

## POSTAL BALLOT NOTICE

Notice pursuant to Section 192A of the Companies Act, 1956

**To the shareholder(s) of Shriram EPC Limited (the Company),**

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, that the resolution appended below is proposed to be passed as an ordinary resolution by way of postal ballot. Members' consent is requested for the proposal contained in the resolution appended below. The explanatory statement pertaining to the said resolution setting out the material facts and the reasons thereof is annexed hereto along with a postal ballot form.

**Approval for sale and transfer of shares of associate / subsidiaries and joint venture companies.**

To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

**"RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and other laws and regulations applicable thereunder, provisions in the Memorandum of Association and Articles of Association of the Company, the consent of the Company be and is hereby granted to the Board of Directors of the Company (hereinafter the **Board**, which term shall be deemed to include any Committee thereof) for the sale and transfer of 2,02,10,020 equity shares of Shriram EPC (Singapore) Pte. Ltd. held by the Company at a price aggregating INR 148.20 crores to Shriram Industrial Holdings Private Limited and the consequent indirect transfer of the shares of Orient Green Power Company Limited held by the Company through Shriram EPC (Singapore) Pte. Ltd. to Shriram Industrial Holdings Private Limited.

**RESOLVED FURTHER THAT** pursuant to the applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and other laws and regulations applicable thereunder, provisions in the Memorandum of Association and Articles of Association of the Company, the consent of the Company be and is hereby granted to the Board for the sale and transfer of 3,74,429 equity shares of Blackstone Group Technologies Private Limited held by the Company at a price aggregating INR 3.32 crores to Shriram Industrial Holdings Private Limited.

**RESOLVED FURTHER THAT** pursuant to the applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and other laws and regulations applicable thereunder, provisions

in the Memorandum of Association and Articles of Association of the Company, the consent of the Company be and is hereby granted to the Board for the sale and transfer of 86,60,445 equity shares of Hamon Shriram Cottrell Private Limited held by the Company at a price aggregating INR 33.90 crores to Shriram Industrial Holdings Private Limited.

**RESOLVED FURTHER THAT** pursuant to the applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and other laws and regulations applicable thereunder, provisions in the Memorandum of Association and Articles of Association of the Company, the consent of the Company be and is hereby granted to the Board for the sale and transfer of 8,06,97,877 equity shares of Leitwind Shriram Manufacturing Limited held by the Company at a price aggregating INR 73.70 crores to Shriram Industrial Holdings Private Limited.

**RESOLVED FURTHER THAT** pursuant to the applicable provisions of, the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and other laws and regulations applicable thereunder, provisions in the Memorandum of Association and Articles of Association of the Company, the consent of the Company be and is hereby granted to the Board for the sale and transfer of 1,16,50,001 shares of Shriram SEPL Composites Private Limited held by the Company at a price aggregating INR 6.52 crores to Shriram Industrial Holdings Private Limited.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to negotiate the price and terms and conditions for the sale and transfer of the shares referred above, to Shriram Industrial Holdings Private Limited, in the best interests of the Company and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be considered expedient and necessary in order to give effect to each of the aforesaid resolution."

By Order of the Board

Place: Chennai  
Date: February 22, 2013

**K. SURESH**  
Company Secretary

**Registered Office:**  
4<sup>th</sup> Floor, Sigappi Achi Building,  
18/3 Rukmini Lakshmi pathi Salai,  
Egmore, Chennai-600008.

## 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 before the close of working hours on or before 25<sup>th</sup> March 2013. Any postal ballot form received after 30 days of issuance of this notice 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. T Shivaraman, Managing Director & CEO or any other Director present or Mr. K Suresh, Vice President and Company Secretary on or after 26<sup>th</sup> March 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 informed to the Stock Exchanges and also hosted on the Company's website <http://www.shriramepc.com> and published in the newspapers viz., The Hindu **Business Line** and Tamil Daily **Thinaboomi**.
8. The ordinary resolution mentioned above shall be declared as passed if the number of votes cast in its favour exceed the votes, if any, against the said resolution.

## EXPLANATORY STATEMENT

### Annexure to Notice - Explanatory Statement under Section 173(2) of the Companies Act, 1956

The Board of the Company proposes to sell / transfer the investments in its associate / subsidiaries and joint ventures and focus on the core EPC businesses of the Company. As part of this restructuring the Board proposes to sell the shares held by the Company in Shriram EPC (Singapore) Pte. Ltd. (and consequently, the shares of Orient Green Power Company Limited held indirectly by the Company through Shriram EPC (Singapore) Pte. Ltd.), Blackstone Group Technologies Private Limited, Hamon Shriram Cottrell Private Limited, Leitwind Shriram Manufacturing Limited and Shriram SEPL Composites Private Limited. The promoter of the Company, Shriram Industrial Holdings Private Limited, has expressed its willingness to purchase the above shares at a price not lower than their fair value.

Shareholders are aware that over the last few years, the Company has promoted various associates and entered into joint venture agreements with various companies to create subsidiaries/ associate companies focused on certain niche areas of business. In addition to making equity investments in these companies, the Company has also provided additional support in the form of loans and corporate guarantees to enable these entities to develop.

It is now felt that with the substantial increase in the nature and scope of the Company's activities as well as the long term growth plans of these associate companies, it is prudent for both the Company and these companies that the shareholding of these companies be moved to a separate entity. This will allow the Company to have liquidity for both the equity as well as the loans extended to these associate companies. This would also reduce the borrowings of the Company and reduce interest burden apart from focusing on the EPC contracting business.

Since some of the companies that have been promoted are in an early stage of operation and have their own expansion plans, it is expected that they may require additional funds in terms of equity and debt in order to continue to grow and expand. Such additional funds, if not provided by the Company, would reduce the funds available for growth of these associates.

The major companies whose shareholdings are being transferred are as follows:

#### Shriram EPC (Singapore) Pte. Ltd.:

The Company is involved in Orient Green Power Company Ltd (OGPL) indirectly through its 100% overseas subsidiary, viz: Shriram EPC (Singapore) Pte. Ltd.

OGPL currently owns and operates 366 MW of renewable energy assets as on 31<sup>st</sup> March 2012. The growth plan of OGPL involves expanding the renewable energy investments which would call for additional capital. The performance of Shriram EPC (Singapore) Pte Ltd. over the past few years has been as follows:

US \$ IN LAKHS

	2008	2009	2010	2011	2012
Sales	\$0.00	\$0.00	\$11.53	\$0.44	\$0.00
PBT	-\$0.04	-\$0.06	\$0.21	-\$1.89	-\$1.07
PAT	-\$0.04	-\$0.06	\$0.19	-\$1.89	-\$1.07
Equity investment	\$102.10	\$202.10	\$202.10	\$202.10	\$202.10

### Orient Green Power Company Limited

OGPL currently owns and operates 366 MW of renewable energy assets as on 31 March 2012. The growth plan of OGPL involves expanding the renewable energy investments which would call for additional capital.

The performance of OGPL over the past few years has been as follows:

Rs. in lacs

	2008	2009	2010	2011	2012
Sales/other income	3.94	12.82	563.80	1783.13	3048.19
PBT	(116.34)	(325.00)	(644.21)	667.01	(537.59)
PAT	(116.59)	(328.22)	(644.21)	521.01	(537.59)
Equity investment	NIL	NIL	2827.50	2827.50	2827.50

### Leitwind Shriram Manufacturing Limited:

The Company had entered into a joint venture with Leitwind B.V. in 2007 for setting up joint venture companies, viz., Leitner Shriram Manufacturing Limited and Shriram Leitwind Limited in 2007. These companies were subsequently merged to form Leitner Shriram Manufacturing Limited. The name of this company was then changed to Leitwind Shriram Manufacturing Limited (**LSML**) to fall in line with the overall branding change of our partner.

LSML is focused on the manufacture of wind turbines and components and setting up of wind farms. LSML underwent a difficult year in 2011-12 due to steep increase in magnet prices. During this period, the Company and its partner, Leitwind B.V. had infused additional equity capital of Rs. 13.49 crores.

The current year has also been challenging given the substantial shrinkage in wind turbine market in India. The future plans of LSML are very robust given the new products that have been developed and will be introduced in the future. It is anticipated that a significant additional equity would have to be infused into LSML over the next 2 to 3 years. The performance of LSML is appended in brief below:

Rs. in Lacs

	2008	2009	2010	2011	2012
Sales	9.76	5,046.52	37,340.97	55,492.43	72,672.64
PBT	7.03	-145.01	-308.95	464.76	-2,875.90
PAT	2.53	-142.48	-321.89	419.73	-2,875.90
Equity investment	1,680.95	2,499.68	4,433.44	6,720.60	8,069.79

### Hamon Shriram Cottrell Private Limited:

The Company had transferred its cooling tower business into a joint venture with Hamon Group in Europe. The cooling tower business has been growing substantially over the last few years. The prospects for this business are strong. The performance of Hamon Shriram Cottrell Private Limited is appended in brief below:

Rs. in lacs

	2008	2009	2010	2011	2012
Sales	3,816.80	7,978.47	11,123.59	15,884.11	21,798.48
PBT	113.68	57.12	1,175.12	1,050.63	689.16
PAT	29.84	36.80	778.93	343.13	238.47
Equity investment	576.21	576.21	796.21	1,160.27	1,360.27

### Shriram SEPL Composites Private Limited:

Shriram SEPL Composites Private Limited (**SSCPL**) was formed by the Company in partnership with India Industrial Growth Fund and Strategic Engineering Private Limited, to manufacture GRP pipes and liners. The Company has been sourcing these liners and pipes from SSCPL for its various projects especially in water/rehab sector. Over the coming years, it is anticipated that the market for these would increase substantially.

Transfer of the equity would not affect the Company's ability to partner with SSCPL for future projects. The consolidated performance of SSCPL is appended in brief below:

Rs. in lacs

	2009	2010	2011	2012
Sales	146.32	3,167.26	982.76	786.96
PBT	-18.01	629.01	-819.28	-710.74
PAT	-18.87	505.29	-714.12	-932.46
Equity investment	490.00	490.00	490.00	1,165.00

### Blackstone Group Technologies Private Limited:

The Company took a 55% stake in Blackstone Group Technologies Private Limited (**BGT**) which is a detailed engineering organisation focused on providing engineering for overseas clients. Over the past 3 years, the Company has utilised the detailed engineering services of BGT for its own engineering requirements, in addition to continuing the detailed engineering work for overseas clients. Given the substantial slow down in business in Europe and U.S. which were the primary markets for BGT, the growth in turn-over and profitability has been poor.

The Company will continue to utilise the engineering services on an arm's length basis post the transfer. The consolidated performance of BGT is appended in brief below:

Rs. in lacs

	2008	2009	2010	2011	2012
Sales	1,083.04	1,299.71	1,017.91	1,174.04	1,775.47
PBT	31.85	116.77	-131.77	7.35	17.13
PAT	-1.98	102.39	-131.37	-68.37	11.60
Equity investment	0.00	769.85	969.85	969.85	969.85

Since sale of shares of these Companies is taking place, the associate / subsidiaries / joint venture Companies have also agreed to repay the long term loans & advances (other than trade advances) due to the Company on or before 31st March 2013, which are as under:

Orient Green Power Company Ltd.	-	143.33 crs
Blackstone Group Technologies Pvt. Ltd.	-	9.67 crs
Leitwind Shriram Manufacturing Ltd.	-	5.21 crs
Hamon Shriram Cottrell Private Ltd.	-	2.24 crs
Shriram SEPL Composites Private Ltd.	-	19.49 crs
<b>Total</b>		<b>179.94 crs</b>

Hence, the net cash receivables from the sale of shares of these Companies to Shriram Industrial Holdings Private Limited together with long term advances (other than trade advances) realised from these Companies are as follows

Sale of transfer of shares	: Rs 265.63 crores
Loans & advances (other than Trade advances)	: Rs 179.94 crores
<b>Total cash inflow</b>	<b>: Rs 445.57 crores</b>

The entire amount would be available to repay the Company's short term and long term borrowings, which can help the Company a great deal in saving interest cost and the gearing ratio improving considerably.

Therefore, the Board is of the opinion that the aforesaid resolution is in the best interests of the Company and hence recommends the ordinary resolution for your approval. Except Mr. S Srinivasan, Director, (as Managing Director of SIHPL) none of the other Directors of your Company are interested in the above resolution other than to the extent of their shareholding / directorship, if any.

By Order of the Board

Place: Chennai  
Date: February 22, 2013

**K. SURESH**  
Company Secretary

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

தினபூமி சென்னை 25.2.2013

**Shriram EPC Limited**

Regd. Office : 4<sup>th</sup> Floor, Sigappi Achi Building,  
18/3, Rukmini Lakshmipathi Salai,  
Egmore, Chennai 600 008

**DESPATCH OF POSTAL BALLOT FORMS**

**NOTICE** is hereby given to Members that despatch of Postal Ballot Forms has been completed on **23.02.2013** with regard to the Ordinary Resolution relating to Sale and Transfer of Shares held in Associate/Subsidiaries/Joint Venture Companies to the promoter of the Company, Shriram Industrial Holdings Private Limited. Any member(s) who has/have not received the postal ballot forms may apply to the Company and obtain a duplicate thereof.

The shareholders can commence voting from **25.02.2013** through postal ballot and the Completed ballot papers duly signed may be returned to the Scrutiniser in the Postage Pre-paid Envelope **before 25.03.2013**.

By order of the Board

Chennai : 600 008

Date : 25.02.2013

**T. SHIVARAMAN**

MANAGING DIRECTOR & CEO

CHENNAI

THE HINDU • BUSINESS LINE  
MONDAY, FEBRUARY 25, 2013

**Shriram EPC Limited**

Regd. Office : 4<sup>th</sup> Floor, Sigappi Achi Building,  
18/3, Rukmini Lakshmipathi Salai,  
Egmore, Chennai 600 008

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By order of the Board

Chennai : 600 008

Date : 25.02.2013

**T. SHIVARAMAN**

MANAGING DIRECTOR & CEO