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13th Annual Report 2002-2003



ADAM COMSOP LTD.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The progress of mankind in recent years, has been inextricably linked with the growth and advancement in the information technology sector, which chiefly consists of software and hardware as its key components. IT is the hope for fuelling growth and for fostering the continued well being of man, in the long run. Thus, though the sharp slowdown in the IT industry in the previous year, was a rude shock, it was however, only a temporary blip, in the fortunes of the software industry. The slowdown was more of a logical reaction to the bursting of the tech bubble on the bourses in USA and the unfortunate monstrous event of 9/11, which shocked one and all. The recently announced results of the software majors, which are pregnant with profits, are a confirmation of the inexorable and unstoppable march of technology and the fact that the set backs that it witnessed last year, were a mere short term phenomena. In the backdrop of the slowdown in the industry, during the year under report, the Company's performance and profitability is viewed with a sense of satisfaction.

The year also witnessed a distinct trend of change in the IT industry. PC sales remained stagnant worldwide, though they surged in two large markets, viz. India and China, an expression of pent up demand of the past. Sales of servers and internet equipment indicated buoyancy. A radical shift in consumer demand, due to changes in technology is taking place. Tablet PCs, with telephone and internet compatibility or vice versa i.e. mobile phones with computing power are the gizmos of the future. While the global giants like Nokia and Microsoft, slug it out for global supremacy in the quest for the new products, we have been altering our business models, to tailor them for the changed scenario. We have also initiated cost cutting measures, which will impact our long term profits favourably. Due to our inherent and innate strength, we have weathered the slowdown in the sector, with the confidence that these very strengths will help us to chart our course of growth and prosperity in future, successfully.

Vinod Hingorani

13th Annual General Meeting

NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Members of Adam Comsof Limited, will be held on shorter notice at EL-145, TTC Industrial Estate, Mahape, Navi Mumbai 400 709 on Wednesday, the 31st day of December, 2003, at 11.00 A.M., to transact the following business:-

ORDINARY BUSINESS

1. To consider and adopt the Audited Accounts for the year ended 30th June, 2003 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Dr. Umesh Khariwala, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration in consultation with the Audit Committee.

SPECIAL BUSINESS**4. APPOINTMENT OF ADDITIONAL DIRECTOR**

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

"RESOLVED THAT Dr. Umesh Khariwala, who was appointed as an Additional Director of the Company, with effect from 8th October, 2003, under Section 260 of the Companies Act, 1956, and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company."

5. APPOINTMENT OF ADDITIONAL DIRECTOR

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

"RESOLVED THAT Mr. Raja Yadav, who was appointed as an Additional Director of the Company, with effect from 25th November, 2003, under Section 260 of the Companies Act, 1956, and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company."

6. APPOINTMENT OF MANAGING DIRECTOR

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

"RESOLVED THAT Mr. Vikash Seth, who was appointed as an Additional Director by the Board of Directors of the Company Pursuant to Articles of Associations of the Company and who holds office up to the date of Annual General Meeting under section 260 of the Companies Act, 1956, and in respect of whom the Company has

received a notice in writing from the member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company."

"RESOLVED FURTHER THAT Pursuant to the Provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII to the Companies Act, 1956 (hereinafter referred to as 'the Act') and other applicable provisions, if any, of the Companies Act, 1956 as amended up to date, consent of the Company, be and is hereby accorded to the appointment and payment of remuneration to Mr. Vikash Seth as Managing Director of the Company, for a period of five years with effect from 31st December, 2003 to 30th December, 2008, on the terms and conditions as set out in the draft agreement to be entered into between the Company and Mr. Vikash Seth, a copy whereof initialed by the Chairman for the purposed identification has been placed before the meeting, which agreement is hereby specifically approved with liberty to the Board of Directors to alter vary and modify the terms and conditions of the said appointment and remuneration in such manner as may be agreed upon by the Board of Director and Mr. Vikash Seth and in accordance with the limits prescribed under schedule XIII to the Companies Act, 1956 or any statutory amendment(s) and modification(s) thereto."

"RESOLVED FURTHER THAT Subject to the Provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, remuneration payable to Mr. Vikash Seth as Managing Director by way of salary, perquisites, commissions and other allowances, shall not exceed 5% of the net profits of the Company and if there are more than one such director, 10% for all of them together in that financial year, further in the event of any loss or inadequacy of profits in any financial year of the Company during his tenure, remuneration payable to him including the perquisites, commissions and other allowances, shall be governed by the limit prescribed in section II of part II of schedule XIII to the Companies Act, 1956, as amended from time to time, provided that the remuneration payable to him shall not exceed the maximum limit prescribed under the Act read with Schedule XIII, since he is already been appointed as Managing Director in one more company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorized to do all such acts, deed, matters or things and they may take such steps necessary, expedient or desirable in the best interest of the Company."

7 BORROWING POWERS OF THE BOARD

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



ADAM COMSOF LIMITED

"RESOLVED THAT pursuant to sub section (1) (d) of section 293 of the Companies Act, 1956 and other enabling provisions, if any, of the said Act, and subject to the approval of such authority, institution, government department of the Government, whether within or outside India as may be required, the Board of Directors of the Company be and hereby authorised and shall be deemed to have always been so authorised to raise or borrow, for and on behalf of the Company, any sum or sums of monies from time to time, from State or Central Government or one or more bodies corporate, or Banks or Financial Institutions or Overseas Corporate bodies, or Foreign Financial Institution, or any other agency, either domestic or foreign or the public, either Resident/Non Resident, by way of cash credit, advances, deposits or bridge loans, Term Loans , Foreign Currency loan, FCNR(B) loan or any other loans, either in Indian currency or in foreign currency, whether unsecured or secured by mortgage, charge, hypothecation or pledge of the Company's assets and properties, whether movable and/or immovable or stock in trade (including book debts, bills, raw materials, stores and spare parts and components in stock or in transit) and debts and advances notwithstanding that the sum or sums so borrowed together with the monies, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed in the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but so that the total amount upto which the moneys may be so borrowed shall not at any one time exceed Rs. 100 crores (Rupees One Hundred crores only)"

8. MORTGAGE / HYPOTHECATION OF THE COMPANY'S PROPERTY

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to the creation by the Board of Directors of the Company of such mortgage(s), charge(s) and hypothecation(s) in addition to the existing mortgage(s), charge(s) and hypothecation(s) created by the Company as the Board may direct, on such of the assets of the Company, both present and future, in such manner as the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of all or any of the financial institutions/banks/any other investing agencies in connection with availing of term loans, Foreign Currency loans, as the case may be from any of the financial

institutions, banks, any other investing agencies or any other person, bodies corporate to secure rupee , foreign currency loan (s) , the value of which, not to exceed Rs. 100 crores (Rupees One Hundred Crores only) together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premium on pre-payment, or on redemption, costs, charges, expenses and all other moneys payable by the Company to the concerned lenders or any of them under the Agreement(s) / Arrangement(s) entered into / to be entered into by the Company in respect of the said loan(s), Foreign Currency loan(s) etc ".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalize with the concerned Financial Institutions/ Banks or other investing agencies, the documents for creating the mortgages/ charges/Hypothecation and accepting or making any alterations, changes, variations to or in the terms and conditions and to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution".

9. TO MAKE INVESTMENT, TO GIVE LOAN, GUARANTEE AND TO PROVIDE SECURITY

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

"RESOLVED THAT pursuant to Section 372 A and other necessary provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government , the Board of Directors of the Company, be and is hereby authorised to make Investments of the unutilized funds of the Company, to give loans and to give any guarantee or provide any security in connection with a loan or loans made by any other person to, or to any other person by, any body corporate, provided that the aggregate value of such Investment, loans and guarantee(s) given or securities provided and outstanding shall not exceed Rs. 100 crore at any time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the amount and conditions of such Investments, loans and guarantee or security and to decide all or any other matters arising out of or incidental thereto and to do all such acts, deeds, matters and things as may be necessary and/or expedient in that behalf."

10. ISSUE OF FURTHER SHARES

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

13th Annual General Meeting

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all norms, guidelines, regulations in force and statutory approvals as may be necessary, consents, permissions and/or sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchange(s), Registrar of Companies, and all other appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by them in granting any such approval, consents, permission or sanctions, (hereinafter referred to as "the Requisite Approvals"), the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee of Directors which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this resolution) be authorised on behalf of the Company, to issue and allot, in the course of National/International offerings on private placement basis, rights basis or otherwise in Indian/one or more foreign markets, Equity Shares, Cumulative or Non-Cumulative Preference Shares, Debentures, Bonds, Debt Instruments and/or securities convertible into Equity Shares at the option of the Company and/or the holders of the securities linked to Equity Shares and/or Non Convertible securities and/or securities with or without detachable/non-detachable warrants/notes with a right exercisable by the warrants/notes holder to subscribe for Equity Shares at such price and manner and during such period as the Board may decide, and/or any instruments or securities representing Equity Shares or convertible securities either through Global Depository Receipt Mechanism/American Depository Receipt Mechanism/Eurobonds/notes etc. or by an issue to or by private placement with Foreign/Indian investor(s) including institutional investors, Banks, Non Resident Indians, and Overseas Corporate Bodies, and/or Foreign Institutional Investors, Mutual Funds, whether members of the Company or not, subject to the Memorandum of Association of the Company through prospectus and/or offering letter or circular and/or private placement basis for an amount (inclusive of such premium as may be determined) not exceeding Rs. 50 Crores (Fifty Crores) or equivalent thereof in any other currency(ies), such issue and allotment to be made at such time or times, in such tranche(s), at such price or prices (including at a discount or premium to market price or prices) and in such manner as are in conformity with any guidelines or directions or norms, statutory or otherwise and as may be finalised by the Board, in consultation with the Lead Managers and/or Underwriters and/or other advisors, and otherwise on such terms and conditions as may be decided and deemed appropriate by the Board."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the securities may have all or any terms or combination of terms in accordance with Indian/International norms/practices including but not limited to terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service whatsoever, besides terms as to security if any, to be created for any of the securities with such ranking as the Board may determine and including terms for issue of additional Equity shares or variation of the conversion price of the security during the duration of the securities."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint or to enter into and execute all such arrangements with one or more, Lead Manager(s), Manager(s), Banker(s), Broker(s), Underwriter(s), Guarantor(s), Depository(ies), Custodian(s), Trustee(s) and all such agencies as may be involved or concerned in such offering of securities and to remunerate all such institutions and agencies by way of commission, brokerage, fees or the like, and also to seek the listing of such securities in one or more International Stock Exchanges and/or The Stock Exchanges in India."

"RESOLVED FURTHER THAT the Company and/or an agency or body authorised by the Board may issue Depository Receipts representing the underlying Equity Shares in the capital of the Company or such other securities in registered or bearer form with such features and attributes as are prevalent in Indian/International Capital Markets for instruments of this nature and providing for the tradeability or free transferability thereof as per Indian/International norms, practices and regulations and under the terms and practices prevalent in Indian/International Markets."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted directly or upon conversion of any securities or as may be necessary in accordance with the terms of offering all such shares ranking 'pari passu' with the existing Equity Shares of the Company in all respects, excepting the right to dividend as may be declared in the financial year in which such Equity Shares are issued, shall be in proportion to the amount paid up on such shares and pro rata for the period during which such amount paid up thereon."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the terms of payment, issue price, premium/discount, interest on Debentures and/or Bonds and/or other securities and such terms of issue."

"RESOLVED FURTHER THAT for the purpose of giving effect



ADAM COMSOF LIMITED

to this resolution, the Board be and is hereby authorised on behalf of the Company to accept and make, in the interest of the Company, all such modifications, and alterations to the terms and conditions concerning any aspect of the issue including increases or decreases in the aggregate value of the issue, retention of over subscription, rate of premium/ discount, interest or other charges payable or any other matters as may be considered necessary or expedient and/or as may be specified in the requisite approvals and to take all such actions as may be necessary or desirable to effect such modifications and alterations and to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose including without limitation the entering into of underwriting, marketing, depository and custodian/trustees/ agents arrangements with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Equity Shares/Securities as it may in its absolute discretion deem fit."

11. VOLUNTARY DELISTING FROM THE OTHER STOCK EXCHANGES

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

"RESOLVED THAT all the Equity Shares of the Company be delisted from The Calcutta Stock Exchange Association Ltd., Kolkata and Cochin Stock Exchange Ltd., Cochin with immediate effect, in accordance with the relevant laws, rules, regulations and guidelines (including any statutory modification(s) or re-enactments thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions as may be necessary and in compliance with such conditions and modifications as may be prescribed for this purpose.

"RESOLVED FURTHER THAT the board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any committee thereof for the time being exercising the Powers conferred by the Board) be and is hereby authorized to seek voluntary delisting, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in this regard to delisting of the Equity Shares and to execute all such deeds, documents, writings as may be necessary, desirable, expedient, as may be deemed fit and for this purpose, to delegate the authority duly vested in it by virtue hereof to the Managing Director or the Company Secretary or any other person whom the Board may consider suitable to do the various acts, deeds and things as required to be done in this behalf."

12. ALTERATION IN AUTHORISED SHARE CAPITAL:

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

"RESOLVED that pursuant to Section 95 and other applicable provisions, if any, of the Companies Act, 1956 the existing authorize shares capital of the Company be and is hereby re-classified as:

From the existing Authorised Share Capital of the Company is Rs.23,00,00,000/-(Rs. Twenty Three Crores Only) divided into 2,30,00,000 Equity shares of Rs.10/- (Rupees Ten Only) each;

To the Authorised Share Capital of the Company is Rs.23,00,00,000/-(Rs. Twenty Three Crores Only) divided into 1,80,00,000 Equity shares of Rs.10/- (Rupees Ten Only) each and 50,00,000, 10% Convertible / Redeemable Preference Shares of Rs.10/- (Rupees Ten Only) each.

"FURTHER RESOLVED THAT capital clause of the Memorandum and articles of Association of the Company be altered or amended suitably."

13. AMENDMENT IN CAPITAL CLAUSE (V) OF THE MEMORANDUM OF ASSOCIATION :

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

RESOLVED that pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956 the existing Clause V of Memorandum of Association of the Company be substituted by the following:

- "The Authorised Share Capital of the Company is Rs.23,00,00,000/-(Rs. Twenty Three Crores Only) divided into 1,80,00,000 Equity shares of Rs.10/- (Rupees Ten Only) each and 50,00,000, 10% Convertible / Redeemable Preference Shares of Rs.10/- (Rupees Ten Only) each.

14. ALTERATION OF ARTICLES OF ASSOCIATION :

To consider and if thought fit to pass with or without modification (s) the following resolution as an SPECIAL RESOLUTION :

RESOLVED that pursuant to Section 31 of the Companies Act, 1956, and other applicable provisions, if any, and subject to approval of members, Article 3 of the Articles of Association of the Company be read as under by deleting the existing article:

"The Authorised Share Capital of the Company is Rs.23,00,00,000/-(Rs. Twenty Three Crores Only) divided into 1,80,00,000 Equity shares of Rs.10/- (Rupees Ten Only) each and 50,00,000, 10% Convertible / Redeemable Preference Shares of Rs.10/- (Rupees Ten Only) each.

13th Annual General Meeting

15. ALTERATION OF ARTICLES OF ASSOCIATION :

To consider and if thought fit to pass with or without modification (s) the following resolution as an SPECIAL RESOLUTION :

RESOLVED that pursuant to Section 31 of the Companies Act, 1956, and other applicable provisions, if any, and subject to approval of members , Article 5 of the Articles of Association of the Company be read as under by deleting the existing article:

Convertible / redeemable preference shares:

"Subject to the provisions of section 80 & 80A of the Act, the Company shall have power by means of an ordinary resolution passed at a general meeting of the Company to issue preference share which are at option of the Company are liable to be convertible / redeemed, and redemption or conversion may be effected in the manner and subject to the terms and conditions of its issue and failing the resolution authorised such issue, shall prescribed the manner, terms and conditions of redemption / conversion."

16. ISSUE OF CONVERTIBLE / REDEEMABLE PREFERENCE SHARES:

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

"RESOLVED THAT pursuant to article 5 of the Articles of Association of the Company and subject to SEBI approvals and other statutory provisions, if any, 50,00,000, 10% convertible/redeemable preference shares of Rs. 10/- each forming part of the authorised share capital of the Company and remaining unsubsribed be issued at par or premium, allotted to any person or persons as the Board of Directors may deemed fit, subject to the following terms and conditions:

1. The holders of the shares shall be entitled to receive a preferential dividend of 10% p.a in respect of paid up on the shares;
2. The holders of the shares shall be entitled to attend meetings and vote on resolution directly affecting there rights on all resolution at every meeting of the Company;
3. In a winding up, the holders of the shares shall be entitled to a preferential right of return of the Capital paid up thereon but without any further right or claim over the assets of the Company ; and
4. The entire issue shall be converted in to Equity shares of Rs.10/-each ranking pari passu with the existing equity shares of the company after completion of the one year from the date of the issue or will be redeemed as per the terms and conditions of the issue.

"RESOLVED FURTHER THAT the board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any committee thereof for the time being exercising the Powers conferred by the Board) be and is hereby authorized to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it mat in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in this regard and accept on behalf of the Company, any modifications to these terms which may be proposed by SEBI and which the Directors in their discretion think fit and proper."

17. PREFERENTIAL ALLOTMENT OF SHARES

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

RESOLVED THAT pursuant to Section 81(1A) of the Companies Act, 1956, and subject to any other provisions, if applicable of the Act, and enabling provisions in the Memorandum and Articles of Association of the Company and the existing listing agreement with the Stock Exchange(s) and subject to the guidelines, classification, circulars issued by the Securities and Exchange Board of India, from time to time, and subject to such conditions as may be imposed by such regulatory authorities, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee of Directors which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this Resolution) to create, issue/offer and allot 45,00,000 Equity Shares of Rs. 10/- each @ Rs 12/- each (Rs. 10/- f.v. + Rs. 2/- premium per share) for cash on preferential allotment basis to PROMOTERS/ BODIES CORPORATES /SELECTED INDIVIDUALS /OTHERS in the manner as may be decided by the Board in this behalf.

"RESOLVED FURTHER THAT:

- (i) The equity shares to be so issued and allotted shall be subject to the provisions of the memorandum and articles of association of the company and shall rank pari passu with the existing equity shares of the company .
- (ii) The Board be and is hereby authorised to accept any modification(s) to or to modify the terms of issue of the said new equity shares subject to the provisions of the Companies Act, 1956 and SEBI guidelines/ Regulations, without being required to seek any further consent or approval of the company in general meeting;



ADAM COMSOF LIMITED

(iii) For the purpose of giving effect to this resolution the Board be and is hereby authorised to do all acts, deeds and things as the board may in its absolute discretion consider necessary, proper, desirable or appropriate as per the Companies Act, 1956 and subject to any other provisions of the Act, if applicable for making the said issue as aforesaid and to settle any question, difficulty or doubt that may arise in this regard including the power to allot over-subscribed / under-subscribed portion if any, in such manner and to such person(s) as the Board may deem fit and proper in its absolute discretion to be most beneficial to the company.

(iv) The equity shares to be so issued and allotted shall be subject to the lock - in- provisions /guidelines of SEBI (Securities and Exchange Board of India).

(v) The relevant date for deciding the basis of price of the resultant shares shall be 1st December, 2003.

RESOLVED FURTHER THAT Mr.Vinod Hingorani or Mr. Vikash Seth, Directors of the Company, be and are hereby authorised to do all such acts, deeds, execute such documents , furnish such undertakings, as may be required for the purpose of giving effect to this Resolution in the best interest of the Company.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A BLANK PROXY FORM IS ENCLOSED AND IF INTENDED TO BE USED IT SHOULD BE RETURNED TO THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE ANNUAL GENERAL MEETING DULY COMPLETED.
2. Members / Proxies should fill the attendance slip for attending the meeting .
3. Members who hold the shares in dematerialised form are requested to bring their client ID or DP ID Nos. for easier identification of attendance at the meeting.
4. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of this Notice.
5. The Register of Members and Share Transfer Books of the Company, will remain closed from 29th December, 2003 to 31st December, 2003 (both days inclusive).
6. Share transfer documents and all correspondence relating thereto, should be addressed to the Company, Registrar and Share transfer Agents of the Company - M/s. ADAM COMSOF LTD, Narayan Bldg., 23, L.N. Road, Dadar (E), Mumbai -400014.

7. The 13th Annual General Meeting has been called on a shorter notice. Form 22-A is form part of the Balance Sheet, being the consent to be obtained from the members. Members are requested to give their consent for calling the Annual General Meeting on a shorter notice.
8. Members are requested to notify immediately any change in their addresses to the Company, at the above address.
9. During the year Ms. Sunita Narang, Chartered Accountants have resigned as the Statutory Auditor of the Company due to her other pre-occupations. The casual vacancy caused by her resignation was filled by the appointment of M/s. V.Subramanian & Co., Chartered Accountants, in the Extra-ordinary General Meeting held on 6th September, 2003 till the conclusion of 13th Annual General Meeting.
10. Over the years, it is possible that multiple folios have been created. In order to render better and efficient services, we request you to consolidate the multiple folios existing in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore no stamp duty or expenses are payable by you. In case you decide to consolidate your folios, you are requested to forward your share certificates to the Company's Registrar and Transfer Agent.
11. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company atleast seven working days prior to the meeting, so that the required information can be made available at the meeting.
12. In all correspondence with the Company, members are requested to quote their account/folio number and in case their shares are held in dematerialised form they must quote their client ID and their DP ID numbers.
13. Securities & Exchange Board of India, has made trading in the shares of the Company, compulsory in dematerialised form for all investors, with effect from 16th April, 2001. Shareholders are requested to open an account with Depository Participants, if not done so far.
14. Section 109A of the Companies Act, 1956, provides for nomination by the shareholders of the Company in the prescribed Form No. 2B. Shareholders are requested to avail of this facility. The Form 2-B prescribed by the Government, can be obtained from the Company.
15. Shareholders are requested to bring their copy of the Annual Report to the meeting.
16. Pursuant to the provisions of section 205 A of the Companies Act, 1956, as amended, dividends for the financial year ended June, March 31st, 1996 and thereafter, which remain unpaid or unclaimed , for a period of 7 years, will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not

13th Annual General Meeting

encashed the dividend warrants/cheques so far, for the financial year ended 31st March, 1996 or any subsequent financial years, are requested to make their claim to the share department, at the Registered office of the Company. It may be noted that once the unclaimed dividend is transferred to the government, as above, no claims shall lie in respect of such amount.

17. The Company has changed its custodian for Dematerialization of Shares from M/s Bigshare Services Pvt.Ltd. to Adam Comsof Limited having registered office at Narayan Building, 23, Lakhamshi Napoo Road, Dadar (E), Mumbai-14. Shareholders are requested to send their all correspondences in respect of transfer and demat of shares at the registered office of M/s Adam Comsof Limited.
18. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the

Registered Office of the Company, during office hours on all working days. Except Saturday and holidays, between 11.00 a.m. and 1.00 PM. upto the date of the Annual General Meeting.

By Order of the Board

Vinod Hingorani

Chairman

Registered Office:

Narayan Building,
23 Lakhamshi Napoo Road,
Dadar (East), Mumbai - 400 014

Mumbai, dated 5th December, 2003

EXPLANATORY STATEMENT

Explanatory Statement under Section 173 of the Companies Act, 1956

ITEM NOS. 4 & 5

Dr. Umesh Khariwala and Mr. Raja Yadav were appointed by the Board of Directors as an Additional Directors of the company at its meeting held on 8th October, 2003 and 25th November respectively. Pursuant to Section 260 of the Companies Act, 1956, both the directors will hold office as an Additional Directors up to the date of ensuing Annual General Meeting. The company has received a notice in writing from a member along with a deposit of Rs. 500/- proposing their candidature for office of the director of the company under the provision of section 257 of the Companies Act, 1956.

Pursuant to section 257 of the Companies Act, 1956 such appointments of Directors are required to be approved by the members in the general meeting. Thus the Board puts the resolution for your approval.

None of the Directors except Dr. Umesh Khariwala and Mr. Raja Yadav is interested in the resolution.

ITEM NO. 6

Section 269 of the Companies Act, 1956 provides that every Company having a paid up capital of Rs. 5 crores and above should have a Managing Director or Whole Time Director or Manager. In compliance of such provisions the Board has proposed to appoint Mr. Vikash Seth as the Managing Director of the company subject to the members approval in the Annual General Meeting for a term of 5 years w.e.f. 31st December, 2003 on the below mentioned terms and conditions:

Mr. Vikash Seth has rich experience in the industrial and commercial field and it will be advantageous for the Company to avail their valuable services and rich experience.

Pursuant to Section 198, 309 and other applicable provisions, if

any, of the Companies Act, 1956, remuneration payable to him by way of salary, perquisites, commissions and other allowances, shall not exceed 5% of the net profits of the Company and if there are more than one such director, 10% for all of them together in that financial year, further in the event of any loss or inadequacy of profits in any financial year of the Company during his tenure, remuneration payable to him including the perquisites, commissions and other allowances, shall be governed by the limit prescribed in section II of part II of schedule XIII to the Companies Act, 1956, as amended from time to time, provided that the remuneration payable to him shall not exceed the maximum limit prescribed under the Act read with Schedule XIII, since he is already been appointed as Managing Director in one more company.

Pursuant to section 269 read with schedule XIII of the Companies Act, 1956 appointment of Managing Director requires the approval of the members in the general meeting. Thus the board put the above resolution for your approval.

None of the Directors except Mr. Vikash Seth is interested in the resolution.

ITEM NO. 7

Section 293(1)(d) of the Companies Act, 1956, stipulates that the Board of Directors of a Company cannot borrow money (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the Company's Paid up Capital and Free Reserves (not set apart for any specific purposes) without the consent of the shareholders.

In order to fund the Company's expansion and diversification activities, it may be necessary to borrow loans, External Commercial Borrowings etc. to meet the funding requirement.

Hence, it is proposed to raise the borrowing limits to Rs. 100 Crores (Rupees One Hundred Crores) from Financial Institutions, Banks and other lending agencies. The resolution set out at item



ADAM COMSOF LIMITED

no.7 of the notice is put forth for consideration of the members as an ordinary resolution pursuant to Section 293(1)(d) of the Companies Act, 1956, as borrowings of Rs. 100 Crores (Rupees One Hundred Crores) exceed the aggregate of the paid-up capital and free reserves of the Company.

Your Directors recommend the resolution for approval.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

ITEM NO. 8

To meet the capital expenditure in connection with the expansion & diversification in above mentioned activities and also to meet the increased working capital needs, the Company proposes to avail of necessary financial assistance in the coming years up to an equivalent aggregate value of Rs. 100 Crores (Rupees One Hundred Crores) from financial institutions/banks/other lending agencies by way of Loans (including Foreign Currency Loans) as set out at item No. 8 of the notice.

To secure such borrowings, the company may be required to mortgage/charge/hypothecate the assets and properties of the Company, both present and future, as may be required by the Financial Institutions/Banks and other lenders.

As the documents to be executed between the company and Financial Institutions/Banks/Lenders of the Loans may contain the power to take over the management of the Company in certain events, it is necessary for the members to pass the resolution under Section 293(1)(a) of the Companies Act, 1956, before the creation of the Mortgages/Charges/Hypothecation in favour of the lenders.

Your Directors recommend the resolution for approval.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

ITEM NO. 9

In Terms of Section 372A(1), a Company cannot give loans, make investments or give guarantees which in the aggregate, exceed 60 Percent of the paid up Share Capital and Free Reserves of the Company or 100 Percent of the free reserves of the Company whichever is more without permission of shareholders in General Meeting.

Since the Investments made/proposed to be made, loans given/proposed to be given and guarantees provided / to be provided in future, may exceed the limits mentioned in Section 372A(1) of the Companies Act, 1956. Thus, it is necessary to pass a Special Resolution according sanction to the Board to exercise their powers under section 372A(1) of the Companies Act, 1956.

Your Directors recommend the resolution for approval.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

ITEM NO. 10

Section 81 (1A) of the Companies Act, 1956, provides, inter alia, that whenever it is proposed to increase the subscribed capital of a company by the allotment of further shares, such further shares shall be offered to any persons other than existing shareholders of the Company in the manner laid down in the said Section. The consent of the shareholders is, therefore, sought to authorise the Board of Directors to issue the shares in the manner set out in the resolution at item No.10.

The Board of Director is planning to come up with some new projects which is in the pipeline. The Board is working on the feasibility of the projects. The Board finds it suitable to go for Public Issue/ADR/GDR to meet the requirements of funds for the proposed projects, besides the working capital requirements of existing business.

The Board recommends the resolution for acceptance by the members.

Mr. Vinod Hingorani, Chairman and Director of the Company may be considered as interested in this Resolution to the extent of shares that may be offered to the Promoters, issued or allocated to him.

ITEM NO. 11

Presently the Company's Securities are listed on the following Four Stock Exchanges in India:

- The Stock Exchange, Mumbai. (Regional Stock Exchange)
- The Stock Exchange, Ahmedabad.
- The Calcutta Stock Exchange Association Ltd., Kolkata
- Cochin Stock Exchange Ltd., Cochin

Except Mumbai & Ahmedabad Stock Exchange, trading of the Company's shares at other stock exchanges is negligible. Extensive networking of the Stock Exchange, Mumbai (BSE), having nationwide terminals in all major cities as well as, investors have access to online dealing in the Company's securities across the Country. The Company shares are in the process of Dematerialization and very soon it will be completely in demat form.

In view of the above and extremely low trading volumes at the stock exchanges other than Bombay and Ahmedabad, the benefit accruing to the investors by keeping the shares of the Company listed on Stock Exchanges at Calcutta and Cochin are not commensurate with the costs incurred by the Company for continued listing on these Stock Exchanges.

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. Under these Guidelines, voluntarily delisting of shares from one or more stock exchanges have been permitted without obtaining buy-back to the shareholders