



CONSOLIDATED CONSTRUCTION CONSORTIUM LIMITED

Regd. Office: No.5, Second Link Street, C.I.T.Colony,
Mylapore, Chennai 600 004.

NOTICE

Dear Member(s):

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

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, 2001 (including any amendment thereof for the time being in force), that the Company is seeking the consent of Members for transacting the following special business to be approved by passing Special Resolution by way of postal ballot.

The Resolution and Explanatory Statement pertaining to the said Resolution setting out all material facts and the reasons for which such resolution is proposed are being sent to you along with a Postal Ballot Form for your consideration. The Company has appointed Mr. N. Balachandran, a Practicing Company Secretary, Chennai, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed, in the attached self addressed postage pre-paid envelope as to reach the Scrutinizer on or before December 16, 2011. The Scrutinizer will submit his report to the Chairman after completion of the scrutiny and the results of the postal ballot will be announced by the Chairman on Tuesday, December 20, 2011 at 4 PM at the Registered Office of the Company at No.5, Second Link Street, C.I.T. Colony, Mylapore, Chennai 600 004.

SPECIAL BUSINESS:

Item No.1:

Payment of remuneration to three Executive Directors, viz. Mr.R.Sarabeswar, Chairman & CEO, Mr.S.Sivaramakrishnan, Managing Director and Mr.V.G.Janarthanam, Wholetime Director, put together in excess of the ceiling laid down under Section 309 of the Companies Act, 1956.

To consider and if thought fit, to pass the following resolution as Special Resolution:

“RESOLVED THAT subject to the approval of Government of India and other approvals as may be required, and pursuant to Section 198, 269 and 309, read with Part II Section I of Schedule XIII of the Companies Act, 1956 and other applicable provisions, the Company hereby accords its approval for payment of the following remuneration to the three Executive Directors, viz. Mr.R.Sarabeswar, Chairman & CEO, Mr.S.Sivaramakrishnan, Managing Director and Mr.V.G.Janarthanam, Wholetime Director, for the financial year 2011-12, notwithstanding that the total remuneration to the three directors put together would be in excess of the relevant ceiling laid down under Section 309 and any other applicable provisions of the Companies Act, 1956:

(Rupees in Lakhs)

Name of the director	Salary p.a.	Perquisites and allowances	Commission	Total p.a.
R.Sarabeswar	175.20	87.32	—	262.52
S.Sivaramakrishnan	151.20	75.46	—	226.66
V.G.Janarthanam	88.80	44.52	—	133.32

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to accept such modifications of remuneration as may be approved by the Government of India and any other authorities and agreed to by the aforesaid directors.”

By order of the Board

M.V.M. Sundar
Company Secretary

Place: Chennai

Date: 28th October, 2011

Notes:

1. Shareholders who wish to be present at the time of declaration of the result may do so.
2. Only a shareholder entitled to vote is entitled to exercise his vote through Postal Ballot.

ANNEXURE TO NOTICE:

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956:

Item No.1.

The members had, at the Extraordinary General Meeting held at Chennai on 16th April 2007 approved the reappointment of three Executive Directors for a period of five years with effect from 1.04.2007 and payment of remuneration to them as given below:

Name	Salary p.m.	Perquisites & allowances	Commission p.a.
Mr.R.Sarabeswar, Chairman & CEO	Rs. 14,60,000/- per month including dearness allowance and all other allowances	Leave Travel Allowance, Medical Reimbursement and other perquisites as per Company Policy	1% on PBT
Mr.S.Sivaramakrishnan, Managing Director	Rs. 12,60,000/- per month including dearness allowance and all other allowances	Leave Travel Allowance, Medical Reimbursement and other perquisites as per Company Policy	1% on PBT
Mr.V.G.Janarthanam, Wholetime Director	Rs. 7,40,000/- per month including dearness allowance and all other allowances.	Leave Travel Allowance, Medical Reimbursement and other perquisites as per Company Policy	1% on PBT

The profits and the remuneration paid for the past Four years were as under:

(Rs. In Lakhs)

Financial Year	Managerial Remuneration paid p.a.			Subject to ceiling of 10% of Net Profit
	Salary	Commission	Total	
2007-08	568	422	990	1412
2008-09	570	341	911	1139
2009-10	572	434	1006	1448
2010-11	589	142	731	732

The net profit for the current year is likely to be lower than expected and hence it is apprehended that the managerial remuneration to the three executive Directors for the year 2011-12 might exceed the relevant ceiling as laid down under Section 309 of the Companies Act, 1956.

Since the remuneration paid/payable to the three executive directors put together, is likely to exceed the limit of 10% of profit before tax as laid down in Section 309 of the Companies Act, 1956 read with Part-II Section I of Schedule XIII, during the year 2011-12, it has to be approved by the members and the Central Government. Hence the resolution is put forth before the members for their approval.

Statement as per Clause (iii) of Part II-C of Schedule XIII of the Companies Act, 1956:

I. General Information:

1.	Nature of Industry	Construction.												
2.	Date or expected date of commencement of commercial production	NA												
3	In case of new companies, expected date of commencement of activities	NA												
4	Financial Performance based on given indicators	<table border="1"> <thead> <tr> <th>Year</th> <th>Turnover (Rs.Crore)</th> <th>Net Profits (Rs.Crore)</th> </tr> </thead> <tbody> <tr> <td>2008-09</td> <td>1764</td> <td>69.05</td> </tr> <tr> <td>2009-10</td> <td>1956</td> <td>93.56</td> </tr> <tr> <td>2010-11</td> <td>2142</td> <td>50.72</td> </tr> </tbody> </table>	Year	Turnover (Rs.Crore)	Net Profits (Rs.Crore)	2008-09	1764	69.05	2009-10	1956	93.56	2010-11	2142	50.72
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5	Export performance and net foreign exchange collaborations	NIL												
6	Foreign investments or collaborators, if any	The company in joint venture with a Canadian company – Herve Pomerleau International - is executing airport project at Chennai with investment of Rs.200 Million. The company has invested about 1.00 million rupees in Innotech Construction Co.LLC Dubai in joint venture.												
II	INFORMATION ABOUT THE APPOINTEE													
1	Background details	<p>The three Executive directors are qualified Engineers with considerable experience spanning three decades.</p> <p>Mr.R.Sarabeswar is a B.E., from REC Trichy and MBA (Lond.) with more than three decades of experience in the field of engineering & construction. He has indomitable spirit to scale new heights amidst challenges. Having risen up to the level of Chairman of a Rs.2000 crore company speaks volumes about his indomitable entrepreneurial ability.</p> <p>Mr. S. Sivaramakrishnan, Managing Director. He has bachelor's degree in civil engineering from the Coimbatore Institute of Technology, University of Madras, was a gold medallist and holds a post graduate degree in structural engineering from College of Engineering Guindy, Chennai and holds a Masters Degree in Business Administration from the University of Madras. He has over 30 years of experience in the construction sector and has served as Engineer with the ECC division of Larsen and Toubro Limited and the Design Department of SPIC Limited. He has been associated with the Company since inception and is currently responsible for the overall administration of the Company.</p>												

		<p>Mr. V.G. Janarthanam, Director (Operations). He holds a degree in civil engineering from University of Madras. He has served as manager with Larsen and Toubro Limited and has over 15 years of experience in the construction sector with special emphasis on tendering and contract management. He has been associated with the Company since inception and is currently responsible for heading the operations of the Company.</p>
2	Past remuneration	<p>The present scale of remuneration for the current year.</p> <ol style="list-style-type: none"> 1. Mr.R.Sarabeswar, Chairman: Rs.14.60 lakh p.m. plus perquisites and commission 2. Mr.S.Sivaramakrishnan, MD : Rs.12.60 lakh p.m. plus perquisites and commission. 3. Mr.V.G.Janarthanam, Whole time Director : Rs.7.40 lakh p.m plus perquisites and commission.
3	Recognition or awards	<ul style="list-style-type: none"> • In 2007, Mr.R.Sarabeswar was awarded the best alumnus award by the Regional Engineering College Tiruchirapalli. • Mr.Sarabeswar was felicitated with Dr.A.C.Muthiah Award for 2009 for Excellence in First Generation Entrepreneurship (Tamilnadu). • Awarded "The Best open Concrete Structure" – ICI Birla Super Award for construction of building for RBI Bangalore; • Par Excellence award from Builders Association of India; • Birla Plus Endowment Award for outstanding concrete structure of Karnataka for ABB Peenya Campus, Bangalore; • Received TiECON Entrepreneurship Award; • Received NSCI (National Safety Council of India) Safety Award-2008 for Mahindra Industrial Park, Chingleput, Tamil Nadu; • Received ICI AP Hyderabad – UltraTech Endowment Award for outstanding concrete structure of Andhra Pradesh 2010 for The Park Hotel, Somajiguda, Hyderabad.

4	Job Profile and his suitability	<p>The company is managed under the overall supervision and guidance of Chairman and CEO, assisted by the Managing Director. The overall operations of the company is looked after by the Wholetime Director. Since they are experienced engineers by profession, this engineering construction company is being well managed by them. Under their able administration, the turnover of the company has increased from 306.00 crores in 2005 to Rs.1956.00 crores in the year 2010. The net profit which was Rs.7.88 crores in 2005 leapfrogged to Rs.93.00 crores in 2010.</p> <p>The orders on hand increased from Rs.260 Crores in 2005 to Rs.4967 crores in 2011.</p> <p>The company is poised for further growth in the years to come under the leadership of Mr.R.Sarabeswar, Chairman, not only in construction but also in infrastructure sector like power projects, airports and roads.</p> <p>Here under are some of the outstanding and prestigious structures erected under the Chairmanship of Mr.R.Sarabeswar:</p> <ul style="list-style-type: none"> • Office Building for Bharatiya Reserve Bank Note Mudran Ltd., Bangalore • Convention Centre for Manipal Academy of Higher Education, Bangalore • Office Building 'Jal Bhavan' for Karnataka Urban Water Supply and Drainage Board, Bangalore • Food Court for Infosys, Bangalore • Food Court for Infosys, Hyderabad • 1st Platinum rated Green Building at Hyderabad • Dining Hall at Mantralayam • Construction of RCC/Pre-stressed Concrete bridge for Airports Authority of India, Chennai • Manipal University • Olympia Tech Park, Chennai • Airport terminals at Trichy, Trivandrum, Dehradun, Mangalore, Rajahmundry and Chennai. <p>The company went public in the year 2007 with an initial public issue of 36.95 lakh equity shares with issue price of Rs.510 each; the issue was oversubscribed by 81 times and the total amount raised through the IPO was above Rs.188 crores. This was possible because of the acumen and foresight of Mr.R.Sarabeswar, Chairman.</p>
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5	Remuneration proposed	Current remuneration is proposed to be continued as recommended by Remuneration Committee and approved by the Board of Directors at their meeting held on 28 th October 2011 and as per the resolution proposed in the postal ballot.. In the absence of adequate profits commission aspect has not been considered for 2011-12.														
6	Comparative remuneration profile with respect to industry, size of the company, profile of the person and position	<p>The managerial remuneration paid during the year ended 31.03.2011 in various infrastructure companies is given hereunder:</p> <p style="text-align: right;">(Rs. In lakhs)</p> <table border="1" data-bbox="730 618 1378 882"> <tr> <td>IVRC Limited</td> <td style="text-align: right;">1487</td> </tr> <tr> <td>Era Infra Engineering Limited</td> <td style="text-align: right;">257</td> </tr> <tr> <td>Patel Engineering Limited</td> <td style="text-align: right;">627</td> </tr> <tr> <td>Supreme Infrastructure India Ltd.</td> <td style="text-align: right;">332</td> </tr> <tr> <td>Alhuwalia Contracts India Ltd.</td> <td style="text-align: right;">190</td> </tr> <tr> <td>BL Kashyap & Sons Ltd.</td> <td style="text-align: right;">519</td> </tr> <tr> <td>CCCL</td> <td style="text-align: right;">732</td> </tr> </table> <p>The remuneration proposed is comparable with the industry standards.</p>	IVRC Limited	1487	Era Infra Engineering Limited	257	Patel Engineering Limited	627	Supreme Infrastructure India Ltd.	332	Alhuwalia Contracts India Ltd.	190	BL Kashyap & Sons Ltd.	519	CCCL	732
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7	Pecuniary relationship directly or indirectly with the company	<p>Mr.S.Kaushik Ram, son of Mr.R.Sarabeswar, Chairman & CEO is being paid annual remuneration of Rs.69 lakhs by the Company pursuant to approval of Central Government vide letter SRN No.BO8973000/4-CL.VII dated 31.05.2011. He is employed as President of the company till the year 2016.</p> <p>Samruddhi Holdings, a partnership firm in which the three Executive Directors are partners, is being paid an annual Trade Licence Fee of Rs.20.00 Millions for usage of Trade Mark and Logo of the company, as per the existing agreement. The Agreement had been approved by Central Government vide letter No.F.No.2/M 10089/2008 dated 12th April 2011.</p>														
III	OTHER INFORMATION															
1	Reasons of loss or inadequate profits	<p>Capital expenditure has slowed down in the first quarter of 2011 and this will hurt the economy's long term prospects which will affect confidence levels.</p> <p>The inadequacy of profits during the year 2011-12 is primarily due to enormous increase in cost of building materials like steel, sand and cement.</p> <p>Inflationary pressures are affecting the construction industry as a whole.</p> <p>The suppliers of steel and cement are not providing open credit and are insisting on securing payments before effecting supplies.</p>														

		<p>There is an increasing propensity for clients to delay payments. The current trend among many clients is to delay certification or to create conditions for slowing down work.</p> <p>Order visibility in the industrial segment remains low. In the infrastructure space, the number of enquiries in power sector remains high but conversion ratio is poor.</p> <p>In roads, the competition is very stiff and the pace of awarding contracts remains low.</p> <p>Large sums of money are required to be pumped in for getting large infrastructure jobs up and running.</p> <p>Executing cycle time for jobs has increased. Industrial jobs are getting completed in 13 months as compared to 9 months. Commercial jobs are getting completed in 22 months as against 16 months and infrastructure jobs are completed in 48 months as against 36 months previously.</p> <p>Due to increased borrowings from Banks as a result of spurt in operations the interest cost has leapt and this has eroded the profits.</p> <p>There is an increased competition in the industry which has resulted in undercutting by competitors.</p> <p>Increase in cost of fuel has resulted in increased cost burden to company.</p> <p>Due to reduced pool of skilled workers, there is intense poaching activities which pushes up staff cost.</p>
2	Steps taken or proposed to be taken for improvement	<p>Aggressive cost cutting measures are being adopted to increase profitability.</p> <p>We are currently concentrating on faster turnaround jobs especially in industrial sector which would improve margins. Further in such jobs we are in a position to get higher mobilization advances which eases working capital.</p> <p>We will be taking up large infrastructure jobs where the pre-qualification norms are available with only few players on a selective basis.</p> <p>To reduce dependence on labour, we are switching to pre-cast technology which will also help in working on availability of work fronts at the sites thereby reducing the overheads.</p> <p>We will concentrate on residential jobs where we participate as JV partners to have a share on the upside in revenue on sale of flats.</p> <p>We are taking up design and build jobs where margins are better due to our ability to source material as per our choice and reduction in wastage coupled with better engineering.</p>

		<p>While tendering, we are providing to all private clients, the basic price of all inputs including bulk material.</p> <p>Wherever possible, we are trying to use alternative brands with customer which are equally effective and thus reduce procurement cost.</p> <p>Sourcing of materials from a few selected sources and reduction in cost of procurement is targeted.</p> <p>Curbing overheads coupled with increase in productivity of staff, and also reduction/redeployment in staff proposed.</p>
3	Expected increase in productivity and profits in measurable terms	<p>Taking into consideration the overall recessionary trend in the industry and also the constraints faced by the company, the profit before tax for the year 2011-12 is likely to be in the region of Rs.25.00 Crores. This information is being provided as a part of the Explanatory statement as required by the Companies Act, 1956.</p>

The Board recommends the resolution.

Mr.R.Sarabeswar, Chairman, Mr.S.Sivaramakrishnan, Managing Director and Mr.V.G.Janarthanam, Wholetime director, are interested in the resolutions.

By Order of the Board

M.V.M. Sundar
Company Secretary

Place: Chennai
Date: 28th October, 2011