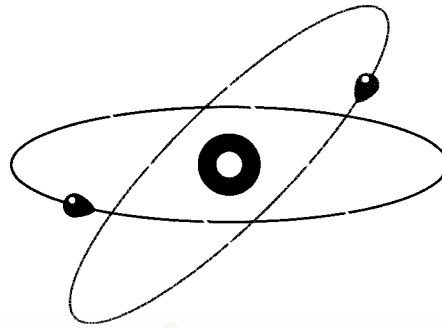


**SSi**



Report  junction.com

business change, unleashed

“It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.”

- Charles Darwin

SSI Limited, founded in 1991, is a pioneer of IT training in emerging software technologies. The IT services division, begun in 1999, offered software services to the financial and government verticals. In February 2003, SSI acquired a controlling stake in Aptech Limited. In April 2003, SSI merged its IT training business with Aptech. July 2004 saw SSI's IT services business merge with Cambridge Solutions Limited (formerly known as Scandent Solutions Corporation Limited). In July 2005, the controlling interest in Aptech was sold to a strategic player. SSI has since engaged in asset-based businesses that capitalise on emerging opportunities in the resurgent Indian domestic market.

### Milestones

Jan 1991	IT training business started
Dec 1994	Initial Public Offering
May 1999	Started IT services business
Jan 2000	Joint-venture with Nasdaq
Feb 2000	\$100 million GDS, listing on LSE
Dec 2000	Acquired AlbionOrion Company LLC
Feb 2003	Acquired controlling stake in Aptech Limited
April 2003	IT training merged with Aptech
Jul 2004	IT services merged with Cambridge Solutions Limited (formerly known as Scandent Solutions Corporation Limited)
Jul 2005	Sale of Aptech stake to strategic player
Aug 2005	Acquisition of hotel property in Ooty
Jan 2006	Acquisition of Telephoto Entertainments Limited
Sep 2006	Merger of Buckingham Real Estate and Asset Developers (Madras) Ltd. (BREAD)

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**Board of Directors**

Kalpathi S. Suresh – Chairman and CEO  
Kalpathi S. Aghoram – Vice Chairman & Managing Director  
Kalpathi S. Ganesh – Whole-time Director (Projects)  
D.V. Narasingarao – Non-Executive Director  
R. Manoharan – Non-Executive Director  
N.S. Kumar – Non-Executive Director  
R. Nagarajan – Non-Executive Director  
P. Sudhir Rao – Non-Executive Director

**Company Secretary**

S.N. Madhavan

**Auditors**

CNGSN & Associates,  
Chartered Accountants,  
"Agastyar Manor",  
New No. 20 (Old No.13), Raja Street,  
T. Nagar,  
Chennai – 600 017,  
India.

**Registered Office**

34 (Old No.54), Thirumalai Road,  
T. Nagar,  
Chennai – 600 017,  
India.

Telephone: +91-44-2834 0016 Fax: +91-44-2834 0047

**Bankers**

Union Bank of India,

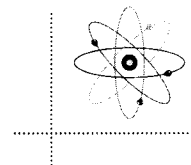
Industrial Finance Branch,  
12. "Riaz Garden",  
Kodambakkam High Road,  
Nungambakkam,  
Chennai – 600 034,  
India.

96, G.N. Chetty Road,  
T. Nagar,  
Chennai – 600 017,  
India.

State Bank of Mauritius Ltd.,  
"Prince Arcade"  
22-A, Cathedral Road,  
Chennai – 600 086,  
India.

**Share Transfer Agent**

Data Software Research Company Pvt. Limited,  
"Sree Sovereign Complex",  
No.8 (Old No.22), 4<sup>th</sup> Cross Street,  
Trustpuram, Kodambakkam,  
Chennai – 600 024,  
India.



## ***Notice calling the Fifteenth Annual General Meeting***

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Company will be held on Wednesday, March 7, 2007 at 10.30 A.M. at "Kamaraj Arangam", No.492 (Old No.574-A), Anna Salai, Chennai – 600 006, to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at September 30, 2006, the Profit & Loss Account for the year ended September 30, 2006, the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri D.V. Narasingarao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri R. Manoharan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### **SPECIAL BUSINESS**

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

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment(s) thereof, Shri P. Sudhir Rao, who was appointed as an additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

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

"RESOLVED THAT in supersession of the Resolution passed at the Seventh Annual General Meeting of the Company held on November 30, 1998, consent of the Company pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, be and is hereby accorded to the Board of Directors of the Company to borrow from time to time such sum or sums of money as it may consider fit for the purpose of the business of the Company which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the aggregate of the monies borrowed and to be so borrowed and outstanding at any one time shall not exceed Rs.500.00 crores.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the Banks/ Financial Institutions the documents for creating aforesaid mortgage and/or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolution."

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

"RESOLVED THAT in supersession of the Resolution passed at the Seventh Annual General Meeting of the Company held on November 30, 1998, consent of the Company pursuant to the Section 293(1)(a) of the Companies Act, 1956, be and is hereby accorded to the Board of Directors for mortgaging/charging both movable and immovable properties of the Company both present and future, of the whole or substantially the whole of the undertaking(s) of the Company in such form and

manner as the Board of Directors may deem fit, for securing any loans and/or advances obtained or that may be obtained from any Financial Institutions/Banks or persons together with interest, costs, charges, expenses and all other monies payable by the Company to the concerned lenders, and for the purpose of securing the securities (if they comprise of fully/partly secured convertible Debentures and/or secured Non-convertible Debentures or any other secured debt instrument) together with interest, remuneration of the Trustees, Premium, if any, on redemption, costs, charges and expenses payable by the Company in terms of the Trust deed/other documents to be finalised and executed between the Company and the Trustees/Lenders, upto a value of and within the overall borrowing limit of Rs.500.00 crores.

By Order of the Board,  
For SSI LIMITED,

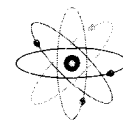
Chennai  
November 15, 2006

**S.N. Madhavan**  
Company Secretary

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from March 1, 2007 to March 7, 2007 (both days inclusive).
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the resolutions set out against item Nos.5 to 7 of the Notice is annexed hereto.
4. Pursuant to Section 205A of the Companies Act, 1956, the unclaimed Dividend for the financial year ended June 30, 1998 and thereafter which remain unclaimed for a period of seven years has been transferred to the Investor Education and Protection Fund constituted by the Central Government and thereafter no claim shall lie in respect thereof.
5. Member/Proxy holder must bring the Attendance Slip to the Meeting and hand it over at the entrance duly signed.
6. Members are requested to quote their Registered Folio Number on all correspondence with the Company and notify the Company immediately of change, if any, in their Registered Address and/or of the mandates, if the shares are held in physical form.
7. Members who hold shares in dematerialized form, are requested to notify the Depository Participants immediately of change, if any, in their Registered Address and/or of the mandates.
8. Members who are holding Shares in more than one folio are requested to intimate to the Company the details of all their folio numbers for consolidation into a single folio.
9. Appointment / Re-appointment of Directors:

At the ensuing Annual General Meeting, Shri D.V. Narasingarao and Shri R. Manoharan retire by rotation and being eligible offer themselves for re-appointment. The brief resume, experience and functional expertise and the membership on various Boards and Committees of Director proposed to be re-appointed through Item Nos.2 & 3 as required under Clause 49 of the Listing Agreement are furnished below:

**1. Shri D.V. Narasingarao:**

Name of the Director	<b>Shri D.V. Narasingarao</b>
Date of Birth	September 3, 1961
Date of Appointment	September 20, 1994
Experience	Over 22 years of experience and is closely involved in strategy and planning of all lines of business at SSI. He has previously headed customer support and service at Wipro InfoTech in Chennai, and has marketed software solutions to global clients in Dubai.
Qualifications	B.E.(Electronic and Computer), M.S. & M.B.A.
List of companies in which outside directorship	Nil
Chairman / Members of the Committee of the Board of the companies on which he is Director	Nil

**2. Shri R. Manoharan:**

Name of the Director	<b>Shri R. Manoharan</b>
Date of Birth	June 28, 1931
Date of Appointment	November 25, 1999
Experience	Over 41 years of experience in the electrical equipment industry and is the founder of Current Electricals in Chennai. He has worked in the TVS group of companies, TNEB, KCP, and Siemens in West Germany.
Qualifications	B.E.
List of companies in which outside directorship	Nil
Chairman / Members of the Committee of the Board of the companies on which he is Director	Nil

***Explanatory Statement under Section 173(2) of the Companies Act, 1956*****Item No.5 :**

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 78 of the Articles of Association of the Company the Board of Directors of the Company has appointed Shri P. Sudhir Rao, as an Additional Director of the Company with effect from September 27, 2006.

In terms of the provisions of Section 260 of the Companies Act, Shri P. Sudhir Rao hold Office upto the date of this Annual General Meeting.

The Company has received a notice in writing from a Member along with a deposit of Rs.500/-, proposing the candidature of Shri P. Sudhir Rao for the office of Director of the Company, under the provisions of Section 257 of the Companies Act.

Shri P. Sudhir Rao, a Chartered Accountant (ICAI, India) and a Chartered Management Accountant (ACMA, London) has more than 24 years of business management experience. He was a Founder Director of Karvy Investor Services and Karvy Securities and was associated in Capital Market related activities including Shareholder Services, Investment Banking, Stockbroking and Financial Product Distribution. His experience at Karvy included dealing with over 16 million shareholder accounts for over 250 leading Indian companies and participating in over 2000 IPOs, as also being a key participant during the crucial period over which the

Indian Capital Market experienced a paradigm structural change in Market Regulation, Market Trading and Dealing platform changing from physical to electronic form. In 1999, he founded IndusAge Advisors. As an Advisor and/or Non-Executive Director on the Board of several Indian companies, he plays an active role in improving stakeholder value through an emphasis on Business Fitness through Performance & Capital Management along with Corporate Governance practices.

Keeping in view his enriched experience and knowledge, it will be in the best interest of the Company that Shri P. Sudhir Rao be appointed as a Director, who if appointed, shall be liable to retire by rotation, in accordance with the provisions of the Articles of Association of the Company.

The Board recommends the resolution for approval.

Save and except Shri P. Sudhir Rao, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

**Item No. 6 :**

Section 293(1)(d) of the Act provides (inter alia) that the Board of Directors of a Public Company shall not, except with the consent of the Company in General Meeting borrow monies where the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from its bankers in the ordinary course of business) will exceed the aggregate of the paid up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the aggregate of the monies borrowed and to be so borrowed and outstanding business of the Company.

The Board recommends the resolution for approval.

None of the Directors is interested in the resolution.

**Item No. 7 :**

Section 293(1)(a) of the Act provides (inter alia) that the Board of Directors of a Public Company shall not, except with the consent of the Company in General Meeting mortgage, create charge or lien on the movable and immovable properties of the company both present and future or its undertakings in such form and manner as the Board of Directors may deem fit upto a value of and within the overall borrowing limit of Rs.500.00 crores of the Company.

The Board recommends the resolution for approval.

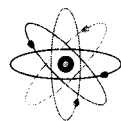
None of the Directors is interested in the resolution.

By Order of the Board,  
For SSI LIMITED,

Chennai  
November 15, 2006

**S.N. Madhavan**  
Company Secretary





## Directors' Report

Your Directors are pleased to present their report on the business and operations of your Company for the year ended September 30, 2006.

### Financial Results

(Rs. in lakhs)

Particulars	For the year ended September 30, 2006	For the year ended September 30, 2005
Gross Revenue	1,784.62	622.36
Total Expenditure	797.76	685.08
Profit before Interest Depreciation and Tax	986.86	(62.72)
Interest	141.29	103.05
Depreciation	26.26	46.22
Profit / (Loss) Before Tax (PBT)	819.31	(211.99)
Provision for Tax	13.02	4.96
Profit / (Loss) After Tax (PAT)	806.29	(216.95)

### Results of Operations

Gross revenue for the year under consideration is Rs.1,784.62 lakhs as against Rs.622.36 lakhs during the previous year. Profit for the year is Rs.806.29 lakhs as compared to a loss of Rs. 216.95 lakhs during the previous year.

### Dividend

No dividend has been recommended, declared or paid by the Board for the year under review.

### Scheme of Amalgamation

Your Company concluded the Scheme of Amalgamation cum Arrangement for merging Buckingham Real Estate and Asset Developers (Madras) Ltd., (BREAD), with your Company as approved by the Hon'ble High Court of Judicature at Madras vide their order dated August 30, 2006. The Scheme is effective from April 01, 2006 and the features of the Scheme are as follows:

- The Scheme is effective from April 01, 2006.
- The entire assets and liabilities of BREAD will be taken over by your company from the effective date.
- SSI shall issue to the shareholders of BREAD 642 (Six hundred forty two) Equity Shares of face value of Rs. 10/- each fully paid in the capital of your Company for every Equity Share held in BREAD. The Equity Shares when issued and allotted by your Company in terms of the Scheme shall rank for Dividend, voting rights and in all other respects pari passu with the existing Equity Shares of the Company.
- All costs, charges, taxes including duties levies and all other expenses, if any (save as otherwise agreed), incurred in carrying out and implementing this scheme and matters incidental thereto, shall also be borne by the party incurring such costs, charge, taxes, levies or other expenses.

Your company has successfully completed the formalities and the shareholders of BREAD had been allotted 3,21,44,940 Equity Shares as per the Scheme approved by the Hon'ble High Court of Judicature at Madras.

### Increase in Share Capital

During the year under review, your Company has issued and allotted the following Equity Shares:

- 71,50,000 Equity Shares on February 21, 2006 on preferential basis to Foreign Institutional Investors, Mutual Funds and Domestic Company.

- (2) 8,73,000 Equity Shares on August 25, 2006 to promoter Directors consequent to excise of conversion of warrants.
- (3) 3,21,44,940 Equity Shares on September 27, 2006 to the shareholders of the (BREAD) Transferor Company, as per the Scheme of Amalgamation cum Arrangement approved by the Hon'ble High Court of Judicature at Madras for merging M/s. Buckingham Real Estate and Asset Developers (Madras) Limited (BREAD) with your Company.

Pursuant to the above allotments, the paid up Equity Share Capital of the Company has increased to 5,78,83,820 shares of Rs.10/- each as against 1,77,15,880 shares of Rs.10/- each in the previous financial year.

### **Business**

The Company holds 10,52,717 Equity Shares in Cambridge Solutions Limited (formerly known as Scandent Solutions Corporation Limited). The Company did not have any operating revenues during the year under review.

### **Overseas Subsidiaries**

During the previous year, the approval for winding up of the subsidiaries in Australia and United Kingdom has since been received and the approval is pending for the Singapore and is expected to be completed by the next fiscal.

### **Domestic Subsidiaries**

The Company is holding 100% shares of AGS Holdings Private Limited. The subsidiary owns Development Centres at Vadapalani and Chetpet, which were for use by the software services division of the Company, and which, on demerger of its IT services business and its subsequent merger with Scandent Solutions Corporation Limited now known as Cambridge Solutions Limited, have been leased out to Tata Consultancy Services Limited and Tech Mahindra Limited, respectively.

The Company is also holding 100% shares of AGS Hotels & Resorts Private Limited. During the previous year, the subsidiary has purchased Hotel Ooty Dasaprakash. The newly renovated Hotel is operational with effect from February 2006 under the name and style of Ooty Villa Park.

The Company is also holding 54% shares of Telephoto Entertainments Limited (TEL). This company is listed in Bombay Stock Exchange and Madras Stock Exchange and is an entertainment company. TEL has a 5 screen multiplex under build out which is expected to be commissioned in the next financial year. TEL through its wholly owned subsidiary AGS Properties Development (India) Private Limited owns a large property in Arumbakkam, Chennai and is exploring various options for its exploitation. TEL is presently engaged in the business of making feature films as an Executive producer and the production of tele-serials on a commission basis. TEL has produced several television serials for reputed channels. TEL also has to its credit critically acclaimed movie which was a National Award winner.

### **Responsibility Statement of Board of Directors**

The Directors' responsibility statement setting out the compliance with the accounting and financial reporting requirements specified under Section 217 (2AA) of the Companies Act, 1956, in respect of financial statements is annexed to this report.

### **Corporate Governance**

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices and have implemented all the stipulations prescribed.

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the stock exchanges forms part of the Annual Report.

### **Certificate of Auditor on Compliance with Corporate Governance**

A certificate from the Auditors of the Company on compliance with Corporate Governance guidelines as stipulated in Clause 49 of the Listing Agreement with the stock exchanges is annexed and forms part of this report.

### **Capital Market Developments**

As per the mandate of the Securities and Exchange Board of India (SEBI), the shares of SSI can be traded only in dematerialized form. Accordingly, about 95% of the Company's shares are electronically held. The GDSs issued by your Company have been listed in the London Stock Exchange Limited.