

*Annual Report*  
*2009-2010*



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

## BOARD OF DIRECTORS

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

Mrs. Binu Mehta  
Independent Director

Mr. R.L. Dube  
Independent Director

Mr. Anmol K. Sekhri  
Independent Director

Mr. Ompal Singh Chadha  
Independent Director

Mr. Ketan K. Adhvaryu  
Independent Director

### Auditors

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

### Regd. Office:

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

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

**ORG Informatics Limited**

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

**Notice**

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

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

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

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

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

**NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
- Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will remain closed from 26.09.2011 to 30.09.2011 (both days inclusive).
- Shareholders holding the shares in Electronic form are requested to bring their Client ID and DPID at the meeting for easy identification.
- The Ministry of Corporate Affairs (MCA) vide Circular No. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively has undertaken a "Green Initiative in Corporate Governance" and allowed Companies to share documents with its Shareholders through electronic mode. Therefore, Members of the Company are requested to support this "Green Initiative in Corporate Governance" of MCA by Registering/Updating their e-mail addresses in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form, the Registrar & Share Transfer Agent (RTA) of the Company. The details of RTA are annexed herein after.***

**Inspection of Documents**

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

By order of the Board of Directors,

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

Vinod Negi  
Company Secretary

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

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

**1. Financial Results**

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

Particulars	2009-10 TRs.	2008-09 TRs.
Income	2,040,244	3,599,784
Expenditure	1,935,962	3,887,075
Gross Profit	104,282	(287,291)
Interest and Fixed Financial Charges	75,744	243,481
Depreciation & Amortization	120,908	116,687
Tax	38,160	(71,551)
Prior Period Adjustments	-	137,843
<b>Net Profit/(Loss)</b>	<b>(130,560)</b>	<b>(713,751)</b>

**2. Dividends**

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

**3. Transfer to Reserves**

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

**4. Company's Performance**

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

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

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

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

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

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

## 5. Subsidiaries

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

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

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

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

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

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

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

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

Annual General Meeting held on 30.8.2005.

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

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

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

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

## 8. Directors

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

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

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

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

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

## 9. Auditor's Report

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

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

### Clauses of Audit Report:

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

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

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

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

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

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

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

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

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

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

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

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

### Clauses of Annexure of Audit Report:

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

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

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

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

## 10. General

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

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

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

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

## 11. Directors' Responsibility Statement

Your Directors confirm that:-

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

## 12. Corporate Governance

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

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

## 13. Acknowledgements

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

For and on behalf of the Board of Directors

B.V. Suryakumar Managing Director  
Binu Mehta Director

Vadobara

September 3, 2011

## Annexure to the Directors' Report

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

### CONSERVATION OF ENERGY :

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

### FORM B

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

## Annexure-I

### Management Discussion and Analysis Report:

#### Introduction

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

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

#### Business Vertical REVIEW

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

Industry structure and Developments:

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

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

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

#### **Outlook :**

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

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

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

#### **Telecom :**

##### Industry Structure and Developments

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

#### **Opportunity & Threats**

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

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

#### **Outlook**

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

#### **Risk and Concerns**

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

#### **Satellite Services :**

##### Industry Structure and Developments

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

#### **Opportunity & Threats**

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

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

#### **Outlook**

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

#### **Risk and Concerns**

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

#### **Software Services**

##### Industry Structure and Developments

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

#### **Opportunity & Threats**

The Software services business of the company has being

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

### Outlook

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

### Risk and Concerns

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

## Annexure-II

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

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

#### I. Corporate Governance Philosophy:

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

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

Our corporate governance philosophy is based on the following principles:

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

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

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

#### II Board of Directors :

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

**(c) DECLARATION.**

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

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

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

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

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

**III. Audit Committee :**

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

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

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

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

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

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

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

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

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

**V. Remuneration Committee :**

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

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



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

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

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

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

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

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

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

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

# Resigned with effect from 18.8.2009.

## Resigned with effect from 24.7.2009.

#### VI. ESOS Committee :

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

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

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

ii. On 19.9.2006 ESOS Committee of the Company has

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

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

#### VII. Genral Body Meetings :

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

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

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

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

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

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

#### VIII. Disclosures :

- There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years 2006-07, 2007-08 and 2008-09 respectively : **Nil**