



17th
ANNUAL REPORT
2009 - 2010
(April 2009 to September 2010)

Regd. Office : Plot No. 424/A, Road No. 18,
Jubilee Hills, Hyderabad - 500 033.

BOARD OF DIRECTORS

Sri. S. MAN MOHAN RAO	Chairman
Sri. G. SURENDER REDDY	Managing Director
Sri. K C VENKATESWARLU	Director
Sri. SADASHIV SAWRIKAR	Director
Sri. S. SRIDHAR	Director
Sri. K V CHANDRASEKHARA	Director
Sri SHAILESH SHIVRAM MISTRY	Director
Sri. A. MALLIKARJUN	Director – IDBI Nominee

Registered Office:

Plot No.424/A,
Road No.18, Jubilee Hills,
HYDERABAD – 500 033.
Tele : 040 - 23542871, 23551044.
Email : lnpolyester@yahoo.com

Works:

- | | |
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| 1) Plot No.186,
Second Phase,
G I D C,
VAPI – 396 195.
GUJARAT. | 2) Survey No.16/1,
Rakholi,
Silvassa – 396230,
Dadra and Nagar Havele,
UT. |
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Auditors:

M/s. KUMAR & GIRI,
Chartered Accountants,
1-11-126/D, Opp. Aeroview Towers,
Begumpet,
HYDERABAD – 500 016.

Bankers:

- | | |
|---|---|
| 1) State Bank of Hyderabad,
Overseas Branch,
Somajiguda,
HYDERABAD – 500 082. | 2) I D B I Bank Limited,
Chapel Road,
P B No. 370,
HYDERABAD – 500 001. |
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NOTICE

Notice is hereby given that the **Seventeenth Annual General Meeting** of the members of **LN POLYESTERS LIMITED** will be held on **Saturday the 20th of November, 2010** at Bhaskara Auditorium, B.M. Birla Science Centre, Near Birla Mandir, Adarsh Nagar, Hyderabad - 500 063 at **11.00 A. M.**, to transact the following business:

ORDINARY BUSINESS:

1. **To** receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 30th September, 2010 and the Profit and Loss account for the Period ended on that date together with the schedules and notes thereon and the Directors' and Auditor's Report thereof.
2. **To** consider and appoint Sri Sadashiv Sawrikar who retires by rotation and being eligible offers himself for reappointment.
3. **To** consider and appoint Sri S. Sridhar who retires by rotation and being eligible offers himself for reappointment.
4. **To** consider and appoint M/s. Kumar & Giri, Chartered Accountants as Statutory Auditors of the Company to hold office until the conclusion of next Annual General Meeting at such remuneration as may be decided by the Board of Directors.

SPECIAL BUSINESS:

5. **To** Consider and if thought fit to pass the following Resolution with or without modification(s) as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 read with Section 255 & 256 and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Regulation 101 of the Articles of Association, Sri S. S. Mistry be and is hereby appointed as Director of the Company to liable to retire by rotation."
6. **To** consider and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution:
"RESOLVED THAT subject to the provisions of Section 94 and other applicable provisions of the Companies Act, 1956 and subject to the confirmation of the Registrar of Companies, Andhra Pradesh and subject to the authority conferred in the Memorandum and Articles of Association of the Company and such approvals as may be required from time to time consent of the Board be and is hereby accorded to the restructure of the authorized share capital of the Company by canceling the authorized Preference Share Capital to the extent of Rs.4,00,00,000/- divided into 40,00,000 Preference Shares of Rs.10/- each and effecting such cancellation by converting the same into authorized Equity Share Capital of Rs.4,00,00,000/- divided into 40,00,000 Equity Shares of Rs.10/- each which shall rank *pari passu* with the existing Equity Shares of the Company".

Particulars	Present Authorized Capital	Revised Authorized Capital
Equity Capital	17,00,00,000	21,00,00,000
Preference Capital	4,00,00,000	—
Total	21,00,00,000	21,00,00,000

"FURTEHR RESOLVED THAT clause V of the Memorandum of Association be and is hereby replaced by the following clause duly reflecting the above changes in the capital structure.

V. **The** authorized share capital of the Company is Rs.21,00,00,000/- (Rupees Twenty One Crore only) divided into 2,10,00,000 (Two Crore Ten Lakh) Equity Shares of Rs.10/-(Rupees Ten only) each. The Company shall have power to increase or reduce the share capital, to issue any shares with special rights or privileges as to voting, otherwise or to subject the shares to any restrictions, limitations and conditions and vary, modify or abrogate any such rights, privileges, restrictions or conditions. The rights of the holders of any class of shares for the time being forming part of the Capital of the Company may be modified, affected, varied, extended or surrendered".

7. **To** consider and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be required from time to time the Authorised Share Capital of the Company be and is hereby increased, from Rs.21,00,00,000 (Rupees Twenty One Crores only) divided into 2,10,00,000 (Two Crore Ten Lakh) Equity Shares of Rs.10/- each to Rs.145,00,00,000/- (Rupees One Hundred Forty Five Crores only) divided into 14,50,00,000 Equity Shares of Rs.10/- each by creation of 12,40,00,000 Equity Shares of Rs.10/- (Rupees Ten) each which shall rank *pari passu* with the existing equity shares of the Company as respect to dividend and other entitlements."

“FURTHER RESOLVED THAT sub-clause (a) of Clause V of the Memorandum of Association be and is hereby replaced by the following clause:

The authorized share capital of the Company is 145,00,00,000/- divided into 14,50,00,000 Equity Shares of Rs.10/-(Rupees Ten only) each. The Company shall have power to increase or reduce the share capital, to issue any shares with special rights or privileges as to voting, otherwise or to subject the shares to any restrictions, limitations and conditions and vary, modify or abrogate any such rights, privileges, restrictions or conditions. The rights of the holders of any class of shares for the time being forming part of the Capital of the Company may be modified, affected, varied, extended or surrendered.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution:
“RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals if and as may be required, including from Central Government Sri G. Surender Reddy, Managing Director be paid a remuneration of Rs.2,50,000/- per month inclusive of all perquisites and allowances with effect from 1st October, 2010.”

“FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deed, matters and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit.”

9. 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 provisions of Section 21 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Registrar of Companies, Andhra Pradesh and subject to such approvals as may be required from time to time the consent of the members is hereby accorded for the change in the name of the Company from “L N POLYESTERS LIMITED to **LN INDUSTRIES LIMITED**” or such other name as may be approved by the Registrar of Companies, Andhra Pradesh”

“FURTHER RESOLVED THAT after obtaining the requisite approvals of the change in name, the Board of Directors are hereby authorized to effect the changes, including but not limited to, in the letter heads, bills, invoices and other stationery used by the Company, name plates, registrations with Government Authorities, Common Seal of the Company.”

“FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all such things and execute all such deeds and documents as may be necessary for giving effect to the above resolution”.

10. 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 provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, subject to the approval of members in the general meeting and in accordance with the provisions of the Memorandum and Articles of Association of the Company and of the subsisting guidelines / regulations prescribed by the Government of India / Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) or any other relevant authority to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be stipulated by any of them while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee (s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) be and are hereby authorized on behalf of the Company to issue, offer and allot 9,51,00,000 (Nine Crores Fifty One Lakhs only) fully convertible warrants with an option to convert each one of them into one equity share within eighteen months at a conversion price of Rs.22/- (Rupees Twenty Two only) which is higher than the price calculated by the Board and is in accordance with the subsisting SEBI Regulations in this behalf, on preferential basis to the investors mentioned in the Explanatory Statement.”

“FURTHER RESOLVED THAT the Equity shares arising out of conversion of Warrants in terms of this resolution shall rank pari passu in all respects including dividend with the existing equity shares.

(a) The relevant date for the purpose of fixing the conversion price of Fully Convertible Warrants, in accordance with SEBI Regulations, is Rs.22/-, being the 30 days prior to 20th November, 2010 (i.e. the 30th day prior to the date on which the meeting of the general body of shareholders is to be held, in terms of Section 81 (1A) of the Companies Act, 1956, to consider the proposed issue).

(b) The Offer, Issue and Allotment of the aforesaid Fully Convertible Warrants shall be made within 15 days of the Annual General Meeting scheduled on 20th November, 2010 provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority including Stock Exchanges where the shares of the Company are listed or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.

(c) The Offer, Issue and Allotment of the aforesaid Fully Convertible Warrants shall be made at such time or times as the Board may in its absolute discretion decide.

(d) The Fully Convertible Warrants shall be locked in for a period of one year from the date of their allotment, as per SEBI Regulations.

(e) The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to Chairman, Managing director or any Director or Directors or to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolution.”

“**FURTHER RESOLVED THAT** for giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Fully Convertible Warrants and the utilisation of the issue proceeds of the Fully Convertible Warrants for a combination of part funding of the expenditure for expansion and support growth plans of the Company, Long Term Working Capital and for general corporate purposes and to prescribe the forms of application, enter into any agreements or other instruments, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit.”

11. 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 provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, subject to the approval of members in the general meeting and in accordance with the provisions of the Memorandum and Articles of Association of the Company and of the subsisting guidelines / regulations prescribed by the Government of India / Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) or any other relevant authority to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be stipulated by any of them while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee (s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) be and are hereby authorized on behalf of the Company to issue, offer and allot 99,00,000 (Ninety Nine Lakhs only) and 95,00,000 (Ninety Five Lakhs only) fully convertible warrants with an option to convert each one of them into one equity share within eighteen months at a conversion price of Rs.22/- (Rupees Twenty Two only) which is higher than the price calculated by the Board and is in accordance with the subsisting SEBI Regulations in this behalf, on preferential basis to Sri K.C. Venkateswarlu, existing share holder and Director of the Company and to CVK Infrastructure Pvt. Ltd., respectively.

“**FURTHER RESOLVED THAT** the Equity shares arising out of conversion of Warrants in terms of this resolution shall rank pari passu in all respects including dividend with the existing equity shares.

(a) The relevant date for the purpose of fixing the conversion price of Fully Convertible Warrants, in accordance with SEBI Regulations, is Rs.22/-, being the 30 days prior to 20th November, 2010 (i.e. the 30th day prior to the date on which the meeting of the general body of shareholders is to be held, in terms of Section 81 (1A) of the Companies Act, 1956, to consider the proposed issue).

(b) The Offer, Issue and Allotment of the aforesaid fully convertible warrants shall be made within 15 days of the Annual General Meeting scheduled on 20th November, 2010 provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority including Stock Exchanges where the shares of the Company are listed or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.

(c) The Offer, Issue and Allotment of the aforesaid Fully Convertible Warrants shall be made at such time or times as the Board may in its absolute discretion decide.

(d) The Fully Convertible Warrants shall be locked in for a period of One year from the date of their allotment, as per SEBI Regulations.

(e) The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to Chairman, Managing director or any Director or Directors or to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolution.”

“**FURTHER RESOLVED THAT** for giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Fully Convertible Warrants and the utilisation of the issue proceeds of the Fully Convertible Warrants for a combination of part funding of the expenditure for expansion and support growth plans of the Company, Long Term Working Capital and for general corporate purposes and to prescribe the forms of application, enter into any agreements or other instruments, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit.”

12. 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 provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, subject to the approval of members in the general meeting and in accordance with the provisions of the Memorandum and Articles of Association of the Company and of the subsisting guidelines / regulations prescribed by the Government of India / Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) or any other relevant authority to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be stipulated by any of them while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee (s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) be and are hereby authorized on behalf of the Company to issue, offer and allot 55,00,000 (Fifty Five Lakhs only) and 1,00,00,000 (One Crore only) fully convertible warrants with an option to convert each one of them into one equity share within eighteen months at a conversion price of Rs.22/- (Rupees Twenty Two only) which is higher than the price calculated by the Board and is in accordance with the subsisting SEBI regulations in this behalf, on preferential basis to Sri G. Surender Reddy and LN Projects Pvt. Ltd. respectively.

“FURTHER RESOLVED THAT the Equity shares arising out of conversion of Warrants in terms of this resolution shall rank pari passu in all respects including dividend with the existing equity shares.

(a) The relevant date for the purpose of fixing the conversion price of Fully Convertible Warrants, in accordance with SEBI Regulations, is Rs.22/-, being the 30 days prior to 20th November, 2010 (i.e. the 30th day prior to the date on which the meeting of the general body of shareholders is to be held, in terms of Section 81 (1A) of the Companies Act, 1956, to consider the proposed issue).

(b) The Offer, Issue and Allotment of the aforesaid fully convertible warrants shall be made within 15 days of the Annual General Meeting scheduled on 20th November, 2010 provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority including Stock Exchanges where the shares of the Company are listed or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.

(c) The Offer, Issue and Allotment of the aforesaid Fully Convertible Warrants shall be made at such time or times as the Board may in its absolute discretion decide.

(d) The Fully Convertible Warrants shall be locked in for a period of Three years from the date of their allotment, as per SEBI Regulations.

(e) The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to Chairman, Managing director or any Director or Directors or to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolution.”

“FURTHER RESOLVED THAT for giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Fully Convertible Warrants and the utilisation of the issue proceeds of the Fully Convertible Warrants for a combination of part funding of the expenditure for expansion and support growth plans of the Company, Long Term Working Capital and for general corporate purposes and to prescribe the forms of application, enter into any agreements or other instruments, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit.”

By order of the Board
for LN POLYESTERS LIMITED

Place: Hyderabad
Date: 27.10.2010

G SURENDER REDDY
Managing Director

NOTES

1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.

2 Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from 16th November, 2010 to 20th November, 2010 (both days inclusive).

3 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.

4 Members holding shares in physical form are requested to intimate the change, if any, in their Registered Address to the Company quoting their Registered Folio.

If the shares are held in Demat form, intimation regarding the change of address, if any, has to be notified to the concerned Depository Participant where the Shareholder is maintaining the Demat Account.

5 Members / Proxies should bring the Attendance slips duly filled in for identification for attending the meeting.

6 Members desiring any information on the Accounts are requested to write to the Company at least one week before the Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Meeting.

7 M/s. Kumar and Giri, Chartered Accountants, the Statutory Auditors of the Company has certified that the above preferential issues are in accordance with prescribed under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 on preferential issues. The Certificate, the Memorandum & Articles of Association of the Company and other documents referred to in the proposed resolution are open for inspection at the Registered Office of the Company during working hours between 11.00 a.m. and 1.00 p.m., except on holidays up to the date of the Annual General Meeting.

PROFILE OF DIRECTORS RETIRING BY ROTATION AND BEING APPOINTED AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:

PROFILE OF SRI SADASHIV SAWRIKAR:

Sri Sadashiv Sawrikar is aged 54 years and is a Fellow member of the Institute of Chartered Accountants of India. He has over 25 years of rich experience in auditing, corporate finance, project finance and business restructuring. His rich experience in corporate finance and business restructuring has immensely benefited the Company and its investors over the years.

PROFILE OF SRI S. SRIDHAR:

Sri S. Sridhar, aged 34 years is Bachelor of Engineering from Jawaharlal Nehru Institute of Technology and Diploma in Business Management from Oxford University, UK. He has good knowledge and experience in the international marketing of the Polyester yarns. He is one of the core developers of the Company's International Market for the Nylon Product.

PROFILE OF SRI S.S. MISTRY :

Sri S.S. Mistry, aged 28 years is Graduate having experience in Administrative Matters in various companies.

EXPLANATORY STATEMENT AS REQUIRED UNDER THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956:

Item No. 5:

Sri S. S. Mistry was appointed as an Additional Director of the Company with effect from 29th September, 2010 and holds office till the date of the ensuing Annual General Meeting. The Company has received a notice from the member of the Company along with a deposit of Rs.500/- for appointment of Sri S. S. Mistry as Director of the Company liable to retire by rotation.

None of the Directors other than Sri S. S. Mistry is concerned or interested in this resolution.

Item No. 6:

The preference shares issued to IDBI Bank Limited has been redeemed as per the terms of OTS reached by the Company with the said Bank. As the Company does not issue preference shares to any other investor, the same is proposed to be cancelled and converted into 40,00,000 Equity Shares of Rs. 10/- each.

The present restructure necessitates alteration to the Memorandum and Articles of Association which require approval of the members of the Company hence the Company has placed the resolution for your approval.

None of the directors is concerned or interested in the resolution.

Item No. 7:

The Company is in the process of consolidation of its operations. The funds already raised or to be raised from the proposed issue of Equity Shares has been / will be utilized for part funding of the expenditure for expansion, support growth plans of the Company, for long term working capital. To infuse the further funds, the present authorized share capital of the Company has to be increased to Rs. 145,00,00,000/- (Rupees One Hundred Forty Five Crores only) to enable the further issue of Equity Shares.

Amendment to the Capital Clause to the Memorandum of Association requires the approval of members by the way of Ordinary Resolution. Hence this resolution is placed before you for approval.

None of the Directors is in any way concerned or interested in the said resolution except to the extent of their shareholding.

Item No. 8:

Sri G. Surender Reddy was appointed as the Managing Director of the Company with effect from 1st May, 2008 for a period of three years with a remuneration of Rs. 1.5 lakhs per month, however the remuneration payable to Sri G. Surender Reddy was subject to the approval of Central Government and the Financial Institutions.

The Company has not paid any remuneration to Sri G. Surender Reddy, Managing Director from the date of his appointment due to non receipt of approval from the Financial Institutions and also since the Company had a negative net worth.

Since the Company has cleared all the loans of the Financial Institutions and achieved positive net worth it is proposed to pay a remuneration of Rs.2,50,000/- per month with effect from 1st October, 2010 and the same has been approved by the members of the remuneration committee in their meeting held on 27th October, 2010 in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

Payment of remuneration to Managing Director requires the approval of members by way of Ordinary Resolution under the provisions of Section 198, 309 read with Schedule XIII to the Act.

None of the Directors other than Sri G. Surender Reddy is concerned or interested in this resolution.

Item No. 9:

The Management of your Company has decided to diversify into other areas of business including manufacturing of metals and minerals and mining activities and accordingly the main objects were amended after obtaining the approval of members in the 16th Annual General Meeting held on 27th August, 2009.

The management of your Company thought it fit to change the name of the Company to reflect the diversified activities and accordingly proposing to change the name of the Company from “LN POLYESTERS LIMITED” to “LN INDUSTRIES LIMITED” or such other name as may be approved by the Registrar of Companies, Andhra Pradesh. Approval of the members was sought at the previous Annual General Meeting held on 27th August, 2009, however the resolution has not been acted upon. Since the earlier resolution has lost its validity, the Board of Directors thought it fit to obtain the approval of members once again for the proposed change in name of the Company. The Company has to receive approval from the Registrar of Companies, Andhra Pradesh for the application of name availability to enable the change in name.

Change in the name of the Company requires the approval of members by way of Special Resolution. Hence this resolution is placed before your approval.

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

Item No. 10, 11 & 12:

The Company is in the process of consolidation of its operations. The funds already raised or to be raised from the proposed issue of Convertible Warrants has been / will be utilized for a combination of part funding of the expenditure for expansion, support growth plans of the Company, long term working capital. Your Board in its meeting held on 27th October, 2010 subject to the approval by the shareholders in General Meeting, receipt of requisite corporate and statutory approvals, negotiations and execution of appropriate documentation by the parties and fulfillment of the conditions mentioned therein, has proposed to offer for subscription by way of preferential allotment up to 13,00,00,000 Fully Convertible Warrants of Rs.10/- each of the Company for cash at a price of Rs.22/- (i.e., at a premium of Rs.12/-) to the investors and/or their nominees and Promoters and /or their nominees respectively either by way of conversion of existing loans or cash contributions as the case may be. The Equity Shares arising out of conversion of the warrants shall rank *pari passu* with all the existing shares of the Company in all respects including as to dividend.

Pursuant to Section 81 (1A) of the said Act, the Fully Convertible Warrants may be offered by the Company to such persons in the manner whatsoever, if a special resolution to that effect is passed by the Company in General Meeting. The proposed special resolution is designed to comply with the requirements of Section 81 (1A) of the Act in the context of issue and allotment of the Fully Convertible Warrants.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Act, Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and in terms of the provisions of the Listing Agreement to issue and allot Fully Convertible Warrants as stated in the Special Resolution.

A copy of the certificate from M/s. Kumar & Giri Chartered Accountants, Hyderabad, Statutory Auditors of the Company, certifying that the issue of Fully Convertible Warrants is being made in accordance with the requirements of the SEBI Regulations, shall be placed before the shareholders at the Annual General Meeting and is available for inspection of members at the registered office of the Company between 11.00 a.m. to 1.00 p.m. except on holidays upto the date of the Annual General Meeting. The Fully convertible Warrants shall be converted into Equity Shares within 18 months from the date of their allotment. The Warrants to be allotted to Promoters would be converted into Equity Shares of Rs.10/- each in accordance the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

The issue price computed on the basis of the SEBI Regulations comes to Rs.21.94 per share. As against this, the shares are proposed to be issued at Rs.22/- per share.

Disclosures required to be made in the Explanatory Statement pursuant to the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 are set out below:

I. The object of the issue through preferential offer:

The funds already raised or to be raised from the proposed issue of Fully Convertible Warrants has been / will be utilized for a combination of part funding of the expenditure for expansion, support growth plans of the Company, long-term working capital and general corporate purposes. The issue and allotment of fully convertible warrants by way of preferential allotment to some of the investors and promoters is on account of conversion of existing loan into fully convertible warrants of the Company or cash contribution as the case may be. Hence, there will be no fresh cash inflow to that extent on account of issue & allotment of fully convertible warrants to some of the investors / promoters on account of conversion of existing loans into equity.

II. Intention of the Promoters/Directors/Key management persons to subscribe to the offer:

The Promoters and Directors are subscribing to the offer for strengthening the net-worth of the Company and enabling the Company for its expansion, support growth plans and working capital requirements etc., It is proposed to issue Fully Convertible Warrants under the Preferential Issue to Investors as per the details given herein below:

Name of the Proposed Subscriber	No. of Warrants proposed to be allotted	
Particulars	No of Shares held	Lock-in period
(A) Category - Non Promoter		
Neeraj Singal	30,00,000	1 Year
Ritu Singal	20,00,000	1 Year
Brij Bhushan Singal	25,00,000	1 Year
Uma Singal	10,00,000	1 Year
Kshitij Rathi (HUF)	3,30,000	1 Year
Dhananjay Rathi (HUF)	3,30,000	1 Year
Archana Mittal	17,50,000	1 Year
Ajay Mittal	7,50,000	1 Year
Kashyap Electronics Pvt. Ltd.	72,00,000	1 Year
Sovita Exports Pvt. Ltd.	30,00,000	1 Year
Pi Health Care Services Pvt. Ltd.	41,00,000	1 Year
R Square Innovations Pvt. Ltd.	95,00,000	1 Year
Manish K. Ajmera (HUF)	15,00,000	1 Year
Alpesh K Ajmera (HUF)	16,00,000	1 Year
Rajveer A.Ajmera	17,50,000	1 Year
Divyam J.Ajmera	18,00,000	1 Year
Reena A.Ajmera	12,50,000	1 Year
Ashwini J.Ajmera	13,00,000	1 Year
Manish K. Ajmera	17,50,000	1 Year
Alpesh K. Ajmera	15,00,000	1 Year
HN Organisers & Developers LLP	67,50,000	1 Year
Patel & Patel Team Developers LLP	65,00,000	1 Year
Harsha Rajeshbhai Jhaveri	8,00,000	1 Year
Deepalben Chetanbhai Thakkar	8,00,000	1 Year
Rohini Enterprise	25,00,000	1 Year
Revati Enterprises	20,00,000	1 Year
Master Capital Services Ltd.	2,50,000	1 Year
R K Singhania	2,00,000	1 Year
Harjeet Singh Arora	2,00,000	1 Year
Virali Vicky Jhaveri	7,50,000	1 Year
Vinod Garg (HUF)	8,50,000	1 Year
Sangita Garg	8,50,000	1 Year
Puushpit Garg	8,50,000	1 Year
Rajeev Agarwal	1,00,000	1 Year
Meritorious Realty Pvt. Ltd.	65,90,000	1 Year
Secunderabad Healthcare Ltd.	1,48,00,000	1 Year
Ruchi Global Ltd.	2,50,000	1 Year
Neeta Shahra	3,50,000	1 Year
Umesh Shahra	1,50,000	1 Year
Umesh Shahra (HUF)	1,50,000	1 Year
Kailashchandra Shahra	1,00,000	1 Year
Kailashchandra Shahra (HUF)	1,00,000	1 Year
Bhupendra Kumar	5,00,000	1 Year

Prakash Chand Mishra	1,00,000	1 Year
G.Ramesh Babu	7,00,000	1 Year
Sub Total (A)	9,51,00,000	
(B) Category - Existing Shareholder and Director and Company belonging to the Director		
Kosana China Venkteswarlu	99,00,000	1 Year
CVK Infrastructure Pvt. Ltd.	95,00,000	1 Year
Sub Total (B)	1,94,00,000	
(C) Category – Promoter:		
G.Surender Reddy	55,00,000	3 Years
LN Projects Pvt. Ltd.	1,00,00,000	3 Years
Sub Total (C)	1,55,00,000	
Grand Total (A+B+C)	13,00,00,000	

The existing promoters and management team will continue to remain in the management. Further, the composition of the present Board of Directors is not expected to undergo any change.

III. Shareholding pattern before and after the offer on allotment of Convertible Warrants:

Shareholding pattern before and immediately upon the conversion of 13,00,00,000 Warrants into 13,00,00,000 Equity shares on a fully diluted basis pursuant to the conversion:

Particulars	Existing Shareholding		Shareholding after proposed allotment of Equity Shares	
	No of Equity shares held	% age	No of Equity Shares	% age
A. PROMOTERS HOLDING				
Indian Promoters	68,25,810	45.655%	2,23,25,810	15.402%
Persons acting in concert	0	0	0	0
Foreign Promoters	0	0	0	0
Sub Total – A	68,25,810	45.655%	2,23,25,810	15.402%
B. NON PROMOTERS HOLDING				
Mutual funds and UTI	0	0	0	0
Banks / financial Institutions/ Insurance Companies	2,900	0.019%	2,900	0.002%
Foreign Institutional Investors	0	0	0	0
Private Bodies Corporate	6,30,493	4.217%	7,09,20,493	48.927%
NRIs/OCBs	3,67,601	2.459%	3,67,601	0.254%
Indian Public – Including New Investors	71,24,096	47.650%	5,13,34,096	35.415%
Others-clearing Member & Trust)	0	0	0	0
Sub Total - B	81,25,090	54.345%	12,26,25,090	84.598%
Grand Total	1,49,50,900	100.000%	14,49,50,900	100.000%

IV. Proposed time within which the allotment shall be completed:

The allotment of Fully Convertible Warrants is proposed to be completed within a maximum period of 15 days from the date of passing of the resolution at the Annual General Meeting, provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority including Stock Exchanges where with share of the Company are listed or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.

V. Identity of the proposed allottee and the percentage of post conversion of warrants into equity shares that may be held by them:

Particulars	Existing Shareholding		Shareholding after the conversion of warrants	
	No of Equity shares held	% age	No of Equity Shares	% age
(A) Category - Non Promoter				
Neeraj Singal	0	0%	30,00,000	2.07%
Ritu Singal	0	0%	20,00,000	1.38%
Brij Bhushan Singal	0	0%	25,00,000	1.73%
Uma Singal	0	0%	10,00,000	0.69%
Kshitij Rathi (HUF)	0	0%	3,30,000	0.23%
Dhananjay Rathi (HUF)	0	0%	3,30,000	0.23%