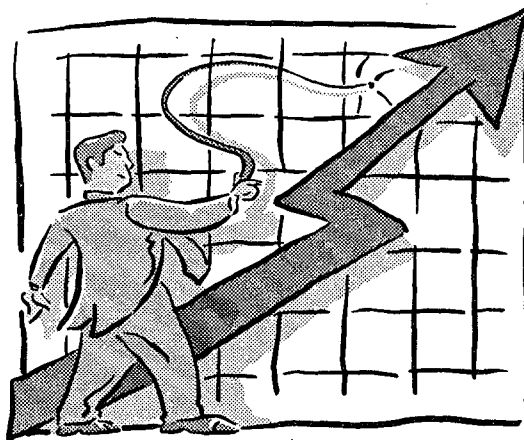


COMPUAGE INFOCOM LIMITED

Speed....Reliability....Valueperformance

8th Annual Report
2006-2007





COMPUAGE INFOCOM LTD.

COMPUAGE INFOCOM LTD.

Eighth Annual Report 2006-2007

Board of Directors

Atul H. Mehta
Bhavesh H. Mehta
G.S. Ganesh
C. Subramaniam
Vijay Agarwal

Registered Office

3, Dhuru Building, 1st Floor,
329, Vithal bhai Patel Road,
Mumbai-400 004.

Registrar & Share Transfer Agents

Intime Spectrum Registry Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai-400 078.

Auditors

M/s. B.V. Dalal & Co.
Chartered Accountants

Branches

Ahmedabad, Bangalore, Baroda, Bhubneshwar, Chandigarh, Chennai, Coimbtore, Dehradun, Delhi, Ghaziabad, Goa, Guwahati, Guragaon, Hyderabad, Indore, Jaipur, Jammu, Cochin, Kolkatta, Lucknow, Ludhiana, Mumbai, Nagpur, Parwanoo, Patna, Pondicherry, Pachukula, Pune, Raipur, Rajkot, Ranchi, Siliguri, Surat, Trivendrum, Vizag, Nasik, Vijayawada.

Bankers

Bombay Mercantile Co-op. Bank Ltd.
CITI Bank N.A
HDFC Bank Ltd.
Indian Overseas Bank
Standard Chartered Bank
ICICI Bank Limited



COMPUAGE INFOCOM LTD.

NOTICE

To,
The Members
Compuage Infocom Limited,

Notice is hereby given that the Extra Ordinary General Meeting of the equity share holders & preference share holders 'B' Series & 'C' Series of the Company be held on Friday, Fourteen day of September 2007 at 11.00 am at Hotel Kohinoor Park, Veer Savarkar Marg, Opp. Siddhivinayak Temple, Prabhadevi Dadar (west), Mumbai – 400 025, to transact the following Special business :

SPECIAL BUSINESS

a. Reduction of Capital

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

“RESOLVE THAT pursuant to the provisions of Section 100 to 104 and other applicable provisions of the Companies Act, 1956, Article No.15 of Articles of Association of the Company and subject to (a) the consent of the shareholders at the Extra Ordinary General Meeting, (b) the consent of the Series 'B' and Series 'C' Preference shareholders at the Extra Ordinary General Meeting (c) the consent of the other appropriate authorities, if any, and (d) the confirmation by the Hon'ble High Court of Judicature at Bombay and /or The National Company Law Tribunal and / or any other regulatory authority as may be prescribed under the Companies Act, 1956 in this regard and such other approvals as may be required, the following balances as on March 31, 2007 are proposed to be written off:

- a) Goodwill amounting to Rs. 12,63,02,491/- (Rupees Twelve Crores Sixty Three Lakhs Two Thousand Four Hundred Ninety One Only);
- b) Non Recoverable Debtors amounting to Rs. 5,43,20,463/- (Rupees Five Crores Forty Three Lakhs Twenty Thousand Four Hundred and Sixty Three Only);
- c) Non Moving Inventory (Modem Stock) amounting to Rs. 35,24,072/- (Rupees Thirty Five Lakhs, Twenty Four Thousand and Seventy Two only.
- d) Miscellaneous Expenditure amounting to Rs. 12,89,376/- (Rupees Twelve Lakhs Eighty Nine Thousand Three Hundred and Seventy Six Only)

against the following –

- a) Rs 7,27,73,150/- (Rupees Seven Crores Twenty Seven Lakhs Seventy Three Thousand One Hundred and Fifty Only) to be reduced from the existing issued subscribed and paid-up equity share capital of the Company.
- b) Rs. 4,61,89,183/- (Rupees Four Crores Sixty One Lakhs Eighty Nine Thousand One Hundred and Eighty Three Only) to be reduced from the issued subscribed and paid-up 12% Cumulative Redeemable Preference Share Capital (B Series) of the Company, by reducing the face value of the preference share from Rs.10/- per share to Rs.0.10 per share.



COMPUAGE INFOCOM LTD.

- c) Rs. 2,11,81,880 (Rupees Two Crores Eleven Lakhs Eighty One Thousand Eight Hundred and Eighty Only) to be reduced from the issued subscribed and paid-up 2% Cumulative Redeemable Preference Share Capital (C Series) of the Company.
- d) The balance remaining, if any, is proposed to be written off against the credit balance of Profit & Loss Account and General Reserve Account.

RESOLVED FURTHER THAT forthwith upon reduction of share capital taking effect, the paid-up equity share capital of the Company be Rs 5,18,00,000/- (Rupees Five Crores and Eighteen Lakhs Only) divided into 51,80,000 (Fifty One Lakhs and Eighty Thousand) Equity Shares of Rs 10/- each and that an amount of Rs. 7,27,73,150/- (Rupees Seven Crores Twenty Seven Lakhs Seventy Three Thousand One Hundred and Fifty Only) be cancelled.

RESOLVED FURTHER THAT forthwith upon reduction of preference capital taking effect, the paid-up preference share capital (B Series) of the Company be Rs 4,66,557/- (Rupees Four Lakhs Sixty Six Thousand Five Hundred and Fifty Seven Only) divided into 46,65,570 (Forty Six Lakhs Sixty Fifty Thousand Five Hundred and Seventy) Preference Shares of Rs 0.10 each fully paid-up and that an amount of Rs. 4,61,89,183/- (Rupees Four Crores Sixty One Lakhs Eighty Nine Thousand One Hundred and Eighty Three Only) be cancelled.

RESOLVED FURTHER THAT forthwith upon reduction of preference capital taking effect, the paid-up preference share capital (C Series) of the Company be Rs. 2,11,81,870 (Rupees Two Crores Eleven Lakhs Eighty One Thousand Eight Hundred and Seventy Only) divided into 21,18,187 (Twenty One Lacs Eighteen Thousand One Hundred and Eighty Seven) Preference Shares of Rs 10/- each fully paid-up and that an amount of Rs. 2,11,81,880 (Rupees Two Crores Eleven Lakhs Eighty One Thousand Eight Hundred and Eighty Only) be cancelled.

RESOLVED FURTHER THAT after the write off as mentioned above, balance amount, if any, to be written off from the Profit & Loss Account and General Reserve Account.

RESOLVED FURTHER THAT subject to the confirmation of Hon'ble High Court of Judicature at Bombay and/or the National Company Law Tribunal and/or any other regulatory authority as may be prescribed under the Companies Act, 1956 in this regard, the Board do incorporate the aforesaid reduction/adjustment in the annual accounts of the Company.

RESOLVED FURTHER THAT the scheme of reduction of the share capital of the Company as placed before this meeting and, for purpose of identification, initialed by the Chairman of the meeting thereof be and is hereby approved and Mr. Atul H Mehta, Managing Director and/or Mr. Sunil Mehta, Vice President Finance of the Company be and are hereby severally authorized to make such alterations, modification or amendments therein as may be expedient or necessary for complying with the requirement or condition imposed by the Hon'ble High Court of Judicature at Bombay and/or any other appropriate authorities .

RESOLVED FURTHER THAT Mr. Atul H Mehta ,Managing Director and/or Mr. Sunil Mehta, Vice President Finance be and are hereby severally authorized to do all such acts, matters, deeds and things as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise, for the purpose of giving effect to the reduction of the equity share capital and preference capital of the Company as placed before the meeting or to any modification thereof, in particular :



COMPUAGE INFOCOM LTD.

- i) To verify, sign deal, swear, affirm, declare, deliver, execute, make, enter into, acknowledge, record and perfect all deeds, declarations, instruments, affidavits, applications, petitions, objections, notices and writings whatsoever as may be usual, necessary, proper or expedite and all manner of documents, petitions, affidavits and applications in relation to the premises aforesaid;
- ii) To accept services of notices or other processes which may from time to time be issued in connection with the matter aforesaid;
- iii) To produce all documents, matters or other evidence in connection with the matters aforesaid and all and any of other proceedings incidental thereto or arising thereat;
- iv) To make, prepare any applications, petitions, appeals and judges summons before any court, tribunal, or all relevant authorities and respond to the appropriate authorities;
- v) To file the requisite applications in the Hon'ble High Court of Judicature at Bombay for seeking directions if any required for the purpose of convening and holding a general meeting of both equity and preference shareholders and / creditors whether secured or unsecured of the Company;
- vi) To file petitions, affidavits and / or other legal documents as may be required for confirmation of the reduction of the share capital of the Company by the Hon'ble High Court of Judicature at Bombay;
- vii) To do and perform all such other acts, matters, deeds and things and sign all documents as may be necessary as may be considered or desirable to give effect to this resolution;
- viii) To comply with all the necessary formalities, compliances and disclosures in this regard and to file the necessary forms, documents, documents with the Registrar of Companies."

b. Reduction of face value of Preference shares

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

"RESOLVED THAT pursuant to the provisions of Sec. 94 (1) (d) and all other provisions of the companies act, 1956 as applicable and subject to the approval of the members of the Preference Shareholders of (B Series) shares, the face value of Rs. 10/- each be reduced into preference shares of Rs. 0.10 each fully paid-up."

c. Alteration of the Capital Clause of the Memorandum of Association

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



COMPUAGE INFOCOM LTD.

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by way of replacing the existing para of the said clause with the following new para.

V) The Authorized Share Capital of the Company is Rs. 22,67,00,000 (Rupees Twenty Two Crores and Sixty Seven Lakhs only) divided into 1,92,54,000 (One Crore Ninety Two Lacs Fifty Four Thousand) Equity Shares of Rs. 10/- (Rupees Ten only) each, 46,65,600 (Forty Six Lacs Sixty Five Thousand Six Hundred) Preference Shares of Rs. 0.10 (Ten Paise Only) each and 33,69,344 (Thirty Three Lakhs Sixty Nine Thousand Three Hundred and Forty Four) Preference Shares of Rs. 10/- (Rupees Ten Only)."

RESOLVED FURTHER THAT the Directors of the Company, be and are hereby authorized to do all such acts, deeds and things as may be required for this purposes including to notify the Registrar of Companies about the amendment in the Memorandum of Association."

d. Alteration of the Capital Clause of the Articles of Association :

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

"RESOLVED THAT pursuant to the provision of Section 31 of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by substituting the following Article 4 of the Articles of Association for the existing Article 4:

4. The Authorized Share Capital of the Company is Rs. 22,67,00,000 (Rupees Twenty Two Crores and Sixty Seven Lakhs only) divided into 1,92,54,000 (One Crore Ninety Two Lacs Fifty Four Thousand) Equity Shares of Rs. 10/- (Rupees Ten only) each, 46,65,600 (Forty Six Lacs Sixty Five Thousand Six Hundred) Preference Shares of Rs. 0.10 (Ten Paise Only) each and 33,69,344 (Thirty Three Lakhs Sixty Nine Thousand Three Hundred and Forty Four) Preference Shares of Rs. 10/- (Rupees Ten Only).

RESOLVED FURTHER THAT the Directors of the Company, be and are hereby authorized to do all such acts, deeds and things as may be required for this purposes including to notify the Registrar of Companies about the amendment in the Articles of Association."

You are kindly requested to attend the meeting and oblige.

By the order of the Board

Sd/-

Bhavesh H. Mehta
Director

Place : Mumbai

Date : August 10, 2007

**Regd. Office Address : 3, Dhuru Building , 1st Floor,
329, Vithalbhai Patel Road,
Mumbai – 400 004**



COMPUAGE INFOCOM LTD.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business as set out in the Notice is annexed hereto.
4. Members/Proxies should bring duly filled and signed Attendance Slips sent herewith for attending the meeting. The Members holding shares in dematerialised form are requested to bring their client ID and DP ID Numbers for easy identification of attendance at the meeting.

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COMPUAGE INFOCOM LTD.

EXPLANATORY STATEMENT AS REQUIRED UNDER THE PROVISIONS OF SEC. 173 OF THE COMPANIES ACT, 1956

As required under Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the business mentioned under Item Nos. a to d of the accompanying Notice dated August 10, 2007.

Item no. a

The Board of Directors in the Board Meeting held on August 10, 2007 have passed a resolution for providing for following unproductive and unrecoverable assets:

- a) Goodwill that has arisen pursuant to amalgamation of the Company with Worldwide Infocom Ltd in the year 1999 -2000 to be written off;
- b) Debtors of Worldwide Infocom Ltd and Compuage Software Technologies Private Limited, which the Company has not been able to recover despite repeated efforts;
- c) Inventory belonging to Worldwide Infocom Ltd , which has become obsolete and hence cannot be sold.
- d) Miscellaneous Expenditure

The said unproductive and unrecoverable assets are not recoverable by the Company during its normal course of business, it would be apt for the Company to write off the said amounts against the paid-up share capital of the Company. Therefore, the said proposal for the writing off the Goodwill, Bad Debts, Non moving Inventory and Miscellaneous Expenditure of the Company as on March 31, 2007 against the Paid-up share capital of the Company requires the approval of the members by way of special resolution. The Board proposes the following:

- a) The Cancellation of 72,77,315 Equity shares Rs. 10/- each of the paid-up share capital of the Company amounting to Rs. 7,27,73,150/-,
- b) The reduction of face value of Preference share (B series) of Rs. 10/- each by Rs. 9.90 thereby reducing the paid-up Preference capital (B Series) of the Company amounting to Rs. 4,61,89,183/- (Rupees Four Crores Sixty One Lakhs Eighty Nine Thousand One Hundred and Eighty Three Only);
- c) The cancellation of 21,18,187 Preference Share ('C' Series) of Rs. 10/- each of the paid-up of the company amounting to Rs. 2,11,81,870/-
- d) To utilize balance if any remaining against the balance lying to the credit of Profit and Loss Account and General Reserve Account.
- e) The Shareholding Pattern of the Company, after the proposed resolution, shall stand as under-



COMPUAGE INFOCOM LTD.

| Category | Prior to Reduction (30.06.2007) | | Post Reduction | |
|--------------------------|------------------------------------|---------------|------------------|---------------|
| | Number of shares | % | Number of shares | % |
| Promoters | 61,72,911 | 49.55 | 25,66,690 | 49.55 |
| Public | | | | |
| - Institutions | 2,534 | 0.02 | 1,036 | 0.02 |
| - Other Bodies Corporate | 26,57,532 | 21.33 | 11,04,894 | 21.33 |
| - General Public | 32,00,940 | 25.70 | 13,31,260 | 25.70 |
| - NRI / OCBs | 3,97,712 | 3.19 | 1,65,242 | 3.19 |
| - Clearing Members | 25,686 | 0.21 | 10,878 | 0.21 |
| TOTAL | 1,24,57,315 | 100.00 | 51,80,000 | 100.00 |

- f) The said resolutions or the writing of Goodwill, Bad Debts Non Moving Inventory and Miscellaneous Expenditure against the capital and profit and loss account and general reserve account of the Company is placed before the members for approval.
- g) It is also proposed to confer on the officers of the Company certain powers regarding reduction of the issued, subscribed and paid-up equity share capital, as set out in the proposed special resolution.
- h) Authority of the shareholders is also sought to be given to the Board for giving appropriate directions in case of any practical difficulties arising upon implementation.
- i) None of the Directors are concerned or interested in the said resolution except to the extent of their respective shareholdings..

Item no. b, c, d

The Company proposes to convert the existing Rs. 10/- paid-up ('B' Series) Preference share capital by way of reducing the face value of shares into Rs. 0.10 each fully paid-up the shares into face value of Rs. 0.10 each fully-paid-up. The said splitting of ('B' Series) Preference shares of the company into smaller value and the corresponding alterations of the capital clause of the Memorandum and the Articles of Association requires the approval of the members.

Consequent to the reduction in capital by reducing the face value of preference shares, Clause V of the Memorandum of Association and Article 4 of the Articles of Association, proposed to be amended as set out in the Resolutions of the accompanying Notice.

None of the Directors are concerned or interested in the said resolution

By the Order of the Board

Sd/-

Bhavesh H. Mehta
Director

Place : Mumbai

Date : August 10, 2007

Regd. Office Address :

3, Dhuru Building , 1st Floor,

329, Vithalbhai Patel Road, Mumbai – 400 004

COMPUAGE INFOCOM LTD.**3, Dhuru Building, 1st Floor, 329 Vithalbhai Patel Road, Mumbai -400 004.****ATTENDANCE SLIP****(To be handed over at the entrance of the Meeting Hall)****Full Name of the Member attending (in block letters)** _____

Full Name of the first joint holder _____

(To be filled-in if first named joint-holder does not attend the meeting)

Name of the Proxy _____

(To be filled-in if the proxy form has been duly deposited with the Company)

I hereby record my presence at the **EXTRA ORDINARY GENERAL MEETING** of the Company held on Friday, the 14th September, 2007 at Hotel Kohinoor Park, Veer Savarker Marg, Opp. Sidhivinayak Temple, Prabhadevi Mumbai 400 025 at 11.00 a.m.

Regd. Folio No.: _____

OR

DP ID / CLIENT ID: _____

Member's / Proxy Signature _____

No. of shares held: _____ (to be signed at the time handing over of this slip)

COMPUAGE INFOCOM LTD.**3, Dhuru Building, 1st Floor, 329 Vithalbhai Patel Road, Mumbai -400 004.****FORM OF PROXY**

I/We _____

of _____ in the district of _____

_____ being a member(s) of the above named company, hereby

appoint Mr./Ms. _____

of _____ in the district of _____

of failing him / her Mr./Ms. _____

of _____ in the district of _____

as my / our proxy to vote for me / us, on my / our behalf at the **EXTRA ORDINARY GENERAL MEETING** of the Company held on Friday, the 14th September, 2007 at Hotel Kohinoor Park, Veer Savarker Marg, Opp. Sidhivinayak Temple, Prabhadevi Mumbai 400 025 at 11.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2007.

Regd. Folio No.: _____

OR

DP ID / CLIENT ID: _____

No. of shares held: _____

Affix
Re. 1.00
Revenue
Stamp

Note : The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding of the meeting