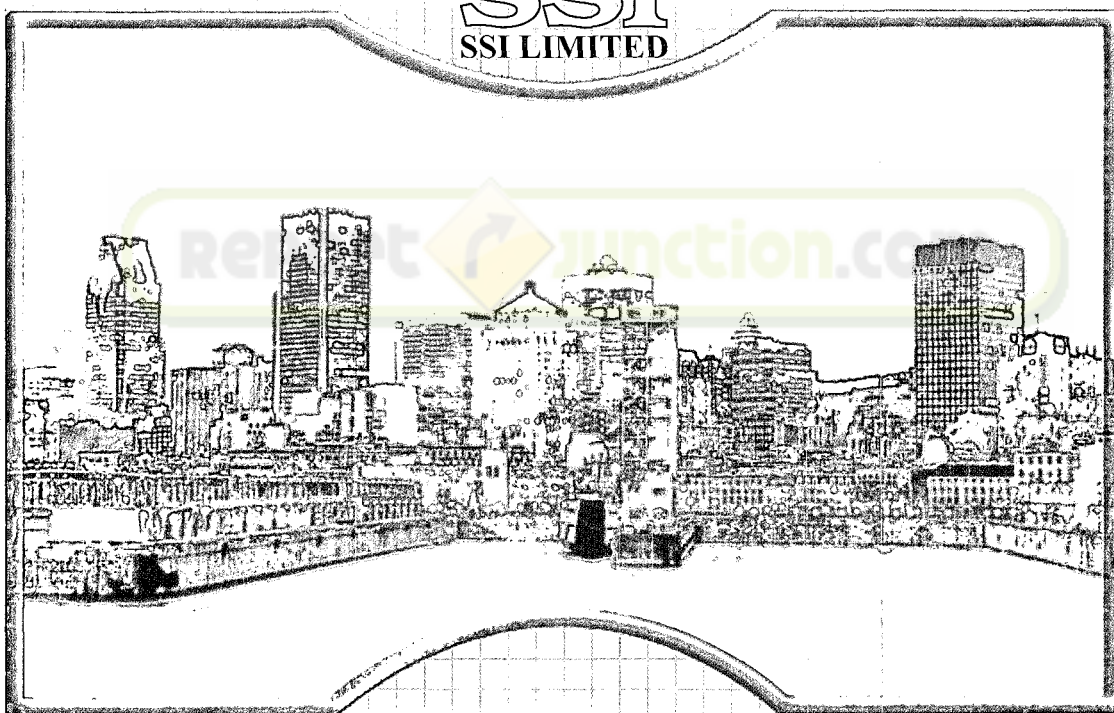


**SSi**  
SSI LIMITED



SIXTEENTH ANNUAL REPORT  
2006 - 2007

## ***Contents***

03	Notice calling the Sixteenth Annual General Meeting
09	Directors' Report
13	Report on Corporate Governance
22	Auditors' Report
25	Financial Statements of SSI Limited in accordance with Indian GAAP
41	Management's Discussion and Analysis of Financial Condition and Results of Operations

## **Performance of Subsidiary**

46	AGS Holdings Private Limited
64	AGS Hotels & Resorts Private Limited
78	Telephoto Entertainments Limited
92	Telephoto International Pte. Limited, Singapore (Subsidiary of Telephoto Entertainments Limited)
98	AGS Properties Development (India) Private Limited (Subsidiary of Telephoto Entertainments Limited)
112	Consolidated Financial Statements of SSI Limited in accordance with the Indian GAAP

**Board of Directors**

Prasad V. Potluri – Chairman and Managing Director  
R. Ramaraj – Non-Executive Director  
M. Ramprasad – Non-Executive Director  
R. Nagarajan – Non-Executive Director  
N.S. Kumar – Non-Executive Director

**Company Secretary**

S.N. Madhavan

**Auditors**

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

**Registered Office**

92-A, Dr. Alagappa Road,  
Purasawalkam,  
Chennai – 600 084,  
India.

Telephone: +91-44-2661 1611 Fax: +91-44-2661 3377

**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 for the Sixteenth Annual General Meeting***

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company will be held on Saturday, March 29, 2008 at 10.35 A.M. at "Kamaraj Arangam", No.492 (Old No.574-A), Anna Salai, Teynampet, 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, 2007, the Profit & Loss Account for the year ended September 30, 2007, the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. R. Nagarajan, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. N. S. Kumar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. Price Waterhouse, Chartered Accountants as the Auditors, in place of M/s. CNGSN & Associates, Chartered Accountants and to fix their remuneration.

The Following resolution is proposed to be passed, with or without modification(s), as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Price Waterhouse, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, in place of M/s. CNGSN & Associates Chartered Accountant, the Statutory Auditors of the Company, on such remuneration as may be fixed by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to implement this resolution".

### **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 thereof, Mr. Prasad V. Potluri, 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 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 thereof, Mr. R. Ramaraj, 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."
7. 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 thereof, Mr. M. Ramprasad, 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."
8. To consider, and if thought fit to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:  
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 316 and read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Mr. Prasad V. Potluri as Chairman and Managing Director of the Company for a period of three years with effect from 4<sup>th</sup> December 2007 to 3<sup>rd</sup> December 2010, on the following terms and conditions:

1. He shall receive a token remuneration of Re. 1/- per annum.
2. He shall be entitled to leave encashment and leave travel assistance for self and family, club fees, premium on personal accident/mediclaime insurance, company's car with driver, petrol and maintenance, provision of internet, telephones and mobile phone and such other benefits and allowances, in accordance with the rules applicable to the Senior Executives of the Company.  
  
The value of the above said perquisites shall be determined according to the Income Tax Rules, 1962. In the absence of any such rules, perquisites shall be valued at actual cost to the Company.
3. Mr. Prasad V. Potluri is entrusted with the substantial powers of management of the Company's business and its affairs, subject to the superintendence, control and directions of the Board of Directors. He shall also assist the Board of Directors in proper and effective exercise of its powers and discharge of functions.
4. During the continuance of his appointment, he shall devote his full time and attention to the Company's work and shall use his best Endeavour for promotion of the interest and welfare of the Company.
5. If he ceases to hold office of the Director for any reason, he shall immediately cease to be the Managing Director.
6. He shall not be entitled to any sitting fees for attending meetings of the Board of Directors of the Company or any committee or committees thereof.
7. His services will be governed by the service rules of the Company, as may be in force from time to time in so far as they are not at variance with the terms herein contained.
8. His services may be terminated by giving a 90 days notice by the either Party to the other Party.

RESOLVED FURTHER THAT, in the event of absence or inadequacy of profits in any financial year, Mr. Prasad V. Potluri shall be paid the salary, perquisites and allowances, subject to the limits stipulated under Part A of Paragraph 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 as amended from time to time.

RESOLVED FURTHER THAT the terms and conditions set out above for the appointment and payment of remuneration herein may be altered and varied from time to time by the Board of Directors of the Company (which term shall be deemed to include the Remuneration Committee constituted by the Board), so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment made thereto."

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 31 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby given to delete the existing Clause 74 of the Articles of Association of the Company and substitute the same with the following new Clause:

74. The Sitting Fees payable to each of the Non-Executive Directors for attending the Meeting of the Board of Directors or any of its committees shall be a sum not exceeding the sum prescribed under the provisions of the Companies (Central Government's) General Rules and Forms, 1956 or as amended from time to time. They shall also be entitled to reimbursement of traveling expenses and halting charges incurred by them."

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to implement this 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 309(2) and the first proviso of Section 310 of the Companies Act, 1956, read with Rule 10-B of the Companies (Central Government's) General Rules & Forms, 1956, approval of the Company be and is hereby given to increase the sitting fees payable to the Non-Executive Directors for attending the Meeting of the Board of Directors or the Audit Committee or the Remuneration Committee to Rs. 20,000/- for every such meeting.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to implement this resolution".

11. 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 Fifteenth Annual General Meeting of the Company held on March 07, 2007, 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 and without prejudice to the generality thereof by way of Debentures (whether fully, partly and/or optionally convertible), loans, advances, credits, acceptance of deposits or otherwise from any bank(s) or financial institution(s) or Company(ies) or Corporation(s) or firm(s) or other person(s) and whether by way of mortgage, charge, hypothecation, pledge or otherwise in any way or whatsoever on, over or in respect of all or any of the Company's assets, effects, and properties including uncalled capital, stock-in-trade (including raw materials, stores, parts and components in stock or in transit), book debts and receivables, 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 or to be 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. 3000 Crores (Rupees Three Thousand Crores Only).  
 RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise the terms and conditions of all such monies borrowed or to be borrowed, from time to time as to interest, repayment, security, or otherwise howsoever as they may think fit, and to do all such acts and things as may be necessary for giving effect to the above resolution."
12. To consider and if thought fit to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**:  
 "RESOLVED THAT in supersession of the resolution passed at the Fifteenth Annual General Meeting of the Company held on March 07, 2007, 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 of the Company to mortgage and/or charge all or any of the present and future movable and immovable properties and the whole or substantially the whole of the undertaking of the Company, in such form and manner as the Board of Directors may deem fit, for the purpose of securing the borrowing or financial assistance, without prejudice to the generality thereof by way of Debentures (whether fully, partly and/or optionally convertible), loans, advances, credits, acceptance of deposits or otherwise from any bank(s) or financial institution(s) or Company(ies) or Corporation(s) or firm(s) or other person(s) together with interest, costs, charges, expenses, and all other monies payable by the Company to the concerned lenders, and also to enter into a joint venture/joint development arrangement with any person(s) and/or Company(ies) for development and sale of the real estate assets of the Company, upto a value of and within the overall borrowing limit of Rs.3000 Crores (Rupees Three Thousand Crores Only).  
 RESOLVED further that the Board of Directors the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or expedient, to give effect to this resolution."

By Order of the Board  
 For SSI Limited

Hyderabad.  
 February 08, 2008

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 24, 2008 to March 29, 2008 (both days inclusive).
3. Explanatory Statements, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the item Nos.5 to 12 of the Notice are annexed hereto.
4. Pursuant to Section 205A of the Companies Act, 1956, the unclaimed Dividend for the financial year ended June 30, 2000 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, Mr. R. Nagarajan and Mr. N.S. Kumar 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. Mr. R. Nagarajan :**

Name of the Director	<b>Mr. R. Nagarajan</b>
Date of Birth	July 06, 1938
Date of Appointment	March 19, 2001
Experience	Over 45 years of experience in Banking and Finance.
Qualifications	B.Com., (Hons), C.A.I.I.B.
Directorship held in other companies	<ol style="list-style-type: none"> <li>1. Dhandapani Finance Ltd., Chennai, India.</li> <li>2. Latice Bridge Infotech (P) Ltd., Chennai, India.</li> <li>3. Excel Audit &amp; Management Support Services Pvt. Ltd., Chennai, India</li> <li>4. Telephoto Entertainments Ltd., Chennai, India.</li> <li>5. K. Dhandapani &amp; Company Ltd., Chennai, India.</li> </ol>
Chairman / Members of the Committee of the Board of the Companies on which he is Director	<ol style="list-style-type: none"> <li>1. Latice Bridge Infotech (P) Ltd., Chennai, India.</li> <li>2. Excel Audit &amp; Management Support Services Pvt. Ltd., Chennai, India.</li> <li>3. Telephoto Entertainments Ltd., Chennai, India.</li> </ol>

**2. Mr. N.S. Kumar :**

Name of the Director	<b>Mr. N.S. Kumar</b>
Date of Birth	January 06, 1947
Date of Appointment	March 19, 2001
Experience	Over 25 years of experience in the IT industry and has previously worked with Honeywell Bull, Singapore, Electronic Corporation of India and Trane Inc., USA.
Qualifications	Masters degree from Ohio University.
Directorship held in other companies	<ol style="list-style-type: none"> <li>1. Electroscan India Limited, Chennai India.</li> <li>2. Telephoto Entertainments Limited, Chennai, India.</li> </ol>
Chairman/Members of the Committee of the Board of the Companies on which he is Director	<ol style="list-style-type: none"> <li>1. Telephoto Entertainments Limited, Chennai, India.</li> </ol>

**EXPLANATORY STATEMENTS UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.5, 6 & 7 :**

Pursuant to the Share Purchase Agreement entered into between Mr. K.S. Aghoram, Mr. K.S. Ganesh and Mr. K.S. Suresh, the erstwhile Promoters and Directors of the Company and M/s. PVP Enterprises Private Limited, Hyderabad (PEPL) and further to the Open offer made by it, PEPL acquired 61.25% of the paid up share capital of the Company. Accordingly, PEPL become the Promoters of the Company. Subsequent to the Open Offer and conclusion of the SPA, PEPL have taken over the control of management and affairs of the Company and Mr. Prasad V. Potluri, Mr. R. Ramaraj and Mr. M. Ramprasad was appointed as Additional Directors of the Company with effect from December 04, 2007.

In terms of the provisions of Section 260 of the Act, Mr. Prasad V. Potluri, Mr. R. Ramaraj and Mr. M. Ramprasad would hold office upto the date of this Annual General Meeting.

The Company, pursuant to the provisions of Section 257 of the Companies Act, 1956, has received notices in writing from members along with a deposit of Rs.500/- each, proposing the candidatures of Mr. Prasad V. Potluri, Mr. R. Ramaraj and Mr. M. Ramprasad as Directors of the Company,

A brief profile of Mr. Prasad V. Potluri, Mr. R. Ramaraj and Mr. M. Ramprasad are as follows:

**Mr. Prasad V. Potluri**

Mr. Prasad V. Potluri has been a serial entrepreneur in the outsourcing services arena and has a track record of interfacing with both US and Indian Markets. His expertise lies in building successful organizations based on organic growth and inorganic consolidation. He has been a CEO/Founder of several companies such as Procon Inc (1996), Albion Orion Company LLC (2000), Irevna Limited UK (2001) and Mayen Corp (2003).

**Mr. R. Ramaraj**

Mr. R. Ramaraj is the former CEO and Managing Director of Satyam Infoway Ltd., the leading eCommerce and Internet Services Company in India.

Mr. Ramaraj was recognised as the 'Evangelist of the Year' at the India Internet World 2000 Convention and Exhibition in September 2000. In CNET.com poll in India, Mr. Ramaraj was voted the IT Person of the Year 2000.

Mr. Ramaraj is a B.Tech in Chemical Engineering from the University of Madras and a Management Graduate from the Indian Institute of Management, Calcutta. His professional career includes positions in Sales and Marketing in organizations such as Jagatjit Industries, British Paints and Johnson & Johnson. He has been actively involved in the Indian IT Industry for over the past 17 years. He pioneered the retail marketing of computers in India by establishing COMPUTER POINT in 1984. Later, he was one of the Founder Directors of another well known company in IT, MICROLAND LTD. This experience was further enhanced with a stint in the cellular telephony business when he served as Director, Sterling Cellular Ltd till 1996.

**Mr. M. Ramprasad**

Mr. Ramprasad is the Chairman and co-founder of Mape Advisory Group, a Consultancy Company. He has rich experience of driving M&A and capital market transactions. Mr. Ramprasad initially worked with Essar Shipping where he headed the finance function and was involved in multi fold financing activities and acquisition of South India Shipping Corporation by Essar. Subsequently, he joined DSP Merrill Lynch and was the Senior Vice President heading Southern India operations.

Mr. Ramprasad has a first class degree in Chemistry and is an MBA from BIM, Trichy.

The Board recommends the resolution for your approval.

Save and except Mr. Prasad V. Potluri, Mr. R. Ramaraj and Mr. M. Ramprasad, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

**Item No.8 :**

The Board of Directors, on December 04, 2007, had appointed Mr. Prasad V. Potluri as Chairman and Managing Director of the Company to hold office from December 04, 2007 to December 03, 2010 on the terms and conditions as detailed in the notice.

The abstract of the terms of appointment of Mr. Prasad V. Potluri as Chairman and Managing Director of the Company dated December 04, 2007 was sent to all the members of the Company, pursuant to Section 302 of the Companies Act, 1956.



Pursuant to the provisions of sections 269, 316 read with Schedule XIII of the Companies Act, 1956, your approval is required by way of ordinary resolution.

The Board recommends the resolution for your approval.

Save and except Mr. Prasad V. Potluri, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

**Item No.9 and 10:**

Pursuant to the first proviso of Section 310 of the Companies Act, 1956 read with Rule 10-B of the Companies (Central Government's) General Rules & Forms, 1956, the Company can pay a sum upto Rs. 20,000/- as sitting fees to the non-executive directors of the Company for attending the meetings of the Board of Directors or a Committee thereof.

However, the Article 74 of the Articles of Association of the Company provided a sum upto Rs. 5,000/- only as the sitting fees. Accordingly, it is proposed to alter the existing Articles of Association, to enable the Company to pay a sum upto Rs. 20,000/- as sitting fees to the non-executive Directors.

Pursuant to the provisions of Section 31 of the Companies Act, 1956, the proposed alteration to the Articles of Association of the Company requires your approval by way of Special Resolution.

The Board recommends the resolution for your approval.

All non-executive Directors will be deemed to be interested or concerned in the resolution to the extent of sitting fees payable to them.

**Item No.11:**

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.

A similar resolution was passed in the previous Annual General Meeting held on March 07, 2007 for an amount not exceeding Rs.500 crores.

In view of the expansion plans of the Company, it is now proposed to increase the said limit to Rs.3000 Crores.

The Board recommends the resolution for your approval.

None of the Directors is interested in the resolution.

**Item No.12:**

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, transfer by way of sale, lease, mortgage, create charge or lien on the movable and immovable properties of the company both present and future or its undertakings and the whole or substantially the whole of the undertaking of the Company.

A similar resolution was passed in the previous Annual General meeting held on March 07, 2007, the Company had authorised the Board to mortgage, create charge or lien etc. on the movable and immovable properties of the company etc. for an amount not exceeding Rs.500 crores.

In view of the expansion plans of the Company, it is now proposed to increase the said limit to Rs.3000 Crores.

The Board recommends the resolution for your approval.

None of the Directors is interested in the resolution.

By Order of the Board  
For SSI Limited

Hyderabad  
February 08, 2008

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, 2007.

### Financial Results

(Rs. in lakhs)

Particulars	For the year ended September 30, 2007	For the year ended September 30, 2006
Gross Revenue	336.14	1,784.62
Total Expenditure	769.75	797.76
Profit before Interest Depreciation and Tax	(433.61)	986.86
Interest	111.40	141.29
Depreciation	35.06	26.26
Profit / (Loss) Before Tax (PBT)	(688.47)	819.31
Provision for Tax	7.99	13.02
Profit / (Loss) After Tax (PAT)	(696.46)	806.29

### Results of Operations

Gross revenue for the year under consideration is Rs.336.14 lakhs as against Rs.1,784.62 lakhs during the previous year.

### Business

During the year, your company was involved into consolidation of its land bank and real estate assets. Our focus was mainly on applying with the concerned authorities for various approvals. Hence, the Company did not have any operating revenues this year.

### Future Outlook

Your Company is in negotiation/discussions with the various developers to develop its real estate assets and expected to be finalized within few months. The Company expects that these alliances will enable it to achieve desired results in coming years.

### Dividend

In view of the losses, no dividend has been recommended by the Board for the year under review.

### Change in the control of Management

During the year under review, the erstwhile promoters of the Company Mr. K.S. Aghoram, Mr. K.S. Ganesh and Mr. K.S. Suresh had entered into a Share Purchase Agreement (SPA) with M/s. PVP Enterprises Private Limited, Hyderabad (PEPL) for sale of majority stake of their holding in the Company. Subsequent to this SPA, and in accordance with the SEBI (SAST) Regulations, 1997, PEPL made an Open Offer to the Shareholders of the Company, for purchase of upto 20% of the paid up share capital of the Company at Rs. 208/- per share. The Offer was well received and the Open Offer process was completed by September 2007. Further, PEPL acquired, in various tranches, 41.25% of the paid up share capital from the erstwhile promoters.

Accordingly, on completion of the acquisition, PEPL holds 61.25% of the paid up share capital of the Company and has become the new Promoter of the Company and have taken the control of the management of the Company.

### Directors

Consequent upon change in management of the Company, Mr. Kalpathi S. Aghoram, Mr. Kalpathi S. Ganesh, and Mr. Kalpathi S. Suresh, the erstwhile promoters of the Company had resigned from the Board with effect from December 04, 2007.

Further, Mr. D. V. Narasingharao, Mr. R. Manahoran, Mr. P. Sudhir Rao, had also resigned with effect from December 04, 2007.

The Board places its profound appreciation on the yeomen services of the erstwhile promoters and Directors for their contributions to the Company and in particularly appreciated the efforts of the promoter Directors viz., Mr. Kalpathi S. Aghoram, Mr. Kalpathi S. Ganesh and Mr. Kalpathi S. Suresh for their untiring efforts and invaluable services to the Company till date.

Further, consequent upon change in management, the Board was reconstituted with the appointment of Mr. Prasad V. Potluri, Mr. R. Ramaraj and Mr. M. Ramprasad as Additional Directors of the Company with effect from December 04, 2007. In terms of Section