- as premium.

#### VII. Genral Body Meetings :

Location, date and time of Annual General Meetings / Extraordinary General Meeting held during last three years.

Year	Date	Time	Location
2006-2007	20.8.2007	11.00 A.M.	Vaniya Bhavan, Race Course, Vadodara
31 <sup>st</sup> AGM			
2007	06.11.2007	11.00 A.M.	301, Orchid Square Building, Sushant Lok-1,Block-B, Gurgaon-122002, Haryana.
Extraordinary General Meeting			
2008	28.2.2008	11.00 A.M.	301, Orchid Square Building, Sushant Lok-1,Block-B, Gurgaon-122002, Haryana.
Extraordinary General Meeting			
2007-2008	29.9.2008	11.00 A.M.	Vaniya Bhavan, Race Course, Vadodara
32 <sup>nd</sup> AGM			
2008-09 33 <sup>rd</sup> AGM* (with extension sought from central Government)	29.12.2009	11:00 A.M.	Vaniya Bhavan, Race Course, Vadodara

\*The AGM was adjourned to 26.2.2010 and further adjourned sine die to adopt Audited accounts for the F.Y. 2008-09 and now called on 30.09.2011.

All the resolutions setout in the respective Notices (Except 33<sup>rd</sup> AGM) of the Meetings aforesaid were passed by the shareholders of the Company unanimously. With respect to the 33<sup>rd</sup> Annual general meeting all the resolutions setout in the Notice were passed by the shareholders except adoption of Audited Accounts for the financial year 2008-09 as the same was not ready.

During the year under review, there was no occasion for the Company to put any resolution through postal ballot or any of the matters as mandated by Section 192A of the Companies Act ,1956 / Clause 49 of the Listing Agreement.

This year also the Company has not put any resolution through postal ballot.

#### VIII. Disclosures :

i. There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large.

ii. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years 2006-07, 2007-08 and 2008-09 respectively : **Nil**

iii. The Company has fulfilled the following non-mandatory requirement as prescribed in Annexure ID to Listing Agreements with Stock Exchanges:

a. The Company has set up a Remuneration Committee, details of which have been given earlier in this report.

iv. **Secretarial Audit :** A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted equity shares capital with the National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The secretarial audit report confirms that the total issued/paid-up capital is in agreement with total number of shares in physical form and the total number of shares in dematerialized form held with NSDL and CDSL.

v. In terms of Section 299 (3) (b) of the Companies Act, 1956, the General Notices of disclosure of interest are obtained from the Directors and accordingly the Register of Contracts under Section 301 of the Companies Act, 1956 is tabled and signed.

vi. Transactions with the "related parties" are disclosed in detail in note No. 14 of 'Notes to forming part of Accounts' annexed to the financial statements for the year ended 31<sup>st</sup> March, 2010. Adequate care was taken by the Board to ensure that the potential conflict of interest did not harm the interest of the Company.

vii. During the year under review, the Company has complied with the requirements of Stock Exchanges / SEBI / Statutory Authorities on all matters related to Capital Markets and there was no non-compliance during the last three years by the Company on any matter related to Capital Markets, except following:

During the year under report, the Company could not timely comply with the provisions of Clause 35 and 47C etc. of the Listing Agreement whereas the Company could not comply with Clause 41 of the listing agreement for the reasons, beyond the control of the management of the Company.

#### IX. Means of Communication:

a. During the year under report, the Company was not able to submit/publish its any Audited Financial Results/Un-audited Financial Results to the Stock Exchanges.

b. Management Discussion & Analysis Report is part of Directors' Report to Members and annex as **Annexure-I** to the Director's Report.

#### X. Shareholders Information:

a) Annual General Meeting.

Date : 30.09.2010

Time : 11.00 A.M.

Venue : Vanijya Bhavan, Race Course, Vadodara - 390 007.

AGM held on 30<sup>th</sup> September, 2010 was adjourned to sine die for Adoption of Accounts for the year ended on 31<sup>st</sup> March 2010. Now called on 30<sup>th</sup> September, 2011 at 11.30 A.M. at Vanijya Bhavan, Race Course, Vadodara - 390 007.

b) Financial Calender : 2010 – 2011

Event	Board Meeting	
i) Unaudited Results	Qtrly. June 10	July-10
Unaudited Results	Qtrly. Sept. 10	Oct.- 10
Unaudited Results	Qtrly. Dec. 10	Jan. 2011
Audited Accounts	March 2011	May-2011

(i) Annual General Meeting : September 30<sup>th</sup>, 2011

c) Date of Book Closure: 26.9.2011 to 30.9.2011 (both days inclusive) for adjourned AGM to be held on 30.9.2011.

d) Listed on Stock Exchange(s) and Stock Code :

Bombay Stock Exchange Limited, - 517195

Floor 25, P.J. Tower, Dalal Street,

Mumbai-400001

National Stock Exchange of

India Limited,

ORGINFO

Exchange Plaza, Bandra

Kurla Complex,

Bandra (E), Mumbai-400051.

**(The trading of the shares of company was suspended on NSE w.e.f Nov, 2009 and on BSE w.e.f. July 19<sup>th</sup>, 2010)**

e) Listing fees have been paid up to date to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

f) **Stock Price Data on BSE & NSE\*:**

MONTH		Rs.			
		HIGH (BSE)	HIGH (NSE)	LOW (BSE)	LOW (NSE)
Apr	-2009	10.29	10.45	6.15	6.10
May	-2009	13.40	13.85	8.51	8.35
June	-2009	14.81	15.00	10.16	10.15
July	-2009	12.65	12.70	9.06	9.00
Aug	-2009	13.90	13.90	10.07	10.15
Sep	-2009	14.12	14.15	11.72	11.75
Oct	-2009	12.40	12.40	9.89	9.80
Nov	-2009	12.90	10.35	9.00	8.65
Dec	-2009	12.38	-	10.00	-
Jan	-2010	19.50	-	10.80	-
Feb	-2010	14.99	-	10.52	-
Mar	-2010	13.80	-	11.10	-

g) **Registrar & Transfer Agents:**

M/s. MAS Services Ltd. has been acting as Registrar and Share Transfer Agent for both Physical as well as Dematerialization of shares of the Company. The members may contact them on the following address:

M/s MAS Services Limited

T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area,

Phase-II, New Delhi 110 020.

E-mail Address : [info@masserv.com](mailto:info@masserv.com)

Telephone No. : 011-2638-7281/82

FAX No : 011- 26387384

#### **h) Share Transfer System:**

The shares of the Company are compulsorily traded in dematerialization form as per SEBI's directive. The Company has already appointed MAS Services Limited., New Delhi as its Registrar & Share Transfer Agent for dematerialization purposes and also has set up the requisite facilities for dematerialization of shares with National Securities Depositories Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL).

For physical Share Transfer, if the share transfer documents are otherwise in order, share transfers are registered upon approval by the Share Transfer Committee, the meetings of which are generally held at regular intervals of about 15 / 20 days. Thereafter, duly transferred share certificates are dispatched.

The total number of shares transferred during the year 2009 - 2010 was 3263.

#### **i) Distribution of category wise Shareholding as on 31.3.2010.**

Category	No. of Shares	Percentage (%)
Promoters	6119045	35.64
Institutional Investors	560	0.00
Body Corporate	2364298	13.77
Indian Public	6030697	35.12
NRI/ Foreign Nationals	30122	0.18
OCBs/FII	2245217	13.08
Trust	186	0.00
Clearing Members	309149	1.80
Foreign Bank ( As Custodian)	71200	0.41
<b>TOTAL</b>	<b>17170474</b>	<b>100.00</b>

#### **Distribution of Shareholding as on 31.3.2010.**

Shareholding of Nominal Value of Rs.	No. of shares
1 to 5000	2548464
5001 to 10000	680897
10001 to 20000	570994
20001 to 30000	345218
30001 to 40000	271245
40001 to 50000	254578
50001 to 100000	650219
Over 100000	11848859
<b>TOTAL</b>	<b>17170474</b>

#### **j) Dematerialisation of Shares:**

During the year under review, 26561 shares have been dematerialized through NSDL/ CDSL. ISIN No. INE686D01012.

#### **k) Address for Correspondence:**

Shareholders can correspond with Company's Registrar and Transfer Agent viz. MAS Services Limited, T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II, New Delhi – 110 020, Tel. No.011 – 26387281/82,

Fax No. 011-26387384 e-mail : [info@masserv.com](mailto:info@masserv.com) or at the Company's Registered Office situated at 3<sup>rd</sup> Floor, "Abhishek", Akshar Chowk, Old Padra Road, Vadodara-390 020, Tel. No. 0265-2320091, 2320093, Fax No. 0265- 2320379.

Mr. Vinod Negi, Company Secretary is designated as Compliance Officer may be contacted at : Telephone No. : 011-45013327 email : [vinod.negi@orgltd.com](mailto:vinod.negi@orgltd.com)

### **COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE.**

To the Members of

**ORG Informatics Limited,**

**Vadodara**

We have examined the registers, records, books & papers necessary for issuing this certificate for the compliance of conditions of corporate governance by **ORG Informatics Limited**, for the year ended 31<sup>st</sup> March, 2010, as stipulated in clause 49 of the Listing Agreements with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance **except non compliance of clause 41 by non submitting / Publishing Un-audited/Audited Financial Results for the quarter ended 30.6.2009, 30.9.2009, 31.12.2009 and year ended 31.3.2010 and also non forwarding certificate of Statutory Auditors on Limited Review on the financial results in respect of the said quarters, however the audited annual financial results for the year ended on 31.03.2009 could not be filed timely.** As stipulated in the above mentioned Listing Agreement entered in to with the Stock Exchanges. The Company has also not filed its Balance Sheets for the year ended 31.3.2009 and 31.3.2010 with the Registrar of Companies, Gujarat.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/ Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company;

Signed at Vadodara on this 20<sup>th</sup> Day of August, 2011

**For Jayesh Vyas & Associates,**  
Practicing Company Secretaries  
**Jayesh Vyas**  
Proprietor

F C S 5072 & C. P. No. 1790

**Auditors' Report****To the Members of ORG Informatics Limited**

1. We have audited the attached Balance Sheet of ORG Informatics Limited ("the Company") as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *The financial statements have been prepared on going concern basis, despite significant losses suffered during the year, substantial contingent liabilities not provided for (Refer Note Nos. 1(a), (b), (c), (d)), legal cases filed by some of the suppliers against the Company and its officials under section 138 of the Negotiable Instruments Act, 1881 (Refer Note No. 2(a)), restriction imposed on a major customer by court, on vendor's request, from making any payment to the Company (Refer Note No 2(c)), causing severe cash crunch, which had in turn resulted in defaults in payment of statutory liabilities / non compliance of statutory requirements/ loss of key management personnel / staff and considerable scaling down of operations. The Company's ability to continue as a going concern is dependent upon satisfactory resolution of the above matters besides steps being taken by management to provide / arrange for significant additional funds.*
5. Attention is invited to the following:
  - i. *We are unable to opine on the adequacy of provision of TRs 161,700 made for permanent fall in the value of investments amounting to TRs 695,202 in absence of convincing evidence;*
  - ii. *We are unable to opine on the realisability of non moving stock of Stores and Spares of TRs 50,286 not provided by the management for reasons stated in Note No. 7.*
  - iii. *We are unable to opine on recoverability / realisability of old outstanding of Sundry Debtors aggregating to TRs 2,347,165 (including TRs 5,022 due from Subsidiary) which may not be recoverable and which are not appropriately evidenced with correspondence statement of accounts, unconfirmed, unreconciled and against which no material recoveries have been made till date of completion of audit. No provision has been made for such receivables as the management considers them as good for recovery.*
  - iv. *For Bank balance, Bank balance confirmations are not available to the tune of TRs. 12,197.*
  - v. *We are unable to opine on recoverability / realisability of old outstanding in respect of (a) advances of TRs. 21,846 given to other company (b) TRs 25,159 advance given to Vendors and (c) TRs 7,214 receivable in respect of Tender Deposit given which are not appropriately evidenced with correspondence statement of accounts, unconfirmed, unreconciled and against which no material recoveries have been made till date of completion of audit. No provision has been made for such receivables as the management considers them as good for recovery.*
  - vi. *In the absence of detailed workings, convincing evidence and legal consultants' opinion on the availability of TRs 25,557 in respect of CENVAT credit for set off in the future, we are unable to comment on the appropriateness of carry forward of the CENVAT recoverable.*
  - vii. *In respect of guarantee of TRs 25,000 invoked by MPSEDC during the year, the management has claimed that the amount is good of recovery since the matter was sub judice and now the company is being Judgment creditor, the management's claim remains to be substantiated by the Order passed by the Court of appropriate jurisdiction. The Company has made the claim of said amount with the MPSEDC for wrongful invocation of the guarantee. We are unable to opine on the recoverability or otherwise of the amount shown under Loans and Advances.*
  - viii. *In respect of Managerial Remuneration paid to Managing and Whole Time Director of TRs. 6,015, shareholder's approval was taken in the Annual General Meeting held on 19.12.2009. However, No approval from Central government is obtained for reason stated in Note No 20.*
  - ix. *No Provision has been made for :*
    - a. *Impairment loss of Fixed Assets for reasons stated in Note No. 10.*
    - b. *Loans and advances of TRs. 578,469 due from Subsidiary Companies and Associate Company for the reasons stated in Note No. 9 (b).*
    - c. *Invocation of bank guarantees given in respect of various projects undertaken by the Company to the extent of TRs 312,208 and consequential penalties subsequent to the close of the year.*
    - d. *Interest and commission of TRs 64,145, payable, in terms of agreements, to the vendors (shown as contingent liability).*

- e. *Bank and Other Charges of TRs 19,470 paid to one of the vendors (shown as contingent liability).*
- f. *Implementation, service / warranty charges aggregating to TRs 30,582 (shown as contingent liability).*
- g. *Liquidated Damages / penalty payable to customers for delays in performance / non compliance of some of the contractual Terms and conditions aggregating to TRs 448,736 (shown as contingent liability).*
- h. *Penalty and other charges which may be imposed by (a) the various Statutory/Regulatory Authorities on account of non compliance of the provisions of the various statutes including non payment of statutory dues and filing of periodic returns. (b) the Court, with respect to the cases filed by the parties against Company's officials (including some past officials) under sections 138 and 143 of the Negotiable Instruments Act, 1881, on account of dishonor of post dated cheques issued to them.*
- Due to uncertainty involved, the impact of the above on the loss for the year is presently unascertainable.*
6. Further to our comments in the Annexure referred to in paragraph 3 and subject to our comments in paragraphs 4 and 5 above, we report that:
- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except to the extent referred to hereunder:
    - a. *The Company has not determined the provision required for slow moving / non moving inventory for the purpose of arriving at the Value to be scaled down in terms of Accounting Standard 2 – Inventories;*
    - b. *The Company has not appropriately determined and provided for fall in value of long term investments in subsidiary / associate companies, in terms of Accounting Standard – 13 – Investments; and*
    - c. *The Company has not adequately determined impairment in assets during the year, in terms of Accounting Standard - 28 – Impairment of Assets.*
  - (v) On the basis of written representations received from directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required;
7. *Subject to our remarks mentioned in paras 4 and 5 above and our comments contained in annexure referred to in Paragraph 3 above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;*
- (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
  - (b) in the case of the profit and loss account, of the loss for the year ended on that date; and
  - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **Sorab S. Engineer & Co.**  
 Firm Registration No. 110417W  
 Chartered Accountants

**CA. Chokshi Shreyas B.**  
 Partner  
 Membership No. 100892

Vadodara  
 3<sup>rd</sup> September, 2011

## **ANNEXURE TO AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

### **Re: ORG Informatics Limited**

1. In respect of its fixed assets:
  - a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) *Fixed assets held by the Company was not subjected to physical verification. In the absence of verification and reconciliation we are unable to state whether there are any discrepancies.*
  - c) Though the Company has disposed off considerable portion of its fixed assets, from areas wherein it had stopped operation due to closure of office, as cost saving measure during the year, its ability to continue as a going concern, we are informed by the management, is not affected by such disposals.
2. In respect of its inventories:
  - a) *As explained to us, during the year none of the inventories comprising of Projects in progress, stores*

- and spares, trade goods etc. have been subjected to physical verification at any time during the year by the management.*
- b) *In the absence of physical verification indicated herein above, there is no question of adequacy or otherwise of the procedures.*
- c) *In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of its inventories. However during the year since the inventories owned by the Company had not been physically verified by the management, we are unable to state whether or not there are any discrepancies.*
3. *In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us:*
- a) *The Company had granted interest bearing loan to a subsidiary by converting the share application money into loan vide agreement dated 30th Oct 2008 and interest free loans to other subsidiaries besides amounts advanced to one company covered in the register maintained under Section 301 of the Companies Act, 1956. As at the year-end, the outstanding balance of such loan granted to this company is TRs. 12,436 and the maximum amount involved during the year was TRs. 21,519.*
- b) *In our opinion and according to the information and explanations given to us, the terms and conditions of the interest free loans referred to above, keeping in view significant interest claimed by suppliers for credits provided, bankers and other parties, appear prima facie prejudicial to the interest of the Company.*
- c) *The loans granted are repayable on demand. As informed, the Company has not demanded repayment of the loans during the year and thus there is no default on the part of the parties to whom the amount is lent.*
- d) *The Company has, in the earlier years, taken interest bearing (and interest free) loan from a Party covered in the register maintained under Section 301 of the Companies Act, 1956 and the outstanding balance of such loan aggregated to TRs 32,602 (including accrued interest) and the maximum amount involved during the year was TRs 35,293.*
- e) *The rate of interest and other terms and conditions of such loan is, in our opinion, prima facie not prejudicial to the interest of the Company.*
- f) *The loan is repayable on demand and the same has not been demanded.*
4. *In our opinion and according to the information and explanations given to us and our evaluation of the prevailing internal control structure and its operation disclosed weakness in internal control systems. The said control structure in operation can not be stated to be commensurate with the size of the Company and the nature of its business with regard to the purchase of traded goods / inventory, fixed assets and with regard to the sale of goods and rendering of services.*
5. *In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:*
- a) *The particulars of contracts or arrangements referred to Section 301 have been entered in the register required to be maintained under the said section.*
- b) *According to the information and explanations given to us, where each of such transactions, other than interest bearing and interest free loans granted (Referred to in Para 3(b), (c) and (d) above), is in excess of Rs. 5 Lakhs in respect of any party, the transactions have been made at prices which are prima facie, reasonable having regard to the prevailing market prices at the relevant time, except that in respect of sale of services, no comparison of prices could be made since similar services are not being rendered to any other party by the Company.*
6. *In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.*
7. *There is no Internal Audit System in the Company during the year under review and hence we are unable to comment on this aspect.*
8. *As informed to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.*
9. *According to the information and explanations given to us and as revealed by the books of accounts maintained by the Company, except for the following statutory dues, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Sales Tax, Service Tax and other statutory dues with the appropriate authorities during the year:*
- | Particulars                     | Balance at 31.3.10 Amount (TRs.) | Period from which due |
|---------------------------------|----------------------------------|-----------------------|
| Staff Professional Tax          | 102                              | Feb' 09               |
| UP Sales Tax                    | 68                               | Dec' 08               |
| Haryana VAT / CST               | 293                              | Mar' 09               |
| Service Tax                     | 11,694                           | Apr' 08               |
| Education Cess Payable          | 742                              | Apr' 08               |
| Secondary Higher Education Cess | 329                              | Apr' 08               |
- During the year, the management has confirmed that there*

were no dues payable in respect of Investor Education and Protection Fund, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues.

In the case of Cess, the central government has till date not prescribed the amount of Cess payable under section 441A of the Companies Act, 1956.

The details of disputed demands which have not been deposited during the year as under:

Nature of Statute	Nature of the dues	Amount (TRs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Penalty	9,555	2002-03	ITAT
		9,866	2003-04	CIT (Appeal)
		1,874	2004-05	CIT (Appeal)
	Income Tax	7,887	2004-05	CIT (Appeal)
		21,083	2005-06	CIT (Appeal)
		15,396	2006-07	CIT (Appeal)
Sales Tax Act	Sales Tax	15,996	2007-08	CIT (Appeal)
		37,057	2008-09	Appellate Tribunal

10. In our opinion and according to information and explanations given to us, the accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth and the Company has incurred cash losses in current financial year and in the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to the banks. The period and the amount of defaults are as under:

Description of Loan	Period of default	Amount TRs. involved
BOI – Cash Credit	Account is NPA Since March 2008	27,221
BOI – BG Invoked	October, 2008	7,800
PNB - Cash Credit	March 2010	111,179
CB - Cash Credit	Account in NPA since Feb 2010	91,386
CB - WCTL	Account in NPA Since Feb, 2010	8,549
CB - BG Invoked	Account is NPA Since Feb. 2010	6,843
SCB - Cash Credit	January 2010	81,862
Barclay - WCL	January 2009	95,863
BOB - CC / WCTL / BG Invoked	Account in NPA Since Feb. 2010	141,053

12. According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi

mutual benefit fund / society.

14. According to the information and explanations given to us, the Company is not dealing in shares, securities and other investments.

15. In our opinion and according to the information and explanations given to us, the Company has, other than guarantees given to a bank on behalf of subsidiary Company, not given any guarantees for loans taken by others from banks and financial institutions. The terms and conditions whereof are not prejudicial to the interest of the Company except for the guarantees which are invoked by the banks.

16. To the best of our knowledge and belief and according to the information and explanations given to us, no term loans, except vehicle loans which are repayable in installments, and their application is as agreed were availed by the Company during the financial year, hence there is no question of any misapplication.

17. According to the information and explanations given to us, funds raised by the Company on short term basis have, prima facie, not been used during the year for long term investment.

18. According to the information and explanation given to us and as evidenced by the books and records, the Company has not issued any bonds / debentures during the year and hence there is no question of creating any security during the year.

19. The Company has not, according to the information and explanation given to us, raised any funds from public during the year hence the question of verification of end use does not arise.

20. According to the information and explanations given to us, the Company has not made during the year, any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Sorab S. Engineer & Co.**  
Firm Registration No. 110417W  
Chartered Accountants

**CA. Chokshi Shreyas B.**  
Partner  
Membership No. 100892  
Vadodara  
September 3, 2011



**Balance Sheet as at March 31, 2010**

	Schedule No.	As at March 31, 2010 Amount (Rs. In '000)	As at March 31, 2009 Amount (Rs. In '000)
<b>Sources of Funds</b>			
Share Capital	1	171,705	171,705
Reserves & Surplus	2	609,161	649,287
		<u>780,866</u>	<u>820,992</u>
<b>Loan Funds</b>			
Secured Loans	3	506,658	483,024
Unsecured Loans	4	1,521,687	1,618,864
		<u>2,028,345</u>	<u>2,101,888</u>
<b>Total</b>		<u><u>2,809,211</u></u>	<u><u>2,922,880</u></u>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	5	169,407	173,557
Less: Depreciation / Amortisation		116,288	86,945
Net Block		<u>53,119</u>	<u>86,612</u>
<b>Investments</b>	6	533,528	214,921
<b>Deferred Tax Asset</b> (Refer Note B - 11 of Schedule 21)		11,194	51,444
<b>Current Assets, Loans and Advances</b>			
Inventories	7	158,231	218,081
Sundry Debtors	8	2,622,672	3,103,967
Cash and Bank Balances	9	56,553	154,727
Other Current Assets	10	27,793	26,788
Loans and Advances	11	717,376	1,059,617
		<u>3,582,625</u>	<u>4,563,180</u>
<b>Less: Current Liabilities and Provisions</b>	12		
Current Liabilities		1,738,692	2,313,331
Provisions		102,881	83,247
		<u>1,841,573</u>	<u>2,396,578</u>
<b>Net Current Assets</b>		1,741,052	2,166,602
<b>Profit and Loss account</b>		470,318	403,301
<b>Total</b>		<u><u>2,809,211</u></u>	<u><u>2,922,880</u></u>
Significant Accounting Policies and Notes to the Financial Statements	21		-

As per our report of even date attached  
For Sorab S. Engineer & Co.

Firm Registration No. 110417W  
Chartered Accountants

CA Chokshi Shreyas B.  
Partner

Place : Vadodara  
Date : September 3<sup>rd</sup>, 2011

For and on behalf of the Board

B.V. Suryakumar  
Managing Director

Vinod Negi  
Company Secretary

Place : Vadodara  
Date : September 3<sup>rd</sup>, 2011

Binu Mehta  
Director

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**Profit and Loss Account for the year ended March 31, 2010**


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	Schedule No.	Year ended March 31, 2010 Amount (Rs. In '000)	Year ended March 31, 2009 Amount (Rs. In '000)
<b>Sources of Funds</b>			
<b>INCOME</b>			
Revenue from operations	13	248,387	1,783,260
Other Income	14	13,795	189
<b>Total (A)</b>		<b>262,182</b>	<b>1,783,449</b>
<b>EXPENDITURE</b>			
Consumption of Material / Cost of Goods sold	15	153,745	1,347,244
Stores and Spares Consumed	16	4,402	3,290
Operating and Maintenance Expenses	17	4,017	367,996
Personnel Costs	18	36,486	59,828
Administrative and Other expenses	19	27,700	87,470
Interest and Finance Charges	20	32,533	225,855
Provision for Doubtful Debts		-	8,798
Provision for Diminution in value of Investments		-	210,259
Depreciation/Amortisation	5	30,066	31,805
<b>Total (B)</b>		<b>288,949</b>	<b>2,342,545</b>
<b>Loss before Tax and Prior Period adjustment (A-B)</b>		<b>(26,767)</b>	<b>(559,096)</b>
Less: Provision for taxation			
Current Tax		-	-
Deferred Tax (Net)		40,250	(73,896)
Fringe Benefits Tax		-	800
<b>Net Loss after Tax and before Prior Period adjustment</b>		<b>(67,017)</b>	<b>(486,000)</b>
Less: <b>Prior Period adjustments</b>			
Prior period Adjustments (Net)		-	66,065
Short Provision of Income Tax		-	(653)
<b>Net Loss after tax and Prior Period adjustment</b>		<b>(67,017)</b>	<b>(551,412)</b>
<b>Balance as per last Balance Sheet</b>		<b>(403,301)</b>	<b>148,111</b>
<b>Balance carried to the Balance Sheet</b>		<b>(470,318)</b>	<b>(403,301)</b>
Earning per share (Refer Note 12 of Schedule 21)			
- Basic		(3.90)	(32.12)
- Diluted		(3.90)	(32.12)
Significant Accounting Policies and Notes to the Financial Statements	21		

As per our report of even date attached

**For Sorab S. Engineer & Co.**

For and on behalf of the Board

Firm Registration No. 110417W  
Chartered AccountantsB.V. Suryakumar  
Managing DirectorBinu Mehta  
Director**CA Chokshi Shreyas B.**  
PartnerVinod Negi  
Company SecretaryPlace : Vadodara  
Date : September 3<sup>rd</sup>, 2011Place : Vadodara  
Date : September 3<sup>rd</sup>, 2011

**Schedules forming part of Balance Sheet as at March 31, 2010**

	<b>As at March 31, 2010 Amount (Rs. In '000)</b>	<b>As at March 31, 2009 Amount (Rs. In '000)</b>
<b>1 Share Capital</b>		
<u>Authorised:</u>		
27,000,000 (Previous year 27,000,000) Equity Shares of Rs.10/-each	<u>270,000</u>	<u>270,000</u>
<u>Issued, subscribed and paid up:</u>		
17,170,474 (Previous year 17,170,474) Equity Shares of Rs.10/- each fully paid up (Refer Note B - 3 of Sechedule 21)	<u>171,705</u>	<u>171,705</u>
<b>Of the above:</b>		
9,492,554 (Previous Year 9,492,554 Equity Shares of Face Value of Rs.10 each) are issued and allotted pursuant to contracts for consideration other than cash.	<u>171,705</u>	<u>171,705</u>
<b>2 Reserves and Surplus</b>		
<u>Capital Reserve:</u>		
Balance as per last Balance Sheet	<u>3,780</u>	<u>3,780</u>
<u>Bond Redemption Reserve:</u>		
Balance as per last Balance Sheet (Refer Note B - 4 of Schedule 21)	<u>31,976</u>	<u>31,976</u>
<u>Securities Premium Account:</u>		
Balance as per Last Balance Sheet	<u>602,199</u>	<u>645,730</u>
Less:		
Premium on Redemption of FCCB	<u>37,411</u>	<u>43,531</u>
	<b>564,788</b>	<b>602,199</b>
<u>Employee Stock Options Outstanding:</u>		
Balance as per Last Balance Sheet	<u>19,460</u>	<u>34,745</u>
Add : On account of price revision (Refer Note B - 3 of Sechedule 21)	<u>-</u>	<u>16,556</u>
	<u>19,460</u>	<u>51,301</u>
Less: Reversal due to lapse of options	<u>9,834</u>	<u>31,841</u>
	<b>(A) 9,626</b>	<b>19,460</b>
<u>Deferred Employee Compensation Expense:</u>		
Balance as per Last Balance Sheet	<u>8,128</u>	<u>32,235</u>
Add : On accoount of price revision	<u>-</u>	<u>16,556</u>
	<u>8,128</u>	<u>48,791</u>
Less: Reversals due to lapse of options	<u>5,101</u>	<u>31,841</u>
Less: Transferred to profit & loss Account	<u>2,018</u>	<u>8,822</u>
	<b>(B) 1,009</b>	<b>8,128</b>
<b>(A)-(B)</b>	<b>8,617</b>	<b>11,332</b>
	<u>609,161</u>	<u>649,287</u>

**Schedules forming part of Balance Sheet as at March 31, 2010**

	<b>As at March 31, 2010 Amount (Rs. In '000)</b>	<b>As at March 31, 2009 Amount (Rs. In '000)</b>
<b>3 Secured Loans</b>		
<b>From Banks:</b>		
Cash Credit / Working capital Demand loans:	475,894	473,166
Interest Accrued and Due on above	30,096	6,320
(Secured against pledge of Fixed Deposits, hypothecation of stock of Raw Materials, Work in Progress, Stores and Spares, Finished Goods and all other current assets of the Company besides collateral security of movable Fixed assets.)		
<b>Vehicle Loans:</b>		
From Banks:	668	3,538
(Secured against hypothecation of related vehicles)		
	<u>506,658</u>	<u>483,024</u>
<b>4 Unsecured Loans</b>		
<b>Short Term Loans &amp; Advances</b>		
From Banks:	75,000	75,000
Interest Due	<u>20,863</u>	<u>5,574</u>
	95,863	80,574
<b>Other Loans &amp; Advances</b>		
From Shareholders	28,614	32,297
Interest accrued and due	<u>3,988</u>	<u>2,996</u>
From Others	670,982	687,797
160, 2.5% Foreign Currency Convertible Bonds of face value US \$ 100,000 each (Refer Note B - 4 in shedule 21)	722,240	815,200
	<u>1,521,687</u>	<u>1,618,864</u>
<b>6 Investments - Non Trade, Unquoted (At Cost)</b>		
<b>(A) Long Term Investment:</b>		
<b>In Subsidiary Companies:</b>		
ORG Telecom Ltd.		
737,500 (Previous year 737,500) Equity Shares of Rs 10 each fully paid up	28,000	28,000
Unified Technologies Private Limited		
11,314 (Previous year 11,314) Equity Shares of Rs 10 each fully paid up	323,400	323,400
ORG Singapore Pte. Ltd		
320,000 (Previous year 320,000) Equity Shares at Par Value	29,110	29,110
Belgium Satellite Services S.A.		
4,911,500 (Previous year 61,500) Equity Shares of Euro 1 each fully paid up	329,147	3,540
(Refer Note B - 5 of Schedule 21)		
<b>In Other companies:</b>		
Six Dee Telecom Solutions Private Limited (Sold during the Year)		
(Previous year 2,243 Equity Shares of Rs 10 each fully paid up)	-	26,449

**Schedules forming part of Balance Sheet as at March 31, 2010**  
**Schedule 5 - Fixed Assets**

Particulars	GROSS BLOCK AT COST						DEPRECIATION			NET BLOCK	
	As at 01-04-2009		As at 31-03-2010		As at 01-04-2009		As at 31-03-2010		As at 31-03-2009		
	As at 01-04-2009	Additions during the year	Deduction during the year	As at 31-03-2010	As at 01-04-2009	Addition during the year	As at 31-03-2010	As at 31-03-2010	As at 31-03-2009		
<b><u>(A) TANGIBLE ASSETS</u></b>											
<b>(I) OWNED</b>											
Plant and Machinery	10,139	-	912	9,227	2,289	522	2,811	6,416	7,850		
Furniture Fixture and Computers	21,554	149	48	21,655	11,036	2,702	13,722	7,933	10,518		
Vehicles	1,171	-	-	1,171	1,040	37	1,077	94	131		
<b>(II) LEASED</b>											
Vehicles	4,864	-	3,339	1,525	979	366	638	887	3,885		
<b>TOTAL (A)</b>	<b>37,728</b>	<b>149</b>	<b>4,299</b>	<b>33,578</b>	<b>15,344</b>	<b>3,627</b>	<b>18,248</b>	<b>15,330</b>	<b>22,384</b>		
<b><u>(B) INTANGIBLE ASSETS</u></b>											
Technical Know How	3,958	-	-	3,958	3,893	65	3,958	-	65		
Software	131,871	-	-	131,871	67,708	26,374	94,082	37,789	64,163		
<b>TOTAL (B)</b>	<b>135,829</b>	<b>-</b>	<b>-</b>	<b>135,829</b>	<b>71,601</b>	<b>26,439</b>	<b>98,040</b>	<b>37,789</b>	<b>64,228</b>		
<b>TOTAL (A+B)</b>	<b>173,557</b>	<b>149</b>	<b>4,299</b>	<b>169,407</b>	<b>86,945</b>	<b>30,066</b>	<b>116,288</b>	<b>53,119</b>	<b>86,612</b>		
PREVIOUS YEAR	185,639	6,823	18,905	173,557	71,286	31,805	86,945	86,612			

Note: Deduction in Plant & Machinery (Previous year addition TRs. 1,722) represents the Foreign Exchange difference adjusted during the year.

**Schedules forming part of Balance Sheet as at March 31, 2010**

	<b>As at March 31, 2010 Amount (Rs. In '000)</b>	<b>As at March 31, 2009 Amount (Rs. In '000)</b>
Alberio Singapore Pte. Limited 562,500 (Previous Year 562,500) Ordinary Shares of singapore \$ 0.01 each fully paid up	<b>14,655</b>	14,655
Smart Broadband Services Private Limited 2,600 (Previous Year 2,600) Ordinary Shares of Rs.10 each fully paid up	<b>26</b>	26
	<b>724,338</b>	425,180
Less: Provision for Diminution in value of Investments*	<b>190,810</b>	<b>210,259</b>
	<b>533,528</b>	214,921
* Details of Provision for Diminution in value of Investments:		
Unified Technologies Private Limited	<b>161,700</b>	<b>161,700</b>
ORG Singapore Pte.Ltd.	<b>29,110</b>	<b>29,110</b>
Six Dee Telecom Solutions Private Limited	-	<b>19,449</b>
	<b>190,810</b>	<b>210,259</b>
<b>7 Inventories</b> (As taken, valued and certified by the Management)		
Stores and spares (Refer Note B - 7 of Schedule 21)	<b>50,286</b>	50,286
Project / Contracts in progress	<b>65,205</b>	166,843
Trade Goods	<b>42,740</b>	952
	<b>158,231</b>	218,081
<b>8 Sundry Debtors</b> (Refer Note B - 8 of Schedule 21) (Unsecured, considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
- Considered Good	<b>2,475,249</b>	1,844,195
- Considered Doubtful	<b>8,713</b>	8,798
	<b>2,483,962</b>	1,852,993
Less: Provision for Doubtful	<b>8,713</b>	8,798
	<b>2,475,249</b>	1,844,195
Other Debts	<b>147,423</b>	1,259,772
	<b>2,622,672</b>	3,103,967
<b>9 Cash and Bank Balances</b>		
Cash and cheques in hand [including Foreign currency notes equivalent to TRs 3 (Previous year TRs 3)]	<b>35</b>	120
Balances with scheduled banks ( Refer Note B - 6 of Schedule 21)		
- in Current Accounts	<b>4,030</b>	3,190
- in Foreign Currency Accounts	<b>9,490</b>	2,170
- in Fixed Deposits Accounts		
- Pledged with banks against Secured Loans	-	100,000
- Pledged with Court and Government Authorities	<b>2,018</b>	-
- in Margin Money Deposit Accounts (Deposits under Bank lien for issue of Bank Gurantee)	<b>40,980</b>	49,247
	<b>56,553</b>	154,727

**Schedules forming part of Balance Sheet as at March 31, 2010**

	As at March 31, 2010 Amount (Rs. In '000)	As at March 31, 2009 Amount (Rs. In '000)
<b>10 Other Current Assets</b>		
Interest Accrued	2,194	1,689
Other Receivables	25,599	25,099
	<u>27,793</u>	<u>26,788</u>
<b>11 Loans and Advances</b>		
(Unsecured, considered good unless otherwise stated)		
Advances to Suppliers	25,159	22,661
<u>Advance recoverable in cash or kind or for value to be received</u>		
- Considered Good (Refer Note B - 9 (a) of Schedule 21)	64,369	72,142
- Considered doubtful	-	-
	<u>64,369</u>	<u>72,142</u>
Less: Provision for doubtful advances	-	-
	<u>64,369</u>	<u>72,142</u>
<u>Loan to wholly Owned subsidiary (Refer Note B - 9 (b) of Schedule 21)</u>		
- ORG Telecom Limited	136,517	166,395
- ORG Singapore Pte. Ltd.	4,985	5,626
- Unified Technologies Pvt.Ltd.	64,409	64,409
- Belgium Satellite Services S.A.-Belgium (Refer Note B - 5 of Schedule 21)	360,122	706,865
<u>Advances to other group companies</u>		
- Six Dee Telecom Solutions Limited	12,436	21,519
Advance Taxes Paid (Net of Provision for Taxation)	49,379	-
	<u>717,376</u>	<u>1,059,617</u>
<b>12 Current Liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Sundry Creditors (Refer Note B - 17 of Schedule 21)	1,289,660	1,811,682
Advances from customers	229,308	223,311
Other Current Liabilities	219,724	278,338
	<u>1,738,692</u>	<u>2,313,331</u>
<b>Provisions</b>		
Provision for Taxation (Net of Advance Tax)	-	15,237
Provision for Fringe Benefit Tax	-	800
Provision for Gratuity	8,755	10,381
Provision for Leave Encashment	1,287	1,401
Provision for Premium on Redemption of FCCB (Refer Note B - 4 in shedule 21)	92,839	55,428
	<u>102,881</u>	<u>83,247</u>

**Schedules forming part of Profit & Loss Accounts for the year ended March 31, 2010**

	Year ended March 31, 2010 Amount (Rs. In '000)	Year ended March 31, 2009 Amount (Rs. In '000)
<b>13 Revenue from Operations</b>		
Project Revenue	49,999	1,516,468
Revenue from Trading	1,131	218,460
Sale of Services	197,257	48,332
	<u>248,387</u>	<u>1,783,260</u>
<b>14 Other Income</b>		
Miscellaneous Income	3,337	189
Sundry Credit balance written off	10,458	-
	<u>13,795</u>	<u>189</u>
<b>15 Consumption of Material/ Cost of Goods sold</b>		
Opening Stock:		
Project in Progress	166,843	35,250
Trade Goods	952	20,723
	<u>167,795</u>	<u>55,973</u>
Add: Purchases - Project Related	93,895	1,239,173
- Traded Goods	-	219,893
	<u>93,895</u>	<u>1,459,066</u>
<b>A</b>	<u>261,690</u>	<u>1,515,039</u>
Less: Closing Stock		
Project in Progress	107,945	166,843
Trade Goods	-	952
	<u>107,945</u>	<u>167,795</u>
<b>B</b>	<u>107,945</u>	<u>167,795</u>
<b>Total (A-B)</b>	<u>153,745</u>	<u>1,347,244</u>
<b>16 Stores and Spares Consumed</b>		
Opening Stock	50,286	50,286
Add: Purchase	4,402	3,290
	<u>54,688</u>	<u>53,576</u>
Less: Closing Stock	50,286	50,286
	<u>4,402</u>	<u>3,290</u>
<b>17 Operation &amp; Maintenance Expenses</b>		
Electricity Expenses	961	1,141
Service Charges	3,056	110,802
Project Expenses	-	256,053
	<u>4,017</u>	<u>367,996</u>
<b>18 Personnel Costs</b>		
Salaries, Wages and Bonus	31,424	44,926
Contribution to Statutory and Other Funds and Provision for Retirement Benefits	2,216	5,013
Employee Stock Compensation Expense	2,018	8,822
Staff Welfare Expenses	828	1,067
	<u>36,486</u>	<u>59,828</u>



**Schedules forming part of Profit & Loss Accounts for the year ended March 31, 2010**

	Year ended March 31, 2010 Amount (Rs. In '000)	Year ended March 31, 2009 Amount (Rs. In '000)
<b>19 Administrative and Other Expenses</b>		
Rent and Hire Charges	3,122	4,311
Insurance	2,591	2,637
Rates and Taxes	398	612
Repairs and maintenance		
- Others	186	711
Communication expenses	1,303	3,096
Legal and Professional Charges	5,357	5,046
Printing and stationery	375	1,040
Travelling and Conveyance	1,991	4,061
Advertisement	3	101
Auditors' remuneration - (Including Service Tax)		
-As Auditors	331	1,324
-Certification Fees	-	-
-Out of Pocket Expenses	-	-
Selling and Distribution Expenses	67	3,349
Directors Sitting Fees	156	59
Bad Debts written off	165	35,941
Loss on Sale of Fixed Assets	130	2,194
Sundry debit balances written off	-	222
Penalties/ Liquidated Damages	11,326	15,035
Miscellaneous Expenses	199	7,731
	<u>27,700</u>	<u>87,470</u>
<b>20 Interest and Finance Charges</b>		
Bank Charges	10,291	9,966
Foreign Exchange (Gain)/Loss	(66,729)	89,099
Interest on Bank Loans	92,642	83,136
Interest-others	44,767	88,467
	<u>137,409</u>	<u>171,603</u>
Interest on Fixed Deposits / Margin Deposits (Tax deducted at source TRs. 1,055, Previous year TRs. 2,802)	(7,655)	(11,352)
Interest received from others (Tax deducted at source TRs. Nil, Previous year TRs 624)	(40,783)	(33,461)
	<u>(48,438)</u>	<u>(44,813)</u>
	88,971	126,790
	<u>32,533</u>	<u>225,855</u>

**Cash flow statement for the Year ended March 31, 2010**

	Year ended March 31, 2010		Year ended March 31, 2009	
	Amount (Rs.'000)	Amount (Rs.'000)	Amount (Rs.'000)	Amount (Rs.'000)
<b>A Cash flow from operating activities :</b>				
Net Profit before tax and Prior period adjustment		(26,767)		(559,096)
Adjustments for :				
Depreciation/Amortisation	30,066		31,805	
Unrealised Foreign Exchange (Gain)/Loss	(66,729)		89,099	
(Profit)/Loss on Sale of Asset (Net)	130		2,194	
Employee Stock Compensation Expense	2,018		8,822	
Employee Stock Outstanding	(4,733)		-	
Provision for Bad Debts	-		8,798	
Provision for Gratuity	1,415		1,958	
Provision for Leave encashment	216		401	
Provision for Diminution in value of Investment	0		210,259	
Bad Debts / Sundry debit Balance Written off	165		36,163	
Sundry Credit Balance/ Excess Provision Written back	(10,458)		(163)	
Interest Income	(48,438)		(44,813)	
Interest expense	137,409		171,603	
		<u>41,061</u>		<u>516,126</u>
Operating Profit before working capital changes		<u>14,294</u>		<u>(42,970)</u>
Adjustments for:				
Trade receivables	461,994		(1,381,027)	
Other receivables	(500)		-	
Inventories	59,850		(111,822)	
Trade Payables and other liabilities	(54,1081)		1,694,803	
		<u>(19,737)</u>		<u>201,954</u>
Cash generated from operations		<u>(5,443)</u>		<u>158,984</u>
Direct taxes Paid (including FBT)	(65,416)		(24,215)	
		<u>(65,416)</u>		<u>(24,215)</u>
Net cash generated from operating activities before prior period adjustment		<u>(70,859)</u>		<u>134,769</u>
Prior Period expenses		-		(66,065)
Net cash generated from operating activities		<u>(70,859)</u>		<u>68,704</u>
<b>B Cash flow from investing activities :</b>				
Purchase of Fixed assets	(149)		(5,101)	
<b>Sale of Fixed assets</b>	<b>2,534</b>		565	
Decrease/(Increase) in CWIP	-		12,500	
Changes in Investments	7,000		(26)	
Interest received	47,933		45,701	
Changes in Loans and advances	32,324		(53,732)	
Net cash used in investing activities		<u>89,642</u>		<u>(93)</u>

C	Cash flow from financing activities		
	<b>Increase in Share capital</b>	-	118
	Interest paid	(97,352)	(160,262)
	<b>Net proceeds from borrowings</b>	<u>(16,562)</u>	<u>69,948</u>
	Net cash generated from financing activities	<b>(113,914)</b>	(90,196)
D	Net Increase in cash and cash equivalents ( A+B+C )	<b>(95,131)</b>	(21,585)
E	Cash and cash equivalents at the beginning of the year	<b>127,930</b>	149,515
F	Cash and cash equivalents at the close of the year ( D + E )	<u><b>32,799</b></u>	<u>127,930</u>

## Note :

- 1) The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard - 3 on Cash Flow Statement notified by Companies (Accounting Standards) Rules, 2006
- 2) Cash and Cash equivalents included in the cash flow statement comprise the following items As at March 31st, 2010.

	<b>As at March 31st, 2010</b>	<b>As at March 31st, 2009</b>
Cash on Hand	35	120
Cheques on Hand	0	0
Balances with banks **	56,518	154,607
Unrealised Exchange (Gain) / Loss	<u>(23,754)</u>	<u>(26,797)</u>
Cash and Cash equivalents as restated	<u><b>32,799</b></u>	<u>127,930</u>

- 3) \*\* Includes TRs 40,980 ( Previous Year TRs. 49,247 ) in Margin Money accounts with the banks against guarantees issued.

As per our report of even date attached  
**For Sorab S. Engineer & Co.**

Firm Registration No. 110417W  
Chartered Accountants

**CA Chokshi Shreyas B.**  
Partner

Place : Vadodara  
Date : September 3<sup>rd</sup>, 2011

For and on behalf of the Board

B.V. Suryakumar  
Managing Director

Vinod Negi  
Company Secretary

Place : Vadodara  
Date : September 3<sup>rd</sup>, 2011

Binu Mehta  
Director

**Schedule 21**

Significant Accounting Policies and Notes to the Financial Statements for the year ended March 31, 2010

**A. Significant Accounting Policies**
**1. Accounting Convention**

Financial statements have been prepared in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

**2. Basis of Preparation of Financial statements**

The financial statements have been prepared as of a going concern on historical cost convention and on accrual basis of accounting in accordance with generally accepted accounting principles and the provisions of Companies Act, 1956.

**3. Use of Estimates**

The presentation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liability as at the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

**4. Inventory**

Inventory is valued as under:-

Stores and Spares – at monthly weighted average cost.

Traded goods and Equipments stock – at lower of Weighted Average on FIFO Basis or realizable value

Projects / Contracts work in progress – at cost. Provisions are made for anticipated losses, if any.

**5. Prior Period / Extraordinary Items / Event Occuring after Balance Sheet Date**

All prior period items, which are material and which arise in the current period as a result of 'errors and omissions', in the preparation of prior periods' financial statements, are separately disclosed in the current statement of Profit and Loss. However, differences in actual income / expenditure arising out of over or under estimation in the previous period are not treated as prior period income / expenditure.

All extraordinary items, i.e., gains or losses which arise from events or transactions which are distinct from the ordinary activities of the company and which are material are separately disclosed in the statement of accounts.

Assets and liabilities should be adjusted for events occurring after the balance sheet date that provide additional evidence to assist the estimation of amounts

relating to conditions existing at the balance sheet date.

**6. Fixed Assets and Depreciation**

- Fixed Assets are stated at cost less accumulated depreciation thereon. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.
- Exchange rate gain or loss on foreign currency loans related to acquisition of depreciable assets is being capitalized.
- Depreciation is provided on the straight-line method basis, except in the case of Vehicles, where the written down value method is used. The rates of depreciation prescribed in Schedule-XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate. Pursuant to this policy depreciation on plant and machinery has been provided @ 5.15%, which is higher than the corresponding rates prescribed under schedule-XIV to the Companies Act, 1956.

**7. Impairment of assets**

At each balance sheet date, the Company assesses whether there is any indication that an asset is impaired. If any such indication exists, the Company estimates the recoverable amount. An impaired loss is recognized in the profit and loss account to the extent the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value.

**8. Intangible Assets**

Intangible assets consisting of Technical Know-how and Software are amortized over a period of five years or over the remaining useful lives determined on a subsequent review, if shorter.

**9. Revenue Recognition**

Sales of products are recognized when risk and reward of ownership of products are passed on to the customers which is generally on dispatch of goods and are exclusive of sales tax.

Revenue from service contracts is accounted for when services are rendered and / or in terms of the agreement with the parties.

Revenue from projects is recognized on the proportionate completion method including in respect of turnkey project work. In accordance with this method, revenue is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution. The determination of revenue under this method involves making estimates, some of which are of

technical nature, concerning, where relevant, the proportion of completion, cost of completion and expected revenues etc.

#### 10. **Foreign Currency transactions**

Transactions in foreign currency are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities relating to foreign currency transaction remaining unsettled at the end of the year are translated at the year-end rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise except for the exchange difference related to acquisition of fixed assets which are capitalized.

#### 11. **Investments**

Current Investments are stated at lower of cost or net fair market value. Long term investments including in subsidiaries, associates etc. are carried at cost less provision, if any, for diminution, other than temporary, in their value.

#### 12. **Retirement Benefits**

##### Provident Fund

The Company's contributions towards Provident fund are charged to the Profit and Loss Account for the year.

##### Superannuation benefits

The Company has availed for Employees Group superannuation scheme with the Life Insurance Corporation of India for providing pension benefits to its staff that have satisfied the criteria specified by the company from time to time. Contribution paid to the Scheme is charged to revenue account.

##### Gratuity benefits and Leave encashment

The Company provides for gratuity liability and leave encashment on the basis of actuarial valuation at the year end and incremental liability, if any, is provided for in the books. The actuarial valuation is done based on Projected Unit Credit Method. Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

#### 13. **Borrowing Cost**

Borrowing costs attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

#### 14. **Leases**

Assets taken on finance lease are capitalized in accordance with the Accounting Standard 19 on "Leases" notified by Companies (Accounting Standards) Rules, 2006.

In respect of assets taken on operating lease, the lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

#### 15. **Taxes on Income**

Tax expense for the period, current tax, deferred tax and fringe benefit is included in determining the net profit/(loss) for the period.

Deferred Tax is recognized for all timing differences between the accounting income and taxable income for the year that originates in one period and are capable of reversal in one or more subsequent periods and is quantified using the enacted/substantially enacted tax rates as at the balance sheet date.

Deferred Tax Assets are recognized where realization is reasonably certain whereas in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognized only if there is a virtual certainty of realization backed by convincing evidence.

Deferred Tax Assets are reviewed for the appropriateness of their respective carrying value at each Balance Sheet date.

Fringe benefits tax is computed in accordance with the provisions of the Income Tax Act, 1961.

#### 16. **Earning Per Share**

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share notified by Companies (Accounting Standard) Rules, 2006. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

#### 17. **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate can be made of the amount of obligation.

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimates of the amount of the obligation can not be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

#### 18. **Share Issue Expenses**

Share issue expenses are adjusted against securities

premium account to the extent of balance available and the balance portion, if any, left thereafter is charged off to the profit and loss account, as incurred. Premium on redemption of FCCB is also adjusted against securities premium account.

(Rs in '000 = TRs.)

**B. Notes to Accounts**

1. Contingent liabilities not provided for:

- a) Bank Guarantees given in respect of projects undertaken by the Company TRs. 393,817 (Previous Year TRs. 407,764)
- b) Counter guarantees given to banks in respect of various projects undertaken by the subsidiary Company TRs. NIL (Previous year TRs. 55,792)
- c) Disputed Demands in respect of :
  - i. Income Tax Matters- TRs. 86,721 (Previous year TRs. 86,721)
  - ii. VAT/ Sales Tax Matters – TRs. 37,057 (Previous Year TRs. 37,057)
- d) Claims against the Company not acknowledged as debts:
  - i. Other Matters (including interest charged by vendors) TRs. 114,197 (Previous Year TRs. 114,197)
  - ii. Liquidated Damages / penalties (including amounts provisionally withheld by customers) TRs. 448,736 (Previous Year TRs. 448,736)
- e) The Company had, during earlier year, received equipments worth TRs. 7,377 (Previous year TRs. 7,377) on loan from eHuset A/S, Denmark for its software facilities at Bangalore. The equipment was to be returned on completion of specific projects undertaken on behalf of eHuset A/S, Denmark. The Company has given a bond for TRs. 30,000 (Previous year TRs.30,000) to the customs authorities against the import of the aforesaid equipment.

- 2. a) There are several cases which have been filed by parties/vendors against the Company and some of its past and present officials under sections 138 and 143 of The Negotiable Instruments Act, 1881 on account of dishonour of PDCs issued to them. Further the parties have claimed interest and other legal charges for which provision has not been created as the same remains to be quantified.
- b) The Madhya Pradesh State Electronic Development Corporation Ltd. (MPSEDC) had wrongfully invoked

guarantee of TRs. 25,000 (previous year TRs 25,000) which was submitted towards Earnest Money pertaining to the Company’s bid for an upcoming project on the plea that there had been a withdrawal by one of the consortium members. This withdrawal was considered as an alteration to the bid conditions as prescribed by MPSEDC. The Company had filed a case against MPSEDC in Madhya Pradesh High Court and obtained a stay, besides an order against such appropriation, directing the Madhya Pradesh govt. to keep the money in a separate account, till further orders. Pending finality in the matter, no provision has been made for this invocation and the amount paid is carried under advances (considered good).

- c) In the case of a major contract with Telecommunications Consultants India Limited (TCIL), one of the vendors, to whom a corporate guarantee for TRs. 32,000 (previous year TRs 32,000) had been given, had obtained the stay order from the Delhi High Court, directing TCIL not to make any payment to the Company till such time the vendor’s liability has been settled in full. The matter is pending.

3. **Employee Share –based Payment Plans:**

- During the year ended March 31, 2010, the Company had two share –based payment arrangements, which are described below:

<b>EMPLOYEE STOCK OPTION SCHEME</b>		
Type of arrangement	ESOS II	ESOS III
Date of Grant	August 30, 2005	September 19,2006
Number Granted	2,93,000	4,46,000
Contractual life	4 years	4 years
Vesting conditions	Vesting uniformly over a period of 4 years with effect from August 30, 2006. During the year vesting date has been changed to September 30, 2006.	Vesting uniformly over a period of 4 years with effect from September 19, 2007. during the year vesting date has been changed to September 30, 2007.

- The Company follows the intrinsic value method of accounting as per Guidance Note issued by The Institute of Chartered Accountants of India on Employee Share-based Payments. As per the said method, the fair value of the share is worked out by an independent valuer on the date of grant. Accordingly, the difference between the fair value and the exercise price has been treated as Deferred Stock Compensation expenses to be amortized over the period of vesting.
- The estimated fair value (measured independently

by a valuer) of each of the stock options granted viz. Employee Stock Option Scheme –II and III is Rs. 150.70 and 111.95 respectively, per share on the date of grant. The model inputs were:

	ESOS-II	ESOS-III
<b>Exercise price (Original)</b>	<b>Rs. 50</b>	<b>Rs. 62</b>
<b>Exercise price revised during the year (In AGM held on 29.09.08, Item no. 6)</b>	<b>Rs. 27</b>	<b>Rs. 27</b>
Expected volatility	705%	265%
Expected forfeiture percentage on each vesting date	5%	5%
Option life	1 through 5 years	1 through 5 years
Expected dividends	-	-
Risk-free interest rate	8%	8%

➤ Further details of the three stock option plans are as follows:

	ESOSII	ESOS III	Total
Total No. of Options under the Scheme	<b>293,000</b>	<b>446,000</b>	<b>866,500</b>
Outstanding as at 01.04.09	30,875	47,500	78,375
Exercisable as at 01.04.09	68,375	37,050	105,425
Options Granted during the year	30,875	23,750	54,625
Exercise Price (Rs.)	27	27	
Options vested during the year	10,125	23,750	33,875
Exercised during the year	0	0	0
Expired during the year	79,500	0	79,500
Options Outstanding as at 31.03.10	0	23,750	23,750
Exercisable as at 31.03.10	19,750	60,800	80,550

4. a) The shareholders of the Company, at the Annual General Meeting and at the Extraordinary General Meetings held on August 20, 2007 and November 6, 2007 respectively, authorized the Board of Directors of the Company to create, offer, issue and allot Foreign Currency Convertible Bonds (FCCBs) and / or Global Depository Receipts (GDRs) and / or American Depository Receipts (ADRs) and/or other Depository Receipts (DRs) and / or securities representing equity shares upto an aggregate amount not exceeding US \$ 35 million or equivalent amount in Indian or any other currency.
- b) Pursuant to the above authorization, the Company had during 2007-08 issued and allotted 160, 2.5% unsecured Foreign Currency Convertible Bonds (FCCB's) of the face value of US \$ 100,000 each aggregating to US \$ 16 Million. As per the terms of

the issue the holder has an option to convert the FCCB's into equity shares at an initial conversion price of Rs. 130.00 per share with a fixed rate of exchange on conversion of Rs. 39.33 to US \$ 1 from the issue date until October 14, 2012. The conversion price is subject to certain adjustments. Further under certain conditions the bondholder has the option for early redemption in whole but not in part. Unless previously converted, redeemed or purchased and cancelled, the Company will redeem the bonds on November 14, 2012.

- c) Redemption Provision (as required by AS- 29 Provision Contingent Liabilities and contingent Assets) in respect of premium payable on unsecured Foreign Currency Convertible Bonds (FCCB's) is as under:

Particulars	2009-10 (TRs.)	2008-09 (TRs.)
Opening Balance	55,428	11,897
Add: Provision for the year	37,411	43,531
<b>Closing Balance</b>	<b>92,839</b>	<b>55,428</b>

- d) As per the General Circular No. 9/2002 dated April 18th 2002, issued by Department of Company Affairs (now Ministry of Corporate Affairs) there is no obligation on the part of a Company to create Bond Redemption Reserve (BRR) as required under section 117C of the Companies Act, 1956, if there is no profit for the year. Accordingly the Company has not transferred any amount to BRR during the year.
5. The Company had vide Agreement dated October 30, 2008 with Belgium Satellite Service Company (BSS) 100% subsidiary of the Company converted the amount of TRs. 5,88,256 kept in Share Application Money as Convertible long term loan carrying interest @ 9 % from October 01, 2008. The major terms and conditions specified in the agreement are as under:
- a) The Company may, by written communication to BSS and mutual agreement, convert said convertible long term loan partially or otherwise total, as on date of communication into equity shares in BSS; and
- b) BSS will repay the amount of convertible long term loan by November, 2012 with the option to extend terms of this agreement for further period of 5 years on mutually agreed terms and conditions.
- During the year, the Company has converted long term loan of TRs. 325,607 into equity shares in BSS.
6. Balance with banks includes TRs. 9,584 (Previous year TRs. 349) and TRs. 12,197 (Previous year TRs. 2,650) for which bank statements and certificate of confirmation

respectively from the bankers remained to be received. Consequently the accounts could not be reconciled. Effect, if any, on the accounts upon receipt of respective statements, confirmation and their subsequent reconciliation and adjustment, can not be indicated at this stage.

7. Inventories include slow moving / non- moving stores and spares having an aggregate value of TRs. 50,286 (Previous Year TRs. 50,286). No provision for the fall in value has been considered necessary by the management keeping in view the nature and type of items and the needs of the customer.

8. a) The Company was awarded a large order in respect of Convergent Billing Project of MTNL by Bharat Electronics Ltd. (BEL) in March 2006 comprising Supplies and Services which, inter – alia, included Installation and Commissioning, Facility Management, Print Bureau and AMC.

The Company had, during 2006-07, completed the entire Supply portion of the said order. However, there were certain delays in execution of the Order due to reasons beyond the control of the Company, primarily on account of delays in inspection of the goods at the OEM sites by the end customer as per the terms of the agreement, without which, the supplies could not have been shipped. In terms of the purchase order, in the event of any delay in the supply of material to MTNL, liquidated damages (LD) to the extent of 12% could be imposed by BEL on the Company, on the total supply value, if MTNL imposes LD on BEL.

As at the year end the Company has a balance of receivables from BEL amounting to TRs. 383,617. (previous year TRs. 385,741) BEL has however not confirmed such balance. Out of the above balance, the Company has shown TRs. 266,758 (previous year TRs. 266,758) under “Contingent Liability” on account of LD provisionally withheld by BEL.

Considering the circumstances under which the supplies got delayed, the Company feels confident of obtaining a waiver of the said provisional liquidated damages from BEL and consequently the said dues along with other outstanding amounts are considered good and recoverable.

- b) The Company is to receive sum of TRs. 48,673 (Previous year TRs. 50,412) from Alberio Telematics Pvt Ltd. (formerly known as Global IP Technologies Pvt Ltd) for supplies made to the tune of TRs. 26,827 and advances given to the tune of TRs. 21,846 in the earlier years which had become overdue. In response to the Company’s claim, the party has in

turn raised several issues pertaining to debits raised by them aggregating TRs. 18,319 on account of rent charges, service charges and others, which have not been responded to by the Company. The matter is under resolution and reconciliation for effecting necessary recoveries/rectification/adjustment. Effect on the accounts on due resolution / reconciliation / adjustment thereof can not be indicated at this stage.

- c) Sundry Debtors (other than those mentioned in (a) & (b) above) of TRs. 1,936,721 (previous year TRs. 1,900,095) are still outstanding. These amounts will be realized in due course of time as steps in this direction have already been taken. Accordingly no provision for non recovery of these amounts, if any, is considered necessary at this stage.

9. (a) Advances recoverable in cash or kind or for value to be received include TRs. 25,557 (Previous Year TRs. 24,711) pertaining to CENVAT (Service tax) recoverable not adjusted during the financial year 2009-10. Since the amount of service tax payable exceeds this credit available to the Company, management is confident of availing the same at the time of payment of Service Tax dues.

- (b) Loans and Advances recoverable include TRs. 578,469 (Previous year TRs. 964,814) due from Subsidiary and Associate Companies. Besides the Company have investments in these companies aggregating to TRs. 724,312 (Previous Year TRs. 425,154). These subsidiaries (other than BSS) have significant accumulated losses and in some of the cases the companies are either not operating in the same segment or having negative net worth. The Company has, provided for TRs. 190,810 (Previous Year TRs. 210,259) towards likely erosion in the value of Investments. However no such provision has been considered against the above receivables. In the management’s opinion, the provision made is adequate keeping in view the long term relationship and their potential in the long run.

10. Impairment of Fixed Assets:

In accordance with the Accounting Standard (AS -28) on ‘Impairment of Assets’ notified by Companies (Accounting Standards) Rules, 2006, the Company has reassessed its fixed assets and is of the view that no impairment is considered to be necessary in view of its expected realisable value.

11. In compliance with Accounting Standard 22 - Accounting for Taxes on Income, the Company has recognized deferred tax assets. The breakup of deferred tax asset into major components as at March 31 :



	Amount TRs.	
	2010	2009
<b>Deferred Tax Assets</b>		
Provision for Leave	3,258	4,005
Encashment /Gratuity		
Disallowances u/s 40(a) / 43B of the Income Tax Act, 1961	19,632	67,231
Provision for doubtful advances	2,827	2,990
<b>Total</b>	<b>25,717</b>	<b>74,226</b>
<b>Deferred Tax Liability</b>		
Depreciation	(14,523)	(22,782)
<b>Total</b>	<b>(14,523)</b>	<b>(22,782)</b>
<b>Deferred Tax Asset (Net)</b>	<b>11,194</b>	<b>51,444</b>

## 12. Earning per Share :

Particulars	For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
Loss available for equity Shareholders (TRs.)	(67,017)	(551,412)
Weighted average number of Shares used in computing Basic earning per share	17,170,474	17,168,993
Add: Potential number of Equity share that could arise on exercise of conversion of ESOS.	Nil	Nil
Weighted average number of Shares used in computing Diluted earning per share	17,170,474	17,168,993
Nominal Value of equity Shares - (Rs.)	1000	10.00
Basic Loss Per Share - (Rs.)	(3.90)	(32.12)
Diluted Loss Per Share - (Rs.)	(3.90)	(32.12)

## 13. (a) Operating Leases

The Company has entered into cancelable lease transactions during the current financial year mainly for leasing of office premises. Terms of lease includes terms of renewal, increase in rents in future periods and terms of cancellation. The Operating lease payments recognized in the Profit and Loss account amounts to TRs. 3,122 (Previous Year TRs. 4,311).

## (b) Finance Leases:

The Company has taken Vehicles under Finance Lease during the earlier years.

Reconciliation of Minimum Lease Payments and their Present Value as at Balance Sheet date in accordance with Accounting Standard 19 on Leases notified by Companies (Accounting Standard) Rules, 2006:

	March 31, 2010 Amount (TRs)		March 31, 2009 Amount (TRs)	
Minimum Lease Payments	738		4,123	
Less: Present Value of Minimum Lease payments	685		3,538	
Unexpired Finance Charges	53		585	
	<b>Minimu Lease Payments (TRs)</b>	<b>Present Value (TRs)</b>	<b>Minimum Lease Payments (TRs)</b>	<b>Present Value (TRs)</b>
Not later than 1 year	554	514	1,656	1,551
Later than 1 year not later than 5 years	184	171	2,469	1,987
later than 5 years	-	-	-	-

## 14. Related Party Disclosure:

As per the Accounting Standard on "Related Party Disclosures" (AS 18) notified by Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows

## (a) Related parties where control exists:

- Subsidiary Company:
  - ORG Telecom Limited
  - Unified Technologies Private Limited.
  - ORG Singapore Pte. Ltd.
  - Belgium Satellite Services S.A.

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>- Others:</li> <br/> <li>- Other related parties:</li> <li>Key Management Personnel:</li> </ul> | <ul style="list-style-type: none"> <li>- Alberio Pte. Ltd.</li> <li>- Global Asia Partner LP</li> <li>- Ambalal Sarabhai Enterprise Limited.</li> <li>- Six Dee Telecom Solutions Pvt. Ltd.</li> <li>- GAP Infotainment Pvt. Ltd.</li> <li>- ORG Telecom Ltd - FZE</li> <br/> <li>- Mr. B. V. Suryakumar (Whole Time Director upto 17.08.2009)</li> <li>- Mr. Manoj Gupta (Managing Director w.e.f. 18.08.2009)</li> <li>- Mr. Sushil Kumar Chaturvedi (CEO w.e.f.14.01.2009)<br/>(CEO &amp; Whole Time Director w.e.f. 18.08.2009)</li> </ul> |
|--|--|

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

(b) Significant transactions with related parties during the year:

Nature of Transaction	Amount (TRs.)			
	Subsidiary	Other related Party	Key Management Personnel	Total
<b>Income</b>				
Sale of Finished Goods	-	-	-	-
	(6,032)	(55,108)	(-)	(61,140)
Sale of Services	-	281	-	281
	(-)	(740)	(-)	(740)
Interest Received	40,783	-	-	40,783
	(30,610)	(2,755)	(-)	(33,365)
<b>Expense</b>				
Purchase of Services	-	-	-	-
	(-)	(7,140)	(-)	(7,140)
Interest on unsecured Loan	-	1,747	-	1,747
	(-)	(1,761)	(-)	(1,761)
Remuneration and Professional Fees	-	-	8,428	8,428
	(-)	(-)	(10)	(10)
<b>Finance</b>				
Loan Taken	-	-	-	-
	(-)	(-)	(-)	(-)
Inter corporate deposits Taken	-	-	-	-
	(-)	(-)	(-)	(-)
Loans/Advances Given during the year	-	-	-	-
	(701,071)	(-)	(-)	(701,071)
<b>Investments</b>				
Purchase of Equity Shares	-	-	-	-
	(-)	(-)	(-)	(-)

**Outstanding as at March 31, 2010**

Loan Taken	- (-)	32,602 (35,293)	- (-)	32,602 (35,293)
Loan Given	566,033 (943,295)	12,436 (21,519)	- (-)	578,469 (964,814)
Debtors	- (-)	31,850 (58,903)	- (-)	31,850 (58,903)

(Previous year figures are stated in brackets)

Name of Subsidiary	Amount (TRs.)	
	Closing Balance	Maximum Outstanding
ORG Telecom Limited	136,517	252,985
Unified Technologies Private Limited.	64,409	64,409
ORG Singapore Pte. Ltd.	4,985	5,626
Belgium Satellite Services S.A.	360,122	734,752
<b>Total</b>	<b>566,033</b>	<b>1,057,772</b>

**15. Segment Reporting:**

Segment information for the year ended March 31, 2010.

(a) Primary segment information (by business segments)

Particulars	Amount (TRs.)	
	2009-10	2008-09
<b>Segment Revenue</b>		
a) System Integration & Services	12,671	67,993
b) Telecommunication	235,716	1,715,267
c) Unallocable	-	-
<b>Total Segment Revenue</b>	<b>248,387</b>	<b>1,783,260</b>
Less : Inter Segment Revenue	-	-
<b>Net Segment Revenue</b>	<b>248,387</b>	<b>1,783,260</b>
<b>Segment Results</b>		
Segment Results before Interest & Finance Cost		
a) System Integration & Services	(8776)	(18,495)
b) Telecommunication	37,325	(66,308)
c) Unallocable	(22,783)	(248,438)
<b>Total Segment Results</b>	<b>5,766</b>	<b>(333,241)</b>
Less : Interest & Finance Cost	32,533	225,855
Profit/(Loss) from Ordinary Activities	(26,767)	(559,096)
Extra Ordinary Items (Net)	-	-
<b>Profit/(Loss) before Tax</b>	<b>(26,767)</b>	<b>(559,096)</b>
<b>Other Information</b>		
<b>Segment Assets</b>		
a) System Integration & Services	157,795	164,993
b) Telecommunication	2,714,846	3,303,956
c) Unallocable	1,307,825	1,447,207
<b>Total Assets</b>	<b>4,180,466</b>	<b>4,916,156</b>
<b>Segment Liabilities</b>		
a) System Integration & Services	20,860	200,339
b) Telecommunication	1,653,022	2,054,504
c) Unallocable	167,691	141,735
<b>Total Liabilities</b>	<b>1,841,573</b>	<b>2,396,578</b>

Particulars	2009-10	2008-09
<b>Segment Depreciation/Impairment</b>		
a) System Integration & Services	-	-
b) Telecommunication	26,374	25,340
c) Unallocable	3,692	6,465
<b>Total Depreciation/Impairment</b>	<b>30,066</b>	<b>31,805</b>
<b>Capital Expenditure</b>		
a) System Integration & Services	-	-
b) Telecommunication	149	132
c) Unallocable	-	4,969
<b>Total Capital Expenditure</b>	<b>149</b>	<b>5,101</b>
<b>Non cash expenses other than Depreciation</b>		
a) System Integration & Services	165	12,053
b) Telecommunication	-	32,906
c) Unallocable	2,018	219,083
<b>Total Non cash expenses other than Depreciation</b>	<b>2,183</b>	<b>264,042</b>

(b) The Geographical segment information for current year is given below.

Sales Revenue by Geographical Market:

Particulars	2009-10	2008-09
<b>Segment Revenue</b>		
a) In India	248,387	1,583,545
b) Outside India	-	199,715
<b>Total Sales</b>	<b>248,387</b>	<b>1,783,260</b>
<b>Carrying Cost of Assets by location of Assets</b>		
a) In India	3,273,411	1,061,059
b) Outside India	907,055	3,855,098
<b>Total</b>	<b>4,180,466</b>	<b>4,916,157</b>
<b>Addition to Assets</b>		
a) In India	149	5,101
b) Outside India	-	-
<b>Total</b>	<b>149</b>	<b>5,101</b>

(c) The Company's primary business segment is reflected based on principal business activities carried on by the Company. The Company's primary business activity comprises Systems integration & Services, and Telecommunications business.

(d) Segment revenue, results, assets and liabilities include amounts identifiable to each segment and amounts allocated on a reasonable basis.

**16. Information pursuant to Part II of Schedule VI of the Companies Act, 1956:**

Particulars in respect of goods manufactured:

**A. Registered / Licenced Capacities:**

Particulars	Unit	Licensed Capacity #	Installed Capacity
Microprocessor based system	Nos.	N.A.	N.A.
Other items			
CRT Terminals	Nos.	N.A.	(Nil)
Others (sale of own developed software)		N.A.	N.A.

#: The industry is delicensed and hence figures are not given.

**B. Details of Opening stock, Purchases, Consumption of Stores & Spares, Closing stock and Sales.**

In view of multiplicity of items, the details in respect of the above could not be furnished.

**C. CIF Value of Imports**

Particulars	TRs
Traded Products	<b>Nil</b>
	(67,085)
Services	<b>Nil</b>
	(-)

of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on March 31, 2010.

19. Balances in parties' accounts either debit or credit are subject to confirmation. Besides, in some of the cases, balances in parties' accounts are stated to be under reconciliation. Effect on the accounts on due confirmation, reconciliations and adjustments thereof can not be indicated at this stage.

**D. Expenditure in foreign currency**

Particulars	TRs.
Interest	<b>22,736</b>
	(23,817)
Others	<b>321</b>
	(8,592)

**20 Managerial Remuneration :**

Particulars	2009-10	2008-09
Managing/Whole-time Directors	TRs.	TRs.
(i) Salaries	5,277	0
(ii) Contribution to : Provident Fund	149	0
(iii) Medical Expenses	19	0
(iv) Leave Travel Allowances	75	0
(v) Other Perquisites	495	0
<b>TOTAL</b>	<b>6,015</b>	<b>0</b>

**Note :** Remuneration paid to the Whole time Director and Managing Director during the year exceeded the maximum permissible limit laid down by Schedule XIII of the Companies Act, 1956. Approval of the Central Government for such excess remuneration paid could not be obtained due to procedural constraint while e-filing of applications with Central Government (Ministry of Corporate Affairs – MCA21).

**E. Earnings in foreign exchange**

Particulars	TRs.
Export Income	<b>Nil</b>
	(181,714)
Interest Income	<b>40,783</b>
	(30,610)

*(Figures in brackets represent previous year numbers)*

17. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures regarding:

- Amount due and outstanding to suppliers as at the end of accounting year;
- Interest paid during the year;
- Interest payable at the end of the accounting year; and
- Interest accrued and unpaid at the end of the accounting year have not been given.

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act.

18. In respect of amounts as mentioned under Section 205C

**21. Employee Benefits**

Consequent to the adoption of Accounting Standard on Employee Benefits (AS 15 Revised 2005) notified by Companies (Accounting Standards) Rules, 2006, the following disclosures have been made as required by the Standard:

**(a) Leave Encashment/Compensated Absences**

Leave encashment liability is on the basis of Defined Benefit Plan which is unfunded. A provision of TRs.

216 (TRs. 401) has been made in the accounts as on 31st March 2010 based on actuarial valuation.

**(b) Contribution to Gratuity Funds**

The details of the Company's Gratuity Fund for its employees including Managing Director are given below which is certified by the actuary and relied upon by the auditors:

Particulars	2009-10	2008-09
<b>Change in the Benefit Obligations :</b>		
Liability at the beginning of the year	10,381	9,065
Interest Cost	770	746
Current Service Cost	399	375
Benefits Paid	(2,032)	(228)
Actuarial Loss	960	423
Liability at the end of the year	<b>10,478</b>	<b>10,381</b>
<b>Fair Value of Plan Assets :</b>		
Fair Value of Plan Assets at the beginning of the year	0	0
Adjustment of earlier year	1,588	0
Expected Return on Plan Assets	149	0
Contributions	2,032	228
Benefits Paid	(2,032)	(228)
Actuarial gain/(loss) on Plan Assets	(14)	0
Fair Value on Plan Assets at the end of the year	1,723	0
Total Actuarial Loss to be recognized	<b>974</b>	<b>423</b>
<b>Actual Return on Plan Assets :</b>		
Expected Return on Plan Assets	149	0
Actuarial gain/(loss) on Plan Assets	(14)	0
Actual Return on Plan Assets	<b>135</b>	<b>0</b>
<b>Amount Recognized in the Balance Sheet :</b>		
Liability at the end of the year	10,478	10,381
Fair Value of Plan Assets at the end of the year	1,723	0

Amount recognized in the Balance Sheet under " Provision for Retirement Benefit " **8,755** **10,381**

**Expense Recognized in the Profit and Loss Account :**

Interest Cost	770	746
Current Service Cost	399	375
Expected Return on Plan Assets	(149)	0
Net Actuarial loss to be recognized	974	423

Expense recognized in the Profit and Loss Account under "Employee Emoluments" **1,994** **1,544**

**Reconciliation of the Liability Recognized in the Balance Sheet :**

Opening Net Liability	8,793	9,065
Expense Recognized	1,994	1,544
Contribution by the Company	(2,032)	(228)

Amount recognized in the Balance Sheet under " Provision for Retirement Benefits " **8,755** **10,381**

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

Principal Assumptions:

Particulars	Current Year	Previous Year
Discount Rate	7.42%	8.00%
Rate of Return on Plan Assets	9.00%	0.00%
Salary Escalation	5.00%	5.00%

22. Previous year's figures have been regrouped / rearranged, wherever necessary, to conform to current year's classification.

As per our report attached hereto :

**For Sorab S. Engineer & Co.**

For and on behalf of the Board

Firm Registration No. 110417W  
Chartered Accountants

B.V. Suryakumar  
Managing Director  
Binu Mehta  
Director

**CA Chokshi Shreyas B.**  
Partner

Vinod Negi  
Company Secretary

Place : Vadodara  
Date : September 3, 2011

Place : Vadodara  
Date : September 3, 2011

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details:**

i) Registration No.	: 2889
ii) State Code	: 04
iii) Balance Sheet Date	: 31.03.2010

**I. Capital raised during the year****(Amount In TRs.)**

i) Public issue	: NIL
ii) Right issue	: NIL
iii) Bonus issue	: NIL
iv) Private placement	: NIL
v) Preferential issue	: NIL

**Position of Mobilisation and Deployment of Fund:****(Amount In TRs.)**

i) Total Liabilities	: 2,809,211
ii) Total Assets	: 2,809,211

**iii) Sources of Funds:**

a) Paid up Capital	: 171,705
b) Reserves and Surplus	: 609,161
c) Secured Loan	: 506,658
d) Unsecured Loans	: 1,521,687
e) Deferred Tax Liability (Net)	: -

**iv) Application of Funds:**

a) Net Fixed Assets	: 53,119
b) Net Current Assets	: 1,741,052
c) Investments	: 533,528
d) Deferred Tax Assets	: 11,194
e) Accumulated Losses	: 470,318

**Performance of the Company:****(Amount In TRs.)**

i) Turnover (Total Income)	: 262,182
ii) Total Expenditure	: 288,949
iii) Profit/(Loss) before Tax	: (26,767)
iv) Profit/(Loss) after Tax	: (67,017)
v) Earning per share	: 0.00
vi) Dividend rate	: Nil

**Generic Names of Three Principal Products/Services of the Company as per monetary terms).**

i) Item Code No. (ITC Code)	: 85242200.10
Product Description	: Computer Software & Software Servies.
ii) Item Code No. (ITC Code)	: 84712002 & 84712002.10
Product Description	: Trading of IBM Mini Computer & Personal Computer of different make
iii) Item Code No. (ITC Code)	: 84859000
Product Description	: Machinery Parts-others

**For and on behalf of the Board**

**B.V. Suryakumar**  
Managing Director

**Binu Mehta**  
Director

**Vinod Negi**  
Company Secretary

Place : Vadodara  
Date : September 3<sup>rd</sup>, 2011

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**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES**

**A. Domestic Subsidiaries**

1.	Name of the Subsidiary Company	<b>ORG Telecom Ltd.</b>	<b>Unified Technologies Pvt. Ltd.</b>
2.	Financial Year of the Subsidiary Company ended on	31.03.2010	31.03.2010
3.	i) No. of shares held by ORG Informatics Ltd. and/or its nominees	737,500 equity shares of Rs.10/ each	11,314 equity shares of Rs.10 each
	ii) Extent of Holding Company's interest in the subsidiary as on 31.3.2010	100%	100%
4.	Net Aggregate amount of the Profits /losses of the subsidiary company so far as it concerns the members of ORG Informatics Ltd.	Net Loss TRs. (30,445)	Net Loss TRs. (840)
	<b>a) Not dealt within the accounts of ORG Informatics Ltd.</b>		
	i) For the subsidiary's financial year ended on 31.3.2010	N.A.	N.A.
	ii) For the previous Financial Years	N.A.	N.A.
	<b>b) Dealt within the accounts of ORG Informatics Ltd. Ltd.</b>	<b>From 1st April, 2009 to 31st March, 2010</b>	<b>From 1st April,2009 to 31st March, 2010</b>
	i) For the subsidiary's Financial Year ended on 31.3.2010	Net Loss TRs. (30,445)	Net Loss Net TRs. (840)
	ii) For the previous financial years	Net Loss TRs. (133,935)	Net Loss TRs. (32,238,)

**B. Overseas Subsidiaries**

1.	Name of the Subsidiary Company	<b>ORG Singapore Pte. Ltd.</b>	<b>Belgium Satellite Services S.A.</b>
2.	Financial Year of the Subsidiary Company ended on :	31.12.2009	31.03.2010
3.	i) No. of shares held by ORG Informatics Ltd. and/or its nominees	320,000 Equity Shares	4,911,500 EquityShares
	ii) Extent of Holding Company's interest in the subsidiary as on 31.03.2010	100%	100%
4.	Net Aggregate amount of the profits /losses of the subsidiary company so far as it concerns the members of ORG Informatics Ltd.	Net Loss TRs. (3,372)	Net Loss TRs. (28,905)



<b>a) Not dealt within the accounts of ORG Informatics Ltd.</b>		
i) For the subsidiary's financial year	N.A.	N.A.
ii) For the Previous Financial Years	N.A.	N.A.
<b>b) Dealt within the accounts of ORG Informatics Ltd.</b>		
	From 01.01.2009 to 31.12.2009	From 01.04.2009 to 31.03.2010
i) For the subsidiary's Financial Year	Net LossTRs. (3,372)	Net Loss TRs. (28,905)
ii) For the previous financial year	Net LossTRs. (3,600)	Net LossTRs. (32,238)

**For and behalf of the Board of Directors**

B.V. Suryakumar  
**Managing Director**

Binu Mehta  
**Director**

Place : Vadodara,  
 Date : 3<sup>rd</sup> September, 2011

**STATEMENT PURSUANT TO SECTION 212 (5) OF THE COMPANIES ACT, 1956**

Name of subsidiary: **ORG Singapore Pte. Ltd., Singapore**

Relevant Financial year of the Subsidiary: 01-01-2009 to 31-12-2009

Relevant Financial year of the Holding Company: 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010

There have been no material changes between the end of relevant Financial Year of the said subsidiary & end of Financial Year of the holding company in respect of:

- i. The subsidiary's Investment.
- ii. The money lent by it.
- iii. The money borrowed by it for any purpose other than that of meeting current liabilities.

For and behalf of the Board of Directors

**B.V. Suryakumar**  
 Managing Director

**Binu Mehta**  
 Director

Place : Vadodara,  
 Date : 3<sup>rd</sup> September, 2011

**INFORMATION UNDER SECTION 212 READ WITH SECTION 219  
OF THE COMPANIES ACT, 1956**

	(Amount in TRs.)			
Name of the Subsidiary Company	Belgium Satellite Services S.A., Belgium	ORG Telecom Limited, India	ORG Singapore Pte. Limited, Singapore	Unified Technologies Private Limited, India
<b>Reporting Currency</b>	<b>EURO</b>	<b>INR</b>	<b>SGD</b>	<b>INR</b>
<b>Exchange Rate</b>	<b>Euro 1=Rs. 60.56</b>		<b>SGD1=Rs.33.20</b>	
<b>Capital</b>	297,440	7,375	12,002	113
<b>Reserves</b>	NIL	20,612	Nil	5,978
<b>Total Assets</b>	957,092	299,642	7,354	8,939
<b>Total Liabilities</b>	957,092	299,642	7,354	8,939
<b>Turnover</b>	1,651,520	26,129	954	5,750
<b>Profit before Taxation</b>	(28,905)	(30,445)	(3,372)	(2,930)
<b>Provision for Taxation</b>	NIL	Nil	Nil	(2,089)
<b>Profit after Taxation</b>	(28,905)	(30,445)	(3,372)	(841)
<b>Proposed Dividend</b>	NIL	NIL	NIL	NIL

Notes:

- 1) The Company hereby undertakes that Annual Accounts of the above said Subsidiary Companies and related information will be made available to the holding and subsidiary Company's investors seeking such information at any point of time.
- 2) The Annual Accounts of the above said Subsidiary Companies are ready for inspection by any investors in the head office of the Company and that of the Subsidiary's office.

Certified that the above statement is in accordance with the direction issued by Central Government under section 212 (8) of the Companies Act, 1956.

**For and on behalf of the Board of Directors**

B.V. Suryakumar  
Managing Director

Binu Mehta  
Director

Place : Vadodara

Date : September 3rd, 2011

**AUDITORS' REPORT****TO THE BOARD OF DIRECTORS OF ORG INFORMATICS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ORG INFORMATICS LIMITED AND ITS SUBSIDIARIES.**

1. We have examined the attached Consolidated Balance Sheet of ORG Informatics Limited and its subsidiaries ("ORG Group") as at 31st March 2010, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended.
2. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. (a) We did not audit the financial statements of two Subsidiaries whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of TRs. 1,083,772 as at 31st March 2010 and total Revenue of TRs. 1,751,082 for the year then ended. These Financial Statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of these subsidiaries, is based solely on the report of the other auditors.
  - (b) We did not audit the financial statements of one foreign Subsidiary whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of TRs. 7,106 as at 31st December, 2009 and total Revenue of TRs. 1,059 for the year then ended. These Financial Statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of these subsidiaries, is based solely on the report of the other auditors.
  - (c) We did not audit the financial statements of one Subsidiary whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of TRs. 111,490 as at 31st March, 2010 and total Revenue of TRs. 25,920 for the year then ended which were prepared by the management. The same has been considered for the purpose of consolidation and accepted as correct by us. Any adjustment to their balances on completion of audit could have consequential effect on the attached Consolidated Financial Statements.
4. *The financial statements have been prepared on going concern basis, despite significant losses suffered during the year in ORG Informatics Limited, substantial contingent liabilities not provided for (Refer Note Nos. 1(a), (b), (c), (d)), legal cases filed by some of the suppliers against the Company and its officials under section 138 of the Negotiable Instruments Act, 1881 (Refer Note No. 2(a)), restriction imposed on a major customer by court, on vendor's request, from making any payment to the Company (Refer Note No 2(c)), causing severe cash crunch, which had in turn resulted in defaults in payment of statutory liabilities / non compliance of statutory requirements/ loss of key management personnel / staff and considerable scaling down of operations. The Company's ability to continue as a going concern is dependent upon satisfactory resolution of the above matters besides steps being taken by management to provide / arrange for significant additional funds.*
5. *Attention is invited to the following:*
  - i. *We are unable to opine on the realisability of non moving stock of Stores and Spares of TRs 50,286 not provided by the management for reasons stated in Note No.8.*
  - ii. *We are unable to opine on recoverability / realisability of old outstanding of Sundry Debtors aggregating to TRs 2,343,130 which may not be recoverable and which are not appropriately evidenced with correspondence statement of accounts, unconfirmed, unreconciled and against which no material recoveries have been made till date of completion of audit. No provision has been made for such receivables as the management considers them as good for recovery*
  - iii. *For bank balance, Bank Balance confirmations to the tune of TRs. 12,197 are not available.*
  - iv. *We are unable to opine on recoverability / realisability of old outstanding in respect of (a) advances of TRs. 21,846 given to other company (b) TRs 25,159 advance given to Vendors and (c) TRs 6,593 receivable in respect of Tender Deposit given which are not appropriately evidenced with correspondence statement of accounts, unconfirmed, unreconciled and against which no material recoveries have been made till date of completion of audit. No provision has been made for such receivables as the management considers them as good for recovery.*

- v. *In the absence of detailed workings, convincing evidence and legal consultants' opinion on the availability of TRs 34,487 in respect of CENVAT credit for set off in the future, we are unable to comment on the appropriateness of carry forward of the CENVAT recoverable.*
- vi. *In respect of guarantee of TRs 25,000 invoked by MPSEDC during the year, the management has claimed that the amount is good of recovery since the matter was sub judice and now the company is being Judgment creditor, the management's claim remains to be substantiated by the Order passed by the Court of appropriate jurisdiction. The Company has made the claim of said amount with the MPSEDC for wrongful invocation of the guarantee. We are unable to opine on the recoverability or otherwise of the amount shown under Loans and Advances.*
- vii. *In respect of managerial remuneration paid to Managing and Whole Time Director of TRs.6,015, shareholder's approval was taken in Annual General Meeting held on 19.12.2009 . However no approval from Central Government is obtained for reason stated in Note No. 17.*
- viii. *No Provision has been made for :*
- Impairment loss of Fixed Assets for reasons stated in Note No. 9.
  - Invocation of bank guarantees given in respect of various projects undertaken by the Company to the extent of TRs 312,208 and consequential penalties subsequent to the close of the year.
  - Interest and commission of TRs 64,145, payable, in terms of agreements, to the vendors (shown as contingent liability).
  - Bank and Other Charges of TRs 19,470 paid to one of the vendors (shown as contingent liability).
  - Implementation, service / warranty charges aggregating to TRs 30,582 (shown as contingent liability).
  - Liquidated Damages / penalty payable to customers for delays in performance / non compliance of some of the contractual Terms and conditions aggregating to TRs 448,736 (shown as contingent liability).
  - Penalty and other charges which may be imposed by (a) the various Statuary/Regulatory Authorities on account of non compliance of the provisions of the various statutes including non payment of statutory dues and filing of periodic returns. (b) the Court, with respect to the cases filed by the parties against Company's officials (including some past officials) under sections 138 and 143 of the Negotiable Instruments Act, 1881, on account of dishonor of post dated cheques issued to them.

Due to uncertainty involved, the impact of the above on the loss for the year is presently unascertainable.

- We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements and Accounting for Investments in Subsidiaries in Separate Financial Statements' notified by Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the ORG Group included in the consolidated financial statements.
- On the basis of the information and explanations given to us, and on the consideration of the separate audit reports on individual audited financial statements of the ORG Group, we are of the opinion that :
  - the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the ORG Group as at 31st March, 2010;
  - the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the ORG Group for the year then ended and
  - the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the ORG Group for the year then ended.

For Sorab S. Engineer & Co.  
 Firm Registration No. 110417W  
 Chartered Accountants  
 CA. Chokshi Shreyas B.  
 Partner  
 Membership No.100892  
 Place : Vadodara  
 Date : September 3<sup>rd</sup>, 2011

**ORG Informatics Limited**  
**Consolidated Balance Sheet as at March 31, 2010**

	Schedule No.	As at March 31, 2010 Amount (Rs. In '000)	As at March 31, 2009 Amount (Rs. In '000)
<b>Sources of Funds</b>			
<b>Shareholders Funds</b>			
Share Capital	1	171,705	171,705
Reserves & Surplus	2	622,965	611,756
		<u>794,670</u>	<u>783,461</u>
<b>Loan Funds</b>			
Secured Loans	3	506,682	483,108
Unsecured Loans	4	1,691,191	1,694,387
		<u>2,197,873</u>	<u>2,177,495</u>
<b>Total</b>		<u><u>2,992,543</u></u>	<u><u>2,960,956</u></u>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
	5		
Gross Block		1,243,367	1,216,203
Less: Depreciation / Amortisation		351,508	233,501
Net Block		891,859	982,702
Capital Work in Progress ( Including Capital Advances)		8,058	8,058
		<u>899,917</u>	<u>990,760</u>
<b>Investments</b>	6	54,250	62,060
<b>Deferred Tax Asset</b> (Refer Note B - 10 of Schedule 22)		11,194	49,354
<b>Current Assets, Loans and Advances</b>			
Inventories	7	168,873	228,723
Sundry Debtors	8	2,800,183	3,573,258
Cash and Bank Balances	9	291,945	291,948
Other Current Assets	10	27,830	27,411
Loans and Advances	11	214,521	192,659
		<u>3,503,352</u>	<u>4,313,999</u>
<b>Less: Current Liabilities and Provisions</b>	12		
Current Liabilities		1,989,554	2,863,050
Provisions		105,550	80,541
		<u>2,095,104</u>	<u>2,943,591</u>
<b>Net Current Assets</b>		1,408,248	1,370,408
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	13	-	-
<b>Profit and Loss account</b>		618,934	488,374
<b>Total</b>		<u><u>2,992,543</u></u>	<u><u>2,960,956</u></u>
Significant Accounting Policies and Notes to the Financial Statements	22		

As per our report of even date attached  
**For Sorab S. Engineer & Co.**

For and on behalf of the Board

Firm Registration No. 110417W  
Chartered Accountants

B.V. Suryakumar  
Managing Director

Binu Mehta  
Director

**CA Chokshi Shreyas B.**  
Partner

Vinod Negi  
Company Secretary

Place : Vadodara  
Date : September 3<sup>rd</sup>, 2011

Place : Vadodara  
Date : September 3<sup>rd</sup>, 2011

**Consolidated Profit and Loss Account for the year ended March 31, 2010**

	Schedule No.	Year ended March 31, 2010 Amount (Rs. In '000)	Year ended March 31, 2009 Amount (Rs. In '000)
<b>INCOME</b>			
Revenue from operations	14	2,025,488	3,592,428
Other Income	15	14,756	7,356
<b>Total (A)</b>		<b>2,040,244</b>	<b>3,599,784</b>
<b>EXPENDITURE</b>			
Consumption of Material / Cost of Goods sold	16	155,766	1,361,334
Purchase of Bandwith		1,443,505	59,900
Stores and Spares Consumed	17	4,402	3,290
Operating and Maintenance Expenses	18	15,878	1,977,932
Personnel Costs	19	131,914	182,569
Administrative and Other expenses	20	47,625	181,237
Interest and Finance Charges (Net)	21	75,774	243,481
Provision for Doubtful Debts		-	54,319
Provision for Diminution in value of Investments		-	19,449
Provision for Diminution in value of Stock		136,872	46,796
Preoperative Expenses Written off		-	249
Depreciation/Amortisation	5	120,908	116,687
<b>Total (B)</b>		<b>2,132,644</b>	<b>4,247,243</b>
<b>Loss before Tax and Prior Period adjustment</b>		<b>(92,400)</b>	<b>(647,459)</b>
Less: Provision for taxation			
Current Tax		-	-
Deferred Tax (Net)		38,160	(73,896)
Fringe Benefits Tax		-	2,345
<b>Net Loss after Tax and before Prior Period adjustment</b>		<b>(130,560)</b>	<b>(575,908)</b>
Less: <b>Prior Period adjustments</b>			
Prior period Adjustments (Net)		-	133,684
Short Provision of Income Tax		-	4,159
<b>Net Loss after tax and Prior Period adjustment</b>		<b>(130,560)</b>	<b>(713,751)</b>
<b>Balance as per last Balance Sheet</b>		<b>(488,374)</b>	<b>225,377</b>
<b>Balance carried to the Balance Sheet</b>		<b>(618,934)</b>	<b>(488,374)</b>
Earning per share (Refer Note B - 11 of Schedule 22)			
- Basic		(7.60)	(41.57)
- Diluted		(7.60)	(41.57)
Significant Accounting Policies and Notes to the Financial Statements	22		

As per our report of even date attached  
**For Sorab S. Engineer & Co.**

For and on behalf of the Board

Firm Registration No. 110417W  
Chartered Accountants

B.V. Suryakumar  
Managing Director

Binu Mehta  
Director

**CA Chokshi Shreyas B.**  
Partner

Vinod Negi  
Company Secretary

Place : Vadodara  
Date : September 3<sup>rd</sup>, 2011

Place :Vadodara  
Date : September 3<sup>rd</sup>, 2011

## Schedules forming part of Consolidated Balance Sheet as at March 31, 2010

	As at March 31, 2010 Amount (Rs. In '000)	As at March 31, 2009 Amount (Rs. In '000)
<b>1 Share Capital</b>		
Authorised:		
27,000,000 (Previous year 27,000,000) Equity Shares of Rs.10/-each	<u>270,000</u>	<u>270,000</u>
Issued, subscribed and paid up:		
17,170,474 (Previous year 17,170,474) Equity Shares of Rs.10/- each fully paid up (Refer Note B - 3 of Sechedule 22)	171,705	171,705
<b>Of the above:</b>		
9,492,554 (Previous Year 9,492,554 Equity Shares of Face Value of Rs.10 each) are issued and allotted pursuant to contracts for consideration other than cash.	<u>171,705</u>	<u>171,705</u>
<b>2 Reserves and Surplus</b>		
<u>Capital Reserve:</u>		
Balance as per last Balance Sheet	3,780	3,780
<u>Bond Redemption Reserve:</u>		
Balance as per last Balance Sheet (Refer Note B - 4 of Sechedule 22)	31,976	31,976
<u>Subsidy</u>		
Received During the Year	16,155	-
<u>Securities Premium Account:</u>		
Balance as per Last Balance Sheet	602,199	645,730
Less:		
Premium on Redemption of FCCB (Refer Note B - 4 of Sechedule 22)	<u>37,411</u>	<u>43,531</u>
<u>Employee Stock Options Outstanding:</u>		
Balance as per Last Balance Sheet	19,460	34,745
Add : On account of price revision (Refer Note B - 3 of Sechedule 22)	-	16,556
	<u>19,460</u>	<u>51,301</u>
Less: Reversals due to lapse of options	<u>9,834</u>	<u>31,841</u>
	<b>(A) 9,626</b>	<u>19,460</u>
<u>Deferred Employee Compensation Expense:</u>		
Balance as per Last Balance Sheet	8,128	32,235
Add : On accooount of price revision	-	16,556
	<u>8,128</u>	<u>48,791</u>
Less: Reversals due to lapse of options	5,101	31,841
Less: Transferred to profit & loss Account	2,018	8,822
	<u>(B) 1,009</u>	<u>8,128</u>
	<b>(A)-(B) 8,617</b>	11,332
Exchange Fluctuation Reserve	<u>(2,351)</u>	<u>(37,531)</u>
	<u>622,965</u>	<u>611,756</u>

**Schedules forming part of Consolidated Balance Sheet as at March 31, 2010**

	<b>As at March 31, 2010 Amount (Rs. In '000)</b>	<b>As at March 31, 2009 Amount (Rs. In '000)</b>
<b>3 Secured Loans</b>		
<b>From Banks:</b>		
Cash Credit / Working capital Demand loans:	475,918	473,250
Interest Accrued and Due on above	30,096	6,320
<b>Vehicle Loans:</b>		
From Banks:	668	3,538
(Secured against hypothecation of related vehicles)		
	<u>506,682</u>	<u>483,108</u>
<b>4 Unsecured Loans</b>		
<b>Short Term Loans &amp; Advances</b>		
From Banks:	218,325	75,000
External commercial Borrowings	-	33,720
Interest Due	20,863	5,574
	<u>239,188</u>	114,294
<b>Other Loans &amp; Advances</b>		
From Shareholders	28,614	32,297
Interest accrued and due	7,202	5,972
From Others	<u>693,947</u>	726,624
160, 2.5% Foreign Currency Convertible Bonds of face value US \$ 100,000 each (Refer Note B - 4 of shedule 22)	<u>722,240</u>	815,200
	<u>1,691,191</u>	<u>1,694,387</u>
<b>6 Investments - Non Trade, Unquoted (At Cost)</b>		
<b>(A) Long Term Investment:</b>		
Six Dee Telecom Solutions Private Limited (Sold During the Year) Previous year 2,243 Equity Shares of Rs 10 each fully paid up	-	26,449
Alberio Singapore Pte. Limited 562,500 (Previous Year 562,500) Ordinary Shares of singapore \$ 0.01 each fully paid up	13,814	13,814
DGIT Corp Infotec - In equity shares	-	159
Smart Broadband Services Private Limited 2,600 (Previous Year 2,600) Ordinary Shares of Rs. 10 each fully paid up	26	26
	<u>13,840</u>	40,448
Less: Provision for Dimunition in value of Investments in Six Dee Telecom Solutions Pvt Ltd.	<u>-</u>	<u>19,449</u>
	13,840	20,999
<b>(B) Current Investment</b>		
LIC Mutual Fund	37	37
Compte BNP	40,373	41,024
	<u>54,250</u>	<u>62,060</u>
<b>7 Inventories</b>		
(Refer Note B - 8 of Schedule 22) (As taken, valued and certified by the Management)		
Stores and spares	50,286	50,286
Project / Contracts in progress	107,945	166,843
Trade Goods	-	952
Stock in Process	10,642	10,642
	<u>168,873</u>	<u>228,723</u>





Schedules forming part of Consolidated Balance Sheet as at March 31, 2010

Schedule 5 - Fixed Assets

Particulars during	Amount (Rs. In '000)											
	GROSS BLOCKAT COST				DEPRECIATION				NETBLOCK			
	As at 01.04.2009	Additions during the year	Impairment	Deletions	As at 31.03.2010	As at 01.04.2009	Addition during the year	Deletion during the year	As at 31.03.2010	As at 01.03.2010	As at 31.03.2009	As at 31.03.2009
<u>A. Goodwill on Consolidation</u>	316,648	-	-	-	316,648	-	-	-	316,648	-	-	316,648
<b>TOTAL (A)</b>	<b>316,648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>316,648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>316,648</b>	<b>-</b>	<b>-</b>	<b>316,648</b>
<b>B. TANGIBLE FIXED ASSETS</b>												
<u>(I) OWNED</u>												
Land and Building	131,593	-	-	-	131,593	6,809	3,438	-	10,247	-	-	124,784
Plant and Machinery	37,682	-	-	3,063	34,619	22,143	5,346	2,091	25,398	-	-	15,539
Furniture Fixture and Computers	151,856	33,820	-	254	185,422	31,009	19,862	103	50,768	-	-	120,847
Vehicles	1,436	-	-	-	1,436	1,108	63	-	1,171	-	-	328
<u>(II) LEASED</u>												
Vehicles	4,864	-	-	3,339	1,525	979	366	707	638	-	-	3,885
<b>TOTAL (B)</b>	<b>327,431</b>	<b>33,820</b>	<b>-</b>	<b>6,656</b>	<b>354,595</b>	<b>62,048</b>	<b>29,075</b>	<b>2,901</b>	<b>88,222</b>	<b>-</b>	<b>-</b>	<b>265,383</b>
<b>C. INTANGIBLE FIXED ASSETS</b>												
Intangible Assets	399,105	-	-	-	399,105	79,627	57,956	-	137,583	-	-	319,478
Technical Know-how	3,958	-	-	-	3,958	3,893	65	-	3,958	-	-	65
Softwares	169,061	-	-	-	169,061	87,933	33,812	-	121,745	-	-	81,128
<b>TOTAL (C)</b>	<b>572,124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>572,124</b>	<b>171,453</b>	<b>91,833</b>	<b>-</b>	<b>263,286</b>	<b>-</b>	<b>-</b>	<b>400,671</b>
<b>TOTAL (A+B+C)</b>	<b>1,216,203</b>	<b>33,820</b>	<b>-</b>	<b>6,656</b>	<b>1,243,367</b>	<b>233,501</b>	<b>120,908</b>	<b>2,901</b>	<b>351,508</b>	<b>-</b>	<b>-</b>	<b>982,702</b>
<b>PREVIOUS YEAR</b>	<b>1,371,936</b>	<b>86,218</b>	<b>-</b>	<b>241,951</b>	<b>1,216,203</b>	<b>159,275</b>	<b>116,687</b>	<b>42,461</b>	<b>233,501</b>	<b>-</b>	<b>-</b>	<b>8,058</b>
<b>Capital Work in Progress (Including Capital Advances)</b>												<b>899,917</b>
												<b>990,760</b>

Deduction in Plant & Machinery includes TRs. 912 on account of Exchange Difference capitalised during the year. ( Previous Year Addition includes TRs. 1,722)

**Schedules forming part of Consolidated Balance Sheet as at March 31, 2010**

	<b>As at March 31, 2010 Amount (Rs. In '000)</b>	<b>As at March 31, 2009 Amount (Rs. In '000)</b>
<b>8 Sundry Debtors</b>		
(Refer Note B - 6 of Schedule 22)		
(Unsecured, considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
- Considered Good	2,577,933	2,303,667
- Considered Doubtful	220,399	56,751
	<u>2,798,332</u>	<u>2,360,418</u>
Less: Provision for Doubtful	220,399	56,751
	<u>2,577,933</u>	<u>2,303,667</u>
Other Debts	222,250	1,269,591
	<u>2,800,183</u>	<u>3,573,258</u>
<b>9 Cash and Bank Balances</b>		
Cash and cheques in hand	58	978
Balances with scheduled banks		
( Refer Note B - 5 of Schedule 22)		
- in Current Accounts	7,457	5,799
- in Foreign Currency Accounts	9,490	2,170
- in Fixed Deposits Accounts		
(Pledged with banks against Secured Loans)	102,150	100,056
- in Margin Money Deposit Accounts		
(Deposits under Bank lien for issue of Bank Gurantee)	40,980	49,400
With Banks outside India		
(In books of Foreign Subsidiaries)	131,810	133,545
	<u>291,945</u>	<u>291,948</u>
<b>10 Other Current Assets</b>		
Interest Accrued	2,231	1,721
Other Receivables	25,599	25,690
	<u>27,830</u>	<u>27,411</u>
<b>11 Loans and Advances</b>		
(Unsecured, considered good unless otherwise stated)		
Advances to Suppliers	34,798	24,631
<u>Advance recoverable in cash or kind or for value to be received</u>		
- Considered Good (Refer Note B - 7 of Schedule 22)	120,340	168,028
- Considered doubtful	-	-
	<u>120,340</u>	<u>168,028</u>
Less: Provision for doubtful advances	-	-
	<u>120,340</u>	<u>168,028</u>
Advance payment of Tax (Net of Provision)	59,383	-
	<u>214,521</u>	<u>192,659</u>
<b>12 Current Liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Sundry Creditors (Refer Note B - 15 of Schedule 22)	1,371,151	2,145,600
Advances from customers	229,694	273,514
Other Current Liabilities	388,709	443,936
	<u>1,989,554</u>	<u>2,863,050</u>
<b>Provisions</b>		
Provision for Current Taxation [Net of Advance Tax]	-	10,666
Provision for Fringe Benefit Tax	803	800
Provision for Gratuity	10,621	12,246
Provision for Leave Encashment	1,287	1,401
Provision for Premium on Redemption of FCCB	92,839	55,428
(Refer Note B - 4 of SCHEDULE 22)		
	<u>105,550</u>	<u>80,541</u>

## Schedules forming part of Consolidated Balance Sheet as at March 31, 2010

	As at March 31, 2010 Amount (Rs. In '000)	As at March 31, 2009 Amount (Rs. In '000)
<b>13 Miscellaneous Expenditure</b>		
(To the extent not written off or adjusted)		
<b>Development Expenditure</b>		
Balance as per Last Balance Sheet	-	249
Less: Amortised during the year	-	249
	<u>-</u>	<u>-</u>

Schedules forming part of Consolidated Profit & Loss Account of ORG Informatics Ltd.  
for the year ended March 31, 2010

	Year ended March 31, 2010 Amount (Rs. In '000)	Year ended March 31, 2009 Amount (Rs. In '000)
<b>14 Revenue from Operations</b>		
Revenue from Trading activities	6,617	240,457
Revenue from Project activities	49,999	1,516,468
Sale of Bandwidth	1,745,333	1,651,724
Sale of Services	217,808	151,460
Sale of Software	5,731	32,319
	<u>2,025,488</u>	<u>3,592,428</u>
<b>15 Other Income</b>		
Miscellaneous Income	14,756	7,356
	<u>14,756</u>	<u>7,356</u>
<b>16 Consumption of Material/ Cost of Goods sold</b>		
Opening Stock		
Project in Progress	166,843	35,250
Trade Goods	952	21,853
	<u>167,795</u>	<u>57,103</u>
Add: Purchases - Project Related	95,916	1,258,165
- Traded Goods	-	213,861
	<u>95,916</u>	<u>1,472,026</u>
<b>A</b>	<u>263,711</u>	<u>1,529,129</u>
Less Closing Stock		
Project in Progress	107,945	166,843
Trade Goods	-	952
	<u>107,945</u>	<u>167,795</u>
<b>B</b>	<u>107,945</u>	<u>167,795</u>
<b>Total (A-B)</b>	<u>155,766</u>	<u>1,361,334</u>
<b>17 Stores and Spares Consumed</b>		
Opening Stock	50,286	50,286
Add: Purchase	4,402	3,290
	<u>54,688</u>	<u>53,576</u>
Less: Closing Stock	50,286	50,286
	<u>4,402</u>	<u>3,290</u>

**Schedules forming part of Consolidated Profit and Loss Account for the year ended March 31, 2010**

	<b>Year ended March 31, 2010 Amount (Rs. In '000)</b>	<b>Year ended March 31, 2009 Amount (Rs. In '000)</b>
<b>18 Operation &amp; Maintenance Expenses</b>		
Electricity Expenses	1,011	2,470
Service Charges	14,251	1,718,695
Project Expenses	<u>616</u>	<u>256,767</u>
	<b>15,878</b>	<b>1,977,932</b>
<b>19 Personnel Costs (Refer Note No. B - 17 of Schedule 22)</b>		
Salaries, Wages and Bonus	125,388	163,394
Contribution to Statutory and Other Funds and Provision for Retirement Benefits	3,597	8,279
Employee Stock Compensation Expense	2,018	8,822
Staff Welfare Expenses	<u>911</u>	<u>2,074</u>
	<b>131,914</b>	<b>182,569</b>
<b>20 Administrative and Other Expenses</b>		
Rent and Hire Charges	4,101	17,413
Insurance	2,830	2,905
Rates and Taxes	620	1,073
Repairs and Maintenance - Others	545	6,447
Communication Expenses	2,746	8,356
Legal and Professional Charges	7,591	15,533
Printing and Stationery	420	1,434
Travelling and Conveyance	3,918	22,576
Advertisement	193	4,031
Auditors' remuneration - (Including Service Tax)		
-As Auditors	655	1,534
-Other Services	-	-
-Out of Pocket Expenses	-	-
Selling and Distribution Expenses	67	3,349
Directors Sitting Fees	156	59
Bad Debts written off	165	35,941
Loss on Sale of Fixed Assets	139	4,370
Sundry debit balances written off	2,228	4,141
Fixed Assets written off/ Impaired	-	27,071
Penalties/ Liquidated Damages	11,326	15,035
Miscellaneous Expenses	9,713	8,097
Custom Duty	212	-
Freight	-	1,872
	<u>47,625</u>	<u>181,237</u>
<b>21 Interest and Finance Charges</b>		
Bank Charges	10,860	11,095
Foreign Exchange Loss	(66,849)	76,169
Interest on Bank Loans	95,220	83,794
Interest on External Commercial Borrowing	14,467	8,020
Interest-others	<u>45,747</u>	<u>88,115</u>
	<b>155,434</b>	<b>179,929</b>
Interest on Fixed Deposits / Margin Deposits (Tax deducted at source TRs. 1,055)		
Previous year TRs. 2,802)	(23,671)	(20,826)
Interest received from others(Tax deducted at source TRs.Nil (Previous year TRs. 624)	-	(2,886)
	<b>(23,671)</b>	<b>(23,712)</b>
	<b>131,763</b>	<b>156,217</b>
	<u>75,774</u>	<u>243,481</u>

**Consolidated Cash flow statement for the Year ended March 31, 2010**

	Year ended March 31, 2010		Year ended March 31, 2009	
	Amount (Rs.'000)	Amount (Rs.'000)	Amount (Rs.'000)	Amount (Rs.'000)
<b>A Cash flow from operating activities :</b>				
Net Profit/(Loss) before tax, Prior period adjustment		(92,400)		(647,459)
Adjustments for :				
Depreciation/Amortisation	120,908		116,687	
Unrealised Foreign Exchange (Gain)/Loss	(66,849)		76,169	
Loss on Sale of Asset (Net)	139		4,370	
Employee Stock Compensation Expense	2,018		8,822	
Employee Stock Outstanding	(4,733)		-	
Fixed Assets Written off / Impaired	-		27,071	
Provision for Bad Debts	-		54,319	
Provision for Diminution in value of Stock	136,872		46,796	
Provision for Diminution in value of Investments	-		19,449	
Bad Debts / Sundry debit Balance Written off	2,393		40,082	
Exchange Fluctuation Reserve	35,180		(39,750)	
Preoperative Expenses w/off	-		249	
Interest Income	(23,671)		(23,712)	
Interest Expense	155,434		179,929	
		<u>357,691</u>		<u>510,481</u>
Operating Profit before working capital changes		<u>265,291</u>		<u>(136,978)</u>
Adjustments for:				
Trade and other receivables	751,637		(1,581,625)	
Inventories	(77,022)		(157,488)	
Trade Payables and other liabilities	(878,255)		2,129,441	
		<u>(203,640)</u>		<u>390,328</u>
Cash generated from operations		<u>61,651</u>		<u>253,350</u>
Direct taxes Paid (including FBT)	(70,046)		(28,052)	
		<u>(70,046)</u>		<u>(28,052)</u>
Net cash generated from operating activities before prior period adjustment		<u>(8,395)</u>		<u>225,298</u>
Prior Period expenses		-		<u>(133,684)</u>
Net cash generated from operating activities		<u>(8,395)</u>		<u>91,614</u>
<b>B Cash flow from investing activities :</b>				
Purchase of Fixed assets	(33,820)		(71,996)	
Sale of Fixed assets	2,704		1,449	
Purchase of Investments	-		(41,075)	
Interest received	23,161		24,606	
Changes in Loans and Advances	37,521		(46,041)	
Subsidy received	16,155		-	
Sale / Redemption of Investments	7,810		-	
Net cash used in investing activities		<u>53,531</u>		<u>(133,057)</u>

	Year ended March 31, 2010		Year ended March 31, 2009	
	Amount (Rs.'000)	Amount (Rs.'000)	Amount (Rs.'000)	Amount (Rs.'000)
<b>C Cash flow from financing activities</b>				
Increase in Share capital	-		118	
Interest paid	(115,139)		(167,561)	
Net Proceeds from borrowings	<u>73,043</u>		<u>126,382</u>	
Net cash generated from financing activities		<b>(42,096)</b>		(41,061)
<b>D Net Increase in cash and cash equivalents ( A+B+C )</b>		<b>3,040</b>		(82,504)
<b>E Cash and cash equivalents at the beginning of the year</b>		<b>279,561</b>		362,065
<b>F Cash and cash equivalents at the close of the year ( D + E )</b>		<b><u>282,601</u></b>		<b><u>279,561</u></b>

**NOTE :**

1) The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard - 3 on Cash Flow Statement notified by Companies (Accounting Standards) Rules, 2006.

2) Cash and Cash equivalents included in the cash flow statement comprise the following items

	As at March 31st, 2010	As at March 31st, 2009
Cash on Hand	58	978
Cheques on Hand	-	-
Balances with banks **	291,887	290,970
Unrealised Exchange (Gain) / Loss	<u>(9,344)</u>	<u>(12,387)</u>
Cash and Cash equivalents as restated	<b><u>282,601</u></b>	<b><u>279,561</u></b>

3) \*\* Includes TRs 41,133 ( Previous Year TRs. 49,400 ) in Margin Money accounts with the banks against guarantees issued.

As per our report of even date attached  
**For Sorab S. Engineer & Co.**

For and on behalf of the Board

Firm Registration No. 110417W  
Chartered Accountants

B.V. Suryakumar  
Managing Director

Binu Mehta  
Director

**CA Chokshi Shreyas B.**  
Partner

Vinod Negi  
Company Secretary

Place : Vadodara  
Date : September 3, 2011

Place : Vadodara  
Date : September 3, 2011

**Schedule 22**

Significant Accounting Policies and Notes to the Consolidated Financial Statements for the year ended March 31, 2010.

**A. Significant Accounting Policies****1. Basis of Consolidation:****a. Basis of preparation:**

The consolidated financial statements are prepared in accordance with Accounting Standard 21 on Consolidated Financial Statements notified by Companies (Accounting Standard) Rules, 2006. Reference in these notes to Company, Parent Company, Companies or Group shall mean to include ORG Informatics Limited or any of its subsidiaries, unless otherwise stated.

**b. Principles of consolidation:**

The consolidated financial statements comprise of the Financial Statements of ORG Informatics Limited and its subsidiaries. The financial statements of the group companies are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India. The effect of inter company transactions are eliminated on consolidation.

**c. Goodwill / Capital Reserve on Consolidation:**

Goodwill represents the difference between the company's share in the net worth of subsidiaries, and the cost of acquisition at each point of time of making the investment in the subsidiaries. For this purpose, the company's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital Reserve on consolidation is adjusted against Goodwill. Goodwill is not amortised, but instead evaluated for impairment whenever events or changes in circumstances indicate that its carrying amount may be impaired.

**d. Investment in Associates:**

Investment in entities in which the parent company has significant influence but not a controlling interest are reported according to the equity method in accordance with Accounting standard 23 for Accounting for investment in associates i.e. the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. The consolidated profit and loss

account includes the investor's share of the results of the operations of the investee.

The particulars of investment in associate company as at March 31, 2010 are as under:

Name of Associates	Country of Incorporation	Period*	Share in Voting power (%)	Original cost of Investment (TRs.)	Amount of Goodwill in Original Cost (TRs.)	Share of Post Acquisition Reserves and Surplus (TRs.)	Carrying cost of Investment (Rs.)
Albireo Pte. Limited	Singapore	1st April'07 to 31st Mar'10*	12%	14,655	6,534	(841)	13,814

\*From July 31, 2005 company ceases to have significant influence in its associate but retains in full, its investment as on March 31, 2010. Accordingly company discontinued the use of equity method from July 31, 2005 as is laid down under Paragraph 9 of Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements".

**e. Companies included in consolidation:**

Name of Subsidiaries	Country of Incorporation	Year/Period in which included in Consolidation	Proportion of Ownership Interest
ORG Telecom Limited	India	April 1, 2009 to March 31, 2010	100%
ORG Singapore Pte Limited	Singapore	January 1, 2009 to December 31, 2009	100%
Unified Technologies Private Limited	India	April 1, 2009 to March 31, 2010	100%
Belgium Satellite Services S.A.	Belgium	April 1, 2009 to March 31, 2010	100%

**2. Basis of Accounting**

The financial statements of the Company have been prepared under historical cost convention on accrual basis of accounting in accordance with Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 and as per provisions of Companies Act, 1956.

**3. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**4. Fixed Assets and Depreciation**

- Fixed assets are stated at cost less accumulated depreciation thereon. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.
- Exchange rate gain or loss on foreign currency

loans related to acquisition of depreciable assets is being capitalized.

- Depreciation is provided on the straight-line method basis, except in the case of Vehicles, where the written down value method is used. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate. Pursuant to this policy depreciation on plant and machinery has been provided @ 5.15%, which is higher than the corresponding rates prescribed under schedule XIV to the Companies Act, 1956.
- Depreciation of Fixed Assets of ORG Telecom Limited, ORG Singapore Pte. Limited, Unified Technologies (Pvt) Limited and Begium Satellite Services S.A. (BSS) , 100% subsidiaries of group is provided on straight line method so as to depreciate the asset over to useful life.

#### **5. Impairment of Assets**

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

#### **6. Intangible Assets**

Intangible assets consisting of Goodwill on Amalgamation, Technical Know-how and Software are amortized over a period of five years or over the remaining useful lives determined on a subsequent review, if shorter.

#### **7. Leases**

Assets taken on finance lease are capitalized in accordance with the Accounting Standard 19 on "Leases" notified by Companies (Accounting Standard) Rules, 2006. In respect of assets taken on operating lease, the lease rentals are charged to the profit and loss account.

#### **8. Investments**

Current Investments are stated at lower of cost and net fair market value.

Long term investments are carried at cost less provision, if any, for diminution, other than temporary, in their value.

#### **9. Inventory**

Inventory is valued at lower of cost or net realizable value. Cost is computed on the following basis:

- a. Stores and Spares – at monthly weighted average cost.
- b. Traded goods and Equipments stock – at Weighted Average on FIFO Basis.
- c. Projects / Contracts Work-in-process – at cost. Provisions are made for anticipated losses, if any, for contracts to be completed in future.
- d. Finished Goods Inventories are valued at lower of Cost or Net realisable value.

#### **10. Taxation on income**

- Tax expense for the period, current tax, deferred tax and fringe benefit is included in determining the net profit/(loss) for the period.
- Deferred tax is recognized for all timing differences between the accounting income and taxable income and is quantified using the enacted / substantially enacted tax rates as at the balance sheet date.
- Deferred Tax Assets are recognized where realization is reasonably certain whereas in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognized only if there is a virtual certainty of realization backed by convincing evidence. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

#### **11. Fringe benefits tax**

Fringe benefits tax is computed in accordance with the provisions of the Income tax Act, 1961.

#### **12. Software Development Expenditure**

Software Development expenditure of revenue nature is charged to revenue and capital expenditure is treated as fixed assets.

#### **13. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimates of the amount of the obligation can not be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.



**14. Staff Retirement Benefits.**

- i. Provident Fund  
The Company's contributions towards Provident fund are charged to the Profit and Loss Account for the year.
- ii. Superannuation benefits  
The Company has availed of Employees Group Superannuation Scheme with the Life Insurance Corporation of India for providing pension benefits to its staff that have satisfied the criteria specified by the Company from time to time. Contribution paid to the Scheme is charged to revenue account.
- iii. Gratuity benefits  
The Company, except in the case of Unified Technologies (Pvt) Limited, a 100% subsidiary, which accounts for gratuity on payment basis, provides for gratuity liability on the basis of actuarial valuation at the year end in accordance with Accounting Standard 15 (revised), "Employee Benefits".
- iv. Leave encashment  
The Company except in the case of Unified Technologies (Pvt) Limited, a 100% subsidiary, where such liability has not been provided for, provides for the liability towards leave encashment as per actuarial valuation obtained at the year end.

**15. Share Issue Expenses**

Share issue expenses are adjusted against securities premium account to the extent of balance available and the balance portion, if any, left thereafter is charged off to the profit and loss account, as incurred. Premium on redemption of FCCB is also adjusted against Securities Premium Account.

**16. Prior Period / Extraordinary Items / Event Occurring after Balance Sheet Date**

All prior period items, which are material and which arise in the current period as a result of 'errors and omissions', in the preparation of prior periods' financial statements, are separately disclosed in the current statement of Profit and Loss. However, differences in actual income / expenditure arising out of over or under estimation in the previous period are not treated as prior period income / expenditure.

All extraordinary items, i.e., gains or losses which arise from events or transactions which are distinct from the ordinary activities of the company and which are material are separately disclosed in the statement of accounts.

Assets and liabilities should be adjusted for events occurring after the balance sheet date that provide

additional evidence to assist the estimation of amounts relating to conditions existing at the balance sheet date.

**17. Borrowing Cost**

Borrowing costs attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**18. Revenue Recognition**

Sales of products are recognized when risk and reward of ownership of products are passed on to the customers which is generally on dispatch of goods and are exclusive of sales tax.

Revenue from service contracts is accounted for when services are rendered and / or in terms of the agreement with the parties.

Revenue from projects is recognized on the proportionate completion method including in respect of turnkey project work. In accordance with this method, revenue is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution. The determination of revenue under this method involves making estimates, some of which are of technical nature, concerning, where relevant, the proportion of completion, cost of completion and expected revenues etc.

Interest on Fixed deposits / Margin deposits is recognized on accrual basis.

In Unified Technologies Private Limited,

Revenue from development contract is based on fixed price recognised on milestone achieved as per the term of specific contract revenue from software development, Contract charge on time and material basis is recognised on the basis of Billable time spend by the employees in working of the project priced on the contracted rate.

Revenue from placement services is recognised once the person is recruited and placed in the company.

**19. Earning Per Share**

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share notified by Companies (Accounting Standard) Rules, 2006. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for

the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

## 20. Foreign Currency transactions

Transactions in foreign currency are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rates. The difference in translation of monetary assets and liabilities are recognized in the Profit and Loss Account except that exchange difference, if any, in respect of liabilities incurred to acquire fixed assets from outside India is adjusted to the carrying amount of such fixed assets.

## B. Notes to Accounts (Rs in '000=TRs.)

### 1. Contingent liabilities not provided for:

- a) Bank Guarantees given in respect of projects undertaken by the company and outstanding TRs. 393,817 (Previous Year TRs. 463,556).

- b) Claims against the Company not acknowledged as debts:

Income Tax Matters - TRs. 86,721  
(Previous year TRs. 86,721)

Sales Tax Matters - TRs. 37,057  
(Previous year TRs. 37,057)

- c) Claims against the Company not acknowledged as debts:

i. Other Matters (including interest charged by vendors) TRs 114,197 (Previous Year TRs 114,197)

ii. Liquidated Damages / penalties (including amounts provisionally withheld by customers) TRs 448,736 (Previous Year TRs 448,736)

- d) The Company had received during earlier years equipment worth TRs. 7,377 (Previous year TRs 7,377) on loan from eHuset A/S, Denmark for its software facilities at Bangalore. The equipment is to be returned on completion of specific projects undertaken on behalf of eHuset A/S, Denmark. The Company has given a bond for TRs 30,000 (Previous year TRs.30,000) to the customs authorities against the import of the aforesaid equipment.

- e) ORG Telecom Ltd. (100% subsidiary) has given a bond for TRs. 2,000 (Previous year TRs. 2,000) to excise department for removal of excisable goods without payment of excise duty.

2. a) There are several cases which have been filed by parties/vendors against the Company and some of its past and present officials under

sections 138 and 143 of The Negotiable Instruments Act, 1881 on account of dishonour of PDCs issued to them. Further the parties have claimed interest and other legal charges for which provision has not been created as the same remains to be quantified.

- b) The Madhya Pradesh State Electronic Development Corporation Ltd. (MPSEDC) had wrongfully invoked guarantee of TRs 25,000 (Previous Year TRs. 25,000) which was submitted towards Earnest Money pertaining to the Company's bid for an upcoming project on the plea that there had been a withdrawal by one of the consortium members. This withdrawal was considered as an alteration to the bid conditions as prescribed by MPSEDC. The Company had filed a case against MPSEDC in Madhya Pradesh High Court and obtained a stay, besides an order against such appropriation, directing the Madhya Pradesh govt. to keep the money in a separate account, till further orders. Pending finality in the matter, no provision has been made for this invocation and the amount paid is carried under advances (considered good).

- c) In the case of a major contract with Telecommunications Consultants India Limited (TCIL), one of the vendors, to whom a corporate guarantee for TRs 32,000 (Previous Year TRs. 32,000) had been given, had obtained the stay order from the Delhi High Court, directing TCIL not to make any payment to the Company till such time the vendor's liability has been settled in full. The matter is pending.

### 3. Employee Share –based Payment Plans:

- During the year ended March 31, 2010, the Company had two share –based payment arrangements, which are described below:

#### EMPLOYEE STOCK OPTION SCHEME

Type of arrangement	ESOS I	ESOS II
Date of Grant	August 30, 2005	September 19,2006
Number Granted	2,93,000	4,46,000
Contractual life	4 years	4 years
Vesting conditions	Vesting uniformly over a period of 4 years with effect from August 30, 2006. During the year vesting date has been changed to September 30, 2006.	Vesting uniformly over a period of 4 years with effect from September 19, 2007. during the year vesting date has been changed to September 30, 2007.

The Company follows the intrinsic value method of accounting as per Guidance Note issued by The Institute of Chartered Accountants of India

on Employee Share-based Payments. As per the said method, the fair value of the share is worked out by an independent valuer on the date of grant. Accordingly, the difference between the fair value and the exercise price has been treated as Deferred Stock Compensation expenses to be amortized over the period of vesting.

- The estimated fair value (measured independently by a valuer) of each of the stock options granted viz. Employee Stock Option Scheme –II and III is Rs. 150.70 and 111.95 respectively, per share on the date of grant. The model inputs were:

	ESOS-II Rs. 50	ESOS-III Rs. 62
<b>Exercise price (Original)</b>		
<b>Exercise price revised during the year (In AGM held on 29.09.08, Item no. 6)</b>	<b>Rs. 27</b>	<b>Rs. 27</b>
Expected volatility	705%	265%
Expected forfeiture percentage on each vesting date	5%	5%
Option life	1 through 5 years	1 through 5 years
Expected dividends	-	-
Risk-free interest rate	8%	8%

- Further details of the two stock option plans are as follows:

	ESOS II	ESOS III	Total
Total No. of Options under the Scheme	<b>293,000</b>	<b>446,000</b>	<b>866,500</b>
Outstanding as at 01.04.09	30,875	47,500	78,375
Exercisable as at 01.04.09	68,375	37,050	105,425
Options Granted during the year	30,875	23,750	54,625
Exercise Price (Rs.)	27	27	
Options vested during the year	10,125	23,750	33,875
Exercised during the year	0	0	0
Expired during the year	79,500	0	79,500
Options Outstanding as at 31.03.10	0	23,750	23,750
Exercisable as at 31.03.10	19,750	60,800	80,550

4. a) The shareholders of the Company, at the Annual General Meeting and at the Extraordinary General Meetings held on August 20, 2007 and November 6, 2007 respectively, authorized the Board of Directors of the Company to create, offer, issue and allot Foreign Currency Convertible Bonds (FCCBs) and / or Global Depository Receipts (GDRs) and / or American Depository Receipts (ADRs) and/or other Depository Receipts (DRs) and / or securities representing equity shares upto an aggregate amount not exceeding US \$ 35 million or equivalent amount in Indian or any other currency.
- b) Pursuant to the above authorization, the Company had during 2007-08 issued and allotted 160, 2.5% unsecured Foreign Currency Convertible Bonds (FCCB's) of the face value of US \$ 100,000 each aggregating to US \$ 16 Million. As per the terms of the issue the holder has an option to convert the FCCB's into equity shares at an initial conversion price of Rs. 130.00 per share with a fixed rate of exchange on conversion of Rs. 39.33 to US \$ 1

from the issue date until October 14, 2012. The conversion price is subject to certain adjustments. Further under certain conditions the bondholder has the option for early redemption in whole but not in part. Unless previously converted, redeemed or purchased and cancelled, the Company will redeem the bonds on November 14, 2012.

- c) Redemption Provision (as required by AS- 29. Provision Contingent Liabilities and contingent Assets) in respect of premium payable on unsecured Foreign Currency Convertible Bonds (FCCB's) is as under:

Particulars	2009-10 (TRs)	2008-09 (TRs)
Opening Balance	55,428	11,897
Add: Provision for the year	37,411	43,531
<b>Closing Balance</b>	<b>92,839</b>	<b>55,428</b>

- d) As per the General Circular No. 9/2002 dated April 18<sup>th</sup> 2002, issued by Department of Company Affairs (now Ministry of Corporate Affairs) there is no obligation on the part of a Company to create Bond Redemption Reserve (BRR) as required under section 117C of the Companies Act, 1956, if there is no profit for the year. Accordingly the Company has not transferred any amount to BRR during the year.
5. Balance with banks includes TRs 9,584 (Previous year TRs 349) and TRs 12,197 (Previous year TRs 2,650) for which bank statements and certificate of confirmation respectively from the bankers remained to be received. Consequently the accounts could not be reconciled. Effect, if any, on the accounts upon receipt of respective statements, confirmation and their subsequent reconciliation and adjustment, can not be indicated at this stage.
6. a) ORG Informatics Limited was awarded a large order in respect of Convergent Billing Project of MTNL by Bharat Electronics Ltd. (BEL) in March 2006 comprising Supplies and Services which, inter – alia, included Installation and Commissioning, Facility Management, Print Bureau and AMC.  
The Company had, during 2006-07, completed the entire Supply portion of the said order. However, there were certain delays in execution of the Order due to reasons beyond the control of the Company, primarily on account of delays in inspection of the goods at the OEM sites by the end customer as per the terms of the agreement, without which, the supplies could not have been shipped. In terms of the purchase order, in the event of any delay in the supply of material to MTNL, liquidated damages (LD) to the extent of 12% could be imposed by BEL on the Company, on the total supply value, if MTNL imposes LD on BEL.  
As at the year end the Company has a balance of receivables from BEL amounting to TRs 383,617 (Previous Year TRs. 385,741) BEL has however not confirmed such balance. Out of the above balance, the Company has shown TRs 266,758

(Previous Year TRs. 266,758) under "Contingent Liability" on account of LD provisionally withheld by BEL.

Considering the circumstances under which the supplies got delayed, the Company feels confident of obtaining a waiver of the said provisional liquidated damages from BEL and consequently the said dues along with other outstanding amounts are considered good and recoverable.

- b) ORG Informatics Limited is to receive sum of TRs. 48,673 (Previous year TRs. 50,412) from Alberio Telematics Pvt Ltd. (formerly known as Global IP Technologies Pvt Ltd) for supplies made to the tune of TRs 26,827 and advances given to the tune of TRs 21,846 in the earlier years which had become overdue. In response to the Company's claim, the party has in turn raised several issues pertaining to debits raised by them aggregating TRs. 18,319 on account of rent charges, service charges and others, which have not been responded to by the Company. The matter is under resolution and reconciliation for effecting necessary recoveries/rectification/adjustment. Effect on the accounts on due resolution / reconciliation / adjustment thereof can not be indicated at this stage.
- c) Sundry Debtors (other than those mentioned in (a) & (b) above) of TRs 1,952,114 (Previous Year TRs. 1,916,239) are still outstanding. These amounts will be realized in due course of time as steps in this direction have already been taken. Accordingly no provision for non recovery of these amounts, if any, is considered necessary at this stage.
7. Advances recoverable in cash or kind or for value to be received include TRs 34,487 (Previous Year TRs 32,968) pertaining to CENVAT (Service tax) recoverable not adjusted during the financial year. Since the amount of service tax payable exceeds this credit available to the Company, management is confident of availing the same at the time of payment of Service Tax dues.
8. Inventories include slow moving / non-moving stores and spares having an aggregate value of TRs. 50,286 (Previous Year TRs. 50,286). No provision for the fall in value has been considered necessary by the management keeping in view the nature and type of items and the needs of the customer.
9. Impairment of Fixed Assets:  
In accordance with the Accounting Standard (AS - 28) on 'Impairment of Assets' notified by Companies (Accounting Standards) Rules, 2006, the Company has reassessed its fixed assets and is of the view that no impairment is considered to be necessary in view of its expected realisable value.
10. In compliance with Accounting Standard 22 - Accounting for Taxes on Income, the Company has

recognized deferred tax asset. The breakup of deferred tax asset / liability into major components as at March 31<sup>st</sup>, 2010:

	Amount TRs.	
	2010	2009
<b>Deferred Tax Asset</b>		
Provision for Leave	3,258	4,005
Encashment / Gratuity		
Disallowances u/s 40(a) / 43B of the Income Tax Act, 1961.	19,632	68,710
Provision for doubtful advances	2,827	2,990
Unabsorbed depreciation	-	4,943
<b>Total</b>	25,717	80,648
<b>Deferred Tax Liability</b>		
Depreciation	(14,523)	(31,294)
<b>Total</b>	(14,523)	(31,294)
<b>Deferred Tax Asset / (Liability) - (Net)</b>	11,194	49,354

#### 11. Earning per Share :

Particulars	For the Year	For the Year
	Ended	Ended
	March 31, 2010	March 31, 2009
(Loss) / Profit available for equity Shareholders (TRs.)	(130,560)	(713,751)
Weighted average number of Shares used in computing Basic earning per share	17,170,474	17,168,993
Add: Potential number of Equity share that could arise on exercise of conversion of ESOS.	Nil	Nil
Weighted average number of Shares used in computing Diluted earning per share	17,170,474	17,168,993
Nominal Value of equity Shares - (Rs.)	10.00	10.00
Basic Earnings / (Loss) Per Share - (Rs.)	(7.60)	(41.57)
Diluted Earnings / (Loss) Per Share - (Rs.)	(7.60)	(41.57)

#### 12. (i) Operating Leases

The company has entered into cancelable lease transactions during the current financial year mainly for leasing of office premises and company leased accommodation for its employees for period up to three years (with the option to extend for a further period of six years). Terms of lease includes terms of renewal, increase in rents in future periods and terms of cancellation. The Operating lease payments recognized in the Profit and Loss account amounts to TRs. 3,283 (Previous Year TRs. 13,610).

**(ii) Finance Leases:**

The Company has taken Vehicles under Finance Lease during the year.

Reconciliation of Minimum Lease Payments and their Present Value as at Balance Sheet date in accordance with Accounting Standard 19 on Leases notified by Companies (Accounting Standard) Rules, 2006:

	March 31, 2010		March 31, 2009	
	Amount (TRs)		Amount (TRs)	
Minimum Lease Payments		738		4,123
Less: Present Value of Minimum Lease payments		685		3,538
Unexpired Finance Charges		<u>53</u>		<u>585</u>
	Minimum Lease Payments (TRs)	Present Value (TRs)	Minimum Lease Payments (TRs)	Present Value (TRs)
Not later than 1 year	554	514	1,656	1,551
Later than 1 year not later than 5 years	184	171	2467	1,987
Later than 5 years	-	-	-	-

- GAP Infotainment Private Limited (Since 23-4-2008)
- Two Shea Consulting USA
- Ambalal Sarabhai Enterprise Limited.
- Six Dee Telecom Solutions Pvt. Ltd.
- VNT Enterprise, USA

**(b) Other related parties:**

- Key Management Personnel:
  - Mr. Ajoy K. Khanderia (Managing Director till 18.08.2009)
  - Mr. Kartikeya V. Sarabhai Director
  - Mr. B.V.Suryakumar Director
  - Mr. Sushil Kumar Chaturvedi (CEO & Whole Time Director)
  - Mr. Manoj Gupta Managing Director (Since 18.08.2009)

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

**13. Related Party Disclosure:**

- (a) Related parties where significant influence exists:
- Associate :- Alberio Pte. Ltd
  - Others :- Global Asia Partner LLP

- (c) Significant transactions with related parties during the

year:

Nature of Transaction	Other related Party	Key Management Personnel	Amount (TRs.)
			Total
<b>Income</b>			
Sale of Finished Goods	-	-	-
	(55,108)	(-)	(55,108)
Sale of Services	281	-	281
	(740)	(-)	(740)
Interest Received	-	-	-
	(2755)	(-)	(2,755)
Sale of Vehicle	-	-	-
	(-)	(300)	(300)
Reimbursement Of Expenses	(-)	-	-
	(-)	(37)	(37)
<b>Expense</b>			
Purchase of Services	3,490	-	3,490
	(15,583)	(-)	(15,583)
Interest on unsecured Loan	2,324	-	2,324
	(2,366)	(-)	(2,366)
Remuneration and Professional Fees	-	8,428	8,428
	(-)	(10)	(10)

**Finance**

Loan/Advances Taken	<b>575</b>	<b>1,900</b>	<b>2,475</b>
	(-)	(-)	(-)
Loans/Advances Given	<b>6,796</b>	<b>1,900</b>	<b>8,696</b>
	(-)	(-)	(-)

(e) Outstanding as at March 31, 2010:

			<b>Amount (TRs.)</b>
Loan Taken	<b>51,377</b>	-	<b>51,377</b>
	(64,092)	(-)	(64,092)
Loan Given	<b>22,690</b>	-	<b>22,690</b>
	(33,041)	(-)	(33,041)
Debtors	<b>31,850</b>	-	<b>31,850</b>
	(58,903)	(-)	(58,903)

Previous year figures are stated in brackets. (Maximum Balance given in the respective schedules.)

**14. Segment Reporting:**

Segment information for the year ended March 31, 2010.

(a) Primary segment information (by business segments)

<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
<b>Segment Revenue</b>		
a) System Integration & Services	12,671	67,993
b) Telecommunication	261,753	1,840,392
c) Software	5,731	32,319
d) Satellite Service	1,745,333	1,651,724
<b>Total Segment Revenue</b>	<b>2,025,488</b>	<b>3,592,428</b>
Less :Inter Segment Revenue	-	-
<b>Net Segment Revenue</b>	<b>2,025,488</b>	<b>3,592,428</b>
<b>Segment Results</b>		
Segment Results before Interest & Finance Cost		
a) System Integration & Services	(8,776)	(18,495)
b) Telecommunication	4,921	13,960
c) Software	(2,912)	(29,179)
d) Satellite Service	12,924	(121,828)
e) Unallocable	(22,783)	(248,436)
<b>Total Segment Results</b>	<b>(16,626)</b>	<b>(403,978)</b>
Less : Interest & Finance Cost	75,774	243,481
Loss from Ordinary Activities	(92,400)	(647,459)
Extra Ordinary Items (Net)	-	-
<b>Loss before Tax</b>	<b>(92,400)</b>	<b>(647,459)</b>
<b>Other Information</b>		
<b>Segment Assets</b>		
a) System Integration & Services	157,795	164,994
b) Telecommunication	2,722,589	3,794,999
c) Software	102,450	124,178
d) Satellite Service	855,543	1,065,370

e) Unallocable	630,336	266,632
<b>Total Assets</b>	<b>4,468,713</b>	<b>5,416,173</b>
<b>Segment Liabilities</b>		
a) System Integration & Services	20,860	200,340
b) Telecommunication	1,685,502	2,176,325
c) Software	11,594	32,419
d) Satellite Service	209,457	392,772
e) Unallocable	167,691	141,735
<b>Total Liabilities</b>	<b>2,095,104</b>	<b>2,943,591</b>
<b>Segment Depreciation/Impairment</b>		
a) System Integration & Services	-	-
b) Telecommunication	42,169	41,213
c) Software	1,212	1,212
d) Satellite Service	73,835	67,797
e) Unallocable	3,692	6,465
<b>Total Depreciation/Impairment</b>	<b>120,908</b>	<b>116,687</b>
<b>Capital Expenditure</b>		
a) System Integration & Services	-	-
b) Telecommunication	204	2,711
c) Software	-	247
d) Satellite Service	33,616	96,120
e) Unallocable	-	4,969
<b>Total Capital Expenditure</b>	<b>33,820</b>	<b>104,047</b>
<b>Non cash expenses other than Depreciation</b>		
a) System Integration & Services	165	11,832
b) Telecommunication	2,228	87,574
c) Software	-	2,115
d) Satellite Service	136,872	46,796
e) Unallocable	2,018	28,271
<b>Total Non cash expenses other than Depreciation</b>	<b>141,283</b>	<b>176,588</b>
(b) The Geographical segment information for current year is given below.		
<b>Segment Revenue</b>		
a) In India	253,654	1,587,580
b) Outside India	1,771,834	2,004,848
<b>Total Sales</b>	<b>2,025,488</b>	<b>3,592,428</b>
<b>Carrying Cost of Assets by location of Assets</b>		
a) In India	3,322,726	1,091,958
b) Outside India	1,145,987	4,324,215
<b>Total</b>	<b>4,468,713</b>	<b>5,416,173</b>
<b>Addition to Assets</b>		
a) In India	204	7,927
b) Outside India	33,616	96,120
<b>Total</b>	<b>33,820</b>	<b>104,047</b>

- (c) The Company's primary business segment is reflected based on principal business activities carried on by the Company. The Company's primary business activity comprises Systems Integration & Services, Telecommunications Business, Software Business and Satellite Services.
- (d) Segment revenue, results, assets and liabilities include amounts identifiable to each segment and amounts allocated on a reasonable basis.
15. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures regarding:
- Amount due and outstanding to suppliers as at the end of accounting year;
  - Interest paid during the year;
  - Interest payable at the end of the accounting year; and
  - Interest accrued and unpaid at the end of the accounting year have not been given.

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act.

16. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on March 31, 2010.

<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
(TRs)		
<b>17. Managerial Remuneration</b>		
<b>Managing/Whole-time Directors</b>		
(i) Salaries	5,277	0
(ii) Contribution to : Provident Fund	149	0
(iii) Medical Expenses	19	0
(iv) Leave Travel Allowances	75	0
(v) Other Perquisites	495	0
<b>TOTAL</b>	<b>6,015</b>	<b>0</b>

Note :

Remuneration paid to the Whole time Director and Managing Director during the year exceeded the maximum permissible limit laid down by Schedule XIII of the Companies Act, 1956. Approval of the Central Government for such excess remuneration paid could not be obtained due to procedural constraint while e-filing of applications with Central Government (Ministry of Corporate Affairs - MCA21).

18. Balances in parties' accounts either debit or credit are subject to confirmation. Besides, in some of the cases, balances in parties' accounts are stated to be under reconciliation. Effect on the accounts on due confirmation, reconciliations and adjustments thereof can not be indicated at this stage.
19. Previous year's figures have been regrouped / rearranged, wherever necessary, to conform to current year's classification.

As per our report of even date attached hereto

**For Sorab S. Engineer & Co.**

For and on behalf of the Board

Firm Registration No. 110417W  
Chartered Accountants

B.V. Suryakumar  
Managing Director

Binu Mehta  
Director

**CA Chokshi Shreyas B.**  
Partner

Vinod Negi  
Company Secretary

Place : Vadodara  
Date : September 3<sup>rd</sup>, 2011

Place :Vadodara  
Date : September 3<sup>rd</sup>, 2011



# ORG INFORMATICS LIMITED

**Regd. Office :** 3rd Floor "Abhishek", Akshar Chowk, Old Padra Road, Vadodara - 390 020

## FORM OF PROXY

I/we .....of .....in the district of .....being a member/members of the ORG Informatics Limited, hereby appoint Mr./Ms .....of .....in the district of .....or failing him/her, Mr./Mrs./Miss.....of .....in the district of.....and failing him/her Mr./Mrs./Miss .....of .....in the district of.....as my/our Proxy to vote for me/us on my/our behalf at the Adjourned Annual General Meeting, 2010 of the Company to be held on Friday, September 30, 2011 at 11.30 A.M. at Vanijya Bhavan, Race Course, Vadodara and at any adjournment thereof.

Signed this.....day of.....2011

Signature .....

Folio No. ....

DP ID.....

Client ID.....

No. of Shares held.....

Affix Re. 1/- Revenue Stamp
--------------------------------------

Note : This instrument of Proxy shall be deposited at the Registered Office of the Company not less than 44 (Forty Eight) hours before the time of holding the meeting.

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# ORG INFORMATICS LIMITED

**Regd. Office :** 3rd Floor "Abhishek", Akshar Chowk, Old Padra Road, Vadodara - 390 020

## ATTENDANCE SLIP

Please complete this attendance Slip and hand it our at the Entrance of the Hall. Only Members or their Proxies are entitled to be present at the meeting.

Name and Address of the member	Folio No.
	Client ID No.
	DP ID No.
	No. of Shares Held

I hereby record my presence at the Adjourned Annual General Meeting, 2010 of the Company at Vaijya Bhavan, Race Course, Vadodara, on Friday, September 30, 2011 at 11.30 A.M.

Signature of the Shareholder	Signature of the Proxy
------------------------------	------------------------

Note : 1. The copy of Annual Report may please be brought to the meeting Hall.  
2. Briefcases, Hand Bags etc. are not allowed inside the Meeting Hall.

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