

POSTAL BALLOT NOTICE

(Notice Issued to members pursuant to Section 192A of the Companies Act, 1956)

Dear Member(s),

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956 (hereinafter referred to as the "Act") read with Companies (Passing of the Resolution by Postal Ballot), Rules, 2011, that the special / ordinary resolutions as set out below are proposed to be passed by way of postal ballot.

An explanatory statement pursuant to Section 192A (2) of the Companies Act, 1956 and Section 102 of the Companies 2013 setting out all material facts pertaining to the resolution is annexed hereto along with a Postal Ballot Form for consideration and approval of the members.

The Board of Directors have appointed Mr. R. Sridharan of Messrs. R. Sridharan & Associates, Company Secretaries, Chennai as Scrutiniser vide its resolution adopted on 22nd October 2013, for conducting the postal ballot process in a fair and transparent manner.

Members' consent is requested for the proposal contained in the resolutions appended below. The explanatory statement pertaining to the said resolutions setting out the material facts and the reasons thereof is annexed hereto along with the postal ballot form.

1. Approval under Section 81 (1A) of the Companies Act, 1956 for raising of additional capital by way of issue of 3,00,00,000 Cumulative Redeemable Preference Shares of a face value of Rs. 100/- each (the "Preference Shares") proposed to be issued in one or more tranches at par for an aggregate subscription price of Rs. 300,00,00,000 /- (Rupees three hundred crores only) to the holding Company Shriram Industrial Holdings Limited (SIHL).

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

- (a) "**RESOLVED** that pursuant to the provisions of Section 81(1A), and other applicable provisions, if any, of the Companies Act, 1956 and the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company, listing agreements entered into by the Company with the stock exchanges where the equity shares of the Company are listed, Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 the guidelines and clarifications issued by the Reserve Bank of India ("RBI"), and any other statutory/regulatory authorities, and subject to all such other approvals, permissions, consents and sanctions of any authorities, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company, (hereinafter referred to as the "Board", which term shall also include any committee thereof) the consent of the Company be and is hereby accorded to the Board to issue and allot, on preferential basis, on such terms and conditions and in such manner as the Board may think fit, without offering the same to any person/s who at the date of offer are holders of shares of the Company, up to:
 - (i) 3,00,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each (the "Preference Shares") proposed to be issued in one or more tranches for an aggregate subscription price of Rs. 300,00,00,000 /- (Rupees three hundred crores only) to the holding Company, Shriram Industrial Holdings Limited (SIHL) .
 - (ii) The Preference shares shall be entitled to a preferential dividend of 10% of the face value of the preference shares every year.
 - (iii) The Preference shares shall be redeemed at the end of 10 years from the date of their issue, or such time as the holder may determine.

(b) RESOLVED FURTHER THAT:

- (i) The Preference Shares shall be subject to the provisions of the Memorandum and Articles of Association of the Company, and other applicable regulations. The Preference Shares shall rank pari passu with the existing equity shares of the Company in respect of all matters including dividend entitlements;
- (ii) The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of the above mentioned Preference Shares and to vary, modify or alter any of the terms and conditions, including the size of the issue, as it may deem expedient;

- (iii) The offer, issue and allotment of the aforesaid Preference Shares shall be made at such time or times as the Board may in its absolute discretion decide; and
- (iv) The offer, issue and allotment of the Preference Shares shall be subject to applicable law, guidelines, notifications, rules and regulations.
- (c) **AND RESOLVED FURTHER THAT** Mr. T Shivaraman, Managing Director & CEO and Mr. K Suresh, Vice President & Company Secretary of the Company, be and are hereby jointly and severally authorised to do all such acts and take all such steps as they may think fit and proper for giving effect to this resolution.
- (d) **AND RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers to any Committee of Directors of the Company to give effect to the aforesaid resolutions.
- (e) **AND RESOLVED FURTHER THAT** for the purpose of giving effect to the aforementioned resolutions the Board and/or such person(s) as the Board may appoint be and is/are hereby authorised to do all acts, matters, deeds and things and to take all such steps and do all such things and give all such directions as the Board may consider necessary, expedient or desirable in order to give effect to the above resolutions and also to settle any questions or difficulties that may arise in such manner as the Board in its absolute discretion may deem fit and take all steps which are incidental and ancillary in this connection.

2. Approval under Section 94 of the Companies Act, 1956 for increase of the Authorised Share Capital of the Company

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

RESOLVED THAT pursuant to Section 94, and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be increased from Rs. 85,00,00,000/- (Rupees Eighty Five Crores only) to Rs. 385,00,00,000/- (Rupees Three Hundred and Eighty Five Crores only) divided into 8,50,00,000 Equity shares of Rs. 10/- each and 3,00,00,000 Preference Shares of Rs. 100/- each and consequently, the existing Clause V of the Memorandum of Association of the company relating to the share capital be amended by replacing the same with the following:-

The Authorised Share Capital of the Company is Rs. 385,00,00,000/- (Rupees Three hundred and Eighty Five Crores only) divided into 8,50,00,000 Equity shares of Rs. 10/- each and 3,00,00,000 Preference Shares of Rs. 100/- each with the rights and conditions attached thereto as are provided by the Articles of Association of the Company for the time being, with powers to divide the shares in the Capital into different classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company for the time being. The Company has power to increase or reduce the Share Capital in accordance with the provisions of the Companies Act, 1956.

3. Approval under Section 31 of the Companies Act, 1956 for alteration in the Articles of Association of Company with respect to capital clause

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

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the following Article 3 be substituted in place of existing Article 3 of the Articles of Association of the Company.

Article 3: The Authorised Share Capital of the Company is Rs. 385,00,00,000/- (Rupees Three hundred and Eighty Five Crores only) divided into 8,50,00,000 Equity shares of Rs. 10/- each and 3,00,00,000 Preference Shares of Rs. 100/- each. The Company shall have power to increase or reduce its capital into different clauses and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company or the legislative provisions in force in that behalf.

4. Approval under Section 269 of the Companies Act, 1956 seeking approval of the Central Government for continuing to pay same Managerial Remuneration to the Managing Director & CEO and Joint Managing Director of the Company, in spite of the Loss in the Audited Financials for the 15 months ended 30th June 2013 and authorise officials to make necessary application to Central Government in this regard.

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

RESOLVED THAT pursuant to provisions of Section 269 and other applicable provisions, if any of the Companies Act, 1956 and subject to the approval of the Central Government, if any, consent of the Company be and is hereby accorded to the Board of Directors for continuing to pay the same remuneration of Rs. 40, 15,008 and Rs. 43, 99,008 p.a. excluding Commission and Perquisites as applicable to Mr. T. Shivaraman, Managing Director & CEO and Mr. M Amjad Sharif - Joint Managing Director of the Company respectively in spite of the loss as per the latest audited financials for the 15 months ended 30th June 2013.

RESOLVED FURTHER THAT consent of the Company be and is hereby accorded to the Board of Directors to prefer necessary application under Section 269 of the Companies Act, 1956 to the Central Government seeking approval for payment of additional remuneration over and above limits specified under Section II of Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT consent of the Company be and is hereby accorded to Mr. S R Ramakrishnan - Chairman or Mr. R Sundararajan, Director or Mr. K Suresh - Vice President & Company Secretary of the Company to submit necessary application to the Central Government and complete all necessary formalities for waiver of the excess remuneration and also for continuing to pay the same remuneration till their tenure of office i.e., 19th September 2015.

NOTES:

1. An explanatory statement as required under Section 173 of the Companies Act, 1956 in respect of the business specified above is annexed hereto.
2. In terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011, the business set out in the notice above are sought to be passed by postal ballot.
3. The Board has appointed Mr. R. Sridharan of Messrs. R. Sridharan & Associates, Company Secretaries, as the Scrutinizer for conducting the postal ballot voting process in accordance with the law and in a fair and transparent manner.
4. The shareholders are requested to carefully read the instructions printed in the attached postal ballot form. The postal ballot form, duly completed and signed should be returned in the enclosed self-addressed postage prepaid envelope directly to the Scrutinizer so as to reach the Scrutinizer on or before 5.00 p.m. on 28th November 2013. Any postal ballot form received after this date shall be treated as if the reply from the shareholders has not been received.
5. The shareholders are requested to exercise their voting rights by using the attached postal ballot form only. No other form or photocopy of the form is permitted. Shareholders who do not receive the postal ballot form may apply to the Company and obtain a duplicate thereof. Facility of voting through electronic mode is not being provided by the Company.
6. The Scrutinizer will submit the report to the Chairman of the Company after completion of scrutiny of the postal ballot forms.
7. The results of the Postal Ballot will be announced by Mr. S R Ramakrishnan, Chairman of the Board of Directors of the Company or any other Director of the Company or Mr. K. Suresh - Vice President & Company Secretary at 11.00 a.m. on 29th November 2013 at No. D-17, SIPCOT Industrial Complex, Gummidipoondi - 601 201 and the results of the postal ballot will be displayed at the registered office, will be intimated to the Stock Exchanges and published in the newspapers viz., The Hindu Business Line and Tamil Daily Maalai Thamizhagam.

By Order of the Board

Place: Chennai
Date: October 22, 2013

K.SURESH
Vice President & Company Secretary

Registered Office: 4th Floor, Sigappi Achi Building,
18/3 Rukmini Lakshmi Palai Salai,
Egmore, Chennai-600008.

ANNEXURE TO NOTICE

Explanatory statement under Section 192A and Section 173(2) of the Companies Act, 1956

Item no. 1:

Shriram Industrial Holdings Limited ("SIHL"), upon the request of the Company has agreed to subscribe to the fresh Preference Shares to the extent of a face value of Rs. 300 Crores. The issue of Preference Shares to SIHL will be done on a "preferential basis", in accordance with applicable law.

The Board of Directors of the Company ("Board") had discussed the matter in detail in its meeting held on August 29th, 2013 and recommended the matter of raising of capital to the extent of Rs. 300 Crores. The Board further, at their meeting held on 22nd October 2013, approved the said issue and allotment of 3,00,00,000 Cumulative Redeemable Preference Shares of a face value of Rs. 100/- each (the "Preference Shares" proposed to be issued in one or more tranches at par for an aggregate subscription price of Rs. 300,00,00,000/- (Rupees three hundred crores only) to SIHL.

The Preference Shares shall be entitled to a preferential dividend of 10% of the face value of the Preference Shares every year.

The Preference Shares shall be redeemed at the end of 10 years from the date of their issue, or such earlier time as the holder may determine.

The Board further recommended seeking approval of the Shareholders by way of Special Resolution under Section 81(1A) of the Companies Act, 1956 through Postal Ballot in terms of Section 192A of the Companies Act, 1956 and Section 102 of the Companies Act, 2013 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011.

1. The object of the preferential issue to allot and issue:

The management has proposed a preferential issue to SIHL by way of cumulative redeemable preference shares in accordance with applicable law. The amount raised will strengthen the net worth of the Company, funding long term working capital requirements, expansion of the existing business for future growth.

2. The proposal of promoters to subscribe to the proposed preferential offer:

SIHL, the promoter of the Company, has conveyed to the Company in writing of its intention to subscribe to the proposed preferential issue of:

3,00,00,000 Cumulative redeemable Preference Shares to be issued in one or more tranches at par for an aggregate subscription price of Rs. 300,00,00,000/- (Rupees three hundred crores only).

3. The Shareholding pattern of the Company before and after the preferential issue:

The shareholding pattern before and after the issue of the aforesaid Preference Shares on preferential basis

Preference Shares

Shareholder Category	% of preference shareholding before the preferential allotment		% of preference shareholding after the preferential allotment		Date of Allotment
	Number of shares	Percentage (%)	Number of shares	Percentage (%)	
Promoter	0	0	2,00,00,000	100	30 Nov 13
Promoter	2,00,00,000	100	3,00,00,000	100	20 Mar 14

The shareholding set out above is on the assumption that all the Preference Shares offered to SIHL are fully subscribed to and allotted.

4. Proposed time within which the preferential issue shall be completed:

The proposed offer of the Preference Shares on preferential basis will be allotted within 30 days of 29.11.2013, being the date of announcement of the results of the postal ballot or such other date as the Board may determine.

5. The Identity of the proposed allottee, the percentage of post preferential issue capital that may be held by him, change in control, if, any, in the Company consequent to the preferential issue:

Preference Shares

Particulars					
Sr. No.	Names of the Proposed Allottee		Details of allotment		Date of Allotment
1.	Shriram Industrial Holdings Limited		3,00,00,000 Cumulative Redeemable Preference Shares; and		
Promoter	% of preference shareholding before the preferential allotment		% of preference shareholding after the preferential allotment		
	Number of shares	Percentage (%)	Number of shares	Percentage (%)	
Shriram Industrial Holdings Limited	0	0	2,00,00,000	100	30 Nov 13
	2,00,00,000	100	3,00,00,000	100	20 Mar 14

No change in control is to take place consequent to the preferential issue.

6. Pricing of securities:

3,00,00,000 Cumulative Redeemable Preference Shares of a face value of Rs. 100/- each are proposed to be issued at par for an aggregate subscription price of Rs. 300,00,00,000/- (Rupees three hundred crores only).

7. Nature and Extent of Interest of Directors

The following Directors hold shares of the company and to that extent are concerned or interested in the above resolution.

Sr. No.	Name of Director	% shareholding
1.	S. Srinivasan	-
2.	-	-

8. Nature and Extent of Interest of Relatives of Directors

The following relatives of aforesaid directors hold shares in the Company and to that extent are concerned or interested in the above resolution.

Sr. No.	Name of Relative	% shareholding
1.	-	-
2.	-	-

9. Nature and Extent of Interest of Key Managerial Personnel

The following Key Managerial Personnel or their relatives hold shares in the Company and to that extent are concerned or interested in the above resolution.

Sr. No.	Name of Key Managerial Personnel	% shareholding
1.	-	-
2.	-	-

Interest of Directors

Mr. S Srinivasan, Director is interested in this resolution being a promoter director. No other director is directly/indirectly concerned or interested in this resolution.

Item nos. 2 & 3 :

The present Authorised Share Capital of the Company is Rs. 85,00,00,000/- (Rupees Eighty Five Crores only) divided into 8,50,00,000 Equity shares of Rs. 10/- each.

In view of the infusion of capital to the company, there will be a need to increase the Authorized Share Capital of the Company from Rs. 85,00,00,000/- (Rupees Eighty Five Crores only) to Rs. 385,00,00,000/- (Rupees Three Hundred and Eighty Five Crores only) divided into 8,50,00,000 Equity shares of Rs. 10/- each and 3,00,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each.

The proposed increase in authorized capital of the company requires the approval of the members and consequential amendment of Clause V- Capital Clause of the Company's Memorandum and Article 3 of the Articles of Association recording the increase.

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

The amended copy of the Memorandum and Articles of Association of the Company are available for inspection on all working days from 10.00 A.M., to 05.00 P.M., till 28th November 2013.

The Board of directors recommends the resolution set out in item nos. 2 & 3 of accompanying Notice for your approval.

Item no. 4:

The members are informed that Mr. T. Shivaraman and Mr. M Amjad Shariff have been reappointed as the Managing Director & CEO (MD & CEO) and Joint Managing Director (JMD) of the Company respectively, for a further term of three years effective from 20th September 2012 till 19th September 2015. This was approved by the Remuneration Committee at their meeting held on 10th May 2013. Subsequently approval of the Shareholders of the Company for their reappointment was obtained through Postal Ballot at the same remuneration of Rs. 40,15,008 p.a. and Rs. 43,99,008 p.a. excluding perquisites and commission to Mr T Shivaraman and Mr. M Amjad Shariff, respectively.

However, as per the Audited Results for the 15 months period ended 30th June 2013 there is a Loss after tax & extraordinary items of Rs. 262.86 crores which was mainly due to the write offs in the strategic sale of Sree Jayajothi Cements Ltd.

The members are further informed that for payment of remuneration in case of inadequate or no profit (Section II Part II Schedule XIII) read with Section 269 of the Companies Act, 1956, Central Government approval is required. As the remuneration being paid to the MD&CEO and JMD is above the permissible limits as specified under Section II of Part II of Schedule XIII of the Companies Act, 1956, this will also require Central Government's approval.

Justification for payment of remuneration to the Managing Director & CEO and Joint Managing Director

The loss of the Company for the year 2012-13 was Rs. 262.86 crores which was mainly due to the write offs in the strategic sale of Sree Jayajothi Cements Ltd. While this transaction has resulted in a significant loss to the Company, the cash flow available will reduce the ongoing interest burden by around Rs. 75 Crores per year from 2013 - 14 onwards. The reason for the loss is due to the factors which are non-repetitive in nature.

The order book of the Company has been increasing steadily during the last year from Rs. 2800 crs in March 2012 to over Rs. 4060 crs in June 2013. The Company has also forayed into the international market expanding their presence in the regions of South Asia, Africa and the Middle East where the margins are better.

The duties and the responsibilities being shouldered by the Managing Director & CEO and Joint Managing Director have substantially increased. There is need for formulation of strategies on continuous basis and periodical review thereof for sustained development of the Company in the light of highly competitive conditions prevailing in the Industry necessitating increased managerial attention to such matters. Expansion plans of the Company also call for increased managerial attention. Hence, the continued leadership of these managerial personnel will be in the best interest of the Company. The Company has also witnessed a steady increase in the order book and turnover of the Company in the last few years under the leadership of the managerial personnel.

Based on the above, the board of directors recommend that the MD & CEO and JMD be paid the same remuneration even though it will be above the permissible limits as specified under Section II of Part II of Schedule XIII of the Companies Act, 1956 subject to the approval of the Central Government till their tenure of office i.e. 19th September 2015.

1. General Information

- Nature of industry : Engineering , procurement and Construction
- Commencement of production : 12th June 2000
- Financial performance

Rs in lacs

Financial parameters	Year ended				
	30.6.2013 (15Months)	31.3.2012	31.3.2011	31.3.2010	31.3.2009
Turnover	1,70,512.96	1,38,220.03	1,30,207.39	1,11,051.76	91,876.55
Net profit	(26286.12)	2,550.73	6,961.29	4,466.03	4,001.68
Amount of dividend paid	NIL	532.13	531.15	526.97	520.19
Rate of Dividend	NIL	12%	12%	12%	12%

2. Foreign investment or collaboration;

During the year 2012-13, the Company has earned an export income of Rs.1,559.06 Lakhs. The total holdings of foreign banks, foreign institutional investors, overseas corporate bodies are 13481762 equity shares of Rs. 10/- each constituting 30.39% of the paid up equity capital.

3. Appointee information

- Background, Job profile & suitability.

Mr. T Shivaraman

Mr. T Shivaraman, holds a post graduation degree in chemical engineering and has completed a master of Science from the Indian Institute of Technology. He started his career as a management trainee at ICI India Limited with its fertilizer plant in Kanpur and has 23 years of experience in plant operations and project engineering. He has been involved in engineering, procurement and construction business since 1992 and is heading EPC business since 2006.

Mr. T Shivaraman is the present president of the Madras Chamber of Commerce & Industry

Remuneration paid : Rs. 40,15,008 p.a. plus Perquisites and Commission

Mr. M. Amjad Shariff

Mr. M. Amjad Shariff holds a post-graduation in chemical engineering from the Indian Institute of Technology, Madras. He has over 28 years of experience in project execution, sales, marketing and corporate planning. He also has experience in design and installation of hi-tech projects for a variety of industrial applications in the areas of fertiliser, chemical, ferrous and non-ferrous metals and other industries. He has specialised in core sector, executing and management of projects, particularly in industries like steel, copper and power.

Remuneration paid : Rs. 43,99,008 p.a. plus Perquisites and Commission

ii. Recognition awards

Shriram EPC Ltd under the stewardship of the above Managerial Personnel obtained the following recognition/awards:

Sl No	Awards/recognition	year
1.	ISO 9001 (2008) Certificate	Obtained in the year 2013 and Valid till year 2016
2.	ISO 14001 (2004) Certificate	
3.	BS OHSAS 18001 (2007) Certificate	

Comparative remuneration with respect to the industry

The Company provides turnkey EPC solutions for ferrous & non-ferrous, cement, aluminum, copper, and thermal power plants. The Company continues to develop projects including design, engineering, and construction of blast furnace auxiliaries, rolling mills, aluminum refining, copper smelting, thermal power plants, cement plants, and coke oven batteries. The Company also contributes to the design, engineering and construction of coal gasification plants. The Company is one of the few companies in India that is active in developing a broad range of energy projects. The company recently expanded its offering to include services related to Solar Power plants. The Company also offers competencies for construction of power plants using bio mass as fuel. The Company also offers turnkey design – build environmental projects catering to water and waste water treatment, management and water distribution system. The Company also has undertaken various projects in this vertical for private projects as well as municipalities in India. Under the astute leadership of the Managing Director & CEO and the Joint Managing Director the Company has undertaken several turnkey projects in the various verticals mentioned herein above and has gradually increased the turnover & order book position quite significantly.

The turnover of the Company as per the last audited accounts for the 15 months period ended June 30, 2013 was Rs. 1765.48 crores. The order book position as on June 30, 2013 was Rs. 4060 crores. There are 637 employees on the rolls as on date. Considering the size of the Company, turnover the proposed remuneration to MD & CEO and to JMD is reasonable and comparable, if not lower than the levels prevailing in the industry.

Pecuniary relationship;

Mr. T Shivaraman, Managing Director & CEO and Mr. Amjad Shariff, Joint Managing Director are not related to each other and they do not have any pecuniary relationship directly or indirectly with the Company or managerial personnel except to the extent of their shareholdings in the equity capital of the Company and the salary drawn by them. Mr. T Shivaraman holds 4,010 equity shares and Mr. Amjad Shariff holds 310 equity shares.

Other information

Reason for loss or inadequate profit

In April 2012, the Company had converted a part of its outstanding dues in Sree Jayajothi Cements Ltd (SJCL) into equity shares / equity linked instruments with a direct equity stake of 18.76%. An additional 49% was held by Spark Environmental Technologies Limited. Shriram EPC held Optionally Convertible debentures in Spark Environmental Technologies Limited. The shareholders of the Company had accorded approval for this investment through a Postal Ballot.

Cement not being a core business of the Company, scouting for strategic or Financial partners to work for supporting SJCL was under way for the last 12 months. The cement plant needed additional investment for a Railway siding and a captive power plant in addition to working capital support in order to achieve its full potential.

The company finalised a transaction by which the entire stake in SJCL has been sold to My Home Industries, a 50-50 JV between the My Home Group and CRH of Ireland, international Cement major. This transaction was completed in August 2013.

The impact of this transaction on the Company was as follows:

SEPC recovers Rs. 575 crores from its investment in SJCL. This will help to reduce the leverage on the balance sheet and free up cash flows to focus on the EPC business.

SEPC is taking the following write-downs of approx Rs. 262 crs.

- Permanent Diminution in the Value of Investments - An amount of Rs. 16,725.60 Lakhs has been provided for towards permanent diminution in value of investments in SJCL and Spark during the current year.
- Trade Receivables written off:
An amount of Rs. 6,176.34 lakhs has been written off towards the shortfall in recovery of dues from SJCL.
- Consequent to the permanent diminution in the value of Optionally Convertible Debentures in Spark as explained above, Interest aggregating to Rs. 3,689.98 Lakhs for the period from 01 April 2012 to 31 March 2013 has now been de-recognised.

In addition, the net interest cost on the holdings of SJCL investments in SEPC for the 15 month period is Rs. 9659.55 lakhs.

Step for Improvement and expected increase

While the above transaction resulted in a loss to the Company, the cash flow available will reduce the ongoing interest burden by around Rs. 75 Crores per year from 2013 - 14 onwards.

Disclosure in Board of Director's report under corporate governance i.e. remuneration package, fixed component and performance linked incentives, service contract, notice period, severance fee, stock options.

Executive Directors

There are no stock options available/issued to any executive Directors of the Company.

Non Executive Directors

Remuneration by way of sitting fees is paid to all non-executive directors at the rate of Rs. 15000/- for attending each meeting of the Board and Rs. 10000/- for attending each committee.

No remuneration other than sitting fee totalling Rs. 11,47,500/- has been paid to Non-executive Directors for the 15 Months period 2012-13.

There has been no pecuniary relationship or transactions between the Company and non-executive directors during the 15 Months period 2012-13. There are no stock options available/issued to any non-executive director of the Company.

The Board of directors recommend the resolution set out in item no.4 of the accompanying Notice for your approval.

Interest of Directors

Mr. T Shivaraman, Managing Director & CEO and Mr. Amjad Shariff, Joint Managing Director are interested in this resolution. No other director is directly/indirectly concerned or interested in this resolution.

By Order of the Board

Place: Chennai

Date: October 22, 2013

K.SURESH

Vice President & Company Secretary

Registered Office: 4th Floor, Sigappi Achi Building,
18/3 Rukmini Lakshmi Pathi Salai,
Egmore, Chennai-600008.