

POSTAL BALLOT NOTICE

(Pursuant to Section 192A (2) of the Companies Act, 1956)

The Members of
Shriram EPC Limited

Notice is hereby given for obtaining the consent of Members through Postal ballot for authorizing the Board of Directors of the Company under Section 372A read with Section 292 of the Companies Act in accordance with Section 192A(2) of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and to pass with or without modification the **Special resolution**.

The proposed resolution and the Explanatory Statement are appended below for consideration by the Members of the Company. The Postal Ballot form is annexed to this notice for the purpose of exercising the votes in respect of the said resolution.

Resolution under Section 372A of the Companies Act for making Investment, loan or giving guarantee or security in connection with a loan in Sree Jayajothi Cements Limited and Spark Environmental Technology Limited

To consider and, if thought fit, to pass with or without modification, if any, the following as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions to Sections 192A and 372A of the Companies Act, 1956 (Act) read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and other applicable provisions, if any, of the Companies Act, 1956 (including any ordinance, statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such approvals, consents, sanctions, and permissions of Appropriate Authorities, Departments, Bodies or Lenders as may be necessary and further subject to satisfactory legal and financial due diligence of **Sree Jayajothi Cements Limited**, a Company incorporated under the Companies Act, 1956 ("**SJJCL**") and subject to acceptance by SJJCL's bankers, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, to invest / acquire from time to time by way of subscription, purchase, conversion or otherwise Equity Shares, Preference Shares, Debentures (whether convertible or non convertible) or any other financial instruments of one or more bodies corporate, which may or may not be subsidiary(ies) of the Company, to make / give from time to time any loan or loans to any body corporate and / or provide any Guarantee or provide any Security as the Board may think fit, for the amount exceeding the limits specified in Section 372A of the Companies Act, 1956 as per details mentioned herein below:

Particulars	Name of the Company	Maximum Limit (Rs. In Crores)	Details
Investments in Equity Shares (including equity linked instruments) / Optionally Convertible Debentures (OCD) etc.	Sree Jayajothi Cements Ltd	94.00	Conversion of outstanding dues owed to the Company by SJJCL into Equity Shares of SJJCL /subscription to Equity Shares of SJJCL upto a maximum of 19% shareholding in SJJCL, including this investment.
	Spark Environmental Technology Ltd	258.00	Transfer, sale and /or assignment of outstanding dues owed to the Company by SJJCL/subscription of OCDs, Equity Shares and/ or equity linked instruments to be issued by Spark Environmental Technology Ltd
Loans & Guarantees	Sree Jayajothi Cements Ltd	24.00	Funding for working capital requirements/ capital expenditure requirements.
	Spark Environmental Technology Ltd	24.00	Funding requirement for meeting needs of supporting its investments

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred, to any Committee of Directors or any one or more Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors be and hereby authorised to finalise the exact equity component (including OCDs potentially convertible into equity) and percentage of equity based on the findings of the final due diligence report and debts due from Sree Jayajothi Cements Ltd.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board and / or its Committee of Directors be and is hereby authorised to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to proposed investment and further to do and perform all such acts matters, deeds and things, as may be necessary, without further referring to the members of the Company, including finalizing and executing, agreements, deeds, and such other documents and writings as may be necessary or expedient in its own discretion and in the best interest of the Company, in relation to the above Investments and to sign and execute all deeds, applications, documents and writings as may be required to give effect to the above Special Resolution.

By Order of the Board

Place : Chennai

Date : February 18, 2012

K.SURESH

Company Secretary

Registered Office : Sigappi Achi Building,
4th Floor, 18/3 Rukmini Lakshmipathi Road,
Egmore, Chennai-600008.

NOTES:-

1. An Explanatory Statement pursuant to 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 the Resolution by Postal Ballot) Rules, 2001, the item of business set out in the Notice above are sought to be passed through Postal Ballot.
3. The Board of Directors 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 law and in a fair and transparent manner.
4. Members 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 Scrutiniser so as to reach the Scrutiniser before the close of working hours (05.30 P.M.) on or before 30th March, 2012. Consent or otherwise received after 30 days of issuance of this notice shall be treated as if the reply from the shareholders has not been received.
5. Members 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.
6. The Scrutinizer will submit the report to Mr. T Shivaraman, Managing Director and CEO or Mr. K Suresh, Company Secretary of the Company after completion of scrutiny of the Postal Ballot Forms.
7. The results of the Postal Ballot will be announced by Mr. T Shivaraman, Managing Director & CEO or Mr. K Suresh, Company Secretary of the Company, at No. D-17, SIPCOT Industrial Complex, Gummidipoondi – 601 201 on Saturday, the 31st day of March, 2012 at 11.00 A M and the results of the postal ballot will be displayed at the registered office and posted on the Company's website www.shriramepc.com besides communication to the Stock Exchanges where the Company's shares are listed.
8. The Special Resolution mentioned above shall be declared as passed if the number of votes in its favour are not less than three times the number of votes cast, if any, against the said Resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Material Facts relating to the Investment in Sree Jayajothi Cements Limited and Spark Environmental Technology Limited

The Company had undertaken an EPC contract for Sree Jayajothi Cements Ltd. (SJJCL) for setting up a 3.2 MTPA Cement Plant at Kurnool District in Andhra Pradesh. The total outstanding due till 31st December, 2011 from SJJCL is approximately Rs.563 .00 Crores (**Outstanding Dues**). Based on an analysis of the cement industry, the Company believes that there will be a significant growth in demand for cement in the long term. Hence, with a view to participate in the investment potential in the cement industry, improve the Company's financial condition and recover its dues, the Company has proposed to convert/restructure a part of its Outstanding Dues into Equity Shares/ equity linked instruments as described below.

Subject to satisfactory due diligence and the final valuation to be decided by the Board, the Company proposes to invest in the share capital of SJJCL through a suitable structure (including but not limited to by conversion of part of the Outstanding Dues and/or subscription of fresh Equity Shares/ equity linked instruments to be issued by SJJCL) upto an amount of Rs 94.00 Crores pursuant to which the Company will hold an equity stake of upto an aggregate of 19% by this investment, which amount will be subject to adjustment based on the final equity valuation and due diligence to be completed by the Company and accepted by the Board.

Additionally and subject to satisfactory due diligence and the final valuation to be decided by the Board, the Company proposes to subscribe to (in one or more tranches) Zero Percent Optionally Convertible Debentures of Rs. 10/- each of Spark Environmental Technology Limited (**SPV**) at par, aggregating upto a maximum of Rs. 258.00 Crores and as consideration, the Company shall either (i) assign upto Rs. 258.00 Crores out of the Outstanding Dues to the SPV (**SPV Outstanding Dues**), and / or (ii) pay an amount of upto Rs. 258.00 Crores to the SPV in cash. Spark Environmental Technology Limited (proposed to be changed to Spark Holdings Limited) in turn, will hold and subscribe to a certain number of Equity Shares of SJJCL (either against due discharge and satisfaction of the SPV Outstanding Dues or by making cash payment to SJJCL in one or more tranches) which will constitute a maximum of 49% of the total Equity Share capital of SJJCL.

This structure will allow the Company to invite potential financial and strategic investors to participate in the cement venture, both directly and indirectly through Spark Environmental Technology Limited, which would allow greater flexibility in structuring the transactions.

SJJCL's Cement Plant at Kurnool District has been in commercial production for the past one year and it is expected to end this financial year with a total cement production of over 1 million tonne. The capacity utilization has been restricted due to working capital issues. The plant is located in a strategic area and has access to substantial limestone reserves. Currently SJJCL has full approvals for mining in areas that have proven and indicated reserves of 80 million tones of limestone. Additional approvals for a further 180 million tones are under process. The plant is a state of the art integrated unit with a 6000 TPD kiln and facilities for producing OGC, PPC and slag cement as well as specialty grades of anti-corrosive and other cements. The plant is located very close to the railway network and has provision to construct a railway siding as and when required. The location and the reserve base would enable SJJCL at a future point in time to double its capacity to 6 million tones as the market develops.

The above proposal will be subject to satisfactory legal and financial due diligence of SJJCL and also acceptance by SJJCL's bankers.

Under Section 372A of the Companies Act, 1956 the Company is entitled to invest, acquire by way of subscription, purchase or otherwise in Equity Shares and also issue Guarantee and /or provide Security to the extent not exceeding 60% of the paid up capital and free reserves of the Company or 100% of the free reserves whichever is higher. Since the proposed Investments exceed the above said limit prior approval of the members is being sought. The Company proposes to obtain the approval of the members through postal ballot in terms of the provisions of Section 192A of the Companies Act, 1956 read with the provisions of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

The Board of Directors is of the opinion that the aforesaid Special Resolution is in the best interest of the Company and hence recommends the Special Resolution for your approval.

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

By Order of the Board

Place :Chennai

Date :February 18, 2012

K. SURESH

Company Secretary

Encl.: a) Draft Resolution with Explanatory Statement.

b) Postal Ballot Form and Self-addressed Postage Pre-paid Envelope.