

*Annual Report*  
*2004-2005*



*because we can!*

**ORG INFORMATICS LTD.**  
**(An ISO 9001:2000 Company)**

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## Board of Directors

Mr. Kartikeya V. Sarabhai  
*Chairman*  
Mr. Ajoy Khandheria  
*Managing Director & CEO*  
Mr. John Cornell  
Prof. V. Raghunathan  
Dr. Arun Sobti  
Mr. B.V. Suryakumar

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## Auditors

Deloitte Haskins & Sells  
Chartered Accountants  
12, Dr. Annie Besant Road  
Opp. Shivsagar Estate  
Worli, Mumbai-400 018

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

## ORG Informatics Limited

Regd. Office:

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

### Notice

The Twenty Nineth Annual General Meeting of the Company will be held on Tuesday, August 30, 2005 at 11.00 A.M. at Vanijya Bhavan, Race Course, Vadodara to transact the following business:

### Ordinary business:

#### Item 1

To receive, consider and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31.3.2005 and the Balance Sheet of the Company as on that date.

#### Item 2

To appoint a Director in place of Dr. Arun Sobti, who retires by rotation and being eligible offers himself for re-appointment.

#### Item 3

To appoint a Director in place of Mr. John Cornell, who retires by rotation and being eligible offers himself for re-appointment.

#### Item 4

To appoint Messrs Deloitte Haskins & Sells, Chartered Accountants, Mumbai, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the board to fix their remuneration.

### Special business:

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

#### Item 5- Ordinary Resolution

To appoint a Director in place of Mr. B.V. Suryakumar, who holds office of a Director upto a date of this Annual General Meeting and being eligible offers himself for re-appointment.

#### Item 6 - Special Resolution

"RESOLVED that in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956, (including any reenactment and/or amendment thereof, for the time being in force), the provisions of Memorandum and Articles of Association of the Company, guidelines issued by Securities and Exchange Board of India (SEBI) applicable to issue of equity shares on preferential basis, Listing Agreement entered into with Stock Exchanges, Foreign Exchange Management Act, 1999 and their regulations, and any other applicable law for the time being in force and subject to such consents, approvals, permissions or sanctions, required if any, and subject to necessary approvals of requisite authorities as might be required; the consent/approval of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board") to issue and allot, on preferential basis, 2,87,500 equity shares of Rs.10/- each, to MJuix Telecom Solutions (P) Limited, India (hereinafter referred to as "MJUIX") at a price to be arrived at as per the relevant provisions of the SEBI (Disclosure and Investor Protection Guidelines), 2000 as amended to date for an amount of Rs. 2.30 Crores towards settlement of claims of various creditors lying in the books of the Company as on March 31st, 2005 as per the company's arrangement with MJUIX in this regard upto the value of Rs. 2.30 Crores upon and subject inter-alia to the following terms and conditions.

- i) the new equity shares will be issued and allotted as fully paid up to MJUIX.
- ii) the said new equity shares to be issued and allotted by the Company will be subject to the Memorandum and Articles of Association of the Company and will carry the same rights including that of voting as the existing issued Equity Shares of the Company and shall rank pari passu with the existing issued Equity Shares of the Company.

"RESOLVED FURTHER THAT MJUIX will be solely responsible to settle the claims of aforementioned creditors of the company as at March 31, 2005 either by further transfer of shares of the Company, which is being issued to MJUIX as per this resolution, to the creditor(s) as per their consent or through direct cash payment, within a period of 3 years from the date of allotment to MJUIX or any such further period as may be think fit by the Board of Directors (settlement period). In case of claim of any such creditor(s) remaining unsettled after the cessation of the settlement period, MJUIX shall pay to the Company in cash an amount equivalent to the unsettled portion."

"RESOLVED FURTHER that for the purpose of giving effect to all or any of the foregoing from time to time, the Board be and is hereby authorized to prescribe and finalise such forms and documents, in respect of the said new equity shares, to give such directions or instructions, as it may, from time to time, deem fit and proper and do all such acts, deeds, matters and things whatsoever including settling any question, doubt or difficulty that may arise with regard to or in relation to the issue or allotment of the said new equity shares or any of them and paying Service Charge to MJUIX not exceeding 1% of the value of the Creditors settled by MJUIX, obtaining Bank Guarantees, Bonds from MJUIX to protect the Company and its shareholders etc. from any claim of creditors or any other agency, as the Board may in its absolute discretion deem necessary, desirable, expedient, usual or proper and the Board is also authorized to make such modifications and alterations in the terms of settlement of creditors with MJUIX as it may in its absolute discretion, think fit in the best interest of the Company".

#### Item 7- Special Resolution

"RESOLVED THAT as an addendum to the special resolution dated August 30, 2003 passed by the shareholders in the Annual General Meeting held on August 30, 2003 for Issuance of the Stock Options to the employees of the Company, following resolution for issuance of the Stock Options to the employees of ORG Telecom Limited, subsidiary of ORG Informatics Limited be formed part of that resolution.

RESOLVED FURTHER THAT in accordance with the provisions of Sections 79A and 81 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the ACT") and the provisions contained in the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "The Regulations") including any statutory modification(s) or re-enactment of the Act or the Regulations for the time being in force) and the Regulations/ Guidelines prescribed by any other relevant authority from time to time to the extent applicable and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "The Board" which term shall be deemed to include the Compensation Committee of the Board of Directors) or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board in its sole discretion, THE CONSENT OF THE COMPANY BE AND IS HEREBY ACCORDED to the Board to create, offer, issue and allot at any time to or for the benefit of such employees and or

directors of the Subsidiary of the Company (ORG Telecom Limited) as may be eligible under the Regulations and as may be decided solely by the Board under a scheme titled "Employee Stock Option Scheme" (hereinafter referred to as "the ESOS" or "the Scheme"), such number of equity linked options ("the Options") which grant to such employees and or directors, the benefit or right to purchase or subscribe to securities offered by the Company at a future date, the exercise of which could give rise to the issue of equity shares not exceeding 10% of the issued equity share capital of the Company as on the date of such grant at such price, in such manner, during such period in one or more tranches and on such terms and conditions as the Board may decide in accordance with the Regulations or other provisions of the law as may be prevailing at the relevant time.

"RESOLVED FURTHER THAT the Options may be allotted directly to such employees/ directors or in accordance with a Scheme framed in that behalf through any appropriate mechanism including a trust or other entity which may be set up in any permissible manner for that purpose and that such scheme may also contain provisions for providing financial assistance to the employees / trust / entity to enable the employees / trust / entity to acquire, purchase or subscribe to the securities".

"RESOLVED FURTHER THAT the new equity shares to be issued and allotted in the manner aforesaid shall rank *pari passu* in all respects with the then existing equity shares of the Company save and except that such equity shares shall carry the right to receive either the full dividend or a *pro rata* dividend from the date of allotment, as may be determined by the Board, declared for the financial year in which the new equity shares are allotted."

"RESOLVED FURTHER THAT for the purpose of creating, offering, issuing, allotting and listing of the securities, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect the Scheme and to make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, usual, proper or desirable for such question, difficulty or doubt whatsoever as may arise with regard to the creation, offer, issue and allotment of the shares without requiring the Board to secure any further consent or approval of the members of the Company".

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers to any Committee of Directors of the Company to give effect to the aforesaid Resolution."

"RESOLVED FURTHER the employees of Subsidiary of the Company (ORG Telecom Limited) shall be entitled to participate in the present scheme of ESOS as adopted by the Company".

"RESOLVED FURTHER Company shall be free to implement its present scheme of ESOS through Trust route too as mentioned in the Regulations whether for the employees of the Company or its subsidiary (ORG Telecom Limited) and finance this Trust in accordance with the law".

#### **Item 8 - Special Resolution :**

"Resolved that pursuant to the provisions of sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto, including any statutory modification or enactment thereof for the time being in force and also subject to consent of the Shareholders of the Company, Mr. Ajoy K. Khandheria, be and is hereby re-appointed as Managing Director of the Company, for a period of 5 years with effect from 24.2.2006 as per the terms and conditions set out in the Explanatory Statement".

#### **Item 9 - Special Resolution :**

RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and Foreign Exchange Management Act and rules and regulations framed there-under and subject to Guidelines, Regulations and clarifications issued by Securities and Exchange Board of India ( hereinafter referred to as "SEBI") for the time being in force and subject to such other approvals, consents, permissions and sanctions from all other appropriate authorities, if and to the extent necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors (hereinafter called "the Board" which term shall be deemed to include any committee, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Consent of the members be and is hereby accorded to the Board to offer, issue and allot 20,00,000 (Twenty Lacs only) warrants to the proposed allottees namely M/s Dobinae Inc., Himdhaval Investment Private Limited and Himrashi Investment Limited on preferential basis @ Rs. 80 per warrant convertible at the option of the warrant holder into equity shares of Rs. 10/- each at a premium of Rs 70/- per share, being the price with respect to the relevant date i.e. July 31, 2005, being the date 30 days prior to the date on which the general meeting of shareholders is to be held to consider the proposed issue,, in accordance with the provisions of Chapter XIII on preferential issues of SEBI (Disclosure and Investor Protection) Guidelines, 2000 in this behalf.

RESOLVED FURTHER THAT the equity shares allotted in terms of this resolution shall rank *pari-passu* in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the warrants to be issued may be converted into equity by the proposed allottees in one or more tranches, in parts and the listing approval from stock exchange may be received accordingly.

RESOLVED FURTHER THAT availment/ failure to avail by one or more of the allottees of the option to get warrants converted into equity shares of company shall not affect right, title, entitlement and legalities of other allottees.

RSOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid Securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.



RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors to give effect to the aforesaid resolution."

By Order of the Board of Directors,

Gaurav Kumar Arora  
Company Secretary

July 29, 2005

#### 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 A PROXY NEED NOT BE A MEMBER.
2. 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 August 24, 2005 to August 30, 2005 (both days inclusive)
3. Shareholders holding the shares in Electronic form are requested to bring their Client ID and DPID at the meeting for easy identification.
4. The information required to be given pursuant to Corporate Governance Code regarding appointment / reappointment of Director/s is as under:
  - i) Dr. Arun Sobti is Ph.D, Electrical Engineering. He has more than 30 years of experience in Communications Industries.  
He holds directorship in 1 other company.
  - ii) Mr. John Cornell is a Bachelor of Science in Accounting from the University of Kentucky. He has over 22 years of experience in the fields of Financial Management, Accounting Functions, Business Development, Establishing Joint Ventures in the people Republic of China and India. He worked with ConvergeLabs Corporation, USA, Harris Corporation's Digital Telephone Systems Division, Corporate Treasury for Texas Gas Corporation etc.  
He holds directorships in 5 other companies including Private Limited Companies.
  - iii) Mr. B.V. Suryakumar is a Graduate in Commerce and Professional Cost Accountant (ICWAI). He has over 43 years of wide and varied experience in Managing various areas of Corporate Management. His last employment was at Essar Projects Limited, Mumbai where he served at its Whole-time Director & CEO.  
He holds Directorships in 5 other Companies including Private Limited Companies.

#### Explanatory Statement.

required under Section 173 of the Companies Act, 1956, to accompany the notice of Twenty Ninth Annual General Meeting of the Company.

#### Item 5

The Board of Directors of the Company, had at its meeting held on 22.06.2005 appointed Mr. B.V. Suryakumar as Additional Director on the Board of Directors of the Company. In terms of the provisions of Section 260 of the Companies Act, 1956, he hold office of a Director only upto the date of ensuing Annual General Meeting of the Company, but he is eligible for re-appointment. As required under Section 257 of the Companies Act, 1956, notice has been received from a member signifying his intention to propose his name for the office of Director. The Board of Directors

considers it desirable that the Company continues to avail of the services of Mr. B.V. Suryakumar as Director of the Company. Mr. B.V. Suryakumar may be considered to be interested in the resolution.

Your Directors commend the Resolution as set out in the accompanying notice.

#### Item 6

As at March 31, 2005 the Company has total current liabilities of Rs. 35.27 Crores. Out of the current liabilities of Rs. 35.27 Crores, the Company owes Rs. 2.30 Crores to various creditors/ex-employees. Now MJUIX has agreed to take over this portion of Rs. 2.30 Crores of total current liabilities against consideration of the shares as mentioned herein.

Company has got a certificate from an Independent Chartered Accountant in this regard which is available for Inspection of the Shareholders of the Company at the registered office of the Company or can be posted to Shareholders at their request. Extract of the Agreement entered into with MJUIX can also be provided to the Shareholders/other concerned persons on request.

With a view to discharge this obligation of the Company, the Board of Directors of the Company has finalised an arrangement with MJUIX Telecom Solutions (P) Ltd., India to settle these Creditors either through further transfer of shares of the Company or through direct cash payment to them, subject to condition that proportionate number of equity shares of the Company are issued and allotted to MJUIX in compliance with applicable acts/rules/regulations / guidelines.

MJUIX will keep the Company regularly updated regarding settlement of Creditors on behalf of the Company through monthly reporting to the Company and shall keep the company reimbursed if Company has to pay any creditors against whom shares have already been allotted to MJUIX pursuant to this resolution. MJUIX will keep all of the Creditors settled within a period of 36 months from the date of allotment of shares under this resolution or any such further period as may be decided by the Board of Directors (Settlement Period) of the Company and in respect of creditors remaining unsettled after Settlement Period pursuant to this resolution, MJUIX, shall pay to Company, in cash an amount equivalent to unsettled Creditors amount. List of the Creditors along with relevant details have been finalized between MJUIX and Board of Directors of your Company and the same has been agreed to and signed by both the parties.

The proposed arrangement would reduce the outstanding liability of the Company and may, in future, improve the current ratio. Moreover, the Company would not be required to discharge the liability by cash payment. This is obvious from the Financial Results of the Company that, during the last year also by converting the loan into equity, your Company was successful in achieving a higher Earning Per Share as well as total profitability.

#### Disclosure pursuant to Clause (C) of Sub-regulation (1) of Regulation (3) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

#### 1. Identity of the proposed allottee and the price at which the allotment is proposed:

- (A) Issue price : Share of Rs. 10/- each at a premium of Rs. 70/- per share.
- (B) Name & Address : MJUIX Telecom Solutions (P) Ltd.  
of proposed allottee 101, Padma Towers,  
Rajindra Place, New Delhi
- (C) Type of Security : Equity Shares

**2. Reasons for allotment:**

The allotment is proposed to be made with a view to discharge the Company's pending liability towards various individual creditors.

**3. Present shareholding of the proposed allottee:**

MJUIX presently do not hold any share in the Company.

**4. After the securities proposed to be allotted as in (1) above, the percentage of their holding to the post issue capital, after the proposed allotment will be as below:**

MJUIX would come to hold 2,87,500 equity shares of Rs.10/- each of the Company which would constitute 2.46% of its enhanced equity share capital. The enhanced equity share capital of the Company would come at Rs.11.69 Crores divided into 1,16,94,671 equity shares of Rs.10/- each.

**5. Consequential change in the Board of Directors and voting rights:**

The Company does not envisage any change in the Board of Directors or in control of the Company.

Pre-Issue and post issue shareholding pattern of the Company based on holding on 29.07.2005.

**PRE-ISSUE SHAREHOLDING PATTERN.**

Category	No. of shares held	Percentage of Shareholding.
<b>A Promoters holding*</b>		
1 Promoters		
- Indian Promoters	4223797	37.0275
- Foreign Promoters	4245667	37.2193
2 Persons acting in Concert	-	-
<b>Sub Total</b>	<b>8469464</b>	<b>74.2468</b>
<b>B Non Promoters holding</b>		
3 Institutional Investors		
a. Mutual Funds & UTI	42	0.0004
b. Banks, Financial Institution, Insurance Companies, (Central/State Govt. Institutions/Non Govt. Institutions.	534	0.0047
c. FII's	400000	3.5065
<b>Sub Total</b>	<b>400576</b>	<b>3.5116</b>
4 Others		
a. Corporate Bodies	488180	4.2796
b. Indian Public	2044510	17.9230
c. NRIs/OCBs	3125	0.0274
d. Any others		
(i) Foreign National	6	0.0001
(ii) Trust	1310	0.0115
<b>Sub Total</b>	<b>2537131</b>	<b>22.2416</b>
	<b>11407171</b>	<b>100.00</b>

**POST ISSUE SHAREHOLDING PATTERN.**

Category	No. of Shares held	Percentage of Share-holding
<b>A Promoters holding*</b>		
1 Promoters		
- Indian Promoters	4223797	36.1173
- Foreign Promoters	4245667	36.3043
2 Persons acting in Concert	-	-
<b>Sub Total</b>	<b>8469464</b>	<b>72.4216</b>
<b>B Non Promoters holding</b>		
3 Institutional Investors		
a. Mutual Funds & UTI	42	0.0004
b. Banks, Financial Institution, Insurance Companies, (Central/State Govt. Institutions/Non Govt. Institutions.	534	0.0046

c. FII's	400000	3.4203
<b>Sub Total</b>	<b>400576</b>	<b>3.4253</b>
4 Others		
a. Corporate Bodies	775680	6.6327
b. Indian Public	2044510	17.4824
c. NRIs/OCBs	3125	0.0267
d. Any others		
(i) Foreign National	6	0.0001
(ii) Trust	1310	0.0112
<b>Sub Total</b>	<b>2824631</b>	<b>24.1531</b>
	<b>11694671</b>	<b>100.00</b>

Section 81, 81 (1A) of the Companies Act, 1956 requires the approval of the shareholders for issue and allotment of equity shares to any person/s, whether the said person/s is/are the shareholder/s of the Company or not, if the allotment is not to be made on a pro rata basis to the existing shareholders. The Listing Agreements with Stock Exchanges, provide, inter alia, that the Company in the first instance should offer all the shares to be issued pro rata to the equity shareholders unless the shareholders in a general meeting decide otherwise. Draft Special Resolution proposed at item No.6 of the accompanying notice relates to such a proposal of issue of equity shares by the Company to discharge its liabilities.

Therefore the Company is seeking your consent for such proposal as contained in the draft Special Resolution No. 6 of the accompanying notice. The Explanatory Statement pertaining to the said resolution setting out all material facts and the reason for which such resolution is proposed is also given. Accordingly, the said draft Special Resolution and Explanatory Statement are being sent to you for your consideration.

The Board of Directors of the Company accordingly recommends the Special Resolution/ Item as set out in the notice for your approval and acceptance.

Mr. Ajoy K. Khandheria, Managing Director of the Company is deemed to be interested in the resolution to the extent of his Directorship in MJUIX.

Other Directors of the Company may be deemed to be concerned or interested in the resolution as set out in the Notice pursuant to Section 192 A of the Companies Act, 1956 to the extent of shares held by them in the Company, if any.

**Item 7**

With liberalization and opening up of the Indian Economy, the country's business environment has become increasingly competitive. It is, therefore, considered imperative that appropriate measures be adopted by the Company for attracting and retaining qualified, talented and competent personnel. An Employee Stock Option Scheme ("the ESOS" or "the Scheme") is being resorted to by many Indian Companies as a tool for this purpose. Internationally also the scheme has been widely accepted by the employees. The scheme is designed to foster a sense of ownership and belongingness amongst the employees by aligning their interests with those of the Company and its shareholders so as to enhance shareholder value. ESOS has the potential to provide an opportunity to employees to share in the Company's growth.

The Securities and Exchange Board of India (SEBI) has introduced a comprehensive set of regulations known as SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (the Regulations). Pursuant to the Regulations, the Company had proposed to introduce an ESOS for the benefit of the permanent employees of the Company and its Directors (present and future) during AGM held on August 30, 2003 in accordance with the aforesaid Regulations issued by SEBI. Now

Company has decided to make this scheme applicable to the Subsidiary of the Company i.e. ORG Telecom Limited also. As per the requirement of the SEBI Regulations application of the Scheme over Subsidiary requires separate approval from the Shareholders of the Company hence this resolution is proposed to be passed by the Shareholders as Special Resolution.

Rest of the features of the old Scheme has been retained as it is except with an alternate to administer the scheme through Trust Route too.

However for the convenience of the Shareholders following information is being made/ reiterated herein below:

The scheme will be under the superintendence of and be administered by the Compensation Committee of the Board, the majority of whose Members are Independent Directors or through Trust. The Compensation Committee/Trust will formulate the detailed terms and conditions of the Scheme including:

- Number of options to be granted to any employee, and in the aggregate;
- Terms on which the options will vest;
- The conditions under which options vested in employees may lapse;
- The exercise period within which an employee should exercise the option, and lapsing of option on failure to exercise the option within the exercise period;
- The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of the employee;
- The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
- The grant, vesting and exercise of option in case of employees who are on long leave;
- Procedure and mechanism for cashless exercise of options;
- Lock-in period for the shares issued pursuant to exercise of the options; and
- Any other related or incidental matters.

The salient features of the proposed ESOS are as under:

- a) The total number of Options to be granted  
The total number of Options that may, in the aggregate, be granted under this ESOS shall not exceed 15 lakh equity shares.
- b) Identification of classes of employees entitled to participate in the ESOS  
Persons who are "employees" of the company including directors, as defined in the Regulations for the time being in force, and as may be decided by the compensation committee from time to time.  
  
The class of employees eligible for participating in the ESOS shall be determined on the basis of the grade of the employee, length of service, his role and contribution to overall performance of the Company, the performance of profit centre / division to which he belongs, merit of the employee, future potential contribution by the employee, sense of loyalty and / or such other criteria as may be decided by the Compensation Committee in its sole discretion from time to time.

- c) Requirement of vesting and period of vesting  
Vesting of options may commence after a period of not less than one year from the date of grant. Vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as may be stipulated by the Compensation Committee in its sole discretion.
- d) The Options shall, unless vested within a maximum period of four years from the date of grant (subject to fulfillment of the conditions of vesting, if any), lapse.
- e) Exercise Price or pricing formula  
The Exercise price for the purpose of the grant of Options will be decided by the Compensation Committee at the time of the grant of Options to an employee/director and shall not be less than the par value of the Company's equity share. The Exercise price shall be calculated based on the weighted average of the daily market price of the Company's equity shares quoted on the Stock Exchange, Mumbai during such period as may be determined at the time of the grant by the Compensation Committee. ESOS Compensation Committee had decided to adopt the par value of weighted average of the daily market price of the Company's equity shares quoted on the Stock Exchange for one year or par value whichever is high so the same will remain applicable on Subsidiary also.
- f) Exercise Period and the process of Exercise  
The exercise period may commence from the date of vesting and will expire not later than 4 years from the date of vesting or such other period as may be decided by the Compensation Committee from time to time.  
  
The options will be exercisable by the employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time.  
  
The options will lapse if not exercised within the specified exercise period. The options may also lapse under certain circumstances even before expiry of the specified exercise period.
- g) Appraisal Process for determining the eligibility of employees of the Scheme.  
The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee, and will be based on criteria such as the grade of the employee, length of service, performance record, merit of the employee, future potential contribution by the employee, and / or any such other criteria that may be determined by the Compensation Committee in its sole discretion.
- h) Maximum number of Options to be granted per employee/director  
The maximum number of Options that may be granted to an individual employee / director shall not exceed 300,000 shares.  
  
The Options may be allotted directly to the eligible employees / directors or in accordance with a scheme framed in that behalf through any appropriate mechanism including a trust or other entity which may be set up for that purpose, and such scheme may also contain provisions for providing financial assistance to the employees / trust / entity to enable the employees / trust / entity to acquire, purchase or subscribe to the securities.



- i) The Company will conform to the accounting policies specified in Clause 13 of the Regulations, and / or such other guidelines as may be applicable from time to time.
- j) The Options shall be evaluated using the [Fair value Method / Intrinsic Value Method].
- k) In case the Company calculates the employee compensation cost using the intrinsic value of the Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options, shall be disclosed in the Director's report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Director's report.

As the Scheme will entail further shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Act, and as per the requirement of Clause 6 of the Regulations.

The Resolution at item No. 7 accordingly seeks the consent of the shareholders pursuant to the provisions of Section 81 and other applicable provisions of the Companies Act 1956 and as per the requirement in terms of clause 6.1 of the Regulations so as to enable the Company to introduce the ESOS and issue the equity shares in the manner set out therein. The said Resolution is an enabling Resolution Authorizing the Board / Compensation Committee/Trust to introduce ESOS in the terms of the Regulations, if considered desirable or necessary.

In the context of this Resolution word Company may include its Subsidiary Company namely ORG Telecom Limited and word Compensation Committee may include Trust also wherever it is required.

The Directors commend the Resolution as set out at item No. 7 for approval by the shareholders.

The Directors of the Company may be deemed to be concerned or interested in this Resolution to the extent of the options that may be offered to them under the scheme.

#### Item 8

The Board of Directors of your Company had at its meeting held on 25th February, 2003 appointed Mr. Ajoy Khandheria as a Managing Director and Chief Executive Officer of the Company for a period of 3 years effective from 25th February, 2003 subject to your approval and also subject to such other approvals as may be necessary in this regards. Now having regard to the performance of the said Mr. Ajoy Khandheria Board is on the opinion to retain services of Mr. Ajoy Khandheria, for a further period of 5 years from the date of 24th February, 2006 on the following main terms and conditions relating to remuneration of payment.

#### 1. Salary :

As per the provisions of Schedule XIII as may be decided by the Remuneration Committee from time to time subject to 5% of the Profits of the Company as per the provision of the Schedule XIII and in case of inadequacy of Profits as per other applicable provisions of the Schedule XIII as amended from time to time.

#### 2. Perquisites:

The said perquisites are classified into the following categories "A", "B" and "C".

#### Category - A

##### i. Medical Reimbursement:-

Medical expenses incurred for Mr. Khandheria and his family will be reimbursed by the Company. This shall however be subject to a ceiling of Rs. 50000/- per year or Rs. 1,50,000/- over a period of three years.

##### ii. Leave Travel Concession:-

For Mr. Khandheria and his family once in a year incurred in accordance with the rules of the Company.

##### iii. Personal Accident Insurance:-

Personal Accident Insurance of an amount, the premium of which shall not exceed Rs.5000/- per annum.

#### Category - B

Leave at the rate of 1 month for every 11 months service.

#### Category - C

Car provided for use for the Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on the telephone and use of car for private purposes shall be billed by the Company.

No other Director of the Company expect Mr. Ajoy Khandheria is concerned or interested in the above resolution. The accompanying notice together with explanatory statement is and should be treated as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act, 1956.

#### Item 9

The Company would be in the requirement of additional funds for implementation of new projects/acquisitions etc. and hence B.O.D. has entered into arrangement with the Proposed Allottees to arrange funds as the part of the additional requirement. Hence it is proposed to issue share warrants on preferential basis with an option to apply for and be allotted equity shares to the Proposed Allottees. The above said matter requires the approval of the shareholders of the Company by special resolution in the general meeting. The necessary information regarding the proposed preferential issue is as under:

#### 1. The Object/s of the issue through preferential offer:

The Company would be in the requirement of additional funds for implementation of new projects/acquisitions etc. in near future and the Proposed Allottees have intention to contribute to fund as the part of the additional requirement. Hence it is proposed to issue share warrants on preferential basis with an option to apply for and be allotted equity shares to the Promoters.

#### 2. Intention of promoters/directors/key management person to subscribe to the offer.

The proposed allotment is to new Parties and Promoters/directors/key mgt. person are not participating.

#### 3. The Broad Shareholding pattern before the issue of warrants and after the conversion of warrants into equity shares of the company will be as follows:

##### Shareholding pattern before conversion of warrants

Category	No. of Shares held	Percentage of Share-holding
<b>A Promoters holding *</b>		
1 Promoters		
- Indian Promoters	4223797	36.1173
- Foreign Promoters	4245667	36.3043
2 Persons acting in Concert	-	-
<b>Sub Total</b>	<b>8469464</b>	<b>72.4216</b>



<b>B Non Promoters holding</b>		
3 Institutional Investors		
a. Mutual Funds & UTI	42	0.0004
b. Banks, Financial Institution, Insurance Companies, (Central/State Govt. Institutions/Non Govt. Institutions.	534	0.0046
c. FIs	400000	3.4203
<b>Sub Total</b>	<b>400576</b>	<b>3.4253</b>
4 Others		
a. Corporate Bodies	775680	6.6327
b. Indian Public	2044510	17.4824
c. NRIs/OCBs	3125	0.0267
d. Any others		
(i) Foreign National	6	0.0001
(ii) Trust	1310	0.0112
<b>Sub Total</b>	<b>2824631</b>	<b>24.1531</b>
	<b>11694671</b>	<b>100.00</b>

#### Shareholding pattern after conversion of warrants

Category	No. of Shares held	Percentage of Share-holding
<b>A Promoters holding *</b>		
1 Promoters		
- Indian Promoters	4223797	30.8427
- Foreign Promoters	4245667	31.0023
2 Persons acting in Concert	-	-
<b>Sub Total</b>	<b>8469464</b>	<b>61.8450</b>

<b>B Non Promoters holding</b>		
3 Institutional Investors		
a. Mutual Funds & UTI	42	0.0003
b. Banks, Financial Institution, Insurance Companies, (Central/State Govt. Institutions/Non Govt. Institutions.	534	0.0039
c. FIs	400000	2.9208
<b>Sub Total</b>	<b>400576</b>	<b>2.9250</b>
4 Others		
a. Corporate Bodies	1775680	12.9662
b. Indian Public	2044510	14.9292
c. NRIs/OCBs	3125	0.0228
d. Any others		
(i) Foreign National	1000006	7.3022
(ii) Trust	1310	0.0096
<b>Sub Total</b>	<b>4824631</b>	<b>35.2300</b>
	<b>13694671</b>	<b>100.00</b>

#### 4. Proposed time within which allotment shall be complete.

The allotment of the proposed issue of share warrants shall be completed within 15 days after the approval of shareholders in the general meeting to consider the proposed issue. However at the option of the Warrants holders these may be converted into equity within a period of 18 months as per the SEBI (DIP) Guidelines.

#### 5. The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them.

The Share warrant shall be issued to the following persons and the post preferential issue capital that may be held by them is as under:

Name of Allottees	No. of warrants proposed to be allotted	No. of existing shares already held	No. of shares after conversion of preferential allotment of warrants	% of the post conversion capital of the Company
Dobinae Inc.	10,00,000	Nil	10,00,000	7.30%
Himdhaval Investments Limited	5,40,000	Nil	5,40,000	3.94%
Himrashmi Investments Limited	4,60,000	Nil	4,60,000	3.36%

In terms of Section 81(1A) of the Companies Act, 1956, aforesaid issue of Warrants requires the approval of the shareholders in a general meeting by way of special resolution. Therefore your directors recommend the resolution set out above in the notice for the approval of members.

None of the directors of the Company is concerned or interested in the above said resolution.

#### ITEM NO. 8 OF THE RESOLUTION DATED JULY 5, 2004

Last year your Company had issued 3,95,795 equity shares to M/s VNT Enterprises Inc., USA.

In respect of the aforesaid issue following Disclosure is made pursuant to Clause (C) of Sub-regulation (1) of Regulation (3) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as directed by the Securities and Exchange Board of India vide its letter No. CFD/DIL/AC/28667/ 2004 dated 17.12.2004 while granting No Objection for Listing by the Stock Exchange, Mumbai, 395795 equity shares of Rs.10/- each, at par, allotted by the Company to M/s.VNT Enterprises, USA.

#### 1. Identity of the proposed allottee and the price at which the allotment is proposed:

(A) Issue price : At par, viz. Rs.10/- per equity share.

(B) Name & Address : VNT Enterprises, Inc  
of proposed allottee 1, Crystal Creek Drive,  
Larkspur, CA 94939,  
U.S.A.

(C) Type of Security : Equity Shares

#### 2. Reasons for allotment:

The allotment is proposed to be made with a view to discharge the Company's pending liability towards the consideration against the Technology Transfer by VNT Enterprises, Inc. USA to the Company.

#### 3. Present shareholding of the proposed allottee:

VNT Enterprises Inc., USA does not hold any shares in the Company prior to this proposed allotment.

4. Further to the securities proposed to be allotted as in (1) above, the percentage of their holding to the post issue capital, after the proposed allotment will be as below:

VNT come to hold 395795 equity shares of Rs.10/- each of the Company which would constitutes 3.48% of its enhanced equity share capital. The enhanced equity share capital of the Company would come at Rs. 11.38 crore divided into 1,13,77,921 equity shares of Rs.10/- each.

5. Consequential change in the Board of Directors and voting rights:

The Company does not envisage any change in the Board of Directors or in control of the Company.

6. Pre-Issue and post issue shareholding pattern of the Company based on holding on 31.03.2004:

**Pre-Issue Shareholding Pattern.**

Category	No. of shares held	Percentage of Shareholding.
<i>Promoters:</i>		
Directors & their Relatives	32847	0.2991
Bodies Corporate in which Bodies Corporate, the Directors or their Relatives hold shares substantially (showing GAP Separately)		
GAP	4245667	38.6598
Other Bodies Corporate	4207087	38.3085
<i>Non Promoters:</i>		
Institutional Investors	400576	3.6475
Corporate Bodies	32897	0.2996
Indian Public	2059879	18.7566
NRIs/ OCBs	1922	0.0175
Foreign National	6	0.0001
Trust	1245	0.0113
	<b>10982126</b>	<b>100.00</b>

**Post-Issue Shareholding Pattern.**

Category	No. of shares held	Percentage of Shareholding.
<i>Promoters:</i>		
Directors & their Relatives	32847	0.2887
Bodies Corporate in which Bodies Corporate, the Directors or their Relatives hold shares substantially (showing GAP Separately)		
GAP	4245667	37.3150
Other Bodies Corporate	4207087	36.9759
<i>Non Promoters:</i>		
Institutional Investors	400576	3.5206
Corporate Bodies	32897	0.2891
Indian Public	2059879	18.1042
NRIs/ OCBs	1922	0.0169
Foreign National (showing VNT Separately)	6	0.0001
VNT	395795	3.4786
Trust	1245	0.0109
	<b>11377921</b>	<b>100.00</b>

Relevant date for the aforesaid information is taken 5.6.2004.

**Inspection of Documents**

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

By order of the Board of Directors,

Gaurav Kumar Arora  
Company Secretary

July 29, 2005.