

## **Board of Directors**

### **Chairman**

Dr. R. Srinivasan

### **Managing Director**

Mr. Dinesh Kumar

### **Executive Director**

Mr.K. Vasudeva Rao

### **Director (Finance)**

Mr.V.Visweswara Rao

### **Wholetime Directors**

Mr. Aneesh Mittal

Mr. Pramod Kumar Jain

### **Directors**

Mr.Naresh Chand singhal

Mr.Rajiv Garg

Mr.Ashok Kumar Goyal

Mr. Wolfgang Knop

Mrs.Ritu Lal Kumar

## **Company Secretary**

K.Sateesh Gupta

## **Auditors**

### **M/s. Satyanarayana & Company**

Chartered Accountants

Secunderabad

## **Bankers**

Canara Bank

The Federal Bank Limited

Vijaya Bank

State Bank of Hyderabad

Indian Overseas Bank

## **Registered Office**

335, Chandralok Complex

111, Sarojini Devi Road

**Secunderabad - 500 003**

## **Corporate Office:**

C2, Pooja Plaza, Vikram Puri

**Secunderabad – 500 009**

## **Factory**

### **1. Jointing Kits & SPV Division**

Shed No. 30, 31 & 32

I.D.A. Mallapur, Hyderabad - 500 076.

### **2. SMPS & CDMA Division**

Plot No. 198/A, I.D.A. Cherlapally,

Hyderabad - 500 051.

### **3. Ethanol Division**

Plot Nos. B 8 to B 10, & B 18 to B21

MIDC, Kushnoor

NANDED (District), Maharashtra State



XL TELECOM & ENERGY LIMITED  
21st Annual Report 2006-07

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## NOTICE

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the members of **XL TELECOM & ENERGY LIMITED** will be held on Wednesday, the 26<sup>th</sup> September, 2007 at 11.00 A.M. at the Premises of the Company's plant at Plot No.198/A, IDA, Cherlapally, Hyderabad - 500051 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 30<sup>th</sup> June, 2007, the Profit & Loss Account for the year ended on that date together with the Schedules and Annexures thereto and the reports of the Auditors' and the Board of Directors thereon
2. To confirm the interim dividend declared during the year
3. To appoint a Director in place of Mr.K.Vasudeva Rao, Executive Director, who retires by rotation and being eligible offers himself for re-appointment
4. To appoint a Director in place of Mr.Pramod Kumar Jain, Wholetime Director, who retires by rotation and being eligible offers himself for re-appointment
5. To appoint a Director in place of Mr.Wolfgang Werner Knop, Director, who retires by rotation and being eligible offers himself for re-appointment
6. To re-appoint M/s.Satyanarayana & Co, Chartered Accountants, retiring auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize Board of Directors to fix their remuneration

### SPECIAL BUSINESS

**7. To consider and it thought fit to pass, with or without modification (s), the following resolution as an Ordinary Resolution:**

"RESERVED THAT pursuant to the provisions of Section 16 & 94 of the Companies Act, 1956 (subject to the statutory modifications, enactments thereof for the time being in force) the Authorised Share Capital of the Company be and is hereby increased from the existing Rs. 20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crores only) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 30,00,00,000/- (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crores only) Equity Shares of Rs. 10/- (Rupees Ten only) each ranking pari-passu in all respects with the existing equity shares of the Company and Clause V of the Memorandum of Association of the Company be altered accordingly".

**8. 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 of the Companies Act, 1956 the Articles of Association of the Company be and is hereby altered by substituting the following new Article 3 in place of the existing Article 3 thereof:

3. The Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crores only) Equity shares of Rs. 10/- (Rupees Ten only) each."

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

"RESOLVED THAT in accordance with the provisions of Section 81 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 and Articles of Association of the Company, and pursuant to the provisions of Chapter XIII-A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("Guidelines") as in force and subject to all other applicable rules, regulations and guidelines of the Securities and Exchange Board of India ("SEBI"), the applicable provisions of Foreign Exchange Management Act, 1999 ("FEMA"), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, the Listing Agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed 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, Securities & Exchange Board of India (SEBI) and all other appropriate and/or concerned authorities, institutions or bodies and subject to such conditions and modifications as may be prescribed by any of them in granting 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



which the Board may have constituted or may hereafter constitute) be and is hereby authorized on behalf of the Company to issue, offer and allot in international offerings, in one or more foreign markets, Foreign Currency Convertible Bonds(FCCBs) and/or Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) 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 and/or any other instruments or securities representing equity shares and/or Foreign Currency Convertible Bonds or Convertible Securities or securities linked to equity shares or securities with equity shares/fully convertible debentures/partly convertible debentures or any securities other than warrants, which are convertible or exchangeable with equity shares at a later date, to Qualified Institutional Buyers ("QIBs") under Chapter XIII–A of the Guidelines or a combination of the foregoing (hereinafter referred to as the "Securities") subscribed to in foreign currency(ies) or Indian currency in case of QIP 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 of an amount (inclusive of such premium as may be determined) up to **US \$ 40 million** (US Dollar Forty million only) or equivalent Indian Rupees in case of QIP 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 conditions including security, rate of interest and in such manner as the Board may, in its absolute discretion think fit or deemed appropriate, wherever necessary in consultation with the Lead Manager(s)/ Investment Banker(s)/Advisers and/or the Underwriters, subject to guidelines of the Reserve Bank of India(RBI), Securities and 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 in case of any equity linked issue/offering, including without limitation, any GDR/ADR/FCCB offering, the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion, redemption or cancellation of any such Securities referred to above or as may be in accordance with the terms of issue/offering in respect of such Securities and such equity shares shall rank pari passu with the existing equity shares of the Company in all respects except provided otherwise under the terms of issue/offering and in the offer document and/or prospectus and/or offer letter and/or offering circular and/or listing particulars.

RESOLVED FURTHER THAT the Company and/or any agency or body authorized 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.

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 above, the Board and/or other designated officers of the Company be and are hereby authorized 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 Singapore Stock Exchange and/or any of the other overseas stock exchanges or Indian Stock Exchanges in case of issue of shares or other securities through QIP route, and the entering into and executing all such arrangements/ agreement(s) with any Lead Manager(s)/ Investment Banker(s)/ Underwriter(s)/ Guarantor(s)/ Depository(ies)/ Custodian(s) 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 relevant date for determining the pricing of the Securities is 30 days prior to the date of the EGM at which the approval of the shareholders in terms of Section 81(1A) of the Companies Act, 1956 is obtained.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Securities as may be required, including issue and allotment of equity shares upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, all such equity shares ranking pari passu and inter-se with the then existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT such of the Securities and / or securities representing the same and / or equity shares to be issued, that are not subscribed to, may be disposed off by the Board, to such persons and in such manner and on such terms, as the Board / Committee may in its absolute discretion think fit as permissible under applicable law.

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilization 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 is hereby authorized to delegate all or any of the powers herein conferred to any committee of directors or Managing Director or Director (s) or Company Secretary or any other officer or officers of the Company to give effect to the aforesaid resolutions.”

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

“RESOLVED THAT pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 read with the enabling provisions of the Memorandum and Articles of Association of the Company and subject to the regulations/rules/guidelines issued by the Securities and Exchange Board of India (SEBI), Listing Agreement entered into with the Stock Exchanges and subject to such approvals, consents, permissions and sanctions of all other appropriate and / or concerned authorities and departments, if any, and subject to such conditions and modifications as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “Board” which term shall be deemed to include any Committee constituted / to be constituted by the Board to exercise its powers conferred by this Resolution), which the Board be and is hereby authorised to accept, if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board to offer, issue, allot and deliver **52,50,000** (Fifty Two Lakhs Fifty Thousands only) convertible warrants on preferential basis in one or more tranches, convertible into 52,50,000 (Fifty Two Lakhs Fifty Thousands only) equity shares (one Equity Share for one warrant issued) of the Company of the face value of Rs.10/- each to the following persons:

S.No.	Name of the proposed Allottee	No. of Warrants to be allotted
1	Mrs.Ritu Lal Kumar	6,50,000
2	Sree Sahasya Investments Private Limited	40,00,000
3	Mr.Aneesh Mittal	30,000
4	Mr.K.Vasudeva Rao	50,000
5	Mr.V.Visweswara Rao	50,000
6	Mr.Rajiv Garg	40,000
7	Mr.Pramod Kumar Jain	30,000
8	Dimensional Properties Pvt Ltd	2,00,000
9	Vansh Value Realty Pvt Ltd	2,00,000
<b>Total</b>		<b>52,50,000</b>

for cash which shall upon conversion rank pari-passu with the existing equity shares of the Company, in such form and manner and upon such terms and conditions as the Board may in its absolute discretion deem fit, at a price of **Rs.135.00** (Rupees One Hundred Thirty Five only) per warrant, which has been arrived at based on provisions of Clause 13.1.1 of SEBI (Disclosure and Investor Protection) Guidelines, 2000.

RESOLVED FURTHER THAT the ‘Relevant Date’ for the purpose of determining the issue price of warrants, in pursuance of SEBI (Disclosure and Investor Protection) Guidelines, 2000, is 27<sup>th</sup> August, 2007 i.e., 30 days prior to the date of the General Meeting at which the approval of the shareholders in terms of Section 81(1A) of the Companies Act, 1956 is obtained.

RESOLVED FURTHER THAT-

- a) each warrant be convertible into one equity share can be exercised at any time within a period of 18 months from the date of issue of such Warrants and on such other terms and conditions, subject to SEBI (Disclosure and Investor Protection) Guidelines, 2000, as may be applicable, from time to time.
- b) the aforementioned allottees shall have to pay a minimum 10% of the warrant offer price of Rs.135 which works out to **Rs.13.50** (Rupees Thirteen and Fifty paise only) per warrant as application money towards the warrants.
- c) The amount paid on issue of warrants shall be forfeited if the warrants are not exercised within a period of 18 months from the date of issue of warrants.
- d) Equity Shares to be issued and allotted by the Company on exercising of the option against the warrants shall rank pari passu in all respects with the then existing fully paid-up Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and are hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution and accept any alteration(s) or amendment(s) or corrections as they may deem fit and appropriate and give such directions/instructions as may be necessary to settle any questions, difficulties or doubts that may arise in regard to the offer, issue or allotment of the said securities and with a power to change the number of warrants hereby created, issued and offered to the person (s) referred above and within the



limit mentioned above and also to seek listing of such securities at the Stock Exchanges where the existing securities are listed.”

**11. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution.**

“RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956, consent of the members be and is hereby accorded to utilize the IPO proceeds to the extent of Rs.2040 lacs for additional investment in the working capital required for the telecom business (beyond the Rs.2000 lacs as provided in the Prospectus) and/or the proposed Distilleries Project instead of SMT Line Project”.

“FURTHER RESOLVED THAT the Board be and is hereby authorized to allocate the unutilized IPO funds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members for the business purposes of the Company.”

**12. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution.**

“RESOLVED THAT pursuant to the provisions of Section 257 read with the enabling provisions of the Articles of Association of the Company, Mr.Naresh Chand Singhal, who has been co-opted by the Board and who ceases to hold office at the commencement of the ensuing Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom, the Company has received a notice proposing his candidature to the office of Director be and is hereby appointed as a Director of the Company and whose office is liable to retire by rotation”.

**13. 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 earlier resolution passed by the Board of Directors and members of the Company and pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force, consent of the Company be and is hereby accorded for the re-appointment of Mr. Aneesh Mittal as Whole Time Director of the Company for a period of Five years with effect from 26<sup>th</sup> October, 2007.

RESOLVED FURTHER THAT Mr.Aneesh Mittal shall be paid and allowed the remuneration as per the following terms and conditions with effect from 1<sup>st</sup> April, 2007:

➤ Salary	:	1,50,000/- per month
➤ House Rent Allowance	:	37,500/- per month
➤ Conveyance	:	12,500/- per month
<b>TOTAL</b>	:	<b><u>2,00,000/- Per month</u></b>

**Perquisites:**

- (a). Free use of Company’s car with driver for Company’s business.
- (b). Free telephone facility at residence but personal long distance calls will be billed to Mr.Aneesh Mittal

RESOLVED FURTHER THAT the above remuneration shall be allowed and paid as the minimum remuneration to Mr. Aneesh Mittal, notwithstanding the absence or inadequacy of the profits in any Financial Year during the term of his office.”

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

“RESOLVED THAT pursuant to the provisions of Section 257 read with the enabling provisions of the Articles of Association of the Company, Mr.V.Visweswara Rao, who has been co-opted by the Board and who ceases to hold office at the commencement of the ensuing Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom, the Company has received a notice proposing his candidature to the office of Director be and is hereby appointed as a Director of the Company and whose office is liable to retire by rotation”.

FURTHER RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force, the appointment of Mr. V.Visweswara Rao as a Whole Time Director with a designation as Director (Finance) of the Company for a period of three years with effect from 28<sup>th</sup> April, 2007 made by the Board of Directors at their meeting held on 28<sup>th</sup> April, 2007 with the following terms and conditions be and is hereby approved and ratified:

Salary	:	Rs. 2,00,000/-
HRA	:	Rs. 50,000/-
Other allowances	:	<u>Rs. 50,000/-</u>
<b>TOTAL</b>	:	<b><u>Rs. 3,00,000/- Per month</u></b>

**Perquisites:**



- (a). Free use of Company's car with driver for Company's business.
- (b). Free telephone facility at residence but personal long distance calls will be billed to Mr.V.Visweswara Rao

RESOLVED FURTHER THAT the above remuneration shall be allowed and paid as the minimum remuneration to Mr.V.Visweswara Rao, notwithstanding the absence or inadequacy of the profits in any Financial Year during the term of his office."

**For and on behalf of the Board of  
Directors of XL Telecom & Energy Limited**

Place: Secunderabad  
Date: 1<sup>st</sup> September, 2007

**Dinesh Kumar  
Managing Director**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing the proxy, in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Member / proxy should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
4. Register of Members and Transfer Books of the Company will be closed from 24<sup>th</sup> September, 2007 to 26<sup>th</sup> September, 2007, both days inclusive.
5. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business set out above, is annexed hereto.
6. Members are requested to address all their correspondence including change of address, mandates etc. to the registrars Viz. M/s. Bigshare Services Private Limited, E/2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai-400072.

**EXPLANATORY STATEMENT**

Pursuant to Section 173(2) of the Companies Act, 1956,

**Item # 7 & 8: Increase of Authorised Share Capital of the Company and consequent changes in the Memorandum and Articles of Association of the Company.**

The Authorised Share Capital of the Company at present stands at Rs. 20 Crores divided into 2,00,00,000 Equity Shares of Rs. 10/- each. With the growing expansion of the Company's business and to meet the fund requirements of the Company, Board of Directors found that it is desirable to increase the authorised capital of the Company to Rs. 30 Crores which will rank *pari passu* in all respects with the existing equity shares in the Company. The proposed increase of the authorised capital of the Company requires approval of the members by way of Ordinary Resolution in the general meeting pursuant to Sections 16 & 94 of the Companies Act, 1956

Consequent upon the increase in authorised capital of the Company, Articles of Association of the Company needs to be altered. Alteration of Articles of Association of the Company requires the approval of members by way of Special Resolution pursuant to Section 31 of the Companies Act, 1956.

Hence the aforementioned resolutions are submitted to the meeting for members' approval. Board recommends that the resolution be passed.

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

**Item # 9: ISSUE OF FCCBs / GDRs / ADRs / CONVERTIBLE SECURITIES/SHARES**

Your company proposed to establish Solar Cell Manufacturing line with annual capacity of 120 MW and expand the capacity of its manufacturing facility of Solar Photovoltaic Modules from existing 24 MW capacity to 65 MW per annum capacity. In view of this, it is proposed to raise funds by way of issue of FCCBs/GDRs / ADRs / or other securities in the international market to the extent of USD 40 Million or equivalent Indian rupees through QIP or Private Equity. The Board has given in principle approval in their meeting held on 16<sup>th</sup> August, 2007.

Such issue and allotment of Securities shall be governed by Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000 (including any statutory modification or re-enactment thereof, for the time being in force), Section 81 and any other applicable provisions of the Companies Act, 1956, any provisions of all other applicable laws or rules and regulations.



The detailed terms and conditions for the offer will be determined in consultation with the Advisors, Lead Managers, Underwriters and such other authority or authorities and agencies as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors. However, the pricing of GDRs/ADRs/ FCCBs/QIP issues shall be made at a price not less than the higher of the following two averages:

- (i) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date;
- (ii) The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during two weeks preceding the relevant date.

The relevant date means the date thirty days prior to the date of the General Meeting i.e. **27<sup>th</sup> August, 2007**. Securities issued pursuant to the international offering(s) will be listed either on Luxembourg Stock Exchange and / or London Stock Exchange and/or Singapore Stock Exchange and / or other Exchange(s) outside India and may be represented by Securities outside India.

As the pricing of the offering will be decided at a later stage, the exact number of securities or shares to be issued will depend upon the price so decided. For the aforesaid reasons, an enabling resolution is being proposed to give adequate flexibility and discretion to the Board to finalise the terms of the issue.

The Special Resolution seeks to give the Board powers to issue Securities in one or more tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies, individuals or otherwise as the Board may at its absolute discretion deem fit. Section 81(1) of the Companies Act, 1956 and Listing Agreement provides, inter alia, that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholders in a general meeting decide otherwise.

The said Special Resolution, if passed, shall have the effect of allowing the Board on behalf of the Company to offer, issue and allot the Securities otherwise than on pro-rata basis to the existing shareholders. Accordingly consent of the shareholders is being sought pursuant to the provisions of Section 81 of the Companies Act, 1956, Articles of Association of the Company and other applicable provisions.

None of the Directors are concerned or interested in the above resolution.

#### **ITEM # 10: ISSUE OF SHARE WARRANTS**

Your Company plans to issue convertible warrants to finance its general corporate purposes. In view of this, it is proposed to create, offer, issue and allot 52,50,000 (Fifty Two Lakhs Fifty Thousands only) warrants and each warrant convertible into one Equity share of Rs.10/- each fully paid to the following persons on preferential allotment basis:

<b>S.No.</b>	<b>Name of the proposed Allottee</b>	<b>No. of Warrants to be allotted</b>
1	Mrs.Ritu Lal Kumar	6,50,000
2	Sree Sahasya Investments Private Limited	40,00,000
3	Mr.Aneesh Mittal	30,000
4	Mr.K.Vasudeva Rao	50,000
5	Mr.V.Visweswara Rao	50,000
6	Mr.Rajiv Garg	40,000
7	Mr.Pramod Kumar Jain	30,000
8	Dimensional Properties Pvt Ltd	2,00,000
9	Vansh Value Realty Pvt Ltd	2,00,000
<b>Total</b>		<b>52,50,000</b>

The information as required under Clause 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines 2000 for the preferential issue is as under:

#### **a) Object of Issue**

The object of the proposed preferential offer is to augment resources for general corporate purposes of the company.

#### **b) Intention of the Promoters/Directors/Key Management persons to subscribe to the offer:**

Mrs. Ritu Lal Kumar, Director and relative of the promoter, Mr.Aneesh Mittal, Director and Promoter Group and Sree Sahasya Investments Private Ltd, a promoter group Company are intending to subscribe for the warrants to the extent of 46,80,000 to be converted into equity shares within 18 months from the date of issue.



Out of the total proposed 52,50,000 warrants, 5,70,000 warrants are proposed to be issued to persons other than promoter and /or person(s) acting in concert (PAC). They may convert the warrants in one or more tranches as per SEBI Guidelines, Rules and Regulations.

**c) Shareholding pattern before and after issue of warrants to be converted into equity shares within 18 months from the date of the allotment of the warrants**

S.No	Category	Pre – Issue		Post – Issue (Assuming all warrants converted into Equity Shares)	
		No. of shares held	% of holding	No. of shares held	% of holding
<b>A</b>	<b>Shareholding of Promoters and Promoter Group</b>				
1	Indian Promoters	4185598	28.86	8865598	44.89 *
2	Foreign Promoters				
	<b>Sub-Total (A)</b>	<b>4185598</b>	<b>28.86</b>	<b>8865598</b>	<b>44.89</b>
<b>B</b>	<b>Public Shareholding</b>				
3	<b>Institutions</b>				
a.	Financial Institutions / Banks	1002771	6.91	1002771	5.08
b.	Mutual Funds & UTI	247111	1.70	247111	1.25
c.	Venture Capital Funds	500000	3.45	500000	2.53
d.	FII's	10000	0.07	10000	0.05
e.	Foreign Venture Capital Investors	1000000	6.90	1000000	5.06
	<b>Sub-Total (B1)</b>	<b>2759882</b>	<b>19.03</b>	<b>2759882</b>	<b>13.97</b>
4	<b>Non-Institutions</b>				
a.	Private Corporate Bodies	4588986	31.65	4988986	25.56
b.	Indian Public	2828484	19.50	2998484	15.18
c.	NRIs	37595	0.26	37595	0.19
d.	Clearing Members	91070	0.63	91070	0.46
e.	Others	9801	0.07	9801	0.05
	<b>Sub-Total (B2)</b>	<b>7555936</b>	<b>52.11</b>	<b>8125936</b>	<b>41.14</b>
	<b>Sub-Total (B = B1+B2)</b>	<b>10315818</b>	<b>71.14</b>	<b>10885818</b>	<b>55.11</b>
<b>C</b>	Shares held by Custodians and against Depository Receipts, FCCBs, etc.,				
	<b>Grand Total (A+B+C)</b>	<b>14501416</b>	<b>100.00</b>	<b>19751416</b>	<b>100.00</b>

Notes:

- i) The above table has been prepared on the basis of the shareholding pattern as on 24<sup>th</sup> August, 2007.
- ii) The Post-issue shareholding pattern in the above table has been prepared on the basis that the proposed allottees would have subscribed to and been allotted 52,50,000 warrants to be converted into equity shares within 18 months from the date of the allotment of the warrants of the Company. In the event for any reason, they does not or are unable to subscribe to and/or is not allotted the warrants, the shareholding pattern in the above table would undergo corresponding changes.
- iii) The post-issue shareholding pattern has been prepared without considering the conversion portion of proposed issue of FCCBs/ADRs/GDRs/other convertible securities into Equity shares. The post issue shareholding of Promoters will be further reduced on conversion / issue of equity shares on FCCBs/ADRs/GDRs/other convertible securities.

\* The post issue shareholdings of promoters are before the dilution / issue of FCCBs /ADRs/GDRs/other convertible securities or securities issued through QIP route.

**d) Proposed time within which the allotment shall be completed**

The Allotment of the warrants shall be completed within 15 days from the date of the General Meeting provided that where the allotment on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of such approval.

**e) Identity of proposed allottee (s) of warrants and the percentage of the post issue capital that may be held by him on conversion of the warrants into shares**



The proposed 52,50,000 warrants are proposed to be issued to Mrs. Ritu Lal Kumar, Director and relative of promoter, Mr.Aneesh Mittal, Director and Promoter Group and Sree Sahasya Investments Private Ltd, a promoter group company and others in the ratio mentioned in the aforementioned resolution.

The identity of the proposed allottees and their relations with the promoters are as under:

Name of the proposed allottee	Relation, if any, with the promoters or person in control of the Company
1. Mrs. Ritu Lal Kumar	Wife of Mr.Dinesh Kumar, Managing Director and relative of Mr.Aneesh Mittal, Whole-Time Director of the Company
2. Sree Sahasya Investments Pvt Ltd	Promoter Group Company
3. Mr.Aneesh Mittal	Director and Promoter Group
4. Mr.K.Vasudeva Rao	No - Executive Director of the Company
5. Mr.V.Visweswara Rao	No - Director (Finance) of the Company
6. Mr.Rajiv Garg	No – Independent Director
7. Mr.Pramod Kumar Jain	No - Whole Time Director of the Company
8. Dimensional Properties Pvt Ltd	No
9. Vansh Value Realty Pvt Ltd	No

The percentage of the holding, post conversion of warrants into equity shares to the proposed allottees:

S.No.	Name of the Allottee	Total Shares held Pre-Issue of warrants	% of Pre-issue holdings to the Total Share Capital of the Company	Total Shares held after the conversion of warrants	% of holdings after conversion of Warrants to the Total Capital of the Company
1.	Mrs. Ritu Lal Kumar	---	---	6,50,000	3.29%
2.	Sree Sahasya Investments Pvt Ltd	---	---	40,00,000	20.25%
3.	Mr.Aneesh Mittal	---	---	30,000	0.15%
4.	Mr.K.Vasudeva Rao	980	0.007%	50,490	0.26%
5.	Mr.V.Visweswara Rao	---	---	50,000	0.25%
6.	Mr.Rajiv Garg	7000	0.048%	47,000	0.24%
7.	Mr.Pramod Kumar Jain	---	---	30,000	0.15%
8.	Dimensional Properties Pvt Ltd	---	---	2,00,000	1.01%
9.	Vansh Value Realty Pvt Ltd	---	---	2,00,000	1.01%

**Note:** The above holdings after conversion of warrants has been prepared without considering the conversion portion of proposed issue of FCCBs/ADRs/GDRs/QIPs/other convertible securities into Equity shares.

#### f) Change in the Composition of the Board of Directors and Control of the Company

There will not be any change in the composition of the Board of Directors and control of the Company on account of the proposed preferential allotment but there will be a corresponding change in the shareholding pattern as well as voting rights consequent to the preferential allotment.

#### g) Non transferability of the Securities

The securities issued and allotted on a preferential basis hereunder will be subject to lock-in as per the provisions of Clause 13.3 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000. The securities issued and allotted on a preferential basis to persons other than promoters/promoters group will be subject to lock-in for a period of one year from the date of their allotment.

#### h) Price at which allotment is proposed

The allotment is proposed at a price of **Rs.135.00** per warrant which has been worked out on the basis of the formula enumerated in clause 13.1.1 of SEBI (Disclosure and Investor Protection) Guidelines 2000.

A copy of the certificate of the Company Auditor for pricing of warrant as per the SEBI guidelines shall be placed before the shareholders at the meeting.



The Relevant Date for the purpose of determining the issue price of the warrants is **27<sup>th</sup> August, 2007** which is 30 days prior to the date of the General Meeting.

As per Section 81 (1A) of the Companies Act 1956, approval of the shareholders in the General Meeting is required for the issue of the shares by way of preferential allotment as stated in the resolution. Hence consent of the shareholders by way of special resolution is being sought for the issue of such warrants on preferential basis.

The Board recommends the resolution for approval.

None of the Directors except Mr.Dinesh Kumar, Mrs.Ritu Lal Kumar, Mr.Aneesh Mittal, Mr.K.Vasudeva Rao, Mr.V.Visweswara Rao, Mr.Rajiv Garg and Mr.Pramod Kumar Jain Directors is concerned or interested in the resolution.

#### **Item # 11: Change of use of IPO funds**

Company issued a Prospectus dated 21<sup>st</sup> November, 2006 and stated that the issue proceeds shall be utilized for the following:

1. Solar Project
2. SMT Line Project
3. Repayment of Term Loans
4. Working Capital

Due to non viability of the SMT Line Project upon deeper evaluation, it is proposed to divert the funds to the extent of Rs.2040 Lacs to enhanced working requirements for the telecom (CDMA and FWP product lines) where substantial orders have been received and executed by the company leading to enhanced working capital requirements. Simultaneously, your company has decided to invest in a new Distillery Spirits Project for manufacture of Special Denatured Spirit (SDS/Rectified Spirit) which would provide backward linkage to the Ethanol business of the Company.

Since the Govt of India is planning to make it mandatory to blend Ethanol, Company forecasts a huge market for SDS. Further, the profitability of the Distilleries project as assessed is higher than SMT Line Project. As you aware, your Company has already has the facility to manufacture Ethanol and this project would reduce the need to rely on other suppliers of SDS.

Section 61 of the Companies Act, 1956 requires consent of the shareholders for varying the terms specified in the prospectus issued by the Company.

None of the directors is in any way concerned or interested in the said resolution.

#### **Item # 12: Appointment of Sri Naresh Chand Singhal as a Director**

Mr.Naresh Chand Singhal was appointed as an Additional Director on the Board of the Company w.e.f.1<sup>st</sup> March, 2007 by the Board of Directors in their meeting held on 28<sup>th</sup> February, 2007. As per the provisions of Section 260 of the Companies Act, 1956, Mr.Naresh Chand Singhal ceases to hold office on the commencement of the 21<sup>st</sup> Annual General Meeting of the Company. Company has received a notice under Section 257 together with a deposit of requisite amount from a shareholder proposing the candidature of Mr.Naresh Chand Singhal to the office of Director of the Company.

Mr.Naresh Chand Singhal is M.A.(Economics), M.A. (Statistics) comes with good managerial expertise. He has held several senior managerial positions in public sector companies like Vice Chairman & Managing Director of SCICI Ltd, Chairman of SCICI Securities Ltd, member of the Board of ICICI and others. He is also associating currently as Director of several companies focussing banking, finance, insurance and power industry. He has extensively traveled to about 60 countries for education, business, participation and negotiations. In order to benefit from his vast experience in providing right management decision, Board of Directors proposes to induct him on the Board of Company. As per Section 257 of the Companies Act, 1956 approval of members is required for his appointment. Hence the above resolution is submitted to members for approval.

None of the Directors except Mr.Naresh Chand signal is concerned or interested in the proposed resolution.

#### **Details of Directorships in other Public Companies and memberships in committees**

<b>S.No.</b>	<b>Name of the Company</b>	<b>Designation</b>	<b>Board Committee</b>
1	Shapoorji Pallonji Finance Limited	Director	
2	Deepak Fertilisers & Petrochemicals Corporation Ltd, Pune	Director	Member, Audit Committee



3	Max India Limited	Director	Chairman, Audit Committee and Member, Remuneration Committee
4	Max New York Life Insurance Co Ltd, New Delhi	Director	Member, Audit Committee
5	UTI Bank Limited	Director	Chairman, Audit Committee Member, RC& Nomination Committee
6	Birla Sun Life Asset Management Co Ltd, Mumbai	Director	Member, Remuneration Committee
7	Tolani Shipping Limited, Mumbai	Director	
8	Mahagujarat Chamunda Cement Company Ltd	Director	

**Item # 13: Re-appointment of and revision in payment of remuneration to Mr. Aneesh Mittal, Whole Time Director**

The existing tenure of Mr.Aneesh Mittal as Whole Time Director expires on 25<sup>th</sup> October, 2007. Mr.Aneesh Mittal, Whole Time Director has since his tenure as Whole Time Director rendering valuable services in production and assembly of jointing kits and factory management successfully with great dedication and commitment. Keeping in view of his vast experience in general management and production areas, Board proposed to re-appoint him for a further period of Five years w.e.f. 26<sup>th</sup> October, 2007 and with a revised monthly remuneration of Rs.2,00,000/- effective from 1<sup>st</sup> April, 2007.

The above proposal requires the approval of members by Ordinary Resolution by virtue of Schedule XIII to the Companies Act, 1956.

None of the Directors except Mr. Aneesh Mittal, Mr.Dinesh Kumar and Smt. Ritu Lal Kumar are concerned or interested in the proposed resolution.

**Item # 14: Regularisation of Appointment of Mr.V.Visweswara Rao as a Director as well as Whole-time Director**

Mr.V.Visweswara Rao was appointed as an Additional Director as well as Whole-time Director on the Board of the Company w.e.f. 28<sup>th</sup> April, 2007 by the Board of Directors in their meeting held on 28<sup>th</sup> April, 2007. As per the provisions of Section 260 of the Companies Act, 1956, Mr.V.Visweswara Rao ceases to hold office as a Director on the commencement of the 21<sup>st</sup> Annual General Meeting of the Company. The Company has received a notice under Section 257 together with a deposit of requisite amount from a shareholder proposing the candidature of Mr.V.Visweswara Rao to the office of Director of the Company. The Board proposes to appoint him as a Director under Section 257 of the Companies Act, 1956 which requires members approval.

Also, Board appointed Mr.V.Visweswara Rao as a Whole-time Director with a designation as Director (Finance) with remuneration and other terms and conditions as contained in the resolution. Such appointment requires ratification of members by way of Special Resolution as per Schedule XIII of the Companies Act, 1956.

Mr.V.Visweswara Rao is a Director in the Board of softProjex (Inida) Ltd. He does not hold any equity shares or any other securities in the Company.

None of the Directors except Mr.V.Visweswara Rao, is deemed to be concerned or interested, directly or indirectly, in passing this resolution.

Statement required as per Section II of Part II of Schedule XIII to the Companies Act, 1956 is as follows:

**I. General Information:**

**(1) Nature of industry**

XL Telecom & Energy Ltd (XL) is a Two Decade old fast growing established profit making, Rs.525 Crores Revenue, Telecom and Energy Company. In Telecom XL is engaged in manufacturing Telecom Equipment, largely CDMA Mobile Handsets, CDMA & GSM Fixed Wireless Phones, SMPS Power Systems etc., as one of the dedicated suppliers for India Telecom Operators/Service Providers like TATA, Reliance, BSNL, MTNL etc., and Network Integrators like NORTEL, ERICSON etc.,. In Energy Segment XL is engaged in new emerging products like Ethanol and Solar Photovoltaic Products. Currently Revenues from Telecom Segment are about 70% and Energy Segment is about 30%.

**(2) Date of commencement of commercial production**

Commercial Operations of the Company have started during the year 1986.

**(3) Financial performance:**

Performance of the Company for the last three years are as follows:

(Rs. in Lakhs)

Item	2006-07 (12 months ended on 30 <sup>th</sup> June, 2007)	2005-06 (12 months ended on 30 <sup>th</sup> June, 2006)	2004-05 (12 months ended on 30 <sup>th</sup> June, 2005)
Income from Operations	52980.78	40833.23	30262.67



(Gross)			
Profit Before Interest, Depreciation & tax	4096.74	2717.52	2436.32
Profit after Tax	2017.69	1067.17	594.06

**(4) Export performance and net foreign exchange earnings**

Export performance of the Company for the last three years is as follows:

(Rs. in Lakhs)

Item	2006-07 (12 months ended on 30 <sup>th</sup> June, 2007)	2005-06 (12 months ended on 30th June, 2006)	2004-05 (12 months ended on 30 <sup>th</sup> June, 2005)
FOB value of goods exported	210.96	21.07	1775.92

**(5) Foreign investments or collaborators, if any.**

M/s. 2i Capital PCC, Mauritius a Foreign Institution Investor has invested in Equity of the Company through private Placement and acquired 10 Lakhs Equity Shares at a premium of Rs. 90/- per share in 2005-06.

At present the Company does not have any Collaboration, either technical or Financial. However, the Company has partnered with International Brand KYOCERA for establishing an assembly unit for CDMA Mobile Handsets.

The Company has signed the Memorandum of Understanding with Axsetel Inc., California in 2005 to manufacture and deal in FWP with CDMA/GSM technology in Indian market.

**II. Information about the appointee:**

**(1) Background details**

Mr.V.Visweswara Rao has done Masters degree in Commerce and having experience in Finance & Accounts for about 25 years. He has been working with the Company for over a period of 8 years and held various positions in the Company like General Manager, Vice President and Senior Vice President before joining the Board. He has worked with various companies before joining XL Telecom & Energy Ltd.

**(2) Past remuneration**

Mr.V.Visweswara Rao was drawing a monthly salary of Rs.2,00,000/- per month before joining the Board.

**(3) Recognition or awards**

Nil

**(4) Job profile and his suitability**

Mr.V.Visweswara Rao has been heading the Finance & Accounts functions of the company for past 8 years. He has worked with various companies before joining with the Company and has hands on exposure in the fields of Finance, Accounts and Administration. He has more than 25 years experience to his credit and with his rich experience in the Finance and Accounts, he has been successfully handling the functions. His vast exposure and experience will be an added advantage to the Company.

**(5) Remuneration proposed**

Remuneration proposed Rs.3,00,000/- per month.

**(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)**

Compared to the remuneration profile of position and person with respect to this Industry and size, he is entitled to minimum remuneration of Rs. 3.00 Lakhs per month.

**(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any**

NIL

**III. Other information:**

**Reasons for inadequate profits**

The Company has significantly expanded its Energy business segment and the Section has normally a long gestation period. Telecom Segment is going through tough competition and has pruned gross margins due to unhealthy competition.

**(1) Steps taken or proposed to be taken for improvement**



In tune with the changing trend, the Company has already changed its focus to new and exiting sector i.e. Energy Sector. The Company proposes to diversify and venture into new emerging products like Ethanol, Denatured Spirit for fuels and Solar Products where the gross margins are almost double the telecom and the Company believes that the Energy Sector adds greater value for substantial expansion of the Company both in terms of productivity and profitability.

(2) **Expected increase in productivity and profits in measurable terms.**

Company is poised to achieve a turnover of more than Rs. 600 Crores by June, 2008 and the Net profit of Rs. 30 Crores.

**For and on behalf of the Board of  
Directors of XL Telecom & Energy Limited**

Place: Secunderabad  
Date: 1<sup>st</sup> September, 2007

**Dinesh Kumar  
Managing Director**

**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the Twenty First Annual Report of the Company together with the Audited statement of accounts for the year ended 30<sup>th</sup> June, 2007.

**Financial Results**

Particulars	Rs in Lacs	
	30th June, 2007	30th June, 2006
Income from Operations	52,980.78	40,833.23
Less: Duties and Taxes	666.44	1,291.63
Net Income from Operations	52,314.34	39,541.60
Other Income	142.02	53.67
Profit Before depreciation, Interest and Tax	<b>4,096.74</b>	2,717.52
Interest & Financial Charges	1,393.84	1,182.11
Depreciation	161.99	154.82
Profit Before Tax	<b>2,560.80</b>	1,380.59
Provision for Income Tax	504.73	310.00
Provision for Fringe Benefit Tax	16.06	12.75
Deferred Tax	22.32	-9.33
Profit After Tax	<b>2,017.69</b>	1,067.17
Interim Dividend paid	145.01	---
Equity Capital (Rs.)	1,450.14	1,054.32
Earnings per Share (Rs.)	13.91	10.12

The Company's has achieved Rs.52980.78 lacs revenues for the year compared to previous year revenues of Rs. 40833.23 lacs registering a growth of 29.75%. The Company has earned a profit after tax for the year of Rs.2017.69 lacs as against Rs. 1067.17 lacs for the previous year registering a growth of 89.07%.

**Product wise revenues of your company are as under:**

Products	Rs in Lacs	
	2006-07	2005-06
<b>I . TELECOM</b>		
A. CDMA Phones & Components	39,338.24	33,674.09
B. SMPS Systems	4,036.57	569.87
C. Jointing Kits	116.50	434.87
D. Optic Fiber Systems	63.04	84.05
E. Exports	210.96	21.07



F. Others	8.72	12.51
Total Telecom Revenues	<b>43,774.03</b>	<b>34,796.46</b>
<b>II. ENERGY</b>		
A. Ethanol	9,183.65	5,938.14
B. Solar Photovoltaic Systems	23.10	98.62
Energy Division Revenues	<b>9,206.75</b>	<b>6,036.76</b>
<b>TOTAL REVENUES</b>	<b>52,980.78</b>	<b>40,833.22</b>

### **Dividend**

During the year your company has declared an Interim Dividend of 10% i.e.Re.1 per equity Share on 1,45,01,416 equity shares of Rs.10/- each of the Company and it is proposed to confirm the same. However, in view of huge investments proposed to establish Distillery Project, Solar Cell Project and Solar Module Expansion Project with a total capital outlay of over Rs.370 Crores, your Board of Directors have decided not to declare any final dividend to conserve the much needed cash for the company's growth projects.

### **Management Discussion & Analysis**

Management Discussion & Analysis of the financial condition and results of operations of the Company for the period under review as required under Clause 49 of the Listing Agreement, is given as a separate statement forming part of the Annual Report.

### **Future plans**

In addition to the existing business, your company as a strategy to de-risk, and looking at exponential growth opportunities in the company's focused Energy areas, has decided to significantly increase its focus both in Solar Photovoltaic and Ethanol Products. In Solar, XL has decided to expand the annual capacity of its 100% EOU facility for manufacture of Solar Photovoltaic Modules from existing 24 MW to 65 MW with a capital outlay of Rs.45 Crores and also establish EOU for producing 'Solar Cell', which is a basic Raw Material for SPV Modules, with overall capital outlay of Rs.260 Crores for an annual capacity of 120 MW in the first phase.

Further your Company has also initiated backward integration project in Ethanol Segment by establishing the Multi-feed Distillery Unit, to reduce the risk of seasonality of Molasses and to improve cost management especially with three year visibility in Ethanol Order for full capacity with a capital outlay of Rs.65 crores.

### **Initial Public Offer**

During the year, your Company has gone for Initial Public Offer of equity shares through Book Building process and issued and allotted 39,58,224 equity shares of Rs.10/- each at a premium of Rs.140/- per equity share and got listed on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd on 28<sup>th</sup> December, 2006.

Pursuant to the Initial Public Offer, the paid-up equity share capital of the Company was increased from Rs.10,54,31,920 to Rs.14,50,14,160 consisting of 1,45,01,416 equity shares of Rs.10/- each.

### **Change of Name of the Company**

During the year, your Company has changed its name from XL Telecom Limited to **XL Telecom & Energy Limited** effective from 7<sup>th</sup> March, 2007.

### **Conservation of Energy, Technology Absorption etc.,**

As required by the Companies (Disclosure of particulars in the report of Directors) Rules, 1988, the relevant data relating to conservation of energy, technology absorption and other details are given in the prescribed format as annexure to this report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Director's Responsibilities Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the Financial Year ended 30<sup>th</sup> June, 2007, the applicable accounting standards have been followed and there are no material departures.



- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year ended on 30<sup>th</sup> June, 2007 and of the profit of the Company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 30<sup>th</sup> June, 2007 on a 'going concern' basis.

#### **DIRECTORS**

During the year, Mr.Naresh Chand Singhal was appointed as an Additional Director on 1<sup>st</sup> March, 2007 and Mr.V.Visweswara Rao was appointed as an Additional Director as well as whole time director with a designation of Director (Finance) on April 28, 2007. Mr.Naresh Chand Singhal is an Independent Director. Resolutions seeking approval of members for the appointment of the Mr.Naresh Chand Singhal and Mr.V.Visweswara Rao as Directors of the Company have been incorporated in the Notice of the forthcoming Annual General Meeting along with brief details about them.

Mr.K.Vasudeva Rao, Mr.Pramod Kumar Jain and Mr.Wolfgang Werner Knop Directors, retire by rotation and being eligible have offered themselves for re-appointment.

#### **AUDITORS**

M/s. Satyanarayana & Co, Chartered Accounts, the retiring auditors of the Company, are eligible for re-appointment. The requisite certificate to the effect that the re-appointment, if made, will be within the limit specified in Section 224 (1-B) of the Companies Act, 1956 has been received from them.

#### **PARTICULARS OF EMPLOYEES**

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is as follows:

Name	Designation & Nature of Duties	Remuneration (Gross)	Qualifications	Date of Commencement of Employment	Age in Years	Last Employment
Dinesh Kumar	Managing Director	1,50,00,000	MBA	22.04.1999	44 Years	Business
K. Vasudeva Rao	Executive Director	31,50,000	B.Sc., CA	23.02.2005	45 years	Goldstone Technologies Ltd
Pramod Kumar Jain	Whole Time Director	27,91,500	M.Tech.	04.03.2002	41 Years	Lucent Technologies Pte Ltd
V.Visweswara Rao	Director (Finance)	26,00,000	M.Com.	04.09.1999	48 Years	Deccan Granites Ltd
Mr.Aneesh Mittal	Whole Time Director	14,56,770	B.Com	01.04.1987	45 Years	Business

Notes: -

- i) Gross Remuneration shown above is subject to tax and comprises Salary, HRA and other Allowances  
ii) They have adequate experience to discharge the responsibility assigned to him

#### **DEPOSITS**

During the year under review your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

#### **CORPORATE GOVERNANCE**

As per Clause 49 of the Listing Agreement with the Stock exchanges, a separate section on Corporate Governance is enclosed herewith which forms part of the Annual Report.



A certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the Clause 49 of the Listing Agreement is annexed to this Report.

#### ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for the sincere efforts put in by the dedicated team of employees of the Company resulting in successful performance during the period under review.

Your Director would like to place on the record their sincere appreciation for continuous support extended by the Company's Bankers, Financial Institutions and Collaborators.

Last but not the least, Your Directors also wish to place on record their thanks to stake holders of the Company for the confidence reposed on the management of the Company.

For and on behalf of the Board of Directors  
**For XL TELECOM & ENERGY LIMITED**

Place: Secunderabad

**Dr.R.Srinivasan**

Date: 1<sup>st</sup> September, 2007

**Chairman**

#### ANNEXURE TO DIRECTORS' REPORT

#### INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988

##### (1) CONSERVATION OF ENERGY:

###### a) Energy Conservation Measures taken

Company has taken all possible measures to conserve the energy wherever possible and continues to accord high priority. Possible steps have been taken to create awareness among employees on the necessity of conservation of energy.

###### b) Additional Investment and proposals, if any, being implemented for reduction of conservation of energy

No additional investment is proposed.

###### c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

NIL

###### d) Total Energy Consumption and energy consumption per unit of production

NIL

##### (II) Technology Absorption:

A. **RESEARCH AND DEVELOPMENT:** NIL

B. **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

a) Efforts made, in brief, toward technology absorption, adaptation and innovation and benefits derived out of such efforts: Nil

b) Import of Technology: Nil

##### (III) FOREIGN EXCHANGE EARNINGS AND OUTGO

	Rs.	Rs.
	2006-2007	2005-2006
<b><u>Earnings</u></b>		
- FOB Value of goods exported	21,096,186	2,107,317
<b><u>Expenditure</u></b>		
- Traveling	41,32,958	3,072,030
- Technical Know-how fees	-	-
- Value of imports calculated on C.I.F. basis:		
- Raw Materials	1,029,906,582	2,650,842,449



## MANAGEMENT DISCUSSION & ANALYSIS

### Forward looking statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include cost of inter connection charges, determination of tariff and such other charges and levies by the regulatory authority, changes in government regulations, tax laws, economic developments within and outside the country and such other factors.

The following discussions on our financial condition and results of operations should be read together with our audited financial statements and the notes to those statements included in the Annual Report. The following discussions are based on our audited financial statements for the period ended 30<sup>th</sup> June, 2007 and on information available from other financial records of the Company.

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "XL" are to XL Telecom & Energy Limited.

### Overall review

XL Telecom & Energy Limited was originally incorporated as a Private Limited company under Companies Act, 1956 on October 3, 1985 in the name of "XL Cable Splices Private Limited". Subsequently the name of the company was changed to "XL Telecom Private Limited" on December 18, 1985. Later, the Company changed its status to a public limited with effect from December 31, 1990. The name of the Company was again changed from XL Telecom Limited to XL Telecom & Energy Limited with effect from 7<sup>th</sup> March, 2007. The equity shares of the Company were listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. with effect from 28<sup>th</sup> December, 2006.

### Industry Structure

In March 1999, the Government announced the New Telecommunications Policy, 1999 ("NTP 1999"), which permitted Fixed Service Providers (FSP) and Cellular Mobile Telephone Service Providers (CMTS) to migrate from a fixed licence fee regime to a revenue sharing arrangement and an extension of the initial license term from 10 to 20 years. It also permitted unlimited competition in fixed line services. The Government also permitted the entry of an additional private mobile service provider in all the telecom circles.

In October 1999, the Department of Telecommunications ("DoT") was bifurcated into two departments: the DoT, which performs the role of licensor and policy maker, and the Department of Telecom Services, which was to function as the service provider. The service provider was corporatised in October 2000 as a new entity with the name Bharat Sanchar Nigam Limited (BSNL), which provides telecommunication services in the entire country except in Delhi and Mumbai, where Mahanagar Telephone Nigam Limited (MTNL) is the Government-controlled service provider. In August 2000, the Government announced the terms of the policy for liberalization of national long distance services, initiating unlimited competition in these services. Subsequently, licences were awarded by the Government to the selected bidders in mobile services.

In January 2001, based on the recommendation of Telecom Regulatory Authority of India (TRAI), the Government issued guidelines to permit fixed line service providers to provide limited mobility services using Wireless in Local Loop ("WLL") technology, within the Short Distance Charging Area (SDCA), in which the subscriber is registered. In October 2003, TRAI recommended to the Government that basic service providers providing limited mobility services using WLL technology pay a specified amount as an additional entry fee for such services.

In November 2003, an addendum to NTP 1999 was issued to include the following categories of licences for telecommunication services:

- A unified licence for telecommunication services, permitting the licensee to provide all telecommunication/telegraph services covering various geographical areas using any technology; and
- A licence for unified access (fixed line and mobile) services, or a unified access services licence ("UAS Licence"), permitting the licensee to provide basic and/or mobile services using any technology in a defined service area.

There is no limitation on the number of UAS Licences that can be granted in any circle although availability of spectrum will limit the number of service providers who propose to provide wireless services.



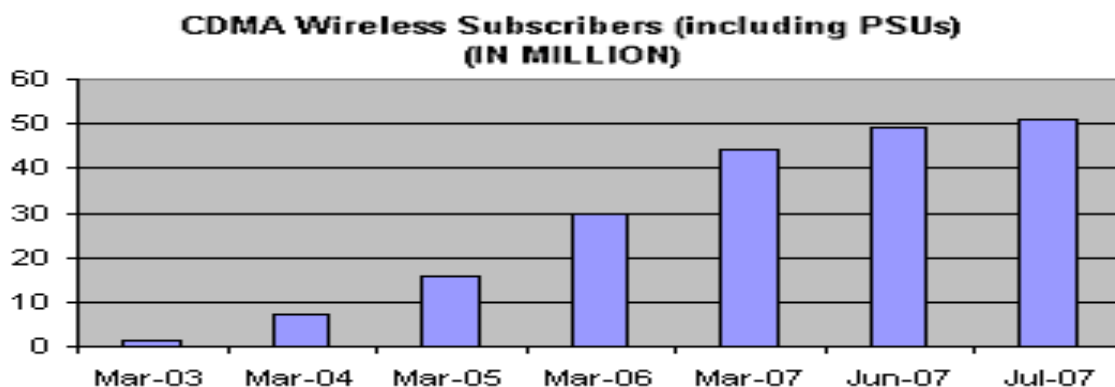
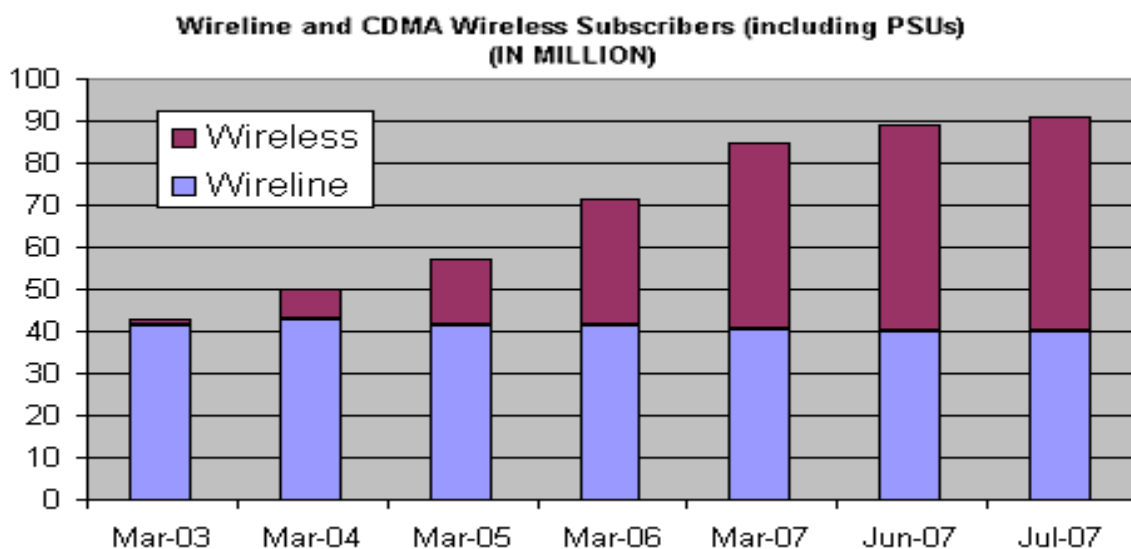
The Government, through Press Note 5 (2005 Series), dated 3<sup>rd</sup> November, 2005 raised the foreign direct investment limit applicable to the telecommunications sector from 49% to 74% (held directly or indirectly), subject to compliance with certain conditions. The Government of India issued Press Note 3 (2007 Series) dated 19th April, 2007 whereby Press Note 5 (2005 Series) was superseded. All telecom service providers are required to submit unconditional compliance report within 3 months from date of issue of Press Note 3 (2007 Series).

XL operates in the infrastructure accessory space in fixed line telephony and in consumer hardware space in wireless telephony.

#### Fixed Wireless Phones:

XL operates in Fixed Wireless Phones segment in the Telecom Sector currently in association with Axesstel, a NASDAQ listed US based company. The demand for Fixed Wireless Phones is increasing exponentially and during the last two years, the actual growth in the Fixed Line business is only due to these phones. Post the Unified licence regime, all the mobile operators were given permission to compete in the Fixed Line segment, which was dominated for ages by BSNL and MTNL. Fixed Wireless Phones though operate in the same technology as the Mobile phones; for the purpose of differentiation was given the status of Land Line more in terms of tariff for outgoing calls chargeable to the customers, which was at that time much cheaper than the regular mobile phone tariff.

Most of the major cellular telephone operators are focusing currently on this segment for their future growth in the customer base, especially in view of approaching a stagnation in mobile connections in the metros, urban and semi urban areas. Current market focus is the smaller towns and villages where people are more familiar with the land line model and hence the growth in this segment is expected to be more than mobile phones, which can be seen in the following graph for the current year:





As we understand from the cellular operators the growth in demand going forward is to be in the FWP business and hence the company is planning to be aggressive in the segment including the FWP with GSM Technology, which is being introduced in India in the current fiscal.

## ETHANOL MARKET:

### INTEGRATED AND ENERGY EFFICIENT PRODUCTION OF ETHANOL FROM SUGAR FACTORY STREAMS

World Ethanol Scenario depict a robust industry and an increasing emphasis on the use of Ethanol as a partial substitute for fossil fuels.

Brazil has been the path-breaker in the field:

- Brazil is worlds #1 in both production & consumption. Its production is around 16 billion litres.
- Uses up to 30% anhydrous ethanol for blending in fuel.
- Domestic demand not likely to increase. Growth only through exports.
- Land, water and raw material are no constraint for expansion.
- Production expected to remain between 17-19 billion litres up to 2010
- Columbia has mandated a 10% blend in Gasoline (E10); Gautemala Elsalvador, Nicaragua, Honduras and Costarica likely to mandate E10. Domestic requirement likely to outstrip production till atleast 2012.

#### USA

- #2 in the world in terms of production and consumption.
- Consumption & production show high growth 8 billion litres in 2002 to 9 billion litres in 2003.
- Corn & wheat are the main feedstocks.
- MTBE ban in California and other states has boosted demand.
- Production estimated to touch 12 billion litres by 2012.

#### Japan.

- Fuel ethanol drive has not yet taken off.
- However, move afoot to go with E-3, E-5 and eventually E-10 by 2010.
- Current import 450-500 mil. Litres. Requirement could be as high as 6 billion litres if E-10 mandated by 2010.
- 100 % of the requirement will be imported due to absence of suitable raw material.

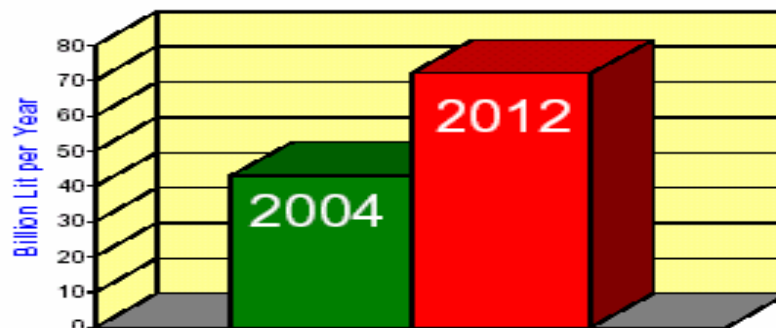
#### India & Asia Pacific (Non Japan)

- India has mandated fuel ethanol blended fuels. Currently moving toward an E-5 mandate
- Indian production capacity estimated at 1.5 billion lit in 2007.
- Thailand, Australia, Philippines all making progress on fuel ethanol.
- New licences issued in Thailand. Thailand will ban MTBE by 2007.

The industry looks poised for growth world over. Ethanol production is currently 33 billion liters and is likely to grow to 60-70 billion litres by 2012.

India is ahead of most regional countries in the growth of capacities. Most likely forecast points to an overall 82-100% growth in global production to 65 billion liters by 2012.

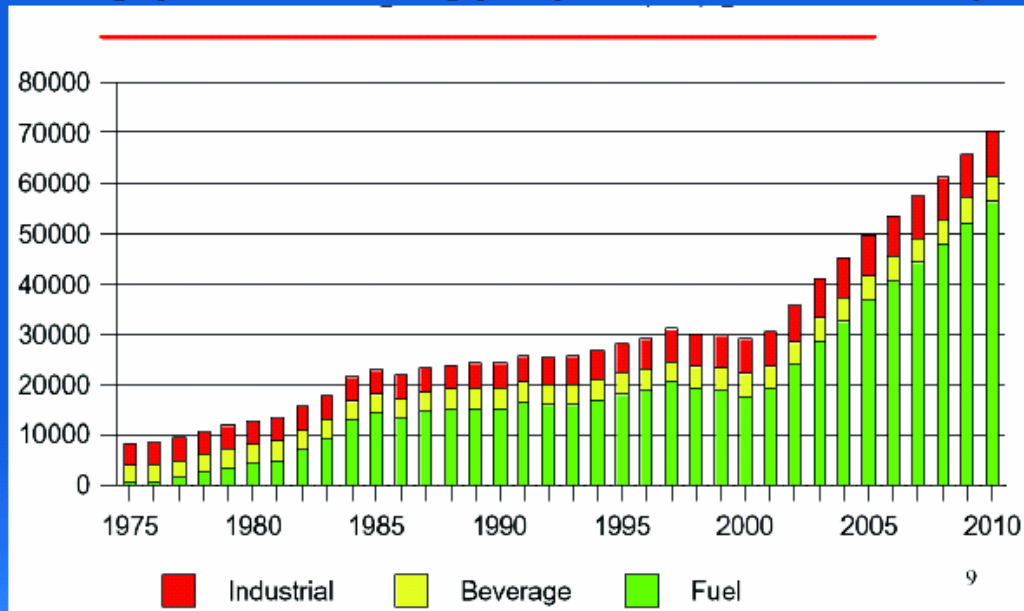
### World Ethanol Scenario





# World Fuel Ethanol Production

By production type (source F.O. Licht)



## SOLAR ENERGY MARKET:

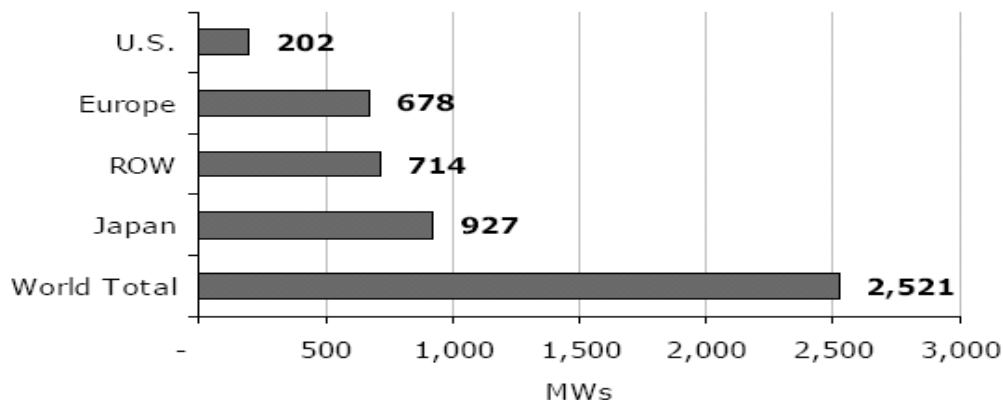
Every day, the surface of planet Earth is blasted with so much solar energy that, if fully harnessed, 60 seconds worth could power the world's total energy requirements for one year. Solar cells convert solar rays directly into electricity. Non-polluting Photovoltaic (PV) cells use no fuel, mechanical turbine, or generator to produce electric current. Solar energy is renewable, clean, and abundant — the ideal next-generation energy.

### Global PV Cell Production by Country

Source: *Prometheus Institute*

Geographically, the market for solar PV is global and was dominated by Japan (and has been since the 1970s) with 37% of worldwide production in 2006, followed by Europe (Germany predominantly) at 27%. The United States produced 8% of worldwide solar PV cells in 2006. Europe and US remain major export markets for producers elsewhere in the world.

### Global PV Cell Production by Country



The solar PV market has grown by more than 30% in each of the last eight years. The solar PV industry grew 41% to 2.5 GW of new solar PV manufacturing output in 2006 from 1.8 GW in 2005. According to Clean Edge research, the solar PV industry is expected to grow from \$15.6 billion in 2006 to \$69.3 billion in 2016. The California Solar Initiative is expected to increase the annual California market for solar PV modules to as much as \$3.2 billion by 2015.

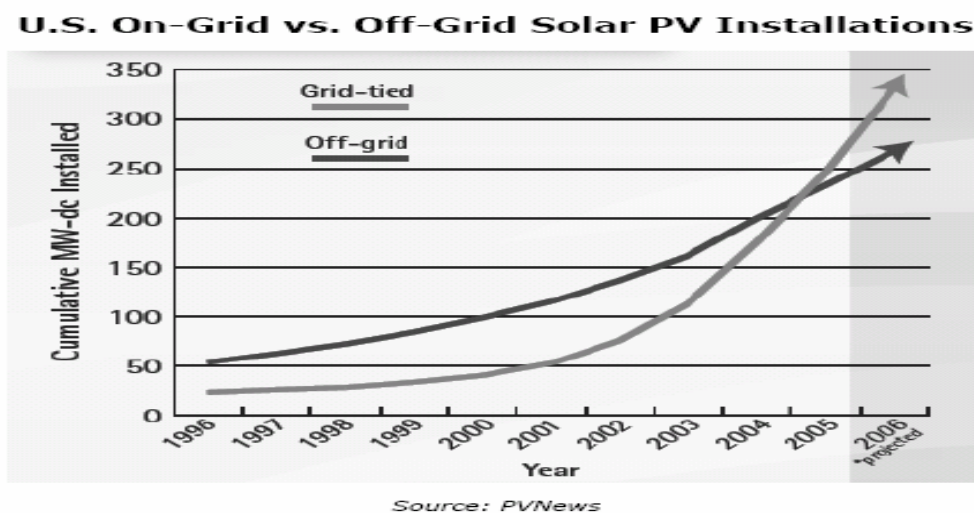
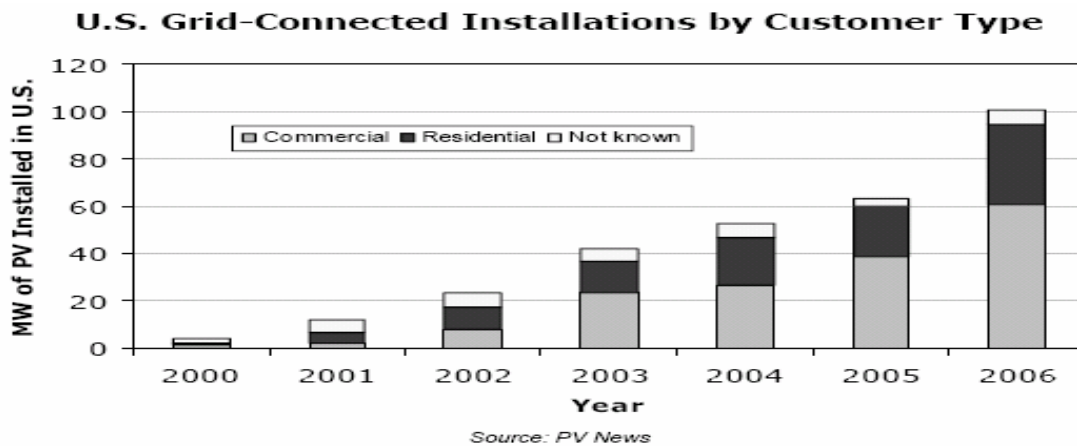


Cumulatively, we estimate the California Solar Initiative alone could add an incremental \$13.7 billion of solar PV revenue through 2015.

Solar PV's steady growth is being fueled in large part by government policies around the world at the national, regional, and local levels. Japan, a long-time leader in solar PV sales and the world's largest solar PV producing country, increased production 11% to 927 MW in 2006 (from 833 MW in 2005), while Europe (primarily Germany) grew 42% to 678 MW (from 477 MW in 2005). U.S. solar PV sales grew 31% in 2006, reaching 202 MW.

Fifteen solar PV manufacturers supplied 77% of the world's PV cells/modules in 2006. Grid-connected solar PV systems, also called Grid interface systems, supply surplus power to the utility grid during peak solar production hours to coincide with high industrial demand. A majority of solar power installations internationally incorporate the use of PV systems to supplement the grid supplied electricity both as a way of reducing ongoing electricity costs as well as providing peak shaving capabilities and improved power quality and reliability for commercial operations.

XL is focusing the globally growing Grid-connected Solar Installations more than standalone systems. Grid connected Installations have been growing exponentially during the last few years and expected to show high growth in the coming years as per research reports. Most projections see a US\$ 16 Billion market space by 2015. Illustratively, the US installations have grown as follows:



## KEY DEVELOPMENTS IN THE COMPANY

During the financial year the Company has completed its Initial Public Offer in December 2006. It received a good response for the same and the IPO was over subscribed about 9 times. The IPO issued 39,58,224 shares of Rs.10/- each at a premium of Rs.140/- per share and raised about Rs.59 crores to meet the capital requirements of the company.



## **ENERGY DIVISION:**

### **SOLAR DIVISION:**

The Solar division of the Company produces Solar modules from Solar cell imported from a number of global suppliers. These modules are supplied with in India and exported, mainly to Europe.

The company used the IPO proceeds to establish an 100% Export Oriented Unit for manufacture of Solar Photovoltaic Modules with an annual capacity of 24 MW and capital expenditure of Rs.8 Crores. The company has executed the first orders from Europe and is in the advanced stage of obtaining the necessary quality certifications before launching a full scope exploitation of the European market.

The Company has also decided to expand the production capacity of the Solar Modules further from the 24 MW to 64 MW by setting up new, fully automated Module line of a capacity of 40 MW in view of huge global opportunity for Solar Energy with a capital outlay of Rs.45 crores.

Further, to de-risk itself from potential short supply of Solar Cells, the Company has decided to invest in a state-of-the-art Solar Cell manufacturing plant with an annual capacity of 120 MW and capital outlay of Rs.260 Crores. The company sees this project as projecting it in the forefront of Solar Energy business globally and accord it the leadership position in India.

### **ETHANOL DIVISION:**

The Company produces Ethanol from molasses and de-natured spirit sourced from distilleries in the sugar belt in South-western Maharashtra. It has secured committed orders from OIL companies for the 3 year period ending 31.3.2010 for the full capacity of the Existing Ethanol Plant.

In view of this, your management has decided to invest in the backward integration project to produce Special Denatured Spirit from molasses feedstock . This would make the Company exercise better control over its raw material availability. The project would be executed in a subsidiary company which has currently a licence to produce 150 KLPD. Your company is working with IDBI for financial closure and the project is expected to go on stream in the last quarter of 2007-08.

#### Opportunities

- Shift of MTNL/BSNL/Private Operators' focus from wired line to wireless technology.
- Blending requirements for ethanol with petrol expected to increase to 10% from the current 5% level. Policy to be made mandatory all over India from the current applicability in 9 states.
- GOI to introduce blending policy of ethanol with diesel also
- Huge global demand for solar Panels – Market size to grow from US\$16 billion to \$64 Billion

#### Threats

- Government's policy relaxation for imports of telecom products

## **OUTLOOK**

### *Telecom:*

XL has grown in the Telecom segment about 100% CAGR in the last five years. However, as the market matures, we see our existing product range to continue to contribute about the current level of revenues and expect a more lathish growth in the present product line. For continued growth, we will need to look at possibilities of diversification into new product lines.

### *Energy:*

XL sees the Energy sector as a key to its medium term growth. It has embarked on a major expansion in both segments that it operates in and, in parallel, adopted a strategy of greater control over the value chain and to de-risk the business. With the ever increasing demand for renewable energy power generation across the Globe, the demand for the Solar Photovoltaic Systems is growing by the day. It is understood that 40% of new energy generation capacity between 2007 and 2015 is going to come from Solar Technology.

In view of this huge opportunity your company as explained earlier in the Management Discussion, has decided to invest in expanding the Module capacity to 64 MW and also invest in Solar Cell manufacturing capacity of 120 MW. The project should be commissioned by June 2008 and commercial production should begin in July 2009.



The Ethanol segment is expected to maintain steady growth as present demand for fuel Ethanol is not being fully met. Further, the Group of Ministers of the Government of India has already recommended going to E10 from E5 presently which creates a very assured demand scenario.

With new plant capacities being added in both segments of the Energy Division and with steady growth in the telecom segment, the company expects to approach a turnover of about Rs.800 crores, at 75% capacity utilization, subject to market risks remaining manageable and project completion not encountering any unforeseen hurdles.

#### **Risks and concerns**

- Delay in execution of new projects and consequential business opportunities.
- Government Policies regarding the imports and exports.
- Further, Rupee appreciation would seriously affect the export business being planned in the Solar Segment.

#### **Internal control systems and their adequacy**

An Audit Committee of the Board of Directors has been constituted as per the provisions of Section 292A of the Companies Act, 1956 and Corporate Governance requirements specified by the Stock Exchanges.

The Internal Audit function is looked after by an independent firm, which conducts reviews and evaluates and presents its reports to the Audit Committee and the management at regular intervals. The Internal Auditor's reports dealing with Internal Control Systems are considered by the Audit Committee and appropriate actions are taken, wherever deemed necessary.

#### **Financial performance - Overview**

##### **Revenues**

During the year, Company earned total revenues of Rs.52456.36 lacs compared to previous year revenues of Rs.39824.04 lacs registering a growth of 31.72%.

##### **Operating profit before finance charges, depreciation and amortisation, exceptional items (EBITDA)**

The Company earned EBITDA of Rs.4116.63 lacs compared to previous year of Rs.2717.52 lacs registering a growth of 51.48%.

##### **Interest and Financial Charges**

During the year, net finance charges increased to Rs.1393.84 lacs from Rs.1182.11 lacs compared to the previous year.

##### **Depreciation**

During the year, Depreciation charges increased to Rs.161.99 lacs from Rs.154.82 lacs compared to the previous year.

##### **Profit Before Tax and after Tax**

During the year, Profit before tax was Rs.2560.80 lacs compared to previous year of Rs.1380.59 lacs registering a growth of 85.49%.

The Company has earned a profit after tax for the year Rs.2017.69 lacs as against Rs. 1067.17 lacs for the previous year registering a growth of 89.07%.

##### **Earnings Per Share (EPS)**

During the year, EPS is Rs.13.91 as compared to Rs.10.12 for the previous year registering a growth of 37.45%

#### **Dividend**

During the year your company has declared and paid an Interim Dividend of 10% i.e.Re.1 per equity Share on 1,45,01,416 equity shares of Rs.10/- each.

#### **Segment-wise performance**

Company operates business into two segments i.e. Telecom and Energy.

##### **Telecom**

During the year under review, the company earned revenues of Rs. 43,774.03 lacs compared to previous year of Rs.34,796.46 lacs registering an increase of 25.80%.



### Energy

During the year under review, the company earned revenues of Rs. 9206.75.30 lacs compared to previous year of Rs. 6036.76 lacs registering an increase of 52.51%.

### Developments on Human Resources Front

The company has built a team of highly qualified and competent professionals to meet the emerging business challenges and market competition. The company has developed an environment of harmonious and cordial relations with its employees. The company had 470 employees on its rolls as on June 30, 2007.

## CORPORATE GOVERNANCE REPORT

### 1. A brief statement on company's philosophy on code of governance.

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the Government, lenders and the society. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time. In our commitment to practice sound governance principles, we are guided by the following principles:

- Transparency
- Disclosures
- Accountability
- Compliances
- Ethical conduct
- Stakeholders' Interests

### 2. Board of Directors:

- i) The Company has 11 Directors with a Non-Executive Chairman. Of the 11 Directors, 6 are Non-Executive Directors and 5 (i.e. 75%) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements.
- ii) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on June 30, 2007 have been made by the Directors.
- iii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Name of the Director	Category	No. of Board meetings during the year 2006-07		Whether attended last AGM held on 16 <sup>th</sup> December, 2006	No. of Directorships in other public companies		No. of committee positions held in other public Companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr.R.Srinivasan Chairman	Independent, Non-Executive	13	8	No	---	8	2	5
Mr.N.C.Singhal *	Independent, Non-Executive	2 #	2	N.A. Appointed after the AGM	---	8	2	5
Mr.Rajiv Garg	Independent, Non-Executive	13	7	No	---	2	---	---
Mr.Ashok Kumar Goyal	Independent, Non-Executive	13	6	No	1	1	---	---
Mr.Wolfgang Knop	Independent, Non-Executive	13	--	No	---	---	---	---
Mr.Dinesh Kumar Managing Director	Promoter, Executive,	13	13	Yes	1	2	---	---



	non-independent							
Mr.K.Vasudeva Rao	non-independent Executive	13	12	Yes	---	2	---	---
Mr.Aneesh Mittal	non-independent Executive	13	12	Yes	---	---	---	---
Mr.Pramod Kumar Jain	non-independent Executive	13	11	Yes	---	---	---	---
Mr.V.Visweswara Rao **	non-independent Executive	2 #	1	N.A. Appointed after the AGM	---	1	---	---
Ms.Ritu Lal Kumar	Non-Independent Non Executive	13	9	Yes	---	2	---	---

\* Appointed as Additional director on 1<sup>st</sup> March, 2007

\*\* Appointed as Additional director on 28<sup>th</sup> April, 2007

# Details provided from the date appointment

- iv) Thirteen Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:  
July 3, 2006, August 4, 2006, August 14, 2006, October 20, 2006, November 21, 2006, December 14, 2006, December 21, 2006, January 27, 2007, February 28, 2007, March 13, 2007, April 4, 2007, April 28, 2007 and May 4, 2007.
- v) None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
- vi) During the year, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

### 3. Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

#### 1. Brief description of terms of reference

- Authority to investigate any matter pertaining to the items specified in section 292A of the Companies Act or referred to it by the Board
- Investigate any activity within its terms of reference
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Reviewing with management the annual financial statements
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Reviewing the Company's financial and risk management policies
- Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

#### 2. The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name	Category	No. of meetings during the year 2006-07	
		Held	Attended
Dr R.Srinivasan, Chairman	Non Executive Chairman	3	3
Mr. Rajiv Garg	Independent Director	3	3
Mr. Ashok Kumar Goyal	Independent Director	3	2
Mr. K.Vasudeva Rao	Executive Director	3	3



3. Three Audit Committee meetings were held during the year. The dates on which the said meetings were held are as follows: October 20, 2006, January 27, 2007, and April 28, 2007.

The necessary quorum was present at all the meetings.

#### 4. Remuneration Committee:

- i. The Company has constituted a Remuneration Committee of Directors.
- ii. The broad terms of reference of the Remuneration Committee are as under:
  - a) To approve the terms and conditions for appointment and remuneration payable to Managing Director and other Executive Directors
  - b) To approve the remuneration payable to executives of the Company and other matters related thereto.
- iii. The composition of the Remuneration Committee and the details of meetings attended by the members of the Remuneration Committee are given below:

Name	Category	No. of meetings during the year 2006-07	
		Held	Attended
Dr R.Srinivasan, Chairman	Non Executive Chairman	2	2
Mr. Rajiv Garg	Independent Director	2	2
Mr. Ashok Kumar Goyal	Independent Director	2	2
Mr. Wolfgang Werner Knop	Independent Director	--	--

- iv. Two meetings of the Remuneration Committee were held during the year – on January 27, 2007 and April 28, 2007.
- v. The Company does not have any Employee Stock Option Scheme.

#### vi. Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce.

The company pays sitting fees to the Non-Executive Directors and reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

#### vii. Details of Remuneration for the year ended June 30, 2007:

##### a. Non-Executive Directors

Name	Sitting Fees (Rs)
Dr. R.Srinivasan	1,10,000
Mr.Naresh Chand Singhal	20,000
Mr. Rajiv Garg	1,00,000
Mr. Ashok Kumar Goyal	90,000
Mrs.Ritu Lal Kumar	60,000

##### b. Managing Director & Executive Directors

Name	Salary	Perquisites & Allowances
Mr. Dinesh Kumar	1,20,00,000	30,00,000
Mr. K.Vasudeva Rao	31,50,000	---
Mr. V.Visweswara Rao	23,13,020	---
Mr. Aneesh Mittal	14,56,770	---
Mr. Pramod Kumar Jain	27,91,500	---

#### 5. Shareholders/Investors Grievance Committee:

- i. The Company has constituted a Shareholders / Investors Grievance Committee of Directors to look into the approval of transfer/transmission /demat/remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non receipt of balance sheet, non receipt of declared dividends etc.
- ii. Two meetings of the Shareholders / Investors Grievances Committee were held during the year on February 28, 2007 and June 15, 2007.



- iii. The composition of the Shareholders / Investors Grievance Committee and the details of meetings attended by its members are given below:

Name	Category	No. of meetings during the year 2006-07	
		Held	Attended
Mr. Rajiv Garg, Chairman	Independent Director	2	--
Mr. Dinesh Kumar	Managing Director	2	2
Mr. K.Vasudeva Rao	Executive Director	2	2

**iv. Name, designation and address of Compliance Officer:**

Mr. K.Sateesh Gupta  
 Company Secretary  
 XL Telecom & Energy Ltd  
 C2, Pooja Plaza, Vikrampuri  
 Secunderabad – 500 009  
 Tel: 040 2777 5568 Fax: 040 27840081

**v. Details of Complaints received:**

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	143	143	NIL

**6. General Body meetings:**

**i. Location and time, where last three AGMs held.**

Details of Meeting	Date & Time of Meeting	Venue
Annual General Meeting 2005-06	December 16, 2006 12.00 Noon	Registered Office, 335, Chandralok Complex, S.D.Road, Secunderabad - 3
Annual General Meeting 2004-05	September 28, 2005 12.00 Noon	Registered Office, 335, Chandralok Complex, S.D.Road, Secunderabad – 3
Annual General Meeting 2003-04	September 25, 2004 11.00 A.M.	Registered Office, 335, Chandralok Complex, S.D.Road, Secunderabad - 3

**Special Resolutions:**

At the Annual General Meeting of the Company held on December 16, 2006, special resolution was passed for alteration of Main Objects of the company.

At the Annual General Meeting of the Company held on September 28, 2005, special resolution was passed for appointment of Auditors of the Company.

At the Annual General Meeting of the Company held on September 25, 2004, special resolution was passed for appointment of Auditors of the Company.

**Extraordinary General Meeting**

During the year, the Company had held an Extraordinary General Meeting on 28<sup>th</sup> February, 2007 for passing the special resolutions to a) change of name of the Company and b) Re-appointment of Mr.Dinesh Kumar as Managing Director of the Company.

- ii. No Postal Ballot was conducted during the year.

**7. Disclosures:**

- There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the period from December 28, 2006 to June 30, 2007: NIL
- In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- The Company adopted the Code of Conduct for Directors and Senior Management. The code has been circulated to all the members of the Board and Senior Management and the same has been put on the company's website [www.xtelenergy.com](http://www.xtelenergy.com). The Board members and senior management have affirmed their



compliance with the code and a declaration signed by the Managing Director of the Company (i.e. CEO within the meaning of Clause 49 of the listing Agreement) is given below:

"It is hereby declared that the Company has obtained from all members of the Board and senior management affirmation that they have complied with the code of conduct for directors and senior management of the Company for the financial year 2006-07."

Secunderabad  
20<sup>th</sup> August, 2007

Dinesh Kumar  
Managing Director

- v) A certificate from the CEO (Managing Director) and CFO (Director (Finance)) was placed before the Board under clause 49 (V) of the Listing Agreement.
- vi) In compliance with the Securities & Exchange Board of India (Prevention of Insider Trading) Regulations, 1992, the Company has framed a Code of Conduct for prevention of insider trading by the company insiders.
- vii) A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/ paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- viii) The Board in its report have confirmed that the financial accounts for the period ended 30<sup>th</sup> June, 2007 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.
- ix) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreements with the Stock Exchanges:

The Company has set up a Remuneration Committee details of which have been given earlier in this Report.

#### **8. Means of communication:**

The quarterly, half yearly and Annual results of the Company are normally published in The Financial Express and Andhra Prabha. The results are also displayed on the Company's website "[www.xlteleenergy.com](http://www.xlteleenergy.com)". Press releases made by the Company from time to time are also displayed on the website. Presentations made to the institutional investors and analysts after the declaration of the quarterly results are displayed on the Company's website. A management Discussion and Analysis statement is a part of the Company's Annual Report.

#### **9. General Shareholder information:**

##### i) Annual General Meeting

Date : September 26, 2007  
Time : 11.00 A.M.  
Venue : Company's plant at Plot No.198/A, IDA,  
Cherlapally, Hyderabad - 500051

##### ii) Financial year

Year ending : June 30

iii) Date of Book closure : Monday, September 24, 2007 to Wednesday, 26<sup>th</sup>  
September, 2007

iv) Dividend Payment Date : Not Applicable

v) Listing on Stock Exchanges : Bombay Stock Exchange Limited, Floor, 25,  
P.J.Towers, Dalal Street, Mumbai – 400 001

National Stock Exchange of India Limited,  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051

Listing Fees as applicable have been paid.

##### vi) Stock Code / Symbol

Bombay Stock Exchange Ltd : 532788 & XLTELENE



National Stock Exchange Ltd : XLTL

**vii) Market Price Data: High, Low during each month in last financial year**

Month	BSE		BSE	
	High	Low	High	Low
December, 2006	177.10	134.10	174.90	133.30
January, 2007	161.70	134.10	161.80	134.10
February, 2007	215.80	119.75	216.00	119.70
March, 2007	122.00	94.00	122.40	93.60
April, 2007	131.45	97.00	131.00	96.90
May, 2007	130.50	111.20	131.50	111.40
June, 2007	135.75	107.00	135.95	105.00

**viii. Performance in comparison to broad-based indices - BSE Sensex & NSE Nifty**

Particulars	Share Price V/s BSE		Share Price V/s NSE	
	Share Price (Rs.)	BSE Sensex	Share Price (Rs.)	NSE Nifty
As on December 28, 2006	136.00	13786.91	133.35	3970.55
As on June 30, 2007	134.65	14650.51	134.25	4318.30

**ix) Registrar and Transfer Agents**

The company has appointed M/s. Bigshare Services Private Limited as its Registrar & Share Transfer Agents. Shareholders are advised to approach Bigshare Services Private Limited on the following address for any share and demat related queries and problems:

**Bigshare Services Private Limited**  
E/2, Ansa Industrial Estate, Saki Vihar Road,  
Saki Naka, Andheri (E), Mumbai-400072

Tel: 91 22 28473747, Fax: 91 22 2847 5207  
E-mail: [bigshare@bom7.vsnl.net.in](mailto:bigshare@bom7.vsnl.net.in) Website: [www.bigshareonline.com](http://www.bigshareonline.com)

**x) Share Transfer System**

All physical share transfers are handled by Bigshare Services Private Limited. The transferee is required to further transfer deed duly complete in all respects together with the share certificates to Bigshare Services Private Limited at the above said address in order to enable them to process the transfer. As regard transfers of dematerialized shares, the same can be effected through the demat accounts of the transferor(s) and transferee(s) maintained with recognized Depository Participants.

**xi. Distribution of shareholding**

**a. Distribution of shareholding as on 30<sup>th</sup> June, 2007:**

Range (No. of Equity Shares)	No. of shareholders	No. of shares	% of shareholding
1 - 5000	13904	1235321	8.52
5001 - 10000	376	296537	2.04
10001 - 20000	179	276874	1.91
20001 - 30000	60	150857	1.04
30001 - 40000	28	103346	0.71
40001 - 50000	27	126851	0.88
50001 - 100000	38	276097	1.90
Above 100000	55	12035533	83.00
<b>Total</b>	<b>14667</b>	<b>14501416</b>	<b>100.00</b>

**b. Categories of Shareholders as on 30<sup>th</sup> June, 2007:**

Category	No. of Shares	Percentage
Promoters	4601872	31.73



Indian Public & others	3226819	22.24
Mutual Funds & UTI	334574	2.31
Financial Institutions & Banks	1001332	6.91
Foreign Institutional Investors	13000	0.09
Foreign Venture Capital Investors	1000000	6.90
Venture Capital Funds	500000	3.45
Bodies Corporate	3765918	25.97
NRIs	57901	0.40
<b>Grand Total</b>	<b>14501416</b>	<b>100.00</b>

xii. Dematerialization of shares and liquidity

The Company has admitted its shares to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE 183H01011. The equity shares of the Company are compulsorily traded in dematerialized form as mandated by SEBI.

Out of 1,45,01,416 equity shares, 1,13,03,213 equity shares constituting 77.95% of total equity share capital are held in dematerialized form with NSDL and CDSL as on 30<sup>th</sup> June, 2007.

xiii. **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**

As on June 30, 2007, the Company did not have any outstanding GDRs/ ADRs/Warrants or any Convertible instruments.

xiv. Plant Locations

1. **Jointing Kits Division**

Shed No. 30 & 31  
I.D.A., Mallapur, Hyderabad - 500 076.

2. **SPV Division**

Shed No. 32, I.D.A.,  
Mallapur, Hyderabad - 500 076.

3. **SMPS & CDMA Division:**

Plot No. 198/A, I.D.A., Cherlapally,  
Hyderabad - 500 051.

4. **Ethanol Division:**

Plot Nos. B 8 to B 10, & B 18 to B21  
DC, Kushnoor  
NANDED (District), Maharashtra State

xv. **Address for correspondence**

**Registered Office**

335, Chandralok Complex  
111, Sarojini Devi Road  
Secunderabad - 500 003

**Corporate Office:**

C2, Pooja Plaza, Vikramপুরi  
Secunderabad – 500 009  
Tel : 040 27775568 Fax : 040 27840081  
Email : [satish@xtelenergy.com](mailto:satish@xtelenergy.com)  
Website : [www.xtelenergy.com](http://www.xtelenergy.com)



## COMPLIANCE CERTIFICATE

TO THE MEMBERS OF  
XL TELECOM & ENERGY LIMITED

We have examined the compliance of conditions of Corporate Governance by **XL Telecom & Energy Limited**, for the year ended June 30, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For R&A Associates  
Company Secretaries**

R.Ramakrishna Gupta  
Partner

Hyderabad, September 1, 2007  
C.P. No.6696



## AUDITOR'S REPORT

To  
The Members of XL Telecom & Energy Limited

1. We have audited the attached Balance Sheet of M/s. XL Telecom & Energy Limited (Formerly XL Telecom Limited), 335, Chandralok Complex, 111, Sarojini Devi Road, Secunderabad – 500 003 as at 30<sup>th</sup> June 2007, and Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain responsible assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to the above, our comments are as under:
  - a) Reference is invited to Note No. B-19 under Schedule 15 regarding SSI dues.
  - b) Reference is invited to Note No. B-21 under Schedule 15 regarding confirmation of balances.
5. Further to our comments in the Annexure referred to in Paragraphs (3) and (4) above;
  - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, excepting Accounting Standard 15 on Retirement benefits.
  - (e) On the basis of written representations received from the directors, as on 30<sup>th</sup> June, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30<sup>th</sup> June, 2007 from being appointed as Directors in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting Principles generally accepted in India excepting Accounting Standard 15 on Retirement Benefits.
    - (i) in the case of Balance Sheet, of the state of affairs of the Company as at 30<sup>th</sup> June 2007,
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
    - (iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Satyanarayana & Co.  
Chartered Accountants**

**J. Jagannadha Rao  
Partner  
(M. No 6239)**

Place : Secunderabad  
Date : 01.09.2007



**Annexure referred to in paragraph (3) of our report of even date**

- (i)
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All the fixed assets have not been physically verified by the management during the year however, the company has drawn up a program to verify its fixed assets at reasonable intervals. No material discrepancies were noticed on such verification by the management.
  - (c) During the year, the company has not disposed off any fixed assets except some of old vehicles.
- (ii)
- (a) The inventory has been physically verified by the management at the year end. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature its business.
  - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has neither taken nor granted any loans, secured or unsecured from/ to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) The transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, does not arise, as there are no such transactions.
- (vi) The company has not accepted any deposits from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.
- (ix) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (x) The Company does not have any accumulated losses as on 30.06.2007.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) The Company has not granted any loans and advances against pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) The company has not given any guarantee for the loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has issued Equity shares through Public Offer during the year. Reference is invited to Note No. B-13 under Schedule 15 regarding public issue of shares.
- (xix) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Satyanarayana & Co.  
Chartered Accountants**

**J. Jagannadha Rao  
Partner  
(M. No 6239)**

Place : Secunderabad  
Date : 01.09.2007



**XL TELECOM & ENERGY LIMTIED**

Regd. Office: '335', Chandralok Complex, Sarojini Devi Road, Secunderabad – 500 003  
Corp Office: C2, Pooja Plaza, Vikrampuri, Secunderabad – 500 009

**PROXY FORM**

Regd. folio No ..... DP ID ..... Client ID .....

I / We .....being a Member / Members of the above named Company hereby appoint .....of .....or failing him .....or .....as my / our proxy to vote for me / us on my / our behalf at the Twenty First Annual General Meeting of the Company to be held on 26<sup>th</sup> September, 2007 at 11.00 a.m. at Premises of the Company's Plant at Plot No. 198/A, I.D.A., Cherlapally, Hyderabad - 500051 and at any adjournment thereof.

Signed this .....day of ..... 2007

Affix Rs.  
0.15 ps  
Stamp

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited to the registered office of the Company, not less than 48 hours before the meeting.

**XL TELECOM & ENERGY LIMTIED**

Regd. Office: '335', Chandralok Complex, Sarojini Devi Road, Secunderabad – 500 003  
Corp Office: C2, Pooja Plaza, Vikrampuri, Secunderabad – 500 009

**ATTENDANCE SLIP**

Regd. Folio No..... DP ID ..... Client ID .....

I certify that I am a Registered Shareholder / Proxy for the Registered Shareholder of the company,

I hereby record my presence in the Twenty First Annual General Meeting of the Company to be held on 26th September, 2007 at 11.00 a.m. at Premises of the Company's Plant at Plot No. 198/A, I.D.A., Cherlapally, Hyderabad - 500051 and at any adjournment thereof.

-----  
Member's / Proxy's Name  
(in Block Letters)

-----  
Member's / Proxy's Name  
Signature

Note: Please fill in this attendance slip and hand it over at the entrance of the Hall.