

## 25th Annual Report 2011-2012



## BOARD OF DIRECTORS

<b>E. SUDHIR REDDY</b>	Chairman & Managing Director
<b>E. SUNIL REDDY</b>	Vice Chairman
<b>R. BALARAMI REDDY</b>	Executive Director - Finance & Group CFO
<b>K. ASHOK REDDY</b>	Executive Director
<b>E. ELLA REDDY</b>	Director
<b>T.N. CHATURVEDI</b>	Director
<b>T.R.C. BOSE</b>	Director
<b>P.R. TRIPATHI</b>	Director
<b>Dr. L. SRINIVASA REDDY</b>	Director
<b>V. MURAHARI REDDY</b>	Director
<b>B. SUBRAHMANYAM</b>	Company Secretary

### Internal Auditors

<b>T. Vijay Kumar</b> Chartered Accountant Plot # 101, Jyothi Pride Apartments, P.S. Nagar, Masab Tank Hyderabad – 500 028.	<b>VCG &amp; Co.</b> Chartered Accountants 203, Kushal Bazar, 32-33, Nehru Place, New Delhi - 110 019
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### Statutory Auditors

<b>M/s. Chaturvedi &amp; Partners</b> Chartered Accountants 212A, Chiranjeev Towers 43, Nehru Place, New Delhi	<b>M/s. Deloitte Haskins &amp; Sells</b> Chartered Accountants 1-8-384 & 385, 3rd Floor, Gowra Grand, Sardar Patel Road, Begumpet, Secunderabad – 500 003.
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### Bankers / Institutions

○ Andhra Bank	○ Axis Bank Ltd	○ Bank of Nova Scotia	○ Barclays Bank plc
○ Canara Bank	○ Central Bank of India	○ Corporation Bank	○ DBS Bank Ltd
○ Dena Bank	○ EXIM Bank Ltd	○ HDFC Bank Ltd	○ ICICI Bank Ltd
○ ING Vysya Bank Ltd	○ IDBI Bank	○ Indian Overseas Bank	○ IndusInd Bank Ltd
○ Karur Vysya Bank Ltd	○ LIC of India	○ Punjab & Sind Bank	○ State Bank of India
○ Standard Chartered Bank	○ The Lakshmi Vilas bank	○ Union Bank of India	○ Tamilnad Mercantile Bank Ltd
○ TATA Capital Ltd	○ SREI Equipment Finance Pvt Ltd		○ Shriram Equipment Finance

### Registrars & Transfer Agents

**M/s. KARVY Computershare Private Limited**  
17-24, Vithal Rao Nagar, Madhapur,  
Hyderabad - 500 081.

### Registered Office

M-22/3RT, Vijayanagar Colony,  
Hyderabad – 500 057, Andhra Pradesh, India  
Ph: 91-40-2334 3678 / 3550 / 5130 / 8467  
Fax: 91-40-2334 5004

### Corporate Office

MIHIR, 8-2-350/5/A/24/1-B&2, Road No.2, Panchavati Colony, Banjara Hills, Hyderabad- 500 034, Andhra Pradesh, India  
Ph: 91-40-2335 6613 / 15/ 18/21/ 51 to 55, 30931111/1444 (60 Lines) Fax: 91-40-2335 6693

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## FORWARD LOOKING STATEMENT

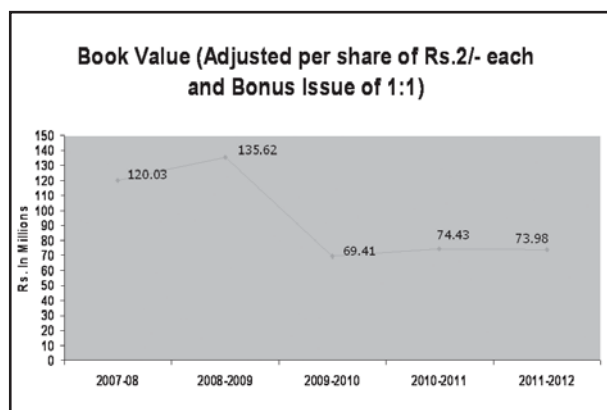
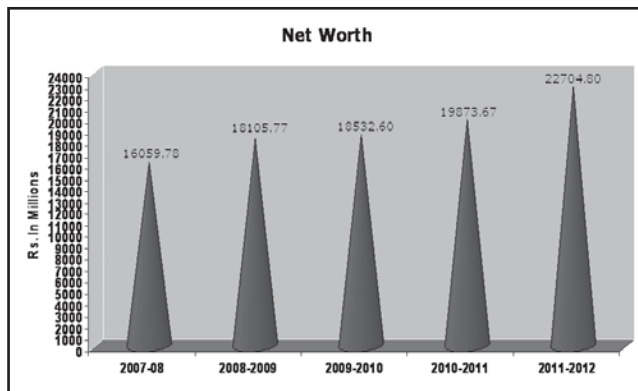
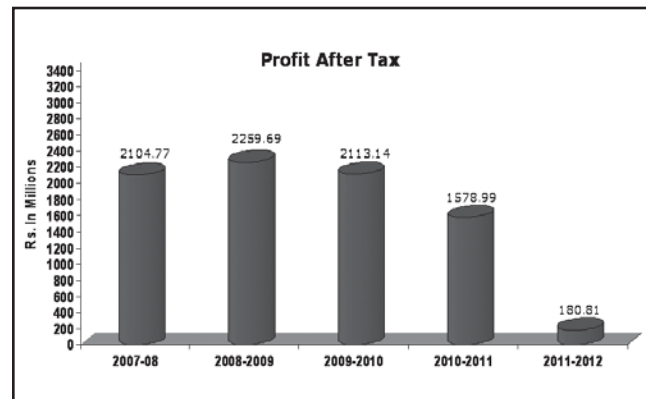
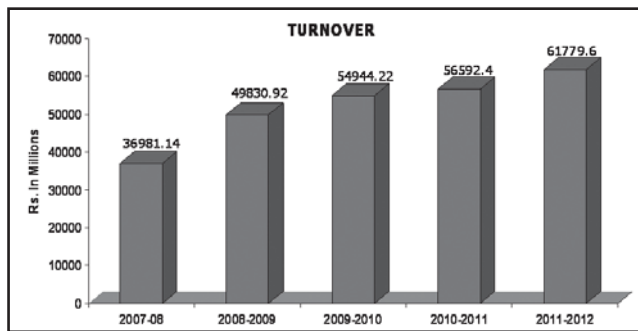
This communication contains statements that constitute "forward looking statements" including without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to our future business developments and economic performance.

While these forward looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

These factors including but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial condition of third parties dealing with us, legislative developments, and other key factors that have been indicated could adversely affect our business and financial performance.

IVRCL undertakes no obligation to publicly revise any forward looking statements to reflect future events or circumstances.

## FINANCIAL PERFORMANCE



## PERFORMANCE AT A GLANCE

(₹ in million)

Particulars	2011-12*	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Turnover	61779.60	56592.40	54950.50	49830.92	36,981.14	23,464.57	15,214.23	10,547.33	7,734.53	4,403.49
Profit Before Tax	462.38	2326.19	3288.37	2737.76	2,853.30	1,850.96	1,037.25	594.67	427.12	240.06
Profit After Tax	180.81	1578.99	2113.13	2259.69	2,104.77	1,414.63	929.55	567.08	391.81	155.09
Equity Capital	613.77	534.02	534.02	267.01	266.98	259.32	213.88	169.80	106.19	105.06
Reserves & Surplus	22091.03	19339.65	17998.57	17838.76	15,792.80	12,957.88	4,556.25	2,406.58	1,247.87	913.82
Net Worth	22704.80	19873.67	18532.59	18105.77	16,059.78	13,217.20	4,770.13	2,576.38	1,354.06	1,018.88
Gross Block	10113.72	9242.27	7501.77	6623.50	4,175.96	2,593.35	1,580.10	1,107.10	964.34	898.60
Net Block	6899.08	6918.07	5663.94	5206.97	3,191.94	1,929.13	1,107.35	741.03	672.97	703.94
Book Value (₹) per share	73.98	74.43	69.41	135.62	120.31	101.94	44.61	151.74	127.50	96.98
EPS (₹) Basic	0.59	5.91	7.91	16.93	16.08	12.38	8.84	33.56	37.04	14.85
Dividend	0	30%	40%	70%	70%	50%	50%	30%	30%	30%

\* Results are for 15 Months period starting from April 01, 2011 to June 30, 2012

The Book Value and EPS are per share of ₹ 2/- each for the year 2005-06 to 2010-11, while figures for 2004-05 to 2001-02 indicate per share of ₹ 10/- each.

Equity share of ₹ 10/- each was sub-divided into five equity shares of ₹ 2/- each with effect from 4<sup>th</sup> March, 2006.

In the financial year 2009-10, 1:1 Bonus equity shares have been issued.

As per Composite Scheme of Arrangement, New Shares are issued and allotted to the Shareholders of IVRCL Assets & Holdings Limited in the ratio of 5 Shares of ₹ 2/- each for every 6 Shares of IVRCL Assets & Holdings Ltd of ₹ 10/- each, on 22nd August, 2012.

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of IVRCL Limited will be held on Monday, the 24<sup>th</sup> December, 2012 at 10.00a.m. at K.L.N. Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, Hyderabad - 500 004. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the 15 months period ended June 30, 2012, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors attached thereto.
2. To appoint a Director in place of Mr. E.Sunil Reddy, Director, who retires by rotation under Article 121 of the Articles of Association of the Company and being eligible, offers himself for reappointment
3. To appoint a Director in place of Mr. T.R.C.Bose, a Director who retires by rotation under Article 121 of the Articles of Association of the Company and being eligible, offers himself for reappointment
4. To appoint Auditors and fix their remuneration.

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

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Deloitte Haskins & Sells, Chartered Accountants bearing Registration No. 008072S, and M/s Chaturvedi & Partners, Chartered Accountants bearing Registration No. 307068E, the retiring Joint Statutory Auditors be and are hereby re-appointed as Joint Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next annual general meeting at such remuneration as may be determined by the Board of Directors of the Company.”

### SPECIAL BUSINESS:

5. **Remuneration to Mr.E.Sudhir Reddy, Chairman & Managing Director.**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.

RESOLVED THAT subject to approval of Central Government and pursuant to the provisions of Section 198, 269, 309 and 314 and all other applicable provisions, if any, of the Companies Act, 1956 (Act) read with Schedule XIII thereto, the Company do hereby approve the remuneration of ₹ 10,00,000/- p.m and perquisites and other amenities paid to Mr. E.Sudhir Reddy, Chairman & Managing Director during the 15

months period ended June 30, 2012, notwithstanding that the same exceeded the ceiling limits laid down in Sections 198, 309 and Schedule XIII of the Act.

RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 269, 309 & 314 and any other applicable provisions of the Companies Act, 1956, read with Schedule XIII, including the rules made there under and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force (“the Act”) and subject to the approval of the Central Government and all other sanctions, approvals and permissions as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such sanctions, approvals and permissions, the Company do hereby accord its approval for the payment of the following remuneration to Mr. E.Sudhir Reddy, Chairman & Managing Director for the rest of his tenure, and all other terms of the appointment as approved by the members earlier shall remain unaltered;

- 1) Salary - ₹ 10,00,000/- (Rupees Ten lakhs only) per month
- 2) Perquisites
  - a) Housing: Free furnished residential accommodation.
  - b) Maintenance & up keep of House: The expenditure incurred by the company on gas, electricity, water and furnishings will be valued as per Income Tax Rules, 1962 subject, however to a ceiling of 10% (ten percent) of salary.
  - c) Reimbursement of Medical Expenses : For self and family subject to a ceiling of one month's salary in an year or three months salary over a period of three years or such other higher reimbursement as approved by Board under special circumstances.
  - d) Leave Travel: For self and family once a year, anywhere in world, subject to a ceiling of one month's basic salary.
  - e) Club Fees: Fees of clubs subject to a maximum of 2 clubs. This will not include admission and life membership fees.
  - f) Personal Accident Insurance Premium not to exceed ₹ 10,000/ per annum.
  - g) Company's contribution to Provident Fund: As per the Company's rules.
  - h) Company's contribution to Superannuation Scheme: As per the Company's rules. The Company's contribution to the pension fund shall not together with the Company's contribution to the Provident fund exceed 25% (twenty five percent) of salary as laid down in the Income Tax Rules, 1962.

- i) Leave: Four weeks for every eleven months service or one month leave with salary which may be accumulated to a maximum of 120 days with a right to encash the leave.
- j) Gratuity: The gratuity shall not exceed half month's salary for each completed year of service.
- k) Use of Company car and driver on Company's business: Personal use of Company car will be billed to Mr. E.Sudhir Reddy.
- l) Use of residential telephone on Company's business: Charges for personal long distance calls will be billed to Mr. E.Sudhir Reddy.

"Family" shall mean the spouse, dependent children and dependent parents of Mr. E.Sudhir Reddy.

Commission : Commission @ 5% of Net profits, in addition to above, if so applicable, subject to overall ceiling stipulated in Sections 198 & 309 of the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year, during the currency of the tenure of Mr.E.Sudhir Reddy, the aforesaid remuneration be paid as minimum remuneration, notwithstanding that the same exceeds/ may exceed the ceiling limits laid down in Sections 198, 309 and Schedule XIII of the Act, subject to the approval of the Central Government.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to vary, alter, enhance, or widen the scope of remuneration and perquisites payable to Mr.E.Sudhir Reddy for the rest of his tenure, to the extent specified in Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including making an application to Central Government or such other regulatory authorities to give effect to this resolution.

#### **6. Remuneration to Mr.R.Balarami Reddy, Executive Director – Finance & Group CFO.**

To consider and if thought fit, to pass, with or without

modification(s), the following resolution as a Special Resolution.

RESOLVED THAT subject to approval of Central Government and pursuant to the provisions of Section 198, 269 and 309 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto, the Company do hereby approve the remuneration of ₹ 349,250/- p.m and perquisites and other amenities paid to Mr.R.Balarami Reddy, Executive Director – Finance & Group CFO during the 15 months period ended June 30, 2012, notwithstanding that the same exceeded the ceiling limits laid down in Sections 198, 309 and Schedule XIII of the Act.

RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 269, 309 and any other applicable provisions of the Companies Act, 1956, read with Schedule XIII, including the rules made there under and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force ("the Act") and subject to the approval of the Central Government, if required and all other sanctions, approvals and permissions as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such sanctions, approvals and permissions, the Company hereby accord its approval for the payment of the following remuneration to Mr.R.Balarami Reddy, Executive Director – Finance & Group CFO, for the rest of his tenure, and all other terms of the appointment as approved by the members earlier shall remain unaltered;

- i) Salary – ₹ 3,49,250/- p.m (Basic Salary - ₹ 2,18,281/- p.m and Allowances - ₹ 1,30,969/- p.m)
- ii) Leave Travel Assistance at the rate of one month's basic salary per annum.
- iii) Reimbursement of medical expenses at the rate of one month's basic salary per annum.
- iv) Provident Fund at the rate of 12% of basic salary.
- v) Super-annuation benefits equivalent to one month's basic salary per annum at the discretion of the Compensation Committee of the Board of Directors.
- vi) Gratuity as per rules of the Company
- vii) Free telephone facility at residence and mobile phone but personal long distance calls will be billed to Mr. R. Balarami Reddy.
- viii) Provision for Car in accordance with the Employee Car Scheme formulated by the Compensation Committee and as amended from time to time.



ix) Leave as per Rules of the Company

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year, during the currency of tenure of Mr.R.Balarami Reddy, the aforesaid remuneration be paid as minimum remuneration, notwithstanding that the same exceeds/ may exceed the ceiling limits laid down in Sections 198, 309 and Schedule XIII of the Act, subject to the approval of the Central Government, if required.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to vary, alter, enhance, or widen the scope of remuneration and perquisites payable to Mr.R.Balarami Reddy for rest of his tenure, to the extent specified in Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including making of an application to Central Government or such other regulatory authorities to give effect to this resolution.

#### **7. Remuneration to Mr.K.Ashok Reddy, Executive Director.**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.

RESOLVED THAT subject to approval of Central Government and pursuant to the provisions of Section 198,269 and 309 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto, the Company do hereby approve the remuneration of ` 345,700/- p.m and perquisites and other amenities paid to Mr.K.Ashok Reddy, Executive Director during the 15 months period ended June 30, 2012, notwithstanding that the same exceeded the ceiling limits laid down in Sections 198, 309 and Schedule XIII of the Act.

RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 269, 309 and any other applicable provisions of the Companies Act, 1956, read with Schedule XIII, including the rules made there under and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force ("the Act") and subject to the approval of the Central Government, if required and all other sanctions,

approvals and permissions as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such sanctions, approvals and permissions, the Company hereby accords its approval for the payment of the following remuneration to Mr.K.Ashok Reddy, Executive Director, for the rest of his tenure and all other terms of the appointment as approved by the members earlier shall remain unaltered;

- i) Salary – ` 3,45,700/- p.m (Basic Salary – ` 2,16,063/- p.m and Allowances - ` 1,29,637/- p.m)
- ii) Leave Travel Assistance at the rate of one month's basic salary per annum.
- iii) Reimbursement of medical expenses at the rate of one month's basic salary per annum.
- iv) Provident Fund at the rate of 12% of basic salary.
- v) Super-annuation benefits equivalent to one month's basic salary per annum at the discretion of the Compensation Committee of the Board of Directors.
- vi) Gratuity as per rules of the Company.
- vii) Free telephone facility at residence and mobile phone but personal long distance calls will be billed to Mr. K. Ashok Reddy.
- viii) Provision for Car in accordance with the Employee Car Scheme formulated by the Compensation Committee and as amended from time to time.

ix) Leave as per Rules of the Company

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year, during the currency of the tenure of Mr.K.Ashok Reddy, the aforesaid remuneration be paid as minimum remuneration, notwithstanding that the same exceeds/ may exceed the ceiling limits laid down in Sections 198, 309 and Schedule XIII of the Act, subject to the approval of the Central Government, if required.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to vary, alter, enhance, or widen the scope of remuneration and perquisites payable to Mr.K.Ashok Reddy for the rest of his tenure, to the extent specified in Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorized to do all



such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including making of an application to Central Government or such other regulatory authorities to give effect to this resolution.

#### 8. To appoint Auditors to the Branch Offices of the Company.

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

RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions if any, of the Companies Act, 1956, the Board of Directors be and are hereby authorized to appoint any person(s) qualified to act as Auditor/Auditors for the Branch Office(s) of the Company, including those which may be opened/acquired hereafter, in India or abroad, in consultation with the Company's Auditor(s) and to fix their remuneration.

By order of the Board of Directors

Regd. Office :

M-22/3RT,

Vijayanagar Colony,

Hyderabad - 500 057

Date : 29.08.2012

**B. Subrahmanyam**

Company Secretary

## NOTES

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such proxy need not be a member of the Company. The proxy forms to be valid should be deposited at the Registered office of the Company at least 48 hours before the commencement of the meeting.
2. A Member desirous of seeking any information on the accounts or operations of the Company is requested to forward his / her query in writing to the Company Secretary at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts in respect of Item 5,6,7 and 8 is provided beneath.
4. Pursuant to Clause 49 of the Listing Agreement, the particulars of the Directors seeking appointment/re-appointment at this meeting are annexed hereto.
5. The Register of Members and Share Transfer Books of the Company shall be closed from December 19, 2012 to December 24, 2012 inclusive of both days.
6. All documents referred to in the accompanying Notice are open for inspection at the Registered office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
7. Non Resident Indian Members are requested to inform RTA or DP, as the case may be, immediately of:
  - i) Change in their residential status on return to India for permanent settlement.
  - ii) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
8. A Corporate member shall be deemed to be personally present only if it is represented in accordance with Section 187 of the Companies Act, 1956 i.e., only if the corporate member sends certified true copy of the Board and/or Committee resolution or Power of Attorney authorizing the Representative to attend and vote at the meeting on its behalf.
9. i) Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956 the Company had transferred the dividend amount that was remaining unpaid or unclaimed for the Financial year 2003-04 to the Investors Education and Protection Fund (IEPF) on 21.11.2011. The Company will transfer the dividend amount that remains unpaid or unclaimed for the Financial year 2004-05 to the Investors Education and Protection Fund on 03.12.2012. Shareholders who have not encashed the dividend warrant(s) so far are requested to make their claim by specifying their Folio no. / Client ID and DP ID to the Karvy Computershare Private Limited, RTA.
  - ii) The details of the shareholders, who had not claimed the dividend declared by the company, will be made available on the website of the Company and IEPF portal. Shareholders are requested to please note that once the unclaimed dividend is transferred to the Investors Education and Protection Fund as above, no claim shall lie in respect thereof.

iii) The details of unclaimed dividend are as follows,

Financial Year	Particulars	Date of Declaration	Due date of transfer to IEPF
2004-05	Dividend	30.09.2005	03.12.2012
2005-06	Dividend	29.09.2006	04.12.2013
2006-07	Dividend	07.09.2007	10.11.2014
2007-08	Dividend	15.09.2008	20.11.2015
2007-08	Dividend of IVRCL A&H*	15.09.2008	22.11.2015
2008-09	Dividend	09.09.2009	14.11.2016
2009-10	Dividend	18.09.2010	02.11.2017
2010-11	Dividend	26.09.2011	02.12.2018

\* IVRCL A&H : IVRCL Assets & Holdings Limited, which stands merged with the Company.

10. Ministry of Corporate Affairs (MCA), vide its circular no. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively has permitted companies to send official documents to their shareholders electronically as part of its green initiatives in corporate governance.

Recognizing the spirit of the circular issued by the MCA, we are sending documents like the notice convening the general meetings, Financial Statements, Director's Report and Auditor's Report etc., to the email address provided by you with your Depository Participants.

We request you to update your email address with your Depository Participant to ensure that the annual report and other documents reach you on your preferred email Id.

11. The Securities and Exchange Board of India (SEBI) has notified that the holders of the shares in physical form are required to furnish certified copy of their PAN card to the Company/RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly all the shareholders are required to furnish their certified true copy of PAN card.

#### **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**

##### **Items 5, 6, & 7**

Mr.E.Sudhir Reddy was reappointed as Chairman & Managing Director of the Company for a period of five years with effect from October 1, 2009 at specified remuneration as approved by the members in their meeting held on September 9, 2009. Mr.R.Balarami Reddy and Mr.K.Ashok Reddy were reappointed as Executive Director – Finance & Group CFO and Executive Director respectively at the specified remuneration as approved by the Members at their meeting held on September 18, 2010. Accordingly the remuneration was paid to all the above directors during the financial year 2011-12

The restrictions specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 for payment of remuneration to Mr.E.Sudhir Reddy, Mr.R.Balarami Reddy and Mr.K.Ashok Reddy were not applicable as there were adequate profits in the previous financial years. However, for the financial year 2011-12 the Company had inadequate profits for payment of remuneration to the above directors.

As a result of the inadequate profits in the aforesaid period, restrictions contained in Schedule XIII for payment of remuneration to the Chairman & Managing Director and Executive Directors become applicable. The remuneration paid by the Company to the above directors exceeded the remuneration as per Sections 198 & 309 read with Schedule XIII. The Compensation Committee considering the rich experience and contribution of Mr.E.Sudhir Reddy, Mr.R.Balarami Reddy and Mr.K.Ashok Reddy, had approved the remuneration already paid subject to obtaining the approval of Shareholders of the Company and Central Government and pay the remuneration as specified in the respective resolutions for the rest of their tenure, not exceeding three years, subject to required compliances of the Act.

Approval of the members by way of Special resolution is sought for the said proposals.

The Compensation Committee and the Board recommend the above resolutions for adoption by the members.

In respect of item 5, except Mr.E.Sudhir Reddy, Mr.E.Ella Reddy as father of Mr.E.Sudhir Reddy and Mr.E.Sunil Reddy as brother of Mr.E.Sudhir Reddy, none of the directors is interested in the aforesaid resolution.

In respect of item 6, except Mr.R.Balarami Reddy, none of the directors is interested in the aforesaid resolution.

In respect of item 7, except Mr.K.Ashok Reddy, none of the directors is interested in the aforesaid resolution.