

SILVERLINE

TECHNOLOGIES LIMITED

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15th
ANNUAL REPORT
2006-2007

SILVERLINE TECHNOLOGIES LIMITED

BOARD OF DIRECTORS

Ravi Subramanian, *Chairman*
Krishnakumar Subramanian, *Vice Chairman*
Mohan Subramanian, *Wholetime Director*
Nallicheri J. Shivgiri
Titus Sequeira
Jagdish P. Gandhi

AUDITORS

M/s. CNGSN & Associates

ADVOCATES & SOLICITORS

M/s. Khaitan & Co.

COMPANY SECRETARY

Mr. V. Venkatraghavan (V.P. Finance)

REGISTERED OFFICE

Unit 121, SDF IV,
SEEPZ, Andheri (East),
Mumbai 400 096
Tel.: (022) 28291950/28290322

REGISTRAR & SHARE TRANSFER AGENTS

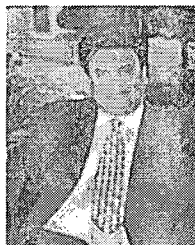
Intime Spectrum Registry Ltd.,
C-13, Kantilal Maganlal Industrial Estate,
Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W),
Mumbai 400 078.
Tel. No. : 25946970-79 Fax : 25946969

From the Desk of Mr.Ravi Subramanian,
Chairman, Silverline Technologies Limited.

Dear Friends,

WELCOME to the AGM 2007 of your company!
I welcome you to the 15th Annual General Meeting.

Highlights from 2007



Now it's a year later, and I want to tell you about the progress we have made. Silverline today is stronger and more focused than it has been in years. The path we set for ourselves over the last two years ago is yielding results — in terms of an improved competitive position, an enhanced capacity to innovate, and a greater ability to deliver results to our clients and to you, our owners.

I will take a few moments to highlight the key achievements achieved by your Company. I will also share some of the thoughts on the future of the Company.

Ravi Subramanian Chairman and CEO

A Good Year

Year 2007 is a terrific turnaround year of sales, growth and return to profitability for your Company. We continued to execute our business plan effectively, producing share gains in key markets, increasing revenue and growing both earnings and earnings per share.

Sales across the divisions for the quarter ending September 2007 were INR 366.33 million with a quarter-on-quarter growth of 417%. The Profit after Tax is INR 61 million

Delivered on all set goals

You will be happy to note that honoring all the regulatory and compliance requirements, our Company had delivered on each and every one of its goals. Some of the major milestones we have achieved thus far for the year include:

- ✓ *Rightsizing the equity structure,*
- ✓ *Become a very focused company in the area of IT Consulting, & ITES sectors— thus, the demerging of the Animation Division from the parent,*
- ✓ *Sustain an annual growth of at least 30% year-on-year in revenues without losing focus on the profitability,*
- ✓ *Taking into account some of the weaknesses of the previous M&A strategy, define a solid M&A Strategy of success, and,*
- ✓ *To make your Company to be of a reputable size among its peers.*

As you may be aware the Hon'ble High Court, Mumbai has passed an Order allowing the Scheme of Arrangement for reduction in the share capital and allowed demerger of Animation Division. As part of the demerger scheme, all the members would become eligible to the shares in the new company Silverline Animation Technologies Limited. As per our prayer and as allowed by the Hon'ble Court, Mumbai, these would be given effective from 1st July 2006. Accordingly, the financials presented herewith has been amended to take into effect of the order from that date.

In parallel to the reduction in capital activity, the Animation Division of Silverline has become an independent entity, Silverline Animation Technologies Limited (SA Limited). SA Limited will start trading as a public entity in the Stock Exchange.

Please note that all the current shareholders of Silverline Technologies Limited would be getting the credit for 4 shares in Silverline Animation Technologies Limited for every 100 shares held by them as on the record date.

We are very excited for you, our shareholders of Silverline, that you are joining SA Limited in its aggressive growth strategies, thus, potentially having an opportunity to earn handsome returns for your loyalty.

This will unfold the value of Animation business for the benefit of Shareholders

The Transformation Process

Of course, the journey begins now. But the good news is that we are ready to take it on and grow towards are goal to be among the leading Indian players in our core competencies. We have a number of strategies outlined that the Company will pursue over the next 3 years.

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For this fiscal year, your Company's emphasis on sustained growth and profitability through quality mergers and acquisitions for the year has proven to be highly successful. The Company has outlined a very strict and focused strategy on Mergers and Acquisitions. Some of the parameters defined by the Board are as under : e:

1. \$20m - \$35m in revenue and sustained profitable track record
2. Businesses earning good returns on equity while employing little or no debt,
3. Within our core line of businesses (IT Consulting & Global Software Development and Business Process Outsourcing),
I am proud to outline some of the future plans set by the **Company's Governance and Management team:**
 1. A goal is to be a \$125 million dollar Company
 2. A Company that will further its success of the M&A strategy and continue to target attractive M&A targets that meet the above criteria in the BPO and IT Consulting and Global Software Systems delivery arena.
 3. A Company that targets to be an organization of over 1,500 employees, working globally.
 4. To counter the market nuances of rising dollar and the rising resource costs, the Company is on the lookout of targets that expand to new geographies of services delivery such as Mexico and Brazil. Currently, Silverline operations are in United States, Canada and India.

Your Company recognize the need for driving continual efficiencies and cost-savings within the organizations that it acquires. To that affect, I am pleased to announce that your Company has decided to have a division that will solely focus on this area – Organization Efficiency and Corporate Development. This will be an independent P&L center reporting directly to me and the Board. Silverline's commitment to our stakeholders, namely our customers and you, shareholders, is not measured in rupees alone. As a good corporate citizen, we're concerned about people. I applaud the unselfish attitude, dedication and undying effort of each and every employee of the organization. I'm also grateful for the support of our business partners and our Board of Directors. I thank each of you for your loyalty, your trust, and for the opportunity to protect your investment in this Company.

Your Company recognizes the services rendered by the Restructuring Structuring Advisors M/s. Firstcall India Equity Private Limited, Mumbai, without their valuable support the Company would not have seen these good days.

To sum up, dear members,

I thank you all for your continued trust, confidence and support as we move on a successful growth path in the years to come.

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With warm regards,

Ravi Subramanian.

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of SILVERLINE TECHNOLOGIES LIMITED will be held on Wednesday, 28th November, 2007 at 11.00 A.M at The Shanmukhananda Fine Arts & Sangeetha Sabha, Conventional Hall, Flank Road, Sion (East), Mumbai 400022 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 30 June, 2007 and the Profit and Loss account and the Cash Flow Statement of the Company for the year ended on that date along with the Schedules and the Reports of Directors and Auditors and thereon.
2. To appoint a Director in place of Mr. Titus Sequeira, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mohan Subramanian, who retires by rotation, and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: **"RESOLVED THAT CNGSN& ASSOCIATES**, Chartered Accountants, who retire at this meeting being eligible and willing to act as Auditors, be and are hereby re-appointed as the Auditors of the Company to hold office till conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors."

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** pursuant to the provision of Section 198, 269, 309, and read with Section I of Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Mohan Subramanian as a Whole-time Director, with effect from 29th October, 2007 for a period of five years on the terms and conditions as stated in the Explanatory Statement annexed to the Notice with liberty to the Board of Directors of the Company or Committee thereof to revise the terms of appointment and/or vary or increase the remuneration and perquisites payable within the limits, under Schedule XIII, to the extent the Board of Directors or committee thereof may consider appropriate and as may be permitted or authorized in accordance with any provision under the Companies Act, 1956 or Schedule(s) appended thereto for the time being in force or any statutory modification or re-enactment thereof, and as may be agreed to between the Board of Directors and Mr. K. Mohan Subramanian."
"RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the remuneration payable be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modification(s) thereto."
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions in accordance with the laws in force, from time to time and to take all such steps as may be considered necessary to give effect to the above Resolution."
6. To consider and if thought fit to pass with or without modifications the following resolution as a **Special Resolution** : **"RESOLVED THAT** pursuant to section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the memorandum and articles of association of the Company and the listing agreement entered into by the Company with the stock exchange where the shares of the Company are listed and subject to guidelines, regulations and clarifications issued by the securities and exchange of India (herein after referred to as SEBI) for the time being in force and subject to the approvals, consents, permissions and sanctions of the appropriate authorities. (herein after collectively referred to as the appropriate authorities'), if and to the extent necessary and subject to such conditions and modifications as may be prescribed under the applicable laws imposed while such approval, consents, permissions, and the sanctions (hereinafter referred to as "the requisite approvals") which may be agreed to by the Board of Directors of the Company (hereinafter called 'the board' which term shall be deemed to include any committee which the Board of Directors of the Company may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the board be and is hereby authorized to create, offer, issue and allot not exceeding 57,00,000 (Fifty-Seven Lac) Optionally Fully Convertible Share Warrants (OFCSWs /warrants) of Rs.10/- each for cash, to Mr. Ravi Subramanian, one of the promoters of the Company, with an option to apply for conversion into equity shares of the Company viz. one equity share of Rs.10/- each of the Company against each warrant, in such a manner and on such terms and conditions as may be determined by the board in its absolute discretion, in accordance with the Guidelines for the preferential Issue contained in chapter XIII of the SEBI (Disclosure & Investor protection) Guidelines 2000 (hereinafter referred to as the "Preferential Issue Guidelines") in this behalf."
"RESOLVED FURTHER THAT that the Convertible Share Warrants resolved to be offered and allotted per the foregoing resolution shall be allotted at the earlier of 15 days from the date of this resolution or 15 days from the date of receipt of any approval of the Securities and Exchange Board of India or any other authority as may be required."

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"The Warrant holders must exercise the option to convert the warrants into equity shares of the Company, in one or more tranches, any time after the date of allotment of the Warrants but on or before the expiry of 18 months from the date of the said allotment, and the "relevant date" for calculation of the price of the resultant equity shares on conversion shall be the date 30 days preceding the date of this Annual General Meeting viz.29th October, 2007."

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

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

"RESOLVED FURTHER THAT the board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of directors or the chairman or any other director(s) or officer(s) of the Company to give effect to the aforesaid resolution."

7. To consider and if thought fit to pass with or without modifications the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to section 81(1A) and all other applicable provisions of the Companies Act,1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the memorandum and articles of association of the Company and the listing agreement entered into by the Company with the stock exchange where the shares of the Company are listed and subject to guidelines, regulations and clarifications issued by the securities and exchange of India (herein after referred to as SEBI) for the time being in force and subject to the approvals, consents, permissions and sanctions of the appropriate authorities.(herein after collectively referred to as the appropriate authorities'), if and to the extent necessary and subject to such conditions and modifications as may be prescribed under the applicable laws imposed while such approval , consents, permissions, and the sanctions (hereinafter referred to as "the requisite approvals") which may be agreed to by the Board of Directors of the Company (hereinafter called 'the board' which term shall be deemed to include any committee which the Board of Directors of the Company may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the board be and is hereby authorized to create, offer, issue and allot not exceeding 37,76,250 (Thirty-Seven Lac Two Hundred Fifty) Optionally Fully Convertible Share Warrants (OFCSWs /warrants) of Rs.10/- each for cash, to Mount Blanc Investment Corporation, Canada, a Foreign Company, with an option to apply for conversion into equity shares of the Company viz. one equity share of Rs.10/- each of the Company against each warrant , in such a manner and on such terms and conditions as may be determined by the board in its absolute discretion, in accordance with the Guidelines for the preferential Issue contained in chapter XIII of the SEBI (Disclosure & Investor protection) Guidelines 2000 (hereinafter referred to as the "Preferential Issue Guidelines") in this behalf."

"RESOLVED FURTHER THAT that the Convertible Share Warrants resolved to be offered and allotted per the foregoing resolution shall be allotted at the earlier of 15 days from the date of this resolution or 15 days from the date of receipt of any approval of the Securities and Exchange Board of India or any other authority as may be required."

"The Warrant holders must exercise the option to convert the warrants into equity shares of the Company, in one or more tranches, any time after the date of allotment of the Warrants but on or before the expiry of 18 months from the date of the said allotment, and the "relevant date" for calculation of the price of the resultant equity shares on conversion shall be the date 30 days preceding the date of this Annual General Meeting viz.29th October, 2007."

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

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

"RESOLVED FURTHER THAT the board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of directors or the chairman or any other director(s) or officer(s) of the Company to give effect to the aforesaid resolution."

8. To consider and if thought fit to pass with or without modifications the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to section 81(1A) and all other applicable provisions of the Companies Act,1956 (including

any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the memorandum and articles of association of the Company and the listing agreement entered into by the Company with the stock exchange where the shares of the Company are listed and subject to guidelines, regulations and clarifications issued by the securities and exchange of India (herein after referred to as SEBI) for the time being in force and subject to the approvals, consents, permissions and sanctions of the appropriate authorities. (herein after collectively referred to as the appropriate authorities'), if and to the extent necessary and subject to such conditions and modifications as may be prescribed under the applicable laws imposed while such approval, consents, permissions, and the sanctions (hereinafter referred to as "the requisite approvals") which may be agreed to by the Board of Directors of the Company (hereinafter called 'the board' which term shall be deemed to include any committee which the Board of Directors of the Company may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the board be and is hereby authorized to create, offer, issue and allot not exceeding 80,00,000 (Eighty Lac) Equity Shares of Rs.10/- each (post reduction in capital under Scheme of Arrangement) of the Company to the various holders of the units through their respective FCCB holders, in one or more tranches, in such a manner and on such terms and conditions as may be determined by the board in its absolute discretion, in accordance with the Guidelines for the preferential Issue contained in chapter XIII of the SEBI (Disclosure & Investor protection) Guidelines 2000 (hereinafter referred to as the "Preferential Issue Guidelines") in this behalf and the agreement(s) executed by the Company in terms of the approval of the members accorded vide Special Resolution passed at the Extra-Ordinary General Meeting of the Company held on the 11th August, 2007."

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

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

"RESOLVED FURTHER THAT the board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of directors or the chairman or any other director(s) or officer(s) of the Company to give effect to the aforesaid resolution."

9. To consider, and if thought, fit to pass the following resolutions with or without modification (s) as **Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Section 81 (1 A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and relevant provisions of the Memorandum of Association and Articles of Association of the Company and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and subject to the approval, consent, permission and/or sanction of the Ministry of Finance and Ministry of Industry (Foreign Investment Promotion Board/ Secretariat for Industrial Assistance) of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any committee thereof referred to below), be and it is hereby authorised on behalf of the Company to issue, offer and allot, in the course of international offerings, in one or more foreign markets, equity shares / preference shares / convertible debentures/ convertible notes/ Foreign Currency Convertible Bonds (FCCB's)/ Secured Premium Notes (SPN) and/or any securities convertible into equity shares at the option of the Company and/or holder of the securities and/or securities linked to equity shares through American Depository Receipts (ADR's) and/or Global Depository Receipts (GDR's) and/or any other instruments or securities (hereinafter referred to as the "Securities") subscribed to in foreign currency(ies), for cash or stock swap or for other valuable consideration including strategic alliances, business(es) or a combination thereof, to Foreign Investors (whether Institutions and or Incorporated Bodies and or Individuals and whether or not such investors are members of the Company) through Public Issue(s), Private Placement(s), Preferential Allotment(s), which upon conversion of all Securities so issued or allotted, could give rise to the issue upto 10,00,000 underlying new Equity shares (inclusive of such premium as may be determined and post reduction in the capital effected through Scheme of Arrangement) and such issue and allotment to be made at such time or times, in one or more tranches, at such price or prices, on such terms and condition including security, rate of interest and in such manner as the Board may, in its absolute discretion think fit, in consultation with the Lead Manager(s)/ Investment Banker(s) and/or the Underwriters subject to guidelines of the Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI) and Ministry of Finance, and otherwise on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.

RESOLVED FURTHER THAT the Company and/or any agency or body authorised by the Company may issue depository receipts representing the underlying equity shares or other securities issued by the Company, in registered form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations, and under the forms and practices

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prevalent in the international markets including filing any registration statement and any amendment thereto with the respective regulatory authorities.

RESOLVED FURTHER THAT the Board be and it is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities referred to in paragraph one above or as may be necessary in accordance with the terms of the offering, all such shares ranking pari-passu with the equity shares of the Company in all respects and the Board be further authorised to execute necessary documents for the purpose of listing the equity shares on the Stock Exchanges in India.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of equity shares or securities or instruments or securities representing the same, as described in paragraph one above, the Board and other designated officers of the Company be and it is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as they may at their discretion deem necessary or desirable for such purpose, including without limitation, filing a Registration Statement and other documents with the respective regulatory authorities, listing the securities on overseas stock exchanges such as Luxembourg and/or London and/or Nasdaq and/or New York Stock Exchange (NYSE) and/or any other overseas stock exchanges, and the entering into and executing all such arrangement(s)/ agreement(s) with any Lead Manager(s) / Investment Banker(s)/ Underwriter(s) / Guarantor(s) / Depository(ies) / Custodian and all such agents as may be involved or concerned in such offering of securities and to remunerate all such agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any.

RESOLVED FURTHER THAT the Board be and it is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilisation of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and it is hereby authorised to delegate all or any of the powers herein conferred to any committee of directors or chief executive officer or any executive director or directors or any other officer or officers of the company to give effect to the aforesaid resolution.

11. To consider, and if thought, fit to pass the following resolutions with or without modification (s) as **Special Resolution:**

“RESOLVED THAT in accordance with the provisions of Section 81 (1 A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and relevant provisions of the Memorandum of Association and Articles of Association of the Company and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and subject to the approval, consent, permission and/or sanction of the Ministry of Finance and Ministry of Industry (Foreign Investment Promotion Board/ Secretariat for Industrial Assistance) of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, the Board of Directors (hereinafter referred to as the “Board”, which term shall be deemed to include any committee thereof referred to below), be and it is hereby authorised on behalf of the Company to issue, offer and allot, in the course of international offerings, in one or more foreign markets, equity shares / preference shares / convertible debentures/ convertible notes/ Foreign Currency Convertible Bonds (FCCB's)/ Secured Premium Notes (SPN) and/or any securities convertible into equity shares at the option of the Company and/or holder of the securities and/or securities linked to equity shares through American Depository Receipts (ADR's) and/or Global Depository Receipts (GDR's) and/or any other instruments or securities (hereinafter referred to as the “Securities”, post the reduction in the capital effected through Scheme of Arrangement) subscribed to in foreign currency(ies), for cash or stock swap or for other valuable consideration including strategic alliances, business(es) or a combination thereof, to Foreign Investors (whether Institutions and or Incorporated Bodies and or Individuals and whether or not such investors are members of the Company) through Public Issue(s), Private Placement(s), Preferential Allotment(s), which upon conversion of all Securities so issued or allotted, could give rise to the issue upto 20,000,000 underlying new Equity shares (inclusive of such premium as may be determined and post reduction in the capital effected through Scheme of Arrangement) and such issue and allotment to be made at such time or times, in one or more tranches, at such price or prices, on such terms and condition including security, rate of interest and in such manner as the Board may, in its absolute discretion think fit, in consultation with the Lead Manager(s)/ Investment Banker(s) and/or the Underwriters subject to guidelines of the Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI) and Ministry of Finance, and otherwise on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.

RESOLVED FURTHER THAT the Company and/or any agency or body authorised by the Company may issue depository receipts representing the underlying equity shares or other securities issued by the Company, in registered form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations, and under the forms and practices prevalent in the international markets including filing any registration statement and any amendment thereto with the respective regulatory authorities.

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RESOLVED FURTHER THAT the Board be and it is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities referred to in paragraph one above or as may be necessary in accordance with the terms of the offering, all such shares ranking pari-passu with the equity shares of the Company in all respects and the Board be further authorised to execute necessary documents for the purpose of listing the equity shares on the Stock Exchanges in India.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of equity shares or securities or instruments or securities representing the same, as described in paragraph one above, the Board and other designated officers of the Company be and it is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as they may at their discretion deem necessary or desirable for such purpose, including without limitation, filing a Registration Statement and other documents with the respective regulatory authorities, listing the securities on overseas stock exchanges such as Luxembourg and/or London and/or Nasdaq and/or New York Stock Exchange (NYSE) and/or any other overseas stock exchanges, and the entering into and executing all such arrangement(s)/ agreement(s) with any Lead Manager(s) / Investment Banker(s)/ Underwriter(s) / Guarantor(s) / Depository(ies) / Custodian and all such agents as may be involved or concerned in such offering of securities and to remunerate all such agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any.

RESOLVED FURTHER THAT the Board be and it is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilisation of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and it is hereby authorised to delegate all or any of the powers herein conferred to any committee of directors or chief executive officer or any executive director or directors or any other officer or officers of the company to give effect to the aforesaid resolution.

On behalf of the Board of Directors

Place: Mumbai

Ravi Subramanian

Date : 1st November 2007

Chairman

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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE ANNUAL GENERAL MEETING.**
- The relevant Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special Business under item 5 to 10 of the Notice is annexed hereto.
- Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Director of the Company at the Company's Registered Office, so as to reach atleast 7days before the date of the meeting, so that the information required may be made available at the meeting to the best extent possible.
- Pursuant to Section 205A of the Companies Act, 1956 all Unclaimed/unpaid dividends up to the year ended 1995-96 have been transferred to the General Revenue Account of the Central Government. Share holders who have not en-cashed the dividend warrants for the said period(s) are requested to claim the amounts from the Registrar of Companies, Maharashtra, 100 Everest Building, Marine Lines, Mumbai - 400 020. Kindly note that in terms of Section 205C of the Companies Act, 1956, the unclaimed dividend for the financial year 1996-97 (which has remained unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account) has been transferred to Investor Education and Protection Fund (the fund). The Company is in the process of arranging to transfer the unclaimed dividend for the financial years viz. 1997-98, 1999-2000 and 2000-2001. Investor Education and Protection Fund. Those Shareholders who have not en-cashed the dividend warrant for the financial year 2000-01 are therefore, requested to immediately forward the same to the Company for revalidation. It may also be noted that once the unclaimed dividend is transferred to the Fund, no claim shall lie against the fund or the Company in respect of the individual amounts which were unclaimed or unpaid.

The unpaid dividend account is as follows:

| Year | Amount (in Rs.) | Lying with Bank |
|-----------|-----------------|-----------------|
| 1997-1998 | 106.45 | HDFC Bank |
| 1999-2000 | 3,605,271.73 | HDFC Bank |
| 2000-2001 | 2,437,542.00 | HDFC Bank |

- All the documents referred in the Notice and Explanatory Statement, are available for inspection at the Registered Office of the Company during office hours on all working days, between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.

SILVERLINE TECHNOLOGIES LIMITED**ANNEXURE TO NOTICE**

Information under Clause 49 of the Listing Agreement with respect to Directors seeking appointment/re-appointment in this AGM.

Item No. 2,3 and 5

| | | | |
|----|---|-----------------------------|---------------------------------|
| 1. | Name | Mr. Titus Sequeira | Mr. Mohan Subramanian |
| 2. | Age | 48 | 51 |
| 3. | Profession | Business Executive | Business Executive |
| 4. | Qualification | B Sc ., Post Grad-Sys. Mgt. | B.A. |
| 5. | List of other DirectorshipHeld excluding Private companies | None | None |
| 6. | Chairman/Member of the Committee of Board of Directors of the Company | — | Remuneration Committee – Member |
| 7 | Chairman/Member of the Committee of Board of Directors of the Company | — | Audit committee – Member |

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956 :**Item No.5**

Mr. Mohan Subramanian (formerly Mr. K. Kulathu Subramanian) is involved in the Company's operations, since its inception. Mr. Mohan Subramanian has more than 20 years experience in IT industry. Considering his knowledge and experience, on the basis of the recommendation of the 'Remuneration Committee' and in the business interest of the Company, the Board of Directors has re-appointed, subject to the approval of the members of the Company, Mr. Mohan Subramanian as Whole-time Directors of the Company.

The details of the terms and conditions of the reappointment of and the remuneration to Mr. Mohan Subramanian (referred to as he / appointee) are as given below :

Principal terms and conditions:

Period of Appointment: 5 years (29th October, 2007 to 28th October, 2012)

Remuneration :

Salary of Rs.150,000/- per month. Further the appointee will be entitled to dearness allowance, perquisites, commission and other allowances within the 5% of the net profit of the Company, arrived in terms of Section 198 read with Section 349 and 350 of the Companies Act, 1956, in terms of Section I of Part II of Schedule XIII to the Act.

Perquisites & Allowances :

In addition to salary, the Appointees shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses utilities such as gas, electricity, water, furnishing, servants salaries, society charges, property tax and repairs, medical reimbursement, club fees, and leave travel concession for himself and his family, medical/accident insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Appointee. Such perquisites and allowances will be subject to a maximum of 100% of his annual salary.

For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income-tax Rules, wherever applicable, in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

Minimum Remuneration :

Notwithstanding anything to the contrary herein contained, in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the appointee shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modification(s) thereto.

The following will not be considered as perquisites:

- Provision for the use of the Company's car for official duties and communication facilities and computer at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites and allowances for the purpose of calculating the above ceiling.
- Gratuity payable at the rate not exceeding half a months salary for each completed year of service.