Shriram epc
Engineering the future

INCREASING CAPABILITIES.
EXPANDING HORIZONS.

Tenth Annual Report 2009-10

DISCLAIMER

In this annual report, we have disclosed forward-looking information to help investors comprehend our projects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans, and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'experts', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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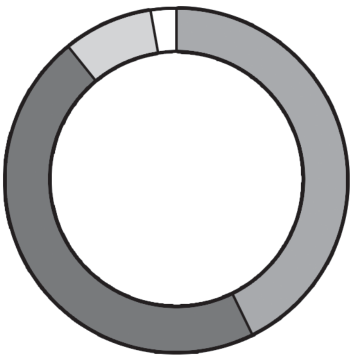
WHERE WE ARE NOW

POSITIONING

Shriram EPC Limited remains a key participant in India's growth story through a focus on businesses and technologies that are relevant for the future in the areas of core engineering and infrastructure.

Shareholding Pattern
(as on 31 March 2010)



Percentage

- Promoter Group 42.58
- Stragegic Investors 46.63
- Others (FII, Mutual Funds, Banks etc) 8.12
- Public 2.67

Key Financial metrics (Consolidated)

35.45%
Increase in turnover from Rs 10,058 mn in 2008-09 to Rs.13,624 mn in 2009-10

63.64%
Escalation in EBIDTA from Rs.849.25 mn in 2008-09 to Rs.1,389.72 mn in 2009-10

230 bps
Growth in operating profit margin from 13% in 2008-09 to 15% in 2009-10

BELIEF

Vision: To be a leader in engineering and project implementation with a focus on renewable energy and process industries.

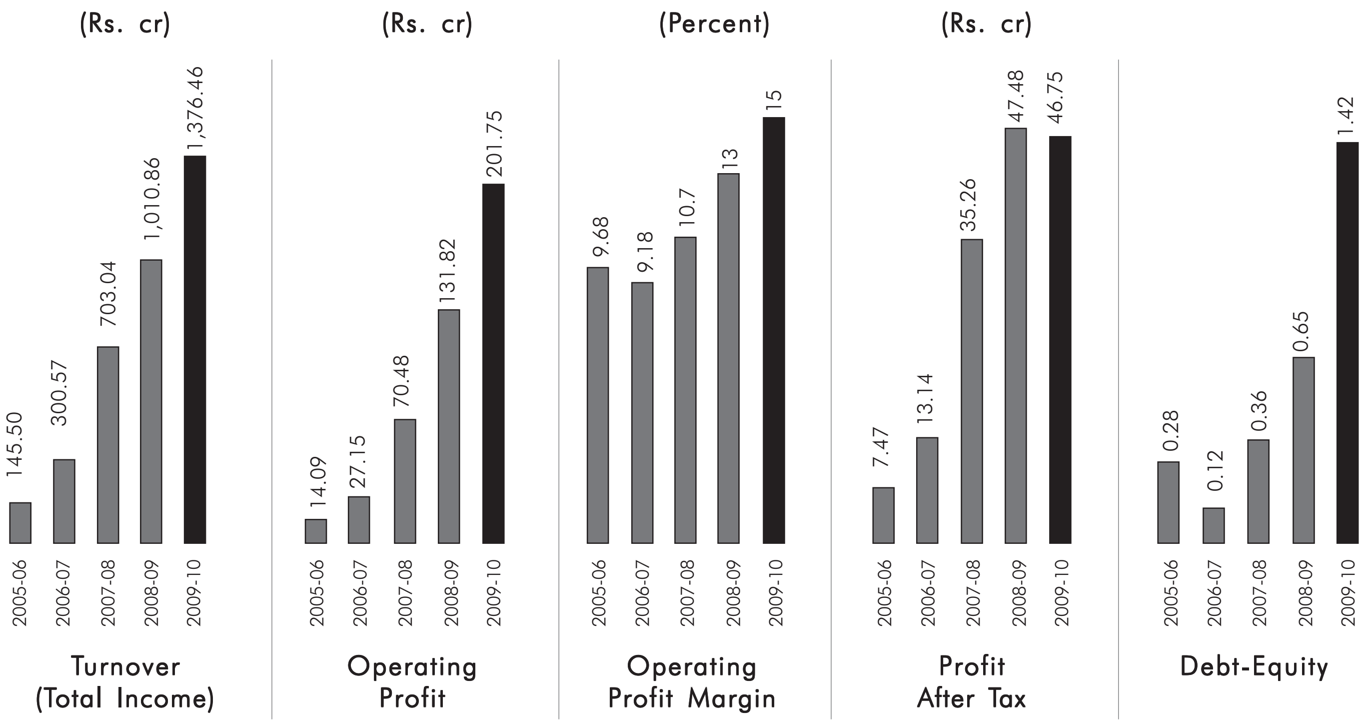
Mission: Grow through mutually beneficial partnerships with customers, technology partners and vendors; empower and strengthen the competencies of employees; adopt effective project management to ensure timely and cost-effective deliverables.

ABOUT US

- Shriram EPC's business portfolio spans integrated design, engineering, procurement, construction and project management across various sectors and industries.
- The Company specializes in the construction of renewable energy infrastructure (wind farms, bio-mass power plants and small hydel projects, among others), core infrastructure projects (process and metallurgy) and municipal services (water and pipe rehabilitation).
- The Company operates through a group of joint ventures, subsidiaries and associates.

OUR SPREAD

- Shriram EPC is headquartered in Chennai, India
- The Company has executed projects across 16 Indian states and internationally in Zambia and France.
- The Company's wind-turbine manufacturing facilities are located in Chennai, Gummidipoondi (near Chennai) and Puducherry; its cooling tower manufacturing plant is located in Umbergaon (Gujarat).
- The Company has offices in Kolkata, Mumbai, New Delhi, Beijing and Rotterdam.



-1.6%

Growth in post tax profit from Rs.474.75 mn in 2008-09 to Rs.467.57 mn in 2009-10

18.26%

Surge in cash profits from Rs.721.69 mn in 2008-09 to Rs.853.51 mn in 2009-10

10.45%

Jump in book value per share from Rs.89 in 2008-09 to Rs.98.30 in 2009-10

CHAIRMAN'S MESSAGE

Dear Shareholder,

It gives me immense pleasure to report to you another year of robust performance by SEPC in FY2009-10. It has been a year in which we have consolidated our position in key verticals and made significant steps to position ourselves for growth in new verticals.

The after effects of the global economic crisis are still evident in the rather volatile operating conditions. It has been nearly two years since the start of the recession and many measures have been taken by regulators around the world to counter the impact of the recession. Their efforts have paid off somewhat and during the past few months we have witnessed a recovering trend in the state of affairs of the economy. The future is looking positive given the turnaround in developing nations like ours whereas, the developed nations are recovering at a slower pace. Domestically, most of the sectors are growing and are expected to reach the pre-2008 levels in the short to medium term.

The post recessionary period has provided some opportunity to reflect on the excesses of the past and this has resulted in a change in approach. There is an increased focus on sustainable growth and an emphasis on green energy, so as to preserve depleting energy resources and take advantage of the untapped resources of energy. The effects of global warming are not lost on anyone and there is a concerted effort towards building whole new industries, creating millions of new jobs and providing a huge fillip to clean energy generation. There is also support through appropriate policies, regulations and institutional structures to drive clean technologies.

These clean technologies will be essential to revolutionize mankind's dependence on two of its most scarce resources – oil and water. While it is essential to substitute the use of oil, there is no alternative to water. Water is essential for good health, survival and growth and needs to be channelised in the right direction for a more secure and stable future. Globally, the problem of water scarcity and distribution is becoming a major threat as population increases and migration to urban areas accelerates, disturbing the geographical balance. If this problem is not addressed at the right time with informed decisions, it could impede economic development.

We at Shriram EPC have recognized these changes and have positioned our business to capitalize on the opportunities that will arise from the need to provide solutions to these emerging challenges. We are leveraging green technologies to support accelerated economic development. I am happy to note that SEPC is at the forefront of such initiatives in the domestic market and is well positioned to take advantage of the accelerated growth and profitability on offer.

Apart from initiatives to grow our existing business, we are also exploring ways to diversify our business into newer areas. During the year, we have entered into an MoU with NWEPDI of China to jointly bid for power projects in India. We also entered into an MOU with Roberts & Schaefer to build material handling systems in India. We are confident that these new initiatives will complement our existing service offerings.

In fiscal 2009-2010, our Joint Venture Company - Leitner Shriram Manufacturing Ltd. commenced operations from its integrated wind turbine manufacturing facility. It has shipped a large number of turbines and plans are underway to expand plant capacities as well as extend the product portfolio.

Towards the end of the fiscal year, our other Associate Company – Orient Green Power Ltd. finalized plans for a proposed Initial Pubic Offering in the Indian markets. It is awaiting regulatory approval and if things go as planned, it will be be the only green energy company listed on the Indian stock exchanges.

To conclude, I would like to note that given the enormous opportunities and growth potential of the various sectors of the Indian economy, Your Company is well positioned to take advantage of the situation and reach greater heights. I am hopeful that the renewable energy industry will flourish in the years to come as it is already gaining traction in demand.

The internal control, risk management, compliance framework and integrity shows that Your Company is well placed in developing and achieving its strategic, operational and financial objectives by group and divisional functions in the areas of risk management, control, integrity, reporting, tax, treasury, legal and corporate secretarial, HR, public affairs and communications. Strategies and plans have been established for Your Company's functioning and translated into clear objectives, among other things with regard to business, markets, financial results and sustainability.

I am grateful for the support of the government, and I would like to thank all our employees and business associates, who have contributed towards the successful performance thus far.

Yours sincerely,

Arun Duggal
(Chairman)

DIRECTORS' REPORT

Dear Shareholder,

Your Directors have pleasure in presenting the Tenth Annual Report together with the accounts of your Company for the year ended March 31, 2010.

FINANCIAL RESULTS

Rupees in lakh

	Consolidated		Standalone	
	2009-10	2008-09	**2009-10**	2008-09
Total Income	1,37,646.66	1,01,086.79	1,12,173.23	92,395.42
Profit before interest, depreciation,tax and extraordinary items	13,897.25	8,492.48	11,918.11	8,008.63
Interest & depreciation	6,868.17	2,036.79	5,206.09	1,715.52
Profit before tax & before extraordinary items	7,029.08	6,455.69	6,712.02	6,293.11
Provision for taxation	2,450.78	2,325.57	2,245.99	2,291.43
Profit after tax & extraordinary items	4,578.29	4,130.12	4,466.03	4,001.68
Balance brought forward from last year	9,853.42	5,810.53	9,117.82	5,824.84
Profit available for appropriation	14,529.13	10,562.12	13,583.85	9,826.52
Transfer to general reserves	111.65	100.10	111.65	100.10
Surplus carried forward	13,802.01	9,853.42	12,856.72	9,117.82

OPERATING RESULTS & PERFORMANCE

Your Directors are pleased to report that during the year the Company recorded a 21.41% growth in total income at Rs.1,12,173.23 lakhs from Rs 92,395.42 lakhs in the previous year. Profit before tax and extraordinary items at Rs 6,712.02 lakhs recorded a growth of 7.5% over the previous year (Rs.6,293 lakhs).

Profit after tax at Rs 4,466.03 lakhs recorded a growth of 11.6 % over the previous year figure of Rs 4,001.68 lakhs. Earnings per share (EPS) grew from Rs 9.25 to Rs.10.26.

Your Company's order book was Rs.11,918 lakhs as at March 31, 2010.

CAPITAL STRUCTURE

During the year under review, the share capital of your Company was changed/ altered as follows:

Allotment of 564922 Equity shares of Rs 10 each fully paid up under ESOP 06 & 07 scheme.

BUSINESS HIGHLIGHTS

Your Directors are pleased to state that during the year the Company was awarded several prestigious projects. Some of these projects and other business initiatives taken by your Board to position the Company in its growth path as a key player in the EPC business and as a manufacturer of wind turbines are as under:

1. The Company is on SAP software.
2. Inauguration of the Gummidipoondi facility for manufacture of megawatt (MW) class Wind Turbines took place in September 2009, by the Company's Associate Company - Leitner Shriram Manufacturing Ltd. (LSML). Further LSML was awarded orders for 45 MW of wind turbines.
3. The Company has signed an MoU with China based North West Electric Power Design Institute ("NWEPDI") to form a consortium for the execution of thermal power projects to be implemented on an EPC basis in India. Your Company will be the lead partner in this consortium.
4. The Company's subsidiary, Hamon Shriram Cottrell Pvt. Ltd. has bagged an order of Rs.90 crores from Mangalore Refinery and Petrochemicals Ltd. for setting up a Cooling Tower and cooling water treatment plant for phase III of the refinery project at Mangalore, Karnataka. This is a breakthrough order for the Cooling Tower business.
5. During the year, due to the synergies in the business, better banking and operational facilities, the Company has merged its subsidiary Shriram Leitwind Ltd. with the Company's associate Company, Leitner Shriram Manufacturing Ltd.
6. Your Company's Associate Company, Orient Green Power Company Ltd. (OGPL) finalised plans for an Initial Public Offer (IPO) to raise, subject to market & regulatory approvals around Rs.900 crores to finance expansion of its business.

   OGPL filed a Draft Red Herring Prospectus (DRHP) in April, 2010 with SEBI, for its proposed IPO. As on date your Company holds a 35.8% stake in OGPL. The rest of the stake is held by two PE Investors - Bessemer Venture Partners (BVP) and Olympus Capital.

BUSINESS OVERVIEW

Your Company operates in two main segments; turnkey contracts and wind turbines. A brief review of the business in these segments is given below:

The turnkey contracts segment represents the Company's engineering, procurement and construction projects business, which include renewable energy projects like biomass-based power plants, metallurgical and process plant projects and municipal services projects like water and waste water treatment plants, water and sewer infrastructure and pipe rehabilitation.

The Standalone order book was Rs.1,19,180 lakhs on March 31, 2010 and the Consolidated Order Book was Rs.3,22,130 lakhs on the same date. The Consolidated order book includes the following orders :

- An order from M/s PPS Enviro Power for installing WTGs of a capacity of 15 MW (1.5 MW * 10) in Tamil Nadu.
- An order from M/s T.S. Wind Power Developers, a Pvt. wind park developer based out of Satara, Maharashtra for the installation of 30 MW of wind turbines.
- The unexecuted portion of the order amounting to Rs.1,73,000 lakhs from Bharat Wind Farms Ltd., a subsidiary of the Company's Associate - Orient Green Power Company Ltd.

The Board of Directors have recommended a dividend of Rs.1.20 per share. This translates into a payout of Rs.610 lakhs including an amount of Rs.87.50 lakhs as Dividend Distribution Tax.

Overall revenues from turnkey contracts increased by 21%, from Rs.86,846.52 lakhs in FY 2009 to Rs.1,04,094.14 lakhs in FY 2010.

The Company's Wind Turbine business comprises of sales and services of 250 kw class wind turbine generators to clients.

The wind turbine business revenue was Rs.5,030.03 lakhs in FY 2009 as compared to Rs.6,957.62 lakhs in FY 2010.

The order book for the turnkey contracts as on March 31, 2010 is Rs.1,03,191lakhs.

CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statement presented by the Company includes the financial information of all its subsidiary companies prepared in accordance with the Accounting Standard (AS 21) issued by the Institute of Chartered Accountants of India.

Your Company has received approval No.47/390/2010-CL III dated 11.05.2010 from the Government of India, Ministry of Corporate Affairs, under Section 212(8) of the Companies Act, 1956 for the exemption from attaching the full text of the financial statements of the Company's aforesaid Subsidiaries along with the Company's accounts for the year ended 31st March 2010.

Necessary disclosures will be made in respect of the said subsidiaries in this Annual Report apart from the statement pursuant to Section 212 of the Companies Act, 1956.

However, on request by any member of the Company/ statutory authority interested in obtaining them, these documents will be made available for examination, at its registered office. Pursuant to the approval, a statement summarizing the financial results of all the subsidiaries is attached to the consolidated financial statement.

DIVIDEND

With a view to augment resources for growth, the Directors have recommended 12% dividend for the year.

SUBSIDIARY COMPANIES AND JOINT VENTURES

Subsidiaries

SHRIRAM EPC (SINGAPORE) PTE. LTD. (SEPC SINGAPORE)

SEPC SINGAPORE is a 100% subsidiary of your Company.

The audited financial results of SEPC SINGAPORE for Fiscal 2010 is given below:

(In SGD, except per share data)

	Fiscal 2010
Sales and other income	11,52,750
Profit/ (Loss) after tax	19,458
Equity capital	20,210,013
Reserves and Surplus (excluding revaluation reserves)	(10,07,358)
Earnings/ (Loss) per share (diluted) (SGD)	(0.00)
Earnings/ (Loss) per share (basic) (SGD)	(0.00)
Net asset value	2,12,17,371

During the year SEPC SINGAPORE has made a Profit of US dollars 19,458 (Rs 9.22 lakhs).

BLACK STONE GROUP TECHNOLOGIES PVT. LTD. (BGT)

BGT had been set up as an engineering company in Chennai in 1993. BGT acts as an Engineering outfit of the Group with 200 strong technical staff.

Your Company holds 55% in the equity stake of BGT. BGT has reported a turnover of Rs. 928.79 lakhs in the year 2009-10 compared to Rs.1082.80 lakhs in the previous year 2008-09. The lower turnover is on account of the slow down of the US market, where predominantly the Company has its business coming from. The Company has started looking into other countries for newer business opportunities.

CHEMPROJECT CONSULTING PVT. LTD. (CHEMPROJECT):

CHEMPROJECT is in the business of consultancy in Engineering Services Sector. During the year, due to synergy in area of Engineering consultancy, Black Stone Group Technologies Pvt. Ltd. (BGT) had picked up 7,500 equity shares i.e. 60% in the equity capital of Chemprojects, whereby it has become a subsidiary of BGT and thereby of our Company from 1.1.2010.

The turnover of the Company during the year 2009-10 was Rs.344.44 lakhs compared to Rs.169.18 lakhs in the previous year 2008-09.

JOINT VENTURES

HAMON SHRIRAM COTTRELL PVT. LTD. (HSC)

The Company's joint venture HSC in the field of heat exchangers, cooling towers and air pollution control systems have reported significant growth. The turnover of the Company has increased from Rs 7,930.29 lakhs to Rs. 11,056.36 lakhs, an increase of 39.42 %.

The Company has bagged an order of Rs.90 crores from Mangalore Refinery and Petrochemicals Ltd for setting up a Cooling Tower and cooling water treatment plant for phase III of the refinery project at Mangalore, Karnataka. This is by far the largest single order for the Company.

In order to reflect the joint venture status of HSC, your Company is consolidating HSC on a line by line basis as a JV and not as a subsidiary.

LEITNER SHRIRAM MANUFACTURING LTD. (LSML)

During the year, due to the synergies in the business, better banking and operational facilities, the Company has merged the business of the marketing Company, Shriram Leitwind Ltd with LSML.

LSML set up an art of facility at Gummidipoondi for the manufacture of the wind turbines and the trial production commenced in March 2009, with the formal inauguration taking place in September 2009.

During the year the Company was awarded orders for 45 MW of wind turbines worth Rs.23,000 lakhs.

During the year under review, LSML has reported a turnover of Rs 36,735 lakhs as compared to Rs 4,996.85 lakhs during the year 2009 with a loss of Rs 349.88 lakhs as compared to Rs 146.55 lakhs during the year 2009.

ENNORE COKE LIMITED (ECL):

Your Company also holds 31.7% stake in ECL, a listed Company that is engaged in setting up at Haldia a plant to manufacture metallurgical coke and also a thermal power plant to convert the process heat into energy.

During the year ECL continued the implementation of Co generation Power Plant of 12MW capacity at Haldia and also continues the implementation of the coke project. The Coke project has now commenced operation on two thirds of its capacity and is expected to achieve full capacity by the forthcoming year. ECL has already signed a Power Purchase agreement with West Bengal State Electricity Board. ECL has successfully started utilizing four more third party manufacturing units in the states of Gujarat / West Bengal/ Orissa / Jharkhand.

During the year, ECL had carried out significant volume of Exports to Pakistan and Durban as also USA. ECL has also commenced direct supplies to end users prominent amongst them are Tata Metalicks, Tata Steels, IDCOL, Kalinga, Narasingh Ispat, Maheswari Ispat and also foundries at Coimbatore and Belgaum.

ECL has shifted its registered office from Mumbai to Chennai after receiving all the statutory approvals.

During the year under review, ECL has reported a turnover of Rs 37,280.07 lakhs with a Profit after tax of Rs 923.95 lakhs, as compared to Rs.10,105.07 lakhs with a Profit after tax of Rs.7.81 lakhs during the year 2009.

SHRIRAM SEPL COMPOSITES PVT. LTD. (SSEPL):

As you are aware, your Company had entered into a MoU with certain specialists in the field to form SSEPL as a joint venture with your Company as the majority owner with a view to exploit opportunities in the area of manufacture of specialised GRP pipes and liners.

During the year under Review SSEPL reported a satisfactory turnover of Rs. 2,980.34 lakhs as against the previous year figure of Rs. 124.78 lakhs and a profit/loss of Rs. 629 lakhs against the previous year figure (Rs.18.87 lakhs).

MANAGEMENT DISCUSSION & ANALYSIS

A detailed review of the operations, performance and outlook of the Company and its business is given in the Management Discussion and Analysis report, which forms a part of this report.

CORPORATE GOVERNANCE

Your Company is in compliance with the requirements and disclosures with respect to the Code of Corporate Governance as required under Clause 49 of the listing agreement with the stock exchanges. A report on Corporate Governance along with a certificate from the Auditors form a part of this report.

ESOPS

The details required to be provided in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of the stock options granted under the Shriram EPC Employee Stock Option Scheme- 2006 and the Shriram EPC Employee Stock Option Scheme- 2007 are given below:

Sl No	Particulars	ESOP Scheme 2006 31.03.2010	31.03.2009
1	Total number of options granted	16,40,161	
2	Date of Grant	22-11-2006	
3	Options at the begining of the year	14,93,640	15,34,408
4	Number of options vested	3,81,476	3,82,218
5	Number of options exercised	5,22,618	5,06,542
6	Total number of shares arising as a result of exercise of options	5,22,618	5,06,542
7	Granted during the year	-	-
8	Forfeited during the year	-	40,768
9	Exercise price	Rs.10	Rs.10
10	Expried during the year	-	-
11.	Options outstanding at the end of the year	14,93,640	14,93,640
12.	Exercisable at the end of the year	1,45,953	2,78,902
13	Money realised by exercise of options	Rs..52,26,180	Rs.50,65,420
14	Grant to Senior Management	-	-
	- Number of options	-	-
	- Vesting period	-	-
15	Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during the year	-	-
16	Identified employees who were granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	-	-

Sl No	Particulars	ESOP Scheme 2007 31.03.2010	31.03.2009
1	Total number of options granted	5,00,000	
2	Date of Grant	22-11-2007	
3	Options at the begining of the year	1,47,000	1,50,000
4	Number of options vested	12,900	62,900
5	Number of options exercised	65,400	6,900
6	Total number of shares arising as a result of exercise of options	65,400	6,900
7	Granted during the year	20,000	20,000
8	Forfeited during the year	-	3,000
9	Exercise price	Rs.10	Rs.10
10	Expried during the year	-	-
11.	Options outstanding at the end of the year	1,67,000	1,67,000

Sl No	Particulars	ESOP Scheme 2006 31.03.2010	31.03.2009
12.	Exercisable at the end of the year	41,500	55,400
13	Money realised by exercise of options	Rs..6,54,000	Rs.69,000
14	Grant to Senior Management	-	-
	- Number of options	-	-
	- Vesting period	-	-
15	Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during the year	-	-
16	Identified employees who were granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	-	-

The number of shares issued pursuant to exercise of options under the Shriram EPC Employee Stock Option Schemes amounted to 4,81,065 shares, resulting in dilution of EPS by Rs.0.80.

DIRECTORS

During the year, Mr. K E C Rajakumar the nominee Director of Unit Trust of India Investment Advisory Services Ltd., stepped down and in his place Mr. Sunil K Kolangara joined the Board as a non-executive and non-rotational director, to hold office till the ensuing Annual General Meeting.

During the year, Mr. N Rangachary and Mr. S Krishnamurthy were appointed as Additional Directors of the Company to hold office till the ensuing Annual General Meeting.

However due to pre-occupations Mr. N Rangachary resigned from the Board effective 1.4.2010.

Notice under Section 257 of the Companies Act, 1956, has been received from a member of the Company together with a deposit of Rs.500 each proposing the appointments of Mr. Sunil K Kolangara (not liable to retire by rotation) and Mr. S Krishnamurthy (liable to retire by rotation at the ensuing Annual General Meeting) as Directors of the Company.

Mr. K Madhava Sarma, Mr. Sunil Varma and Mr. Arun Duggal retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Company has constituted an Audit Committee as per the provisions of the Companies Amendment Act, 2000 and under Section 292 A of the Companies Act, 1956 at the Board Meeting held on 05th June 2002. The present members of the Committee are as follows:

1. Mr. S.R. Ramakrishnan
2. Mr. R. Sundararajan
3. Mr. K. Madhava Sarma
4. Mr. Sunil Varma

The Committee has met so far five times during the year.

PARTICULARS OF EMPLOYEES

As required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. That they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for that period;
3. That they had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

4. That they had prepared the annual accounts on a going concern.

REGISTRAR & SHARE TRANSFER AGENT

Cameo Corporate Services Ltd.
Subramanian Building
V Floor, No. 1, Club House Road
Chennai 600 002, India.
Tel: (91 44) 2846 0390.
Fax: (91 44) 2846 0129.
Email: shriramepc@cameoindia.com.
Website: www.cameoindia.com
Contact Person: Mr. R.D. Ramasamy.
SEBI Registration Number: INR000003753

AUDITORS

M/s. Deloitte Haskins and Sells, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

APPRECIATION & ACKNOWLEDGEMENTS

The Directors wish to thank the bankers for their continued assistance and support. The Directors also wish to thank the Shareholders of the Company for their continued support. Further the Directors also wish to thank the customers and suppliers for their continued cooperation and support. The Directors further wish to place on record their appreciation of employees at all levels for their commitment and their contribution.

For and on behalf of the Board

Place : Chennai
Date : May 24, 2010

Arun Duggal
Chairman

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975, and forming part of the Directors Report for the year ended March 31,2010

Employee Name	Designation	Qualification	Age	Joining Date	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment Designation
M. Amjad Shariff	Joint Managing Director	M.TECH	55	1 Dec 2006	33	30,00,000	Mil Industries Limited, Chief Engineer
V. Jayanarayanan	Group Financial Controller	B.E., ICWA, ACS	56	1 July 2007	32	39,21,585	Marg Constructions Ltd. Advisor
D.A. Jhala	Head-Business Unit	MBA	46	15 Sep 2008	21	36,00,000	MSR Projects India Ltd. CEO
T. Shivaraman	Managing Director and CEO	B.TECH,M.S	44	2 Jan 1992	21	30,00,000	ICI India Limited
G. Sugathan	Sr. Vice President	B.Sc (Engg)	63	20 Aug 2007	39	27,14,040	Jindal Stainless Ltd. VP, Projects
Vivek Sharma	Chief Financial Officer	BE, MBA, PGDBM	40	24. Jul. 2006	16	49,30,236	BSNL, Executive Engineer

Employed for part of the year with an average salary above Rs.2 lakh per month.

Employee Name	Designation	Qualification	Age	Joining Date	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment Designation
Kishore Arcot	Head-SBU (Power)	AIME	47	12. Nov .2009	24	10,35,964	Costal Energen VP-Commercial
S. Ramnath	Sr. Vice President	B.Com., FCA	57	1. May. 2007	32	16,35,000	Inter Gold Gems Pvt. Ltd. CFO
P. Thyagarajan	Head - SBU	BE Chemical	59	26. May. 2007	36	10,96,665	Sterlite Industries Ltd. VP, Projects

NOTES:

• Remuneration comprises basic salary, allowances and taxable value of perquisites.

• None of the employees is related to any Director of the Company.

• None of the employees owns more than 2% of the outstanding shares of the Company as on March, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS: FY 2009-10

COMPANY OVERVIEW

Shriram EPC Limited (SEPC) is a leading service provider of integrated design, engineering, procurement, construction and project management services for renewable energy projects, process and metallurgy and municipal services projects throughout India. The Company's business is focused on providing integrated turnkey solutions for process and metallurgy plants (including thermal power plants), biomass-based power plants, water and waste-water treatment plants, water and sewer infrastructure and pipe rehabilitation.

Through its Subsidiaries & Associates the Company also manufactures / produces

- Wind Turbine Generators ("WTG") of multiple capacities, viz 1.5MW and 250KW.
- Cooling Towers and Air Pollution Control Systems.
- GRP pipes and liners.

SEPC has also entered into the following JVs / MoUs

- With North West Electric Power Design Institute (NWEPDI) of China to jointly bid for Thermal Power Plant projects in India.
- With Roberts & Schaefer of USA to set up Material Handling Equipments.
- With Envirotherm of Germany to offer their coal gasification technology.

SEPC also holds interests in the following:

- 35.8% stake in Orient Green Power Company Ltd. - Owner & Operator of Renewable Energy Power Generation Projects.
- 31.7% stake in Ennore Coke Ltd. - leading Producer of Met Coke.
- 55% in Blackstone Group Technologies Pvt Ltd, Design & Engineering Firm.

SEPC is headquartered in Chennai, Tamil Nadu and has offices in Mumbai, New Delhi, Kolkata, Beijing and Rotterdam. It has factories in Puducherry, Chennai, Gummidipoondi and Umbergaon (Gujarat).

THE MACRO-ECONOMIC SCENARIO

The fiscal year 2009-10 began on a very challenging note. The effects of the global financial crisis in the second half of 2008-09 continued to impact all global economies. However, the recovery during 2009-10 started off on a stronger note than anticipated earlier but is proceeding at different speeds in the various regions. In the developed economies, the recovery is expected to be prolonged, whereas many emerging economies have shrugged off the effects far quicker. Although governments of most nations stepped in with stimulus packages, it is the developing economies that have responded the best to government intervention. The global economy has made progress and there are signs of revival, viz., firming up of interest rates, an increase in the prices of commodities like oil, steel and base metals and return of production and trade. Meanwhile, public support of the financial sector has been crucial in breaking the negative feedback loop between the financial and real sectors.

Dr. Nouriel Roubini, New York University Economist, is of the opinion that H1CY10 should see more robust growth, largely on the back of lag effects of fiscal stimulus and the base turning favourable. The second half of CY10, however, is expected to see a slowdown in growth, consequent to the end of inventory restocking and reduced spending on the back of phase out of many of the specific fiscal schemes.

The IMF has noted the % change in world output in 2008 was +3.0% and it was -0.8% in 2009. The projection for 2010 is 3.9% and that for 2011 is 4.3%. The world trade volume % change (goods and services) is quoted at +2.8% in 2008 and -12.3% in 2009 whereas the prediction for 2010 is 5.8% and for 2011 it is 6.3%.

The IMF projected growth in emerging and developing economies to rise to about 6 % in 2010, following a modest 2 % growth in 2009. Growth performance in key emerging economies in Asia is leading the global recovery while a few advanced European economies and a number of economies in Central and Eastern Europe and the Commonwealth of Independent States are lagging behind. The Dubai World Event which brought to light the debt-laden Dubai State Corporation and ripple effects to credit downgrades for Greece and other European Nations can be expected to raise concerns about sovereign debt sustainability and will impact risk assessments, capital flows, and financial markets in 2010. The slow recovery in the developed world, for the better part of 2009-10, meant a low export recovery and a slowdown in financial flows for the developing economies. Yet, over the span of the year, the Indian economy posted a remarkable recovery in terms of overall growth figures and in terms of certain fundamentals, which justify optimism for the Indian economy in the medium to long term.

As per recent reports, the Indian Economy registered a growth rate of 7.4% for the year FY09-10, marginally ahead of the estimate of GDP growth of 7.2% for 2009-10, released by the Central Statistical Organisation (CSO). With the expected average annual compounded growth rate of 8.5%, India's

GDP is expected to be USD 1.4 trillion by 2017 and USD 2.8 trillion by 2027. The service sector is expected to contribute about 50 % of India's GDP while the industrial and agricultural sectors are expected to contribute 25% each.

INDUSTRY STRUCTURE AND DEVELOPMENTS

INDEX OF INDUSTRIAL PRODUCTION

The Industrial sector is a key determinant of GDP growth in a developing country such as ours and the trends in this sector would have an overbearing effect on the direction of the domestic economy.

Six major infrastructure industries, which constitute the core sector, registered growth of 5.5 % in FY2009-10. This is more than double the growth of 2.7 % in the previous fiscal. The core sector, which has a 26.68 % weight in the Index of Industrial Production (IIP), is largely representative of growth in the industries we serve. On a cumulative basis, for the April 2009 to March 2010 period, cement production grew at the highest average annual rate of 10.5 %, while growth in petroleum refinery products output was the least, at -0.4 %. This augurs well for our business as it indicates improved capacity utilization across the process and metallurgy space.

Core Sector Performance

	Weight %		y-o-y % change	
	Overall*	Infra**	2008-09	2009-10
Cement	1.99	7.46	7.50	10.50
Steel	5.13	19.23	0.40	4.90
Coal	3.22	12.07	8.10	7.90
Crude Oil	4.17	15.63	-1.80	0.50
Petroleum Products	2.00	7.50	3.00	-0.40
Electricity	10.17	38.12	2.70	6.50
Total	**26.68**	**100.01**	**2.70**	**5.50**

* in overall Index of Industrial Productions ** in Six Industry in Infrastructure Index

CEMENT AND STEEL

India ranks second in cement production after China, with the cement industry adding ~44MT of capacities in FY10 taking the estimated total installed EOP capacity to around 262.2 MT as compared to 217.8 MT in FY 09 and the effective capacities are expected to rise ~48 MT during FY11. With the boost given by the government to various infrastructure projects, road networks and housing facilities which account for 50% of the demand in cement, the cement industry is at an inflection point, with growth trajectory likely to shift upwards from its historical average of 8% to 10-12% over the next five years. This is on the back of projected investment in the infrastructure sector of US$1 trillion in the 12th plan which is twice the projected 11th plan investment of US$514billion.

The steel industry in India has been moving from strength to strength and according to Annual Report 2009-10 by the Ministry of Steel, India has emerged as the fifth largest producer of steel in the world.

The Indian steel industry which accounts around 5% of the global steel consumption is better placed versus the global industry, due to strong demand drivers. Notably, steel consumption in India was higher by 7.6% at 56.3 MT during the slowdown last year, whereas global steel consumption was down by 8.5%. Within a year after the recession, the steel industry has reverted to its pre-recession growth rate of 8-10%. The National Steel Policy has a target for taking steel production up to 110 MT by 2019–20. Iron ore production in India was about 230 million tonnes in the FY2009-10. About 105.67 million tonnes of iron ore was exported in 2008-09 and it is expected in the similar range in the last fiscal. India's iron ore exports in 2010-11 are expected to be about 100 million tones.

Growing infrastructure-related outlay implies an increase in the demand for steel, as the infrastructure sector accounts for major portion of the steel consumption. GFCF (Gross Fixed Capital Formation) as a % of GDP has increased from 24% in 2000-01 to 35% in 2008-09, indicating an increase in investments in fixed capital. Approximately 12% of India's steel is consumed by the automobile industry, which has been on an upswing since the second half of the financial year. Production of vehicles (major segments - commercial vehicles, passenger vehicles, two and three wheelers) has been surging.

Indian steel outlook for 2010 continues to be positive, since Indian steel consumption is expected to be rising, on account of higher demand from the real estate, construction and automobile sectors. According to the Ministry of Steel, 222 Memorandums of Understanding (MoUs) have been signed with various states for planned capacity of around 276 MT. India's steel consumption is anticipated to grow by 16 % annually till 2012, fuelled by demand for construction projects worth US$ 1 trillion as per a Credit Suisse Group study.

INFRASTRUCTURE AND CAPITAL GOODS

The state of infrastructure in India remains dismal despite the regulatory focus and concerted efforts in recent years. Given the acute shortage of infrastructure capacity in India, investment in infrastructure is an area of significant importance for the country. The Government has been steadily increasing the allocation towards infrastructure in its 5 year plans. However, the backlog of several years coupled with investments for projected demand have made the task of upgrading India's Infrastructure an extremely challenging one.

The government has provided Rs.1,73,52,200 lakhs for infrastructure development for the year, which translates into 15% growth which accounts for 46% of the total plan outlay. The outlay for rural infrastructure development under the Bharat Nirman Yojana has been increased to Rs.48,00,000 lakhs and allocation towards Indira Awaas Yojna Rs.10,00,000 lakhs. There also has been interest subvention for housing loans up to Rs.1 lakh. Allocation for Road Transport was raised by over 13% to Rs.19,89,400 lakhs, whereas allocation for improving Railway infrastructure was increased by 6.0%.

Infrastructure investment in India and over the globe is set to grow dramatically as India has become a major outbound investor in this sector. The 11th Five Year Plan (2007-12) had estimated an investment of $500 billion in infrastructure, with the Government bringing 70%. The private sector is increasingly playing a major role and the ratio is nearer 50:50 today. The National Highways Authority of India (NHAI) is widening 54,000 km of highways, of which 12,000 km is done. Of the remaining 42,000 km, 90% would be done by private companies. Today, 83% of power-generating capacity is with public sector units. Going forward, the private sector is expected to add over 50% of new capacities.

Capital goods and consumer durables led the higher growth trajectory of industrial output in FY 2009-2010 wherein capital goods growth rate accelerated to 56.19% in January from 15.9% in the corresponding period last year. Production of basic and intermediate goods also registered robust growth rates of 10.7% and 21.29% respectively against declines of 0.7% and7.2 % last year.

POWER

As the Indian economy continues to surge ahead, its power sector has been expanding concurrently to support the growth rate. The demand for power is growing exponentially and the scope for the growth of this sector is immense. India ranks sixth globally in terms of total electricity generation.

The Indian Power Sector has made steady increases in capacity over the years. Further, the per capita consumption of power in India has gone up significantly since the 1990s. The average per capita consumption of electricity in India is estimated to be 704 kWh during 2008-09. The targeted per capita consumption at the end of the current Five-Year Plan (2011–12) is 1,000 kWh which is still very low compared to other developing countries, despite the overall increase in energy demand.

India's total installed capacity of electricity generation has expanded from 1,05,045.96 MW at the end of 2001–02 to 1,59,648.49 MW at the end of April, 2010. Of this 1,02,703.98 MW is attributable to Thermal, 4,560 MW to Nuclear, 36,863.40 MW to Hydro and 15,521.11 MW to Renewable Energy Sources .

Coal based generation of power at 84,448.38 MW constituted around 80 % of thermal generation and around 50 % of the total generation of power. Coal - based power generation was constrained by the shortage in domestic supply of coal and the non-materialization of planned imports. There was a decline in hydroelectric power generation mainly due to poor monsoons.

In spite of these conditions, the power sector has been fairly successful during the past 4-5 years. With the growth expected in the future, private sector participation is an essential requirement as the gaps between plans and execution of those plans need to be cemented. Currently the private sector contributes around 15% to the total power generation, as the sector is highly regulated. Nearly half of the investments in the power generation space are expected to be made by the private sector and the Government of India has issued guidelines for private participation.

The government has revised its target of power capacity addition to 92,700 MW in the 11th Five Year Plan (2007-12), from the earlier estimate of 78,577 MW (as of June 2007) to sustain the growth momentum of the economy. Further, according to Planning Commission estimates, renewable energy (RE) projects worth US$ 16.50 billion, for the generation of 15,000 MW power, would come up in the 11th Plan. The current installed transmission capacity is only 13 % of the total installed generation capacity. The current inter regional power transfer capacity is 20,750MW and the Ministry of Power plans to establish an integrated National Power Grid in the country by 2012 with close to 2,00,000 MW generation capacities and 37,700 MW of inter-regional power transfer capacity. Moreover, the government has earmarked a total capital subsidy of US$ 6.88 billion for providing electricity connections and for the distribution of infrastructure to rural households.

RENEWABLE ENERGY SCENARIO

Renewable energy sources in India contributed 10% to the total installed base of power generation in the country producing 15,521.11 MW at the end of April 30, 2010. This however translates to only 3.5% of generated power due to the inherently lower PLF of some resources. The country has the fourth largest number of wind energy installations in the world. In July 2009, India unveiled a $19 billion plan to produce 20,000 MW of solar power by 2020. There is a significant potential for generation of power from renewable energy sources- wind, small hydro, biomass, and solar energy with global investment in clean energy is expected to triple to $500 billion by 2020. In 2013, the global renewable energy market is forecasted to have a value of $511.3 billion, an increase of 64.7% since 2008 and volume of 3,642.2 billion kWhs, an increase of 22.6% since 2008.

WIND ENERGY

GLOBAL SCENARIO

The worldwide wind energy capacity reached 1,59,213 MW in March 2009, out of which 38,312 MW was added in 2009, as per the World Wind Energy Report 2009. All wind turbines installed by the end of 2009 worldwide are generating 340 TWh per annum, equivalent to the total electricity demand of Italy, the seventh largest economy of the world, and equalling 2% of global electricity consumption.

The USA maintained its number one position in terms of total installed capacity and China became number two in total capacity, only slightly ahead of Germany, both of them with around 26,000 MW of wind capacity installed. The US wind industry installed nearly 10,000 MW of new generating capacity in 2009. China continued its role as the locomotive of the international wind industry with new capacity additions of 13,800 MW within one year – as the biggest market for new turbines – more than doubling the installations for the fourth year in a row. Asia accounted for the largest share of new installations (40.4 %), followed by North America (28.4 %) and Europe fell back to the third place (27.3 %). Latin America showed encouraging growth by more than doubling its installations, mainly due to Brazil and Mexico. The added capacity in India and some smaller additions in Japan, South Korea and Taiwan along with China make Asia the biggest regional market for wind energy, with more than 14 GW of new capacity.

The wind sector, a global job generator, has employed 5,50,000 persons and in the year 2012, the wind industry is expected for the first time to offer 1 million jobs worldwide. Wind energy can provide up to 30% of the word's electricity by the middle of the century. More importantly, wind power could save as much as 1.5 billion tonnes of CO2 every year by 2020. World Wind Energy Association has increased its predictions by forecasting a global capacity of 19,00,000 MW as possible by the year 2020.

Global Wind Power installed capacity (MW)						
No.	Nation	2005	2006	2007	2008	2009
1	United States	9,149	11,575	16,823	25,237	35,159
2	Germany	18,415	20,622	22,247	23,897	25,777
3	Spain	10,028	11,630	15,145	16,689	19,149
4	China	1,260	2,599	5,912	12,210	26,010
5	India	4,430	6,270	7,850	9,587	10,925
6	Italy	1,718	2,123	2,726	3,736	4,850
7	France	757	1,567	2,455	3,404	4,521
8	United Kingdom	1,332	1,963	2,389	3,195	4,092
9	Denmark	3,136	3,136	3,125	3,163	3,497
10	Portugal	1,022	1,716	2,130	2,862	3,535
11	Rest of World	7,844	10,922	13,128	16,923	21,698
	World Total (MW)	**59,091**	**74,123**	**93,930**	**1,20,903**	**1,59,213**

WIND ENERGY IN INDIA

India ranks fifth amongst the wind-energy-producing countries of the world after USA, China, Germany and Spain with an installed capacity of 11,807 MW (as on March 31, 2010), making India a major player in the wind energy market.

The Central Ministry and several State Nodal Agencies encourage growth of Wind Energy Sector through financial incentives and policy support. The Ministry of New & Renewable Energy (MNRE), Govt. of India has established a Centre for Wind Energy Technology (CWET) at Chennai with field test station at Kayathar to act as a technical focal point for wind power development in the country.

The Ministry of New and Renewable Energy has reported the cumulative achievements on 31.03.2010 as follows:

Power from Renewables			
Grid-interactive Renewable Power			
		Achievements during 2009-10 (up to 31.03.2010)	Cumulative Achievements (up to 31.03.2010)
1	Biomass Power (Agro Residues)	153.30	865.60
2	Wind Power	1,565.00	11,807.00
3	Small Hydro Power (upto 25 MW)	305.27	2,735.42
4	Cogeneration-bagasse	295.30	1,334.03
5	Waste to Energy	4.72	64.96
6	Solar Power	8.15	10.28
	Total (MW)	**2,331.74**	**16,817.29**

Wind power leads the way with around 67% share during 2009-10 and at around 70% of the cumulative achievements.

During the 11th Plan, the Government of India has proposed 15,000 MW of additional power from renewable sources excluding large hydro power projects. Wind power forms 70% (10,500 MW) of the proposed capacity with small hydro power project accounting for 1,400 MW. The proposed investment during the current plan period is to the tune of around Rs. 104.60 billion. The Centre for Wind Energy Technology (CWET), MNRE and Indian Wind Energy Association estimate the wind potential of the country on March 31, 2009 to be 48,561 MW.

Statewise Wind Energy Potential

No	State	Potential (MW)	Total Capicity
1	Andhra Pradesh	8,968	122.5
2	Gujarat	10,645	1,566.5
3	Karnataka	11,531	1,327.4
4	Kerala	1,171	27.0
5	Madhya Pradesh	1,019	212.8
6	Maharashtra	4,584	1,938.9
7	Orissa	255	-
8	Rajasthan	4,858	738.4
9	West Bengal	-	1.1
10	Tamil Nadu	5,530	4,304.5
11	Others	-	3.2
		48,561	**10,242.3**

The Generation Based Incentive (GBI) Scheme for Grid Interactive Wind Power Projects was introduced by MNRE in December 2009. The GBI is to be provided to wind electricity producers @ Rs. 0.50 per unit of electricity fed into the grid in parallel with accelerated depreciation on a mutually exclusive manner. This gives more emphasis on electricity generation rather than installation. Increasing the limit under GBI to 4,000 MW from the earlier 49 MW and laying a framework for trading of renewable energy certificates are steps in the right direction as renewable energy certificates are a solution for meeting the Renewable Performance Obligations (RPOs) for the state utilities. These developments would help promote increased private investments and FDI for the development of wind sector of the country.

The unexploited resource availability has the potential to sustain the growth of wind energy sector in India in the years to come. The approved outlay of the Ministry of 2009-10 in the budget allocation was Rs. 620 crore (GBS) which has now been enhanced to Rs.1,000 crore (GBS)?? for 2010-11, which represents an increase of 61% over last year's outlay. The government proposes to set up solar, small hydro and micro power projects at a cost of Rs.500 crore to address the problem of energy deficiency in the Ladakh region of Jammu & Kashmir which faces extremely hard climate. The Indian Wind Energy Association has estimated that with the current level of technology, the 'on-shore' potential for utilization of wind energy for electricity generation is of the order of 65,000 MW.

With a favourable investment climate, 2009-10 could see significantly larger investments in new capacities. The coming year would see growth from the health care industry, hospitality, retail and cinemas, which are expected to invest in wind power to take advantage of the improved tariff regime.

BIOMASS AND COGENERATION

India, being an agrarian country, has easy availability of agricultural based mass which can be used to generate energy by burning this biomass which is the easiest and oldest method of generating energy.

The Indian Institute of Science, Bangalore and Indian Biomass Resource Atlas estimates farm waste generated in India is around 120-150 million tones every year which could be used to generate 18,000 MW of power using energy efficient boilers.

As of now, over 70% of the population of India is in villages which receive neither electricity nor a steady supply of water-crucial to survival and economic and social development and growth. Biomass exists in these villages and needs to be tapped intelligently to provide not only electricity but also water to irrigate and cultivate fields to further increase production of biomass (either as a main product or as a by-product), ensuring steady generation of electricity. Electricity is one of the most important prime movers for holistic growth of economy. An added bonus is the availability of waste biomass from the biomass gasifier plant to be used as fertilizer.

The Biomass power/cogeneration programme of Ministry of New and Renewable Energy is implemented with the main objective of promoting technologies for optimum use of country's biomass resources for grid and off grid power generation.

In India more than 2,000 gasifiers are estimated to have been established with a capacity in excess of 22 MW and a number of villages have been electrified with biomass gasifier based generators. MNES has actively promoted research and development programmes for efficient utilization of biomass and agro wastes and further efforts are on.

Biomass gasification offers immense scope and potential for:

- Water pumping
- Electricity generation
- Heat generation : for cooking gas – smokeless environment
- Rural electrification means better healthcare, better education and improved quality of life.

In view of the enormous potential for saving fossil fuels, specifically diesel, presently being used in rice mills for meeting their captive power requirements, the Ministry of New & Renewable Energy (MNRE) has recently launched new scheme for promoting rice husk based biomass gasifier systems through a technical and financial mechanism where about 500 rice mills would be able to avail the benefit by setting up biomass Gasifier systems during 2010 which will lead to the saving of about 20-25 million liters of diesel annually and at the same time avail the benefits of a reliable power supply.

The Expected Progress of Renewables

Generating Capacity addition during the Tenth Plan (2002-2007) & Anticipated Generating Capacity by the end of the Eleventh Plan (2007-2012) (in MW)

	Hydro	Thermal	Nuclear	Wind and Renewables	Total
Installed Capacity as on 31st March, 2002	26,269	74,429	2,720	1,628	**1,05,046**
Addition during Tenth Plan	7,886	12,114	1,080	6,132	**27,212**
Installed Capacity as on 31st March, 2007	34,654	86,015	3,900	7,760	**1,32,329**
Proposed addition during Eleventh Plan	15,627	59,693	3,380	14,000	**92,700**
Total Anticipated Capacity as on 31st March, 2012	**50,281**	**1,45,708**	**7,280**	**21,760**	**2,25,029**

WATER SUPPLY AND SANITATION

The WHO/UNICEF Joint Monitoring Programme (JMP) for Water Supply and Sanitation is tasked with monitoring progress towards the Millennium Development Goal (MDG) relating to drinking-water and sanitation which is to: "Halve, by 2015, the proportion of people without sustainable access to safe drinking-water and basic sanitation". The world is on track to meet the MDG drinking-water target. In developing regions, 84% of the population uses an improved source of drinking-water. In urban areas the use of improved source of drinking-water has been maintained at 96% since 2000, with over 1 billion more people now using such a source than in 1990. However this increase is barely keeping up with urban population growth. The number of people living in rural areas who do not use an improved source of drinking–water is over five times the number living in urban areas. Worldwide, 37% of people not using an improved source of drinking-water live in Sub–Saharan Africa.

2.6 billion people in the world do not use improved sanitation facilities, the greatest number of these are in Southern Asia, East Asia and Sub-Saharan Africa.

Of the rural population only 45% uses improved sanitation, rural areas lag far behind urban areas where the rate is 76%. In rural areas seven out of ten people live without improved sanitation, but the number of people in urban areas without improved sanitation is increasing because of rapid growth in urban population.

Investment in the Tenth plan period for the water supply sector was Rs. 601 billion (actual) and in the Eleventh plan period it is Rs.1,117 billion (revised), being a positive 85.5% change. As per India's National Rural Drinking Water Programme's movement towards ensuring people's drinking water security many states now are encouraging NGOs, private foundations and the private sector to set up water quality treatment plants and supply quality water at affordable prices though pricing of water and waste-water (rejection) management in these systems is an issue to be dealt with. The main objective of the Comprehensive Water Security Action Plan is to provide a definite direction to the programme and also to ensure regular monitoring of the progress made by the respective State's Goal towards achieving drinking water security to every rural household by 2012.

AREAS OF OPERATIONS

The Company's Business has been categorized into two business segments, namely:

I. The Engineering, Procurement and Construction projects business

II. The Wind Turbine Generator (WTG) Business

EPC BUSINESS

The EPC business involves turnkey services relating to metallurgical and process plants, biomass-based power plants, water and waste-water treatment plants; water and sewer infrastructure and pipe rehabilitation projects. Through our joint ventures we also offer cooling towers and air pollution control equipments, material handling equipments and detailed engineering and design. As of March 31, 2010 our order-book of outstanding EPC orders was Rs. 1,031.91 crores.

PROCESS & METALLURGY PLANTS

We provide turnkey EPC solutions for process and metallurgy plants such as iron & steel, copper, aluminum, cement, paper & pulp, coke oven, coal gasification etc. We have recently entered into an MOU with NWEPDI of China to enhance our offerings catering to the burgeoning thermal power segment. Further, through our partnership with Roberts & Schaefer, USA we can offer material handling equipments. Lastly, we offer solutions for coal gasification projects based on proprietary technology of Envirotherm GMBH. Our list of customers for Process & Metallurgy includes Grasim, MALCO, SAIL and Jindal Steel & Power Ltd.

BIOMASS POWER PLANTS

We are engaged in the design, engineering, construction and erection & commissioning of biomass power plants and co-generation power plants. We are able to offer solutions for a variety of feedstocks and our experience and expertise is unparalleled in the sector. We are actively pursuing opportunities in domestic as well as international markets. We have several projects in the pipeline and expect increased project execution opportunities from the sector following renewed emphasis on clean technologies worldwide.

MUNICIPAL SERVICES PROJECTS

We offer turnkey design-build environmental projects catering to water and waste water treatment, management and water distribution systems. We have a related service line of sewer and pipe rehabilitation. Our strategy includes licensing arrangements with leading international companies with the resultant technology enabling us to provide a service offering unmatched by any other service provider in this space. We have undertaken various projects in this vertical for private projects as well as municipalities in India. The prospects for this vertical are bright owing to expectations of sustained rural-urban migration as well as emphasis on upgrading urban infrastructure in India.

WTG BUSINESS

In the WTG business we provide integrated solutions including manufacturing, supply, erection, site identification, technical planning, grid connectivity and O&M. During the year, our associate company Leitner Shriram Manufacturing Ltd., (LSML) inaugurated its integrated wind turbine manufacturing facility at Gummidipoondi, Tamil Nadu. At this facility, we focus on the manufacture of higher capacity MW class machines. We are able to manufacture all components at this facility, including blades for the turbines, The facility has a current capacity of 120 turbines or 180MW of capacity. There are plans to enhance the capacity to 250 turbines or 375 MW of capacity per annum. Further, LSML has plans to introduce new offerings such as a 1.8 MW turbine. We also continue to offer WTG of a capacity of 250 KW. As of March 31, 2010 we had an outstanding order-book of Rs. 1,961.72 crores in the WTG segment.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

Developing countries like India, China, Russia and Brazil have witnessed unprecedented levels of economic growth. India's GDP growth in 2009-10 was 7.4% as compared to 6.7% in 2008-09. The agricultural sector grew at a slow pace whereas infrastructure services, including railway transport, power, telecommunications and civil aviation, have shown a remarkable turnaround since the second quarter of 2009-10. This spurt in the economic activity has offered many opportunities for companies operating in these industries.

According to projections, there will be a sharp increase in investments in the key industrial sectors in India. The enhanced investments will be through capacity addition following strong demand growth and higher operating rates in key industries.

Participation of the private sector in major industries has been steadily increasing over the past few years. The regulators have realized that the sheer size and scope of investments required preclude the Government from undertaking reforms on its own. Thus, the Government of India is encouraging privatization by bringing about many reforms in sectors such as infrastructure and power. These reforms are expected to provide a fillip to growth rates in related sectors as well. Thus SEPC is expected to benefit from such opportunities from its offerings catering to the Process & Metallurgy Vertical. Further, the potential opportunities in the business verticals catering to renewable energy continue to look promising. Renewable energy sources contributed only 9.7% or 15,521 MW out of a total installed power capacity of 1,59,398 MW in India as on March 31, 2010. As a %age, this is well below the levels in developed countries.

The government has taken cognizance of this fact and has established a separate ministry to cater to the demand in this sector. This augurs well for SEPC's offerings in Biomass Power Plants and Wind Turbines.

There is also a sustained thrust on improving the urban infrastructure in the country. The Government has identified urban infrastructure as a focus area and is continuously allocating greater resources to this segment as it strives to address the shortfall of quality infrastructure.

The Jawaharlal Nehru National Urban Renewable Mission (JNNURM) plans to include 28 cities in addition to the current 63 cities covered under the scheme. Considering the rapid growth of population in the urban areas, from the current 30 crores to the expected 80 crores in the next 25 years, the increasing urban needs will require an enabling policy environment at both the State and Central level. To meet the targets, high levels of investments will be required. According to a study by Goldman Sachs, the country needs around \$1.1 trillion (over Rs.50 lakh crores) to fund its infrastructure projects, of which \$550 billion (over Rs.25 lakh crores) will be required by 2012. Private sector will be offered huge opportunities, as infrastructure spending is expected to be close to 9% of the gross domestic product by the end of the 11th Five-Year Plan.

Apart from allocation of funds in the five year plans, creation of nodal agencies and favourable regulations, the government is utilizing partnership models such as PPP and partnerships between State and Central Governments to achieve its objectives. This is expected to result in improved opportunities for SEPC in its offerings of water and waste water management and pipe rehabilitation.

The Company has also forayed into generation of energy through renewable sources through its Associate Company - Orient Green Power Ltd. (OGPL) OGPL, the holding cum operating Company will have Renewable Energy assets on its own as also will have majority equity ownership in SPVs implementing Renewable Energy projects focusing on Biomass, Biogas and Small Hydel.

As on March 31, 2010 OGPL's portfolio of assets included 193 MW and its portfolio of committed and under development projects includes approximately 815.5 MW of prospective capacity. SEPC owns 35.8% in OGPL and the balance is held by Bessemer Venture Partners and Olympus Capital Holdings Asia. OGPL will be raising funds for expansion through an IPO in FY2010-11.

SEPC also has interests in the Metallurgical Coke industry through its ownership of a 32% stake in Ennore Coke Ltd. Ennore Coke Ltd. Was incorporated as a Public Limited Company on February 25, 1985. Since, December 5, 2005 the controlling interest of the company was taken over by the Shriram Group, following which it entered the business of manufacturing met coke by purchasing the Proposed Coke Project from EPCPL situated at Haidia, West Bengal. Ennore Coke Limited has a production capacity of 130,000 TPA of Met Coke with a 12 MW Power Plant which utilizes the waste heat generated from the process of manufacturing met coke.

THREATS

There is heightened interest in the renewable energy sector and when combined with the incentives being offered by regulators, it may lead to more competitors entering the arena. Measures like the Generation Based Incentives may make the economics of the industry more attractive. This heightened competition may lead to greater competition to win projects as well as erosion in the margins currently enjoyed by SEPC.

Due to improving prospects for growth, a number of competing firms have entered the marketplace to offer solutions in similar industries. While SEPC continues to post impressive growth rates it is possible that competitors may replicate SEPC's business model by adopting a similar approach in some of their sales and marketing efforts. Whereas, this validates the strength of SEPC's value proposition, it also clearly warns of emerging competition.

Lastly, the company is pursuing multiple business opportunities and the rate of growth attained by the company may lead to complications in managing operations of a larger scale. Further, the company may face capacity constraints in terms of physical infrastructure and human resources which can inhibit its ability to successfully grow its operations.

OUTLOOK

Our vision is to continue to generate strong financial returns and create a world-class engineering, procurement and construction. The company has a focus on renewable energy and also strives to be a developer and manufacturer of technologically advanced WTGs. SEPC continues to enhance its service offerings through technology tie ups with leading global institutions such as Envirotherm of Germany, NWEPDI of China and Roberts & Schaefer of USA. We will continue to pursue opportunities by expanding and enhancing our presence throughout India and abroad. We will look to capitalize on our strengths, local experience and familiarity with local working conditions and ever strengthening relationships with our clients and strategic partners in order to establish and maintain a leading position in the industry. We further intend to target specific project segments and industries where we believe there is high potential for growth and can enjoy competitive advantages.

Given the businesses we are in, the conducive operating environment, our competencies, skills and growth plans, we remain fairly confident of achieving sustained growth in the future.

EVENTS AND MILESTONES:

- SEPC entered into an MoU with China-based North West Electric Power Design Institute to form a consortium for execution of thermal power projects, to be implemented on an EPC basis in India. SEPC will be the lead partner in this consortium. The MoU is in place for a period of 5 years and can be extended.
- During the year, the Company entered into a partnership with Roberts & Schaefer Company, to make material handling equipment. Roberts & Schaefer Company is a World-Wide, Full Service Organization of project managers, designers and construction managers, providing a special quality of full service project execution to the Industrial Marketplace and beyond.
- SEPC's Associate Company – Leitner Shriram Manufacturing Ltd. formally commissioned its integrated wind turbine manufacturing facility in Gummidipoondi, Tamil Nadu on September 25, 2009. The Gummidipoondi facility has the capacity to manufacture 120 units of MW classwind turbines a year, which will be enhanced to 250 units a year by the end of the next fiscal year.
- SEPC's Associate Company – Orient Green Power Company Ltd., (OGPL) has filed for a public issue in FY2009-10. OGPL is an owner and operatior of renewable energy projects. Apart from SEPC, key investors in OGPL are Bessemer Venture Partners Trust and Olympus Capital Holding Asia. OGPL proposes to use the IPO funds for further expansion.

EXPANSION OF INFRASTRUCTURE

During the year 2009-10, the Company undertook capital expenditure of Rs.4,204 lakhs. This was attributable to purchasing of WTGs, installations of company-wide ERP systems and upgradation of machinery throughout the organization. Apart from this, the company undertook replacement capital expenditure for some of its equipments required in different areas of its operations.

Review of Operating and Financial Performance

Rupees in lakh

Income Statement	Consolidated			Standalone		
	2010	2009	% change	2010	2009	% change
Sales & Services income	1,36,235.93	1,00,580.86	35.45	1,11,051.75	91,876.55	20.87
Other Income	1409.91	505.93	178.68	1,121.47	518.87	116.14
Total Revenue	1,37,001.92	1,01,042.70	36.17	1,12,173.23	92,395.42	21.41
Direct Expenditure	1,16,061.73	87,399.15	32.80	96,251.94	80,823.22	19.09
Other Expenditure	7687.70	5,195.16	47.98	4,003.17	3,563.57	12.34
Total Expenditure	1,23,749.43	92,594.31	33.65	1,00,255.12	84,386.79	18.80
EBIDTA	13,897.27	8,492.48	63.24	11,918.11	8,008.63	48.82
Depreciation& amortization	1,506.00	761.28	97.82	1,034.47	630.20	64.15
EBIT	12,391.24	7,731.20	60.28	10,883.64	7,378.44	47.51
Interest(net)	5,362.16	1,275.51	320.39	4,171.62	1,085.33	284.36
EBT	7,029.08	6,455.69	8.88	6,712.02	6,293.11	6.66
Provision for Tax	2,450.78	2,325.57	5.38	2,245.99	2,291.43	-1.98
Minority Interest(net)/Share of Associates	-18.38	621.47	-	-		
Net income	4,675.71	4,751.59	-1.60	4,466.03	4,001.68	11.60
EPS						
— Basic	10.74	10.98		10.26	9.25	
— Diluted	10.52	10.98		10.05	—	

PERFORMANCE ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

PROFIT AND LOSS ACCOUNT

REVENUE

Consolidated operating revenues for the fiscal year ended 31 March 2010 were 35.45% higher than the previous year. Revenues from the EPC segment grew by 17.4%, driven largely by progress in process & metallurgy and municipal services. Revenue from Wind Energy increased by 347.63% to Rs. 25,433.31 lakhs owing to the introduction of MW Class Turbines. Further, the company saw improved contribution from its subsidiaries Hamon Shriram Cottrell and Blackstone Group Technologies

OTHER INCOME

Other income was higher by 178.68 % at Rs.1,409.91 lakhs. This mainly comprises of interest income and income from sale of power generated by WTGs owned by the company.

EXPENDITURE

The company faced headwinds on account of rising input costs which were mitigated to an extent by entering into supply agreements for raw materials and better management of inventories.

INTEREST

The increase in the interest expense to Rs. 5,362.16 lakhs in FY2010 from Rs. 1,275.51 lakhs in FY2009 was mainly on account of additional borrowings for increased working capital requirements and to facilitate recurring capital expenditure of the company.

DEPRECIATION

Depreciation for the year stood at Rs.1,506.00 lakhs, an increase of 97.82% over the previous year on account of increased capital expenditure, which was driven by facility expansions and the installation of wind turbines.

PROVISION FOR TAXATION

In FY2010, SEPC provided Rs. 2,450.78 lakhs for taxation, up from Rs. 2,325.57 lakhs in the previous fiscal. The effective tax rates for FY09-10 was 18% while the corresponding rate for FY08-09 was 23%.

PROFIT AFTER TAX

The Company reported a profit after tax (and minority interest) of Rs.4,675.71 lakhs during the current fiscal as compared to Rs.4,751.59 lakhs in the corresponding period last year.

BALANCE SHEET

SOURCES OF FUNDS

EQUITY FUNDS

During the year 5,64,922 fully paid up shares have been issued to employees of the company on exercise of option vested as per terms of the SEPC Employees Stock Option Plan and share capital increased by Rs.56,49,220.

LOAN FUNDS

Secured loans represent loans taken to finance working capital and are short term in nature in general.

APPLICATION OF FUNDS

FIXED ASSETS

Gross Block at the end of FY 2010 was Rs.22,888.03 lakhs which increased by Rs.9,892.07lakh during the year. This was on account of upgrading of facilities, expansion of capacities and purchase of new equipments and Wind Turbines during the year.

INVESTMENTS

We have made several strategic investments to achieve maximum benefits and deploy surplus funds. Investments at the end of the year stood at Rs.15,754.28 lakhs which further decreased by Rs.425.96 lakhs during the year. This was on account of conversion of subsidiaries investments in subsidiary / associate companies.

CURRENT ASSETS

SUNDRY DEBTORS

Sundry Debtors (net of provision) increased to Rs.95,097.14 lakhs which is in line with the increase in revenues of the company. Outstanding day sales increased to 255 days in FY 2010 from 192 days in FY2009.

CASH AND BANK

Cash and Bank Balances of Rs.19,118.37 lakhs includes fund retained for working capital requirements, fund to be maintained against margins for bank guarantees and letters of credit furnished for contracts.

LOANS AND ADVANCES

Loans and advances stand at Rs. 24,546.00 lakhs, a decrease of Rs.146.32 lakhs at the end of FY 2010. Deposits decreased by Rs.450.44 lakhs over the previous year.

CURRENT LIABILITIES

Current Liabilities have increased by 51% to Rs.78,336.52 lakhs in FY 2010 from Rs.51,851.33 lakhs at the end of FY2009. This was due to an increase in sundry creditors and other liabilities.

PROVISIONS

Provisions have increased by 2.90% to Rs. 1,218.03 lakhs in FY2010 from Rs. 1,183.71 lakhs at the end of FY2009.

DEFERRED TAX ASSET/LIABILITY

The Company has recognized deferred tax liablities of Rs.2,768.05 lakhs on account of timing differences arising on account of higher depreciation allowance under the Income Tax Act in comparison with depreciation charged in the books of account.

RISKS AND CONCERNS / MANAGEMENT OF RISKS

RISK MANAGEMENT

BUSINESS CONTINUITY AND SECURITY RISKS

The Company is exposed to the risk of disruption in operations as a result of natural disasters and political and economic disturbances. It has a robust Disaster Recovery Plan ('DRP') that envisages every possible risk to the security of its operations. This plan adequately provides alternatives to minimize any impact on the company's operations.

IMPACT OF EXTERNAL ECONOMIC AND POLITICAL ENVIRONMENT

Any political or economic disruption in any of the business regions is likely to impact revenue visibility and growth. The diversification among business lines and different geographical areas of operations will help mitigate this risk.

CLIENT CONCENTRATION

Approximately 64.11% of our total EPC contracts and WTG sales revenue in FY 2010 are contributed by our top 10 customers. These customers influence the financial performance of our Company and their contribution to the revenue has decreased from 78.32% in the previous fiscal.

CASH FLOW MANAGEMENT

The Company has made investments in infrastructure, investments and purchase of equipments and Wind Turbines. While the Company is well capitalized owing to its recent public issue, the Company will require to make investments to continually grow its business. The Company is cash flow positive and is well placed to meet fund requirements over the next few quarters through internal accruals.

FOREIGN EXCHANGE MANAGEMENT

The current financial year has seen significant volatility in foreign exchange rates as the rupee has both appreciated and depreciated against the dollar. While the proportion of projects undertaken by the Company is primarily domestic in nature, the company may have an increasing proportion of export revenues going forward as well as import of some equipments/ materials for our projects. We monitor the market closely and hedge our exchange risk by undertaking necessary but simple forward covers on a case to case basis to minimize our risk.

TAXATION RISK

In respect of tax assessments yet to be concluded the Company is exposed to possible disallowances. However, the revenue and cost recognition principles adopted by the Company are in line with generally accepted accounting and costing principles followed by industry and have also been assessed as fair and proper by independent consultants.

EMPLOYEE RISK

The company is susceptible to attrition from its key technical and support personnel, especially in the background of increasing opportunities in the business verticals that they operate in. The Company has ensured competitive compensation policies and robust employee development and retention plans including ESOP Schemes in order to minimize attrition. It also provides high standards of work environment and recreational facilities to employees.

HUMAN RESOURCES

Our Human resources are a very valuable asset for our Company and employee involvement is encouraged and harnessed towards attainment of the Company's goals. A good pool of human resources is the biggest competitive advantage and we, at SEPC, believe in nurturing our talent as we place equal emphasis on human as well as material resources. We have requirements for further personnel and employed several engineers from prestigious institutes to add value to our employee strength. We believe in maintaining a congenial atmosphere which provides equal opportunity for all.

During FY2009-10, the total headcount of SEPC and its Subsidiaries/Associates stood at 1508 across all operations, an increase of 222 as compared to FY2008-09. Of the total headcount, 442 were part of the standalone operations and

1066 were in Subsidiary and Associate companies. The increase in headcount was spread evenly across all service lines.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. The Management believes that the financial statements included in this report fairly present in all material respects the Company's financial position and results of operations and cash flows for the periods presented.

The Management further believes that it has established sufficient and adequate internal control systems and procedures to ensure:

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with laws, regulations and contracts

MANAGEMENT'S RESPONSIBILITY STATEMENT

The management is responsible for preparing the company's consolidated financial statements and related information that appears in this annual report. It believes that these financial statements fairly reflect the form and substance of transactions, and reasonably represent the company's financial condition and results of operations in conformity with Indian Generally Accepted Accounting Principles.

ENDNOTE

Shriram EPC has already established its presence in key business verticals and has established its competence through meaningful client engagement. It has demonstrated to customers its significant domain knowledge and enhanced its service offerings to win business deals while competing against several peer companies. The management is now focused on taking these initiatives forward and transforming the vast potential of the sharply focused organization into growth.

SAFE HARBOUR

Some of the statements in this Annual Report that are not historical facts are forward looking statements. These forward looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer , market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market fluctuations in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.

CORPORATE GOVERNANCE GUIDELINES

Corporate Governance refers to the manner, in which a Company is directed, and laws and customs affecting that direction. It includes the manner in which a Company operates under the laws governing Companies, the bylaws established by the Company itself, and the structure of the Company. The Corporate Governance structure specifies the relationship, and the distribution of rights and responsibilities, among primarily three groups of participants, viz., the Board of Directors, Managers, and Shareholders. This system spells out the rules and procedures for making decisions on corporate objective that are set, as well as the means of attaining and monitoring the performance of those objectives.

The fundamental concern of Corporate Governance is to ensure the conditions whereby a Company's Directors and Managers act in the interests of the Company and its various Stakeholders.

Our Company's Corporate Governance philosophy is based on the following principles

* To be transparent and maintain a high degree of disclosure levels.
* To make a clear distinction between personal conveniences and corporate resources.
* To communicate externally, in a truthful manner.
* To comply with various statues.
* Management not the owner but is the trustee of the shareholders' capital.

The Board supervises the functioning of the management and protects the long-term interests of all stakeholders of the Company. The majority of our Board comprises of independent members. Further we have Audit, Share Transfer & Investors Grievance, Compensation, Investment, Alottment, Borrowing and Remuneration Committees which comprise independent directors in the respective Committees as required under Clause 49 of the listing agreement.

BOARD OF DIRECTORS

SIZE AND COMPOSITION OF THE BOARD

The current policy is to have an appropriate mix of executive and independent Directors to maintain the independence of the Board. The Board consists of 11 members, 2 of whom are executive directors and others are non-executive directors.

The Board periodically evaluates and decides the need for increasing or decreasing its size.

Five meetings of the Board of Directors were held during the year ending 31^{st} March 2010. These were held on 25^{th} May 2009, 30^{th} May 2009, 30^{th} July 2009, 29^{th} October 2009, and 25^{th} January 2010.

The composition of our Board and the number of outside directorships held by each of the directors is given in the table.

			Directorships held as on March 31, 2010#	
Name of Director	Position	Relationship with other Directors	India Listed Companies	Member in Committee (Audit & Investor Grievance Commitee)
Mr. Arun Duggal	Chairman	None	10	4 Audit Committees
Mr. T. Shivaraman	Managing Director & CEO	None	-	-
Mr. M. Amjad Shariff	Jt. Managing Director	None	1	-
Mrs. Vathsala Ranganathan	Director	None	2	-
Mr. S.R. Ramakrishnan	Independent Director	None	1	-
Mr. R. Sundararajan	Independent Director	None	1	-
Mr. R.S. Chandra	Independent Director	None	-	-
Mr. K. Madhava Sarma	Independent Director	None	-	-
Mr. Sunil Varma	Independent Director	None	1	1 Audit Committee
Mr. S. Krishnamurthy (a)	Independent Director	None	3	-
Mr. Sunil Kumar Kolangara (b)	Nominee Director	None	2	3 Audit Committees
Mr. S.C. Tripathi (c)	Independent Director	None	8	-
Mr. K.E.C. Raja Kumar (d)	Nominee Director	None	1	-
Mr. N. Rangachary (e)	Independent Director	None	4	2 Audit Committees -1 Member -1 Chairman

excluding directorship in Shriram EPC Limited and its subsidiaries

(a) Appointed as Additional Director w.e.f. 23.12.2009.

(b) Appointed as Nominee Director w.e.f. 18.1.2010 in place of Mr. K E C Rajakumar.

(c) Resigned w.e.f. 23.06.2009.

(d) Resigned from the Board w.e.f. 18.01.2010.

(e) Resigned from the Board w.e.f. 1.4.2010.

None of the Directors on the Board is a Member on more than 10 committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement), across all companies in which he is a Director.

The Independent Directors have confirmed that they satisfy the 'criteria of independence' as stipulated in the amended Clause 49 of the listing agreement.

Changes in the composition of the Board during the year 2009-2010 is as under

Names of Director	Particulars- Appointed/Ceased	Date
1. Mr. S C Tripathi	Ceased to be Director of the Company	23.06.2009
2. Mr. S Krishnamurthy	Appointed as Additional Director	23.12.2009
3. Mr. K.E.C. Rajakumar	Ceased as Nominee Director of Unit Trust of India Investment Advisory Services Limited	18.01.2010
4. Mr. Sunil Kumar Kolangara	Appointed as Nominee Director of Unit Trust of India Investment Advisory Services Limited	18.01.2010

MEMBERSHIP TERM

The Board periodically recommends to the shareholders about re-appointments as per statute and the provisions of the Companies Act,1956 requires the retirement of one third of the Board Members (who are liable to retire by rotation) to retire every year, and qualifies the retiring members for re-appointment upon completion of their term.

COMPENSATION POLICY

The Remuneration committee determines and recommends to the Board, the compensation payable to the Executive Directors. All Board-level compensation is approved by Shareholders, and separately disclosed in the financial statements.

COMMITTEES OF THE BOARD

The Board has seven committees, the Audit Committee, the Share Transfer & Investor Grievance Committee, the Compensation Committee, the Remuneration Committee, the Investment Committee, the Allotment Committee, and the Borrowing Committee.

The Board is responsible for constituting, reconstituting, co-opting and fixing terms of service for committee members and also its Charters.

The Committee Chairman or Members in consultation with the Company Secretary, determine the frequency and duration of the committee meetings. Normally, the Audit Committee meets minimum of four times a year and all other committees meets as and when the need arises and recommendations of the committee are placed before the Board and recorded.

The quorum for all the committee meetings is either two members or one-third of the members of the committee, whichever is higher.

1. AUDIT COMMITTEE

Our Audit Committee comprises four independent directors. They are:

1. Mr. S.R. Ramakrishnan	Chairman
2. Mr. R. Sundararajan	Member
3. Mr. K. Madhava Sarma	Member
4. Mr. Sunil Varma	Member

QUORUM

The quorum of the meeting of the committee shall be either two members or one third of the total number of members of the committee whichever is higher.

In our meeting on 10th September 2007, the Audit Committee adopted a charter which meets the requirements of Clause 49 of the listing agreement with Indian Stock Exchanges. The Charter is given below:

REDEFINED POWERS OF THE AUDIT COMMITTEE

1. To investigate any activity within its terms of reference
2. To seek information from any employee
3. To obtain outside legal or other professional advice
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

TERMS OF REFERENCE

The Company had constituted an Audit Committee in the year 2002. The brief terms of reference of the Audit Committee broadly are as under:

1. To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors.
2. Discussions with internal auditors on significant audit findings and follow up thereon;
3. To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
4. To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report;
5. Recommending the appointment/reappointment of statutory auditors and fixation of their remuneration.

Further the committee is empowered to implement entire terms as specified in the Clause 49 of the listing agreement and also do all other acts for implementing the same.

AUDIT COMMITTEE ATTENDANCE DURING CALENDAR YEAR 2009

Five audit committee meetings were held during the year. These were held on 24th January 2009, 25th May 2009, 30th May 2009, 29th July 2009 and 28th October 2009.

Members		No. of Meetings Attended
1. Mr. S.R. Ramakrishnan	- Chairman	4
2. Mr. R. Sundararajan	- Member	4
3. Mr. K. Madhava Sarma	- Member	4
4. Mr. Sunil Varma	- Member	5

2. SHARE TRANSFER & INVESTORS' GRIEVANCE COMMITTEE:

Our Share Transfer & Investors' Grievance Committee comprises three independent Directors. They are:

1. Mr. R. Sundararajan	Chairman
2. Mr. K. Madhava Sarma	Member
3. Mr. S.R. Ramakrishnan	Member

The Company has designated Mr. K. Suresh, Company Secretary as the Compliance Officer.

QUORUM

The quorum of the meeting of the committee shall be either two members or one third of the total number of members of the committee whichever is higher.

SHARE TRANSFER & INVESTOR GRIEVANCE COMMITTEE CHARTER

1. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non- receipt of balance sheet etc.
2. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

The Company received and redressed 48 complaints during the financial year 2009-2010.

TERMS OF REFERENCE

Investors Grievance Committee was constituted at the Board Meeting held on 10th September 2007. The Committee looks into the letters / complaints received from the shareholders / investors / stock exchanges / SEBI and then review the same with the Registrar. These letters / complaints are replied immediately / redressed to the satisfaction of the complaints. The committee reviews periodically the action taken by the company and the Share Transfer Agents in this regard. The pendency report if any, and the time taken to redress the complaints are also reviewed by the Committee.

SHARE TRANSFER & INVESTORS' GRIEVANCE COMMITTEE ATTENDANCE DURING THE CALENDAR YEAR 2009

Three Share Transfer and Investors' Grievance Committee meetings were held during the year. These were held on 24th January 2009, 25th May 2009, and 29th October 2009.

Members		No. of Meetings Attended
Mr. R. Sundararajan	Chairman	3
Mr. K. Madhava Sarma	Member	3
Mr. S.R. Ramakrishnan	Member	3

3. COMPENSATION COMMITTEE

Our Compensation Committee comprises four independent Directors. They are:

Mr. S.R. Ramakrishnan	Chairman
Mr. R. Sundararajan	Member
Mr. R.S. Chandra	Member
Mr. K. Madhava Sarma	Member
Mr. T. Shivaraman	Member

QUORUM

The quorum of the meeting of the committee shall be either two members or one third of the total number of members of the committee whichever is higher.

COMPENSATION COMMITTEE CHARTER

a) the quantum of option to be granted under an ESOP per employee and in aggregate.

b) the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;

c) the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;

d) the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.

e) the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

f) Perform such functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("ESOP Guidelines"), in particular those stated in Clause 5 of the ESOP Guidelines.

The responsibilities vested with the committee including the powers for administration and the superintendence of the ESOP Schemes shall remain the same.

COMPENSATION COMMITTEE ATTENDANCE DURING CALENDAR YEAR 2009

One Compensation Committee meeting was held during the year. This was held on 30th July 2009.

Members		No. of Meetings Attended
1. Mr. S.R. Ramakrishnan	Chairman	NIL
2. Mr. R. Sundararajan	Member	NIL
3. Mr. K. Madhava Sarma	Member	1
4. Mr. R.S. Chandra	Member	1
5. Mr. T. Shivaraman	Member	1

4. INVESTMENT COMMITTEE

Our Investment Committee comprises four independent Directors. They are:

1. Mr. S. R. Ramakrishnan	Chairman
2. Mr. R. S. Chandra	Member
3. Mr. R. Sundararajan	Member
4. Mr. K. Madhava Sarma	Member

QUORUM

The quorum of the meeting of the committee shall be either two members or one third of the total number of members of the committee whichever is higher.

INVESTMENT COMMITTEE CHARTER

a. To invest funds of the Company in fixed / term deposits with bank(s), bodies corporate in shares / debentures (convertible or non-convertible) of companies, Government securities (Central, State or semi-Government) up to a limit not exceeding Rs. 50 crores (Rupees Fifty crores only) in one or more investments between two consecutive board meetings unless otherwise decided by the Board. Any investments over and above Rs.50 Crores shall be recommended by the Investment Committee to the Board for their approval.

b. To issue Corporate Guarantees for the borrowings of Subsidiary and Associate Companies upto a limit of Rs 150 crores in one or more guarantees between two consecutive board meetings unless otherwise decided by the Board. Any guarantees over and above Rs.150 Crores shall be recommended by the Investment Committee to the Board for their approval.

c. To make Subscription / Contribution to share capital, public / rights issue and un-subscribed portion of rights issues, subscription to additional share capital, participation by way of private placement, including investment of funds abroad up to a limit not exceeding Rs. 50 crores (Rupees Fifty crores only) in one or more investments between two consecutive board meetings unless otherwise decided by the Board. Any investments over and above Rs.50 Crores shall be recommended by the Investment Committee to the Board for their approval.

INVESTMENT COMMITTEE ATTENDANCE DURING THE CALENDAR YEAR 2009

10 Investment Committee meetings were held during the year. These were held on 17th February 2009,17th March 2009, 30th April 2009, 19th May 2009, 30th July 2009, 7th August 2009, 29th September 2009, 14th October 2009, 28th October 2009 and 14th December 2009.

Members		No. of Meetings Attended
Mr. S.R. Ramakrishnan	Chairman	3
Mr. R.S. Chandra	Member	1
Mr. R. Sundararajan	Member	8
Mr. K. Madhava Sarma	Member	9

5. ALLOTMENT COMMITTEE

Our Allotment Committee comprises two independent Directors. They are:

Mr. R. Sundararajan	Chairman
Mrs. Vathsala Ranganathan	Member
Mr. K. Madhava Sarma	Member

QUORUM

The quorum of the meeting of the committee shall be either two members or one third of the total number of members of the committee whichever is higher.

ALLOTMENT COMMITTEE CHARTER

a. Issue and allot shares subject to the provisions of Section 75 of the Companies Act, 1956 and subject to the Memorandum and Articles of Association of the Company and in accordance with the Companies (Issue of Share Certificates) Rules, 1960.

b. Issue duplicate share certificates in accordance with the Articles of Association of the Company and in accordance with the Companies (Issue of Share Certificates) Rules, 1960.

c. Affix the Common Seal of the Company in accordance with the Articles of Association of the Company and in accordance with the Companies (Issue of Share Certificates) Rules, 1960.

ALLOTMENT COMMITTEE ATTENDANCE DURING THE CALENDAR YEAR 2009

5 Allottmment committee Meetings were held during the year. These were held on 13th January 2009, 17th March 2009, 11th June 2009, 11th September 2009 and 23rd December 2009.

Members		No. of Meetings Attended
Mr. R. Sundararajan	Chairman	2
Mrs. Vathsala Ranganathan	Member	5
Mr. K. Madhava Sarma	Member	5

6. BORROWING COMMITTEE

Our Borrowing Committee comprises two independent Directors. They are:

1. Mrs. Vathsala Ranganathan	Chairman
2. Mr. R. Sundararajan	Member
3. Mr. K. Madhava Sarma	Member

QUORUM

The quorum of the meeting of the committee shall be either two members or one third of the total number of members of the committee whichever is higher.

BORROWING COMMITTEE CHARTER

* Borrow monies otherwise than on Debentures - not exceed Rs. 100 Crores at any one time.

* Create necessary charges on the assets of the Company as they may deem fit.

* Empowered to authorise affixing of the common seal of the Company to any documents that may be required to be executed in pursuance of the exercise of the borrowing powers delegated to it provided such documentssigned by any two Directors of the Company or by one Director and such other officer as may be authorised by the Committee.

BORROWING COMMITTEE ATTENDANCE DURING THE CALENDAR YEAR 2009

Nineteen Borrowing Committee meetings were held during the year. These were held on 15th January 2009, 2nd February 2009, 25th February 2009, 3rd March 2009, 27th March 2009, 29th April 2009, 8th May 2009, 11th June 2009, 29th June 2009, 25th July 2009, 7th August 2009, 7th September 2009, 17th September 2009, 25th September 2009, 29th September 2009, 5th November 2009, 12th November 2009, 12th December 2009 and 23rd December 2009.

Members		No. of Meetings Attended
Mrs. Vathsala Ranganathan	Chairman	19
Mr. R. Sundararajan	Member	7
Mr. K. Madhava Sarma	Member	14

7. REMUNERATION COMMITTEE

Our Remuneration Committee comprises three independent directors. They are:

1. Mr. K. Madhava Sarma	Chairman
2. Mr. R. Sundararajan	Member
3. Mr. S.R. Ramakrishnan	Member

QUORUM

The quorum of the meeting of the committee shall be either two members or one third of the total number of members of the committee whichever is higher.

REMUNERATION COMMITTEE CHARTER

1. To determine within the agreed framework, specific remuneration packages for each of the Executive Directors, the non-executive Directors and such other members of the executive management including salary, bonus, incentive payments, share options, pension rights, terms of employment and any compensation payments.

2. To approve and monitor the level and structure of the remuneration of the first layer of management, such layer to be determined by the Board;

3. All Human Resources related issue.

4. Other key issues / matters as may be referred by the Board or as may be necessary in view of Clause 49 of the Listing Agreement or any statutory provisions.

REMUNERATION COMMITTEE ATTENDANCE DURING THE CALENDAR YEAR 2009

No Remuneration committee meeting was held during the year.

Members		No. of Meetings Attended
Mr. K. Madhava Sarma	Chairman	-
Mr. R. Sundararajan	Member	-
Mr. S.R. Ramakrishnan	Member	-

MISCELLANEOUS PROVISIONS

The Committee may invite other Directors/ Officers of the Company to attend the meetings of the Committee as 'Invitees' from time to time, as and when required.

Minutes of the Remuneration Committee will be placed before the Board in its subsequent meeting.

DETAILS OF REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2010

(1) EXECUTIVE DIRECTORS

(Rs. in Lakhs)

Name & Position	Salary	Commission	Perquisites	HRA	Provident Fund	Retirement Benefits	Others	Total
Mr. T Shivaraman Managing Director & CEO	24.00	-	-	6.00	-	-	-	30.00
Mr. M Amjad Shariff Joint Managing Director	24.00	-	-	6.00	-	-	-	30.00

The two Executive Directors (Managing Director & CEO and the Joint Managing Director) are paid remuneration as decided by the Board of Directors on the recommendation of the Remuneration Committee of the Board with the approval of Shareholders.

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

(2) NON-EXECUTIVE DIRECTORS

Remuneration by way of Sitting Fees is paid to all Non-executive Directors. It was being paid at the rate of Rs.10,000/- for attending each Meeting of the Board and Rs.5,000/- for attending each Committee Meeting till 25-05-2009.

Further, at the Board Meeting held on 25th May 20009, approval was received to increase the Sitting Fees payable to all Non-executive Directors, and accordingly it is being paid at the rate of Rs.15,000/- for attending each Meeting of the Board and Rs.10,000/- for attending each Committee Meeting with effect from 30th May 2010.

Particulars of Sitting Fees including for attending the Board / Committee Meeting paid to Non-executive Directors during the financial year 2009-10 are as follows:-

Name of Director	Sitting Fees Paid (Rs.)
Mrs. Vathsala Ranganathan	3,00,000
Mr. S.R. Ramakrishnan	1,50,000
Mr. R. Sundararajan	3,10,000
Mr. R.S. Chandra	35,000
Mr. K. Madhava Sarma	3,70,000
Mr. K.E.C. Raja Kumar	30,000
Mr. Sunil Varma	1,15,000
Mr. N. Rangachary	25,000
Mr. S.C. Tripathi	-
Mr. Sunil Kumar Kolangara	15,000
Mr. S. Krishnamurthy	15,000

GENERAL BODY MEETINGS

The date, time and venue of the last three annual general meetings are given below:-

Year	Date	Time	Venue
2006 - 07	11-06-2007	10.30 A.M.	NO. 5, T.V. STREET, CHETPET, CHENNAI - 600 031.
2007 - 08	22-08-2008	10.25 A.M.	AT SRI KRISHNA GANA SABHA, DR. NALLI GANA VIHAR, 20, MAHARAJAPURAM SANTHANAM ROAD, T.NAGAR, CHENNAI – 600 017.
2008 - 09	31-08-2009	3.00 P.M	NARADA GANA SABHA, 314, TTK ROAD, CHENNAI – 600 018

SPECIAL RESOLUTIONS PASSED AT LAST THREE ANNUAL GENERAL MEETINGS (AGM)

- At the 7th AGM held on 11th June 2007, the following resolution was passed.

  Under Section 31 of the Companies Act, 1956 for substituting of Article No. 3 in place of the existing Article No. 3 of the Articles of the Association of the Company for increase in authorized share capital from Rs.65 crores to Rs. 85 crores.

- At the 8th AGM held on 22nd August 2008, the following resolution was passed.

  Under Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing clause 266 to 274 (both inclusive) of the Articles of Association of the Company was deleted.

- At the 9th AGM held on 31st August 2009, the following resolution was passed.

  Under Section 31 of the Companies Act, 1956 for altering Article No.169 of the Articles of the Association of the Company for increasing the number of Directors from 12 to 15.

PASSING OF RESOLUTION BY POSTAL BALLOT

Approval of Shareholders was obtained through Postal Ballot on 21st August 2008 by way of Ordinary Resolution pursuant to Sections 293(1)(a) and 192A of the Companies Act, 1956 for the transfer of the business of manufacturing and marketing of wind turbines of 250 kilowatt capacity to Leitner Shriram Manufacturing Limited and Shriram Leitwind Limited respectively.

Approval of the shareholders was obtained on 10th January 2009 under Section 17 and 192 A of the Companies Act, 1956, by way of a Special Resolution for altering the Main Objects of the Memorandum of Association of the Company by including Clause 12 to III A of the Main Objects .

Approval of the shareholders was also obtained on 10th January 2009 by way of a Special Resolution under Section 81(1A) of the Companies Act, 1956 for issuance of 350000 options under the ESOP 2007 Scheme to the present and future permanent employee(s) including Director(s) of the Company, and also to such 'Eligible Employees and Directors of the subsidiaries companies, under a scheme titled "Shriram EPC Employees Stock Option Scheme 2007".

CODE OF CONDUCT

The Board has laid down a "Code of Conduct" (Code) for all the Board members and the senior management of the Company, and the Code is posted on the website of the Company www.shriramepc.com. Annual declaration regarding compliance with the Code is obtained from every person covered by the Code of Conduct. A declaration to this effect signed by the Joint Managing Director is forming part of the report.

WHISTLE BLOWER POLICY

In line with the Company's commitment to the high standards of ethical, moral and legal business conduct and its commitment to open communication, a 'Whistle Blower Policy' is framed and is available on the Company's website.

The audit committee is vested with the power to review functioning of the 'Whistle Blower' mechanism.

PREVENTION OF INSIDER TRADING

The Company has framed a code of conduct for Prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This code is applicable to all Directors / Officers (including Statutory Auditors) / designated employees. The code ensures the prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

As regards the non-mandatory requirements, the following were adopted:

1. As detailed in the earlier paragraphs, the Company has constituted a Compensation Committee.
2. Pursuant to the non mandatory requirements of the listing agreement, the Company has established a whistle blower mechanism to provide an avenue to raise concerns.
3. As the quarterly financial results are published in leading financial newspapers, uploaded on the Company's website and any major developments are covered in the press releases issued by the Company from time to time and posted in the Company's website, the Company did not send the half yearly financial results to the shareholders during the year 2009-10.
4. Other non mandatory requirements have not been adopted by the Company.

OTHER DISCLOSURES

MANAGEMENT DISCUSSION ANALYSIS

A management discussion and analysis report highlighting individual businesses has been included in the annual report.

Periodical disclosures from Senior Management relating to all material financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large were placed before the Board.

Transactions with the related parties are disclosed in Note 20 of Schedule 15 to the Accounts in the Annual Report.

The Company has followed the Guidelines of Accounting Standards laid down by the Companies (Accounting Standard) Rules, 2006 in preparation of its financial statements.

RISK MANAGEMENT

The Company has laid down procedures to inform board members about the risk assessment and minimization procedures. The board periodically discusses the significant business risks identified by the management and the mitigation process being taken up. A detailed note on risk identification and mitigation is included in the management discussion and analysis, annexed to the Directors' report.

SUBSIDIARY COMPANIES

The Company does not have any material non listed Indian Subsidiary Company. The Audit Committee reviews the financial statements and in particular, the investments made by unlisted subsidiary companies. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board of Directors of the Company for their review.

COMPLIANCE WITH CORPORATE GOVERNANCE NORMS

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. The Company has submitted the compliance report in the prescribed format to the stock exchanges for the quarter ended 31st March 2010. The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with the stock exchanges. The said certificate is annexed to the Directors' Report and will be forwarded to the Stock Exchanges and the Registrar of Companies, Tamil Nadu, Chennai, along with the Annual Report.

The Ministry of Corporate Affairs, Government of India, has issued in December 2009 'Corporate Governance Voluntary Guidelines, 2009' and introduction of the recommended measures will be considered carefully at an appropriate time.

MEANS OF COMMUNICATION

The audited financial results are published in the newspapers including Economic Times, Business Line, Makkal Kural etc. The quarterly results and other major announcements like book closure and dividend declarations will also be published in leading newspaper dailies and will also be made available in the Company's website www.shriramepc.com. Besides the financial information, the following are posted on the Company's website:

- Periodical press releases
- Presentations to investors/analysts

The code of conduct and the whistle blower policy are also posted on the Company's website.

CEO/CFO CERTIFICATION

CEO and CFO have given a certificate to the Board as contemplated in clause 49 of the Listing Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

A management discussion and analysis forms part of the annual report.

GENERAL SHAREHOLDER INFORMATION

A separate section on the above has been included in the annual report.

GENERAL SHAREHOLDER INFORMATION

REGISTERED OFFICE

No.5, T V Street, Chetpet, Chennai – 600 031

ANNUAL GENERAL MEETING

Day	Wednesday
Date	29th September, 2010
Time	3.00 p.m.
Venue	Mini Hall, Sri Krishna Gana Sabha, 20, Maharajapuram Santhanam Road, T. Nagar, Chennai 600 017.

TENTATIVE FINANCIAL CALENDAR

Board Meeting	
Financial reporting for the 1st Quarter ending 30th June 2010	28th July 2010
Financial reporting for the 2nd Quarter ending 30th September 2010	On or before 15th November 2010
Financial reporting for the 3rd Quarter ending 31st December 2010	On or before 15th February 2011
Financial reporting for the year ending 31st March 2011	On or before May 31st 2011

FINANCIAL YEAR

The Financial year of the Company is 1st April – 31st March.

BOOK CLOSURE FOR DIVIDEND

Wednesday, the 15th September 2010 to Wednesday, the 29th September 2010 (both days inclusive)

LISTING ON STOCK EXCHANGES AND STOCK CODE

Equity Shares	
The National Stock Exchange of India Ltd.	SHRIRAMEPC
The Bombay Stock Exchange Ltd., Mumbai	532945

MARKET PRICE DATA AND COMPARISON

Month	[BSE]		[NSE]	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
[APRIL]	150.00	120.60	143.00	118.00
[MAY]	220.75	122.00	223.95	120.50
[JUNE]	204.95	147.50	204.00	143.00
[JULY]	176.80	148.00	172.00	147.00
[AUGUST]	199.00	156.80	198.00	142.85
[SEPTEMBER]	211.00	176.10	210.45	159.80
[OCTOBER]	265.00	170.00	264.00	186.10
[NOVEMBER]	247.65	207.10	246.00	202.10
[DECEMBER]	239.95	185.55	241.95	205.00
[JANUARY]	242.00	198.50	242.75	201.00
[FEBRUARY]	226.90	177.75	219.00	181.00
[MARCH]	215.00	185.00	213.00	185.00

REGISTRAR AND SHARE TRANSFER AGENT

CAMEO CORPORATE SERVICES LIMITED

Subramanian Building, V Floor
No. 1, Club House Road
Chennai 600 002, Tamilnadu, India
Tel: (91 44) 2846 0390
Fax: (91 44) 2846 0129
Email: shriramepc@cameoindia.com
Website: www.cameoindia.com
Contact Person: Mr. R.D. Ramasamy
SEBI Registration Number: INR000003753

SHARE TRANSFER AND INVESTOR SERVICE SYSTEM

A committee of the Board constituted for the purpose, approves share transfers in the physical form and also in Electronic mode.

SHAREHOLDING PATTERN AS ON 31ST MARCH 2010

Category	No. of Shares	% of Shareholding
Promoters	1,84,58,354	**42.03**
FII	26,20,151	**5.97**
Mutual Fund	18,13,807	**4.13**
Financial Institutions	3,17,646	**0.72**
Corporate Bodies	18,39,099	**4.19**
Foreign Corporate Bodies	1,34,81,762	**30.70**
Non-Resident Indian	30,471	**0.07**
Trust	37,86,779	**8.62**
Clearing Member	11,766	**0.03**
Public	15,53,942	**3.54**
TOTAL	**4,39,13,777**	**100.00**

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2010

No. of Shares held	No. of Shareholders	% of Shareholder	Total Shares	Amount (Rs.)	% of Amount
1 - 5000	8,066	95.65	6,64,181	66,41,810	1.51
5001 - 10000	151	1.79	1,18,824	11,88,240	0.27
10001 - 20000	64	0.76	95,996	9,59,960	0.22
20001 - 30000	32	0.38	82,856	8,28,560	0.19
30001 - 40000	22	0.26	75,369	7,53,690	0.17
40001 - 50000	20	0.24	90,324	9,03,240	0.21
50001 - 100000	39	0.46	2,87,855	28,78,550	0.66
100001 - And Above	39	0.46	4,24,98,372	42,49,83,720	96.78
TOTAL	**8,433**	**100.00**	**4,39,13,777**	**43,91,37,770**	**100.00**

DISTRIBUTION OF HOLDINGS - NSDL, CDSL & PHYSICAL RECORD DATE: 31ST MARCH 2010

SHAREHOLDING SUMMARY AS ON 31ST MARCH 2010

Category	No. of Holders	Total Shares	% of Holdings
PHYSICAL	8	62	0.00
NSDL	5,806	4,34,92,980	99.04
CDSL	2,619	4,20,735	0.96
TOTAL	**8,433**	**4,39,13,777**	**100.00**

NOMINATION FACILITY

The shareholders may avail of the nomination facility under Section 109A of the Companies Act, 1956. The nomination form (Form 2B), along with instructions, will be provided to the members on request. In case the members wish to avail of this facility, they are requested to write to the Company's registrar M/s. Cameo Corporate Services Limited.

DEMATERIALISATION OF SHARES

The shares of the Company are compulsorily traded in dematerialized form. The code number allotted by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd., to Shriram EPC Limited is ISIN INE-964H01014.

ADDRESS FOR INVESTOR CORRESPONDENCE

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address or any other query relating to shares, please write to:

Cameo Corporate Services Ltd.
Subramanian Building, V Floor
No. 1, Club House Road
Chennai 600 002, Tamilnadu, India.
Tel: (91 44) 2846 0390
Fax: (91 44) 2846 0129
Email: shriramepc@cameoindia.com
Website: www.cameoindia.com

Mr. K Suresh
Company Secretary
Shriram EPC Limited
No.5, T V Street, Chetpet
Chennai – 600 031, Tamilnadu, India.
Tel: (91 44) 2836 1817
Fax: (91 44) 2836 3518
Email: suresh@shriramepc.com
Website:www.shriramepc.com

ONLINE INFORMATION

Shareholders are requested to visit www.shriramepc.com for online information about the Company. The financial results, share price information, dividend announcements of the Company are posted on the website of the Company and are periodically updated with all developments, for the information of shareholders. Besides this the shareholders have the facility to post any query to the Company directly from the website which are acted upon within 24 hours of receipt of query.

LIST OF PROMOTERS

List of promoters of the Company constituting the 'Group' pursuant to Regulation 3(e) (i) of SEBI (substantial Acquisition of shares & Takeover) Regulations, 1997.

1. Shriram Industrial Holdings Pvt. Ltd.
2. Shriram Auto Finance
3. Shriram Ownership Trust
4. Any Company / entity promoted by any of the above.

DISCLOSURES

There have been no materially significant related party transactions that may have potential conflict with the interests of the company at large. The necessary disclosures regarding the transactions are given in the Notes to accounts.

There have been no instances of non-compliance on any matters relating to capital markets, nor have any penalty/ strictures been imposed on the company by the stock exchange or SEBI or any statutory authorities on such matters.

MEANS OF COMMUNICATION

The Quarterly results are being published in leading national English newspapers (The Hindu Business Line/Economic Times) and in one vernacular (Tamil) newspaper (Makkal Kural). The quarterly results are also available on the Company's website www.shriramepc.com

The Company's website also displays official press releases, shareholding pattern and presentations made to the analysts and brokers.

CODE OF CONDUCT FOR DIRECTORS & SENIOR MANAGERS

The Board of Directors at their meeting held on 14th February 2008 has adopted the Code of Conduct for Directors and Senior Management (the Code) which applicable to all Directors -Executive as well as Non-executive and members of senior management.

The Board of Directors and Senior Management are responsible for and are committed to setting the standards of conduct contained in this code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the need of investors and all other stakeholders as also to reflect corporate, legal and regulatory developments.

DECLARATION ON CODE OF CONDUCT

To the Members of Shriram EPC Limited

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has also been posted on the website of the Company.

It is further confirmed that all Directors and Senior,Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March 2010, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

Place : Chennai
Date : 24th May 2010

M. Amjad Shariff
Joint Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

We have examined the compliance of conditions of Corporate Governance by Shriram EPC Limited, for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants

Geetha Suryanarayanan
Partner
Membership No. 29519

Place : Chennai
Date : 24th May 2010

AUDITORS' REPORT TO THE MEMBERS OF SHRIRAM EPC LIMITED

TO THE Members of SHRIRAM EPC LIMITED

1. We have audited the attached Balance Sheet of Shriram EPC Limited, as at March 31, 2010, the Profit and Loss Account and Cash Flow of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(iii) The Balance Sheet, Profit and Loss Account and Cash Flow dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow dealt with by this report complies with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

(v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

b) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. On the basis of written representations received from the directors as on 31st March 2010 taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 as on the said date;

For DELOITTE HASKINS & SELLS
Chartered Accountants
Registration No: 008072S

Geetha Suryanarayanan
Partner
Membership No.29519

Place : Chennai
Date : 24th May 2010

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in Paragraph 3 of the report of even date

1. Having regard to the nature of the Company's business/ activities/result, clauses (x), (xii), (xiii), (xiv), (xix) and (xx) of CARO are not applicable.
2. In respect of fixed assets:
   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
   (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposals has, in our opinion not affected the going concern status of the Company.
3. In respect of its inventories:
   (a) As explained to us, inventories (other than contract work in progress) were physically verified by the management at reasonable intervals.
   (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
   (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification between physical stock and book records were not material.
4. In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under section 301 of the Companies Act, 1956, according to the information and explanations given to us:
   (a) The Company has granted unsecured interest free loan, to the party covered in the register maintained under Section 301 of the Companies Act, 1956 during the previous year. At the year-end, the outstanding balances of such loans aggregated to Rs. 1,45,00,000, and the maximum amount involved during the year was Rs. 1,45,00,000.
   (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
   (c) There are no overdue amounts as at the Balance Sheet date.
   (d) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us , having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory and the sale of goods and services, *however the internal controls with regard to the purchases of fixed asset needs to be strengthened*. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
6. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
   a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
   b) Where each of such transactions is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
7. According to the information and explanations given to us, the Company has not accepted deposit from the public during the year.
8. In our opinion, the internal audit functions carried out during the year by firm of Chartered accountants appointed by the Management have been commensurate with the size of the Company and the nature of the business.

9. We have broadly reviewed the cost records maintained by the Company in respect of generation of electricity from windmill where pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

10. Statutory and other dues : According to the information and explanations given to us in respect of statutory dues:

    (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Work Contract Tax, Income Tax, Value Added Tax, Customs Duty, Wealth Tax, Service Tax, Cess and other statutory dues applicable to it with the appropriate authorities during the year.

    (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Work Contract Tax, Income Tax, Value Added Tax, Customs Duty, Wealth Tax, Service Tax and Cess were in arrears, as at 31st March 2010 for a period of more than six months from the date they became payable.

    (c) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March 2010 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in Lakhs)
Income Tax Act	Income Tax demand	Appellate Tribunal	2000-01	55.94
Income Tax Act	Income Tax demand	Appellate Tribunal	2001-02	21.59
Income Tax Act	Income Tax demand	Appellate Tribunal	2002-03	51.9
Income Tax Act	Income Tax demand	Appellate Tribunal	2003-04	163.25
Income Tax Act	Income Tax demand	Commissioner of Income Tax (Appeals)	2004-05	30.58
Income Tax Act	Income Tax demand	Commissioner of Income Tax (Appeals)	2005-06	340.53
Income Tax Act	Income Tax demand	Commissioner of Income Tax (Appeals)	2006-07	318.95

11. According to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks/financial institutions.

12. In our opinion and according to the information and explanations given to us, the Company has given guarantee, for loans taken by a subsidiary, associate and joint venture company from a bank during the year the terms of which are not prejudicial to the interest of the Company.

13. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

14. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

15. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

16. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
Registration No: 008072S

Geetha Suryanarayanan
Partner
Membership No.29519

Place: Chennai
Date: 24th May 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in Lakhs)

	Schedule	As at 31.03.2010		As at 31.03.2009	
SOURCES OF FUNDS					
1 Shareholders Funds					
a) Share Capital	1	4,391.38		4,334.89	
b) Share Application Money		2.82		-	
c) Employees Stock Options Outstanding (Refer Note 21 of Schedule 15)		126.42		238.72	
d) Reserves and Surplus	2	37,619.10	42,139.72	33,380.25	37,953.86
2 Loan Funds					
Secured Loans	3	50,564.51		24,015.20	
Unsecured Loans	4	12,527.61	63,092.12	2,528.67	26,543.87
3 Deferred tax liability (Net)(Refer Note 17 of Sch15)			2,802.13		1,542.80
TOTAL			**1,08,033.97**		**66,040.53**
APPLICATION OF FUNDS					
1 Fixed Assets	5				
a) Gross Block		16,327.56		11,552.28	
b) Less: Accumulated Depreciation		2,158.45		1,250.59	
c) Net Block		14,169.11		10,301.69	
d) Add :Capital work in progress including capital advances		1.09	14,170.20	353.54	10,655.23
2 Investments	6		21,064.28		17,201.22
3 Current Assets, Loans and Advances	7				
a) Inventories		17,754.20		7,829.67	
b) Sundry Debtors		83,270.21		49,217.76	
c) Cash and Bank Balances		17,844.80		3,452.82	
d) Loans and Advances		23,478.77		24,970.30	
e) Other Current assets		7.05		5.70	
		1,42,355.03		85,476.25	
4 Less : Current Liabilities and Provisions	8				
a) Current Liabilities		68,693.05		46,293.15	
b) Provisions		862.49		999.02	
		69,555.54		47,292.17	
Net Current Assets			72,799.49		38,184.08
TOTAL			**1,08,033.97**		**66,040.53**
The Schedules referred to above form an integral part of Balance sheet					
Notes on Accounts	15				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board

Geetha Suryanarayanan
Partner

M.Amjad Shariff
Joint Managing Director

Vathsala Ranganathan
Director

R.Sundararajan
Director

Chennai
Dated : 24th May, 2010.

K.Suresh
Company Secretary

Vivek Sharma
Chief Financial Officer

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

(Rs. in Lakhs)

	Schedule	Year ended 31.03.2010		Year ended 31.03.2009	
INCOME					
Sales, Services and Work Bills	9		1,11,051.76		91,876.55
Other Income	10		1,121.47		518.87
TOTAL			**1,12,173.23**		**92,395.42**
EXPENDITURE					
Manufacturing, Construction and Operation expenses	11		96,251.94		80,823.22
Employee Costs	12		1,794.28		2,021.56
Other Costs	13		2,208.90		1,542.01
Interest and Finance charges	14		4,171.62		1,085.33
Depreciation / Amortisation	5		1,034.47		630.19
TOTAL			**1,05,461.21**		**86,102.31**
Profit before Tax			**6,712.02**		**6,293.11**
Less : Tax Expenses					
— Current		1,207.36		1,277.83	
— Deferred		1,259.33		975.72	
— Fringe Benefits tax		---		37.88	
— MAT Credit Entitlement		(220.70)	2,245.99	---	2,291.43
Profit after Tax			4,466.03		4,001.68
Balance brought forward from previous year			9,117.82		5,824.84
Profits available for appropriation			13,583.85		9,826.52
Less: Appropriations					
Proposed Dividend- 12% (Previous year - 12%)			526.97		520.19
Dividend Tax			87.52		88.41
Provision of dividend - 2008-09 including dividend tax for previous year (Refer Note 23 of Schedule 15)			0.99		---
Transfer to General Reserve			111.65		100.10
Balance carried to Balance Sheet			12,856.72		9,117.82
Earnings per Share of Rs. 10/- each. (Refer Note 18 of Schedule 15)					
- Basic - Rupees			10.26		9.25
- Diluted - Rupees			10.05		9.25
The Schedules referred to above form an integral part of the Profit and Loss account					
Notes on Accounts	15				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board

Geetha Suryanarayanan
Partner

M.Amjad Shariff
Joint Managing Director

Vathsala Ranganathan
Director

R.Sundararajan
Director

Chennai
Dated : 24th May, 2010.

K.Suresh
Company Secretary

Vivek Sharma
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010.

(Rs. in Lakhs)

	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	6,712.02	6,293.11
Provision for Doubtful debts	473.21	118.87
Interest Income	(262.58)	(177.57)
Depreciation	1,034.47	630.19
Profit / Loss on Sale of Fixed Assets (net)	(118.61)	0.66
Employee Share option expense	276.00	283.51
Interest and finance charges expenditure	4,171.62	1,085.33
Operating Profit before working capital changes	**12,286.13**	**8,234.10**
Working capital changes :		
Increase in Inventories	(9,924.53)	(3,015.95)
Increase in Sundry Debtors	(34,525.66)	(18,226.22)
Decrease / (Increase) in Loans and Advances	1,129.25	(12,411.42)
Increase in Current Liabilities and provisions	22,452.82	15,325.13
Cash used in operations	(8,581.99)	(10,094.36)
Direct taxes paid including Fringe Benefits tax	(819.72)	(1,143.46)
Net cash used in operating activities	**(9,401.71)**	**(11,237.82)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds on Sale of Fixed Assets	5,200.29	279.17
Additions to Fixed Assets	(9,631.12)	(6,804.00)
Purchase of Investments	(3,863.06)	(7,088.58)
Sale of Investments	-	10.00
Interest Received	261.23	182.05
Net cash used in Investing activities	**(8,032.66)**	**(13,421.36)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Issue	59.31	30.38
Proceeds from Borrowings (secured and unsecured)	90,872.07	37,409.74
Repayment of Borrowings	(54,539.77)	(22,416.56)
Interest and finance charges paid	(3,955.67)	(1,085.33)
Dividend paid (inclusive of dividend tax)	(609.59)	-
Net Cash generated from financing activities	**31,826.35**	**13,938.23**
D. NET INCREASE (DECREASE) IN CASH AND		
CASH EQUIVALENTS DURING THE PERIOD (A + B + C)	14,391.98	(10,720.95)
Cash and Cash equivalents as at the beginning of the period	3,452.82	14,173.77
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD	17,844.80	3,452.82

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board

Geetha Suryanarayanan
Partner

M.Amjad Shariff
Joint Managing Director

Vathsala Ranganathan
Director

R.Sundararajan
Director

Chennai
Dated : 24th May, 2010.

K.Suresh
Company Secretary

Vivek Sharma
Chief Financial Officer

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010.

Amount in Rs Lakhs

	As at 31.03.2010		As at 31.03.2009	
SCHEDULE 1 : SHARE CAPITAL				
AUTHORISED SHARE CAPITAL				
6,50,00,000 Equity shares of Rs 10/- each	6,500.00		6,500.00	
2,00,00,000 Convertible Preference shares of Rs.10/each.	2,000.00	8,500.00	2,000.00	8,500.00
ISSUED, SUBSCRIBED AND PAID UP				
4,39,13,777 (4,33,48,855) Equity shares of Rs 10/- each, fully paid up		4,391.38		4,334.89
TOTAL		**4,391.38**		**4,334.89**

SCHEDULE 2 : RESERVES AND SURPLUS				
a. Capital Reserve		12.92		12.92
b. Securities Premium :				
Opening balance	24,149.41		23,813.46	
Add Transfer from Stock options outstanding account	388.30	24,537.71	335.95	24,149.41
c. General Reserve				
Opening balance	100.10		-	
Transfer from Profit and Loss account	111.65	211.75	100.10	100.10
d. Surplus from Profit and Loss account		12,856.72		9,117.82
TOTAL		**37,619.10**		**33,380.25**

SCHEDULE 3 : SECURED LOANS				
(Refer Note no 4 of Schedule 15)				
a. Term Loans from :				
- Banks	37,769.70		9,544.30	
- Financial Institutions	6,999.46		4,999.46	
- Interest accrued and due on Term Loans from Banks	215.95	44,985.11	-	14,543.76
b. Cash Credit from Banks		5,493.68		9,357.36
c.. Hire Purchase Finance		85.72		114.08
TOTAL		**50,564.51**		**24,015.20**
Repayable within one year		37,769.70		9,544.30

SCHEDULE 4 : UNSECURED LOANS				
Commercial Paper $		10,000.00		---
Short Term Loans From a Bank		2,527.61		2,528.67
TOTAL		**12,527.61**		**2,528.67**
Repayable within one year		12,527.61		2,528.67
$ Maximum amount outstanding during the year		10,000.00		—

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010.

SCHEDULE 5 - FIXED ASSETS :

(Rs. in Lakhs)

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
SNo	Block of Assets	As at 1.04.09	Additions	Deletions	As at 31.03.10	Upto 31.03.09	For the year	Deletions	Upto 31.03.10	As at 31.03.10	As at 31.03.09
	Tangible Assets										
1	Freehold Land	241.50	231.57	-	473.07	-	-	-	-	473.07	241.50
2	Buildings	170.59	1.14	-	171.73	35.50	6.02	-	41.52	130.21	135.09
3	Leasehold Improvements	304.41	14.62	-	319.03	78.84	61.22	-	140.06	178.97	225.57
4	Plant and Machinery	8,912.58	9,235.33	5,208.00	12,939.91	427.26	647.06	126.61	947.71	11,992.20	8,485.32
5	Furniture and Fittings	92.95	15.55	0.29	108.21	44.42	9.33	-	53.75	54.46	48.53
6	Office Equipment	76.96	14.77	-	91.73	19.74	4.38	-	24.12	67.61	57.22
7	Computers and Software	374.79	46.43	-	421.22	135.75	55.50	-	191.25	229.97	239.04
8	Vehicles	276.53	17.69	-	294.22	56.16	25.70	-	81.86	212.36	220.37
	Intangible Assets										
9	Technical know-how	1,101.97	-	-	1,101.97	452.92	175.18	-	628.10	473.87	649.05
10	ERP Software	-	326.47	-	326.47	-	38.08	-	38.08	288.39	-
11	Leasehold land right to use	-	80.00	-	80.00	-	12.00	-	12.00	68.00	-
	Total	**11,552.28**	**9,983.57**	**5,208.29**	**16,327.56**	**1,250.59**	**1,034.47**	**126.61**	**2,158.45**	**14,169.11**	**10,301.69**
	Capital Work in Progress									1.09	353.54
	Previous year	5,332.44	6,586.21	366.37	11,552.28	706.94	630.19	86.54	1,250.59	10,301.69	

Notes :

Vehicles Include **Rs. 225.32 lakhs** (Previous year Rs. 207.64 lakhs) acquired under Hire Purchase. • Plant and Machinery includes **Rs. 2,479.14 Lakhs** (Previous year Rs 2,479.14 lakhs) erected on Leasehold Land, out of which Machinery worth Rs. **1,310.53** Lakhs (Previous year NIL) has been leased out by the Company. • Plant and Machinery includes interest cost amounting to Rs. 321.43 Lakhs (Previous year NIL) • Capital work in progress includes capital advances of Rs 1.09 lakhs(Previous year Rs 109.25 lakhs)

SCHEDULE 6- INVESTMENTS (AT COST)

Amount in Rs Lakhs

			NOS.							
SNo	Pariculars	Nominal Value per Share	As at April 1, 2009	Acquisi-tions	Sales	As at March 31, 2010	As at April 1, 2009	Acquisi-tions	Sales	As at March 31, 2010
1.	Long Term									
	Quoted - Trade									
2.	Ennore Coke Ltd*	Rs.10	49,20,000			49,20,000	965.32			965.32
3.	In Subsidiary Companies									
	Shriram SEPC (Singapore) Pte Ltd.	US $ 1	2,02,10,020			2,02,10,020	9,081.96			9,081.96
	Blackstone Group Technologies Pvt. Ltd.	Rs.10	306,351	68,078		3,74,429	769.85	200.00		969.85
4.	In joint ventures									
	Hamon Shriram Cottrell Pvt. Ltd.	Rs.10	42,25,002	22,00,000		64,25,002	576.21	220.00		796.21
	Leitner Shriram Manufacturing Ltd @	Rs.10	2,49,96,773	1,93,37,630		4,43,34,403	2,499.68	1,933.76		4,433.44
	Shriram Leitwind Ltd @	Rs.10	1,31,82,000		1,31,82,000	-	1,318.20		1,318.20	-
5.	Others									
	Sree Jayajothi Cements Ltd.	Rs.10	5,000,000			50,00,000	1,500.00			1,500.00
	Orient Green Power Company Ltd. #	Rs.10		3,86,526		3,86,526		2,827.50		2,827.50
	Shriram SEPL Composites Pvt. Ltd.	Rs.10	49,00,001			49,00,001	490.00			490.00
	Total						**17,201.22**	**5,181.26**	**1,318.20**	**21,064.28**

1) Market Value of Investment - **Rs.4,836.36 lakhs** (Previous year Rs.654.36 Lakhs) 2) @ Pursuant to the Order dated 11th January, 2010 issued by the High Court of Judicature, Madras, M/s Shriram Leitwind Ltd. (SLL) was amalgamated with M/s Leitner Shriram Manufacturing Ltd. (LSML) as at 01.04.2009 and the Shareholders of SLL were issued Equity Shares in LSML in the ratio of 1 share in LSML for every equity share held in SLL. 3) # Includes 1,03,776 Bonus Shares received during the year.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010.

Amount in Rs Lakhs

		As at 31.03.2010		As at 31.03.2009	
SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES:					
a. INVENTORIES					
Raw materials & Components for Wind Turbine Generators		409.65		-	
Contract Work in Progress		16,794.55		7,645.39	
Finished goods - Wind Turbine Generators		550.00		-	
Freehold Land for Windmill Projects		-	17,754.20	184.28	7,829.67
b. SUNDRY DEBTORS # (Unsecured)					
Debts outstanding for a period exceeding six months:					
- Considered Good		21,817.14		12,167.41	
- Considered Doubtful		493.64		238.49	
Other debts :					
- Considered Good $		61,453.07		37,050.35	
Less Provision for Doubtful Debts		493.64	83,270.21	238.49	49,217.76
c. CASH AND BANK BALANCES					
Cash balance on hand and in Imprest Accounts		83.76		36.83	
Cheques on hand		0.22		-	
With Scheduled Banks :					
- in Current accounts		9,918.49		350.18	
- in Deposit accounts		7,842.33	17,844.80	3,065.81	3,452.82
d. LOANS & ADVANCES					
(Unsecured, considered good unless otherwise stated)					
- Advances recoverable in cash or in kind					
or for value to be received : @		22,149.95		24,593.30	
- Deposits		385.43		226.39	
- Advance Tax and Tax deducted at Source	5,292.92			-	
Less: Provision for Income Tax	4,801.04	491.88		-	-
- MAT Credit Entitlement		220.70		-	
- Balance with Customs and Central Excise Authorities		230.81		150.61	
			23,478.77		24,970.30
e. OTHER CURRENT ASSETS					
Interest accrued on Deposits			7.05		5.70
TOTAL			**1,42,355.03**		**85,476.25**
# Includes Retentions on account of Contracts-Considered Good					
- Exceeding six months			1,600.66		3,169.19
- Other debts			3,856.91		1,216.79
$ includes Dues from Subsidiary Companies					
Ref Note No 13 of Schedule 15			-		165.94
@includes Due from Subsidiary Companies					
Ref Note no 13 of Schedule 15			1,210.50		3,577.98

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010.

(Rs. in Lakhs)

	As at 31.03.2010			As at 31.03.2009		
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS						
CURRENT LIABILITIES						
Sundry Creditors :						
- Total Outstanding Dues to Micro Enterprises and Small Enterprises (Refer Note.6 of Schedule 15)	1.95			17.83		
- Total Outstanding Dues to Creditors other than Micro Enterprises & Small Enterprises @	59,864.66	59,866.61		40,637.51	40,655.34	
- Advance payments from Customers		4,553.55			3,355.89	
- Bills discounted		2,729.19			1,293.34	
- Other Liabilities		1,543.70			988.58	
TOTAL			**68,693.05**			**46,293.15**
PROVISIONS :						
- Provision for Income Tax		-		3,595.84		
Less: Advance Taxes paid		-	-	3,400.50	195.34	
- Provision for Gratuity		168.31			118.47	
- Provision for Compensated Absences		50.30			47.22	
- Provision for Warranties		29.39			29.39	
- Proposed Dividend		526.97			520.19	
- Dividend Tax		87.52	862.49		88.41	999.02
TOTAL			**69,555.54**			**47,292.17**
@ Includes Due to Subsidiaries (Refer Note 13 of Schedule 15)			-			1,261.13

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
SCHEDULE 9 : SALES SERVICES AND WORK BILLS		
Revenue from Contracts	1,04,094.14	86,846.52
Sale of Wind Turbine Generators	6,957.62	5,030.03
TOTAL	**1,11,051.76**	**91,876.55**

SCHEDULE 10 : OTHER INCOME :		
Interest Income	262.58	177.57
(Tax deducted at Source - Rs. 21.44 lakhs (Rs. 15.63 Lakhs))		
Lease Rental Income	85.67	-
Profit on Sale of Fixed Assets (Net)	118.61	-
Sale of Power	405.00	80.80
Miscellaneous Income	249.61	260.50
TOTAL	**1,121.47**	**518.87**

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT AS AT 31ST MARCH, 2010.

(Rs. in Lakhs)

	For the Year Ended 31.03.2010		For the Year Ended 31.03.2009	
SCHEDULE 11 : MANUFACTURING, CONSTRUCTION AND OPERATION EXPENSES :				
Raw Materials and Components consumed - Wind Turbine Generators :				
- Opening stocks	-		1,015.85	
- Purchases	5,823.57		4,263.39	
- Less : Transferred to Associate Company under Business Transfer Agreement	-		1,015.85	
- Less : Closing Stocks	409.65	5,413.92	-	4,263.39
Projects Related Contract Expenditure :				
Cost of Materials and Labour		87,868.63		71,936.11
Other contract related costs		1,614.62		2,791.70
Operations and Maintenance charges		-		16.02
Other manufacturing expenses		347.79		246.00
Infrastructure development charges to electricity boards		0.40		20.15
Personnel Costs :				
- Salaries Wages and Bonus	710.60		378.80	
- Contribution to Provident and other Funds	37.76		33.78	
- Staff welfare expenses	69.05	817.41	63.90	476.48
Commercial Taxes		3,956.84		2,953.01
Rent		86.32		58.04
Rates and taxes		26.59		24.83
Insurance		223.66		141.05
Repairs and Maintenance		127.35		74.24
Communication expenses		54.43		50.17
Travelling and Conveyance		346.89		339.83
Consultancy Charges		1,159.02		430.25
Business Promotion expenses		30.28		27.21
Finance Charges		3,259.81		1,013.73
Miscellaneous Expenses		432.86		128.58
(Increase) / Decrease in Inventories :				
Opening Stocks :				
- Finished goods - Wind Turbine Generators	-		-	
- Freehold land for windmill projects	184.28		356.15	
Less : Transferred to Subsidiary Company under Business Transfer Agreement	-		135.77	
Sub total	184.28		220.38	
- Opening Contract Work In Progress	7,645.39		3,441.72	
Total Opening Stocks	7,829.67		3,662.10	
Less : Closing Stocks :				
- Finished goods - Wind Turbine Generators	550.00		-	
- Freehold land - Wind Turbine Generators	-		184.28	
- Closing Contract Work In Progress	16,794.55		7,645.39	
Total Closing Stocks	17,344.55	(9,514.88)	7,829.67	(4,167.57)
TOTAL		**96,251.94**		**80,823.22**
SCHEDULE 12 : EMPLOYEE COSTS *				
Salaries,Wages and Bonus $	1,535.32		1,760.50	
Contribution to Provident and other Funds	128.86		120.99	
Staff welfare expenses	130.10	1,794.28	140.07	2,021.56
TOTAL		**1,794.28**		**2,021.56**
* (Refer note 11 of Schedule 15)				
$ (Refer note 21 of Schedule 15)				

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT AS AT 31ST MARCH, 2010.

(Rs. in Lakhs)

	For the Year Ended 31.03.2010		For the Year Ended 31.03.2009	
SCHEDULE 13 : OTHER COSTS				
Rent		155.11		64.21
Rates and Taxes		20.36		11.82
Repairs and Maintenance :				
- Building	36.39		14.54	
- Plant and Machinery and equipments	73.01		31.42	
- Others	2.33	111.73	4.38	50.34
Insurance		52.95		20.88
Remuneration to Auditors :				
- Statutory Audit	12.00		10.00	
- Other Services	9.00		7.00	
- Out of pocket expenses	1.70	22.70	-	17.00
Printing and Stationery		67.84		61.11
Communication Expenses		76.80		88.67
Advertisement and Sales Promotion expenses		84.21		39.09
Travelling and conveyance		256.06		274.83
Legal and Professional Consultancy charges		804.88		666.92
Donation		2.00		20.95
Sitting Fees		14.45		6.69
Exchange fluctuation - net		24.60		(10.66)
Bad debts written off	137.06		71.58	
Less: Provision adjusted	218.06	(81.00)	75.83	(4.25)
Provision for doubtful debts created		473.21		118.87
Loss on Sale of Fixed Assets		-		0.66
Miscellaneous Expenses		123.00		114.88
TOTAL		**2,208.90**		**1,542.01**
SCHEDULE 14 : INTEREST AND FINANCE CHARGES *				
Bank Charges, Letter of Credit / Guarantee charges		357.57		336.89
Interest on Cash Credits		886.11		218.69
Interest on Commercial Paper		394.11		-
Interest on Term Loans		2,258.24		394.61
Interest - others		275.59		135.14
TOTAL		**4,171.62**		**1,085.33**

* Net of recoveries from Subsidiaries and Associates

SCHEDULE 15 : NOTES FORMING PART OF ACCOUNTS:

1. Significant Accounting Policies:

1.1 Basis of Accounting

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the accounting principles generally accepted in India and comply with mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

1.2 Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as of the date of the financial statements. Actual results could differ from those estimated. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

1.3 Revenue Recognition

Income in respect of sale of goods is recognised at the time of transfer of title. Sales are inclusive of all taxes.

Revenue in respect of Engineering Contracts is recognised as and when progressive bills are raised based on customers measurement acceptance and terms of the Contract, taking into consideration technical estimate revision, costs to complete and stages of completion. Profits are recognised after charging corresponding proportionate costs relating to the Contractual billings. Escalation, which in the opinion of the Management is recoverable on the contract are also recognised as and when the claims are accepted by the customers.

Provision for anticipated losses on contracts is being made in the year they are established.

Revenue from other Contracts is recognised based on Completed Contract method, when rendering of service is completed or substantially completed.

Dividend Income on Investments is accounted for when the right to receive the payment is established.

1.4 Investments

Long term investments are stated at cost. Provision for diminution in value is made if the decline is other than temporary in nature. Current Investments are stated at lower of cost and fair value determined on the basis of each category of investments.

1.5 Fixed Assets and Depreciation

Fixed assets are stated at cost. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use. With regard to assets acquired under the finance lease, the cost of assets is capitalised while the annual charges are charged to revenue. Intangible Assets are stated at cost.

TANGIBLE ASSETS

Depreciation is provided for on Straight Line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

Leasehold improvements are written off over the primary period of their lease.

In respect of assets impaired, the revised carrying value is depreciated over its remaining useful life.

Individual assets costing less than Rs.5,000/- each is depreciated in full in the year of addition.

INTANGIBLE ASSETS

Technical Know-how Fees are amortised over the period of 5 to 10 years based on estimated useful life of the asset. Software cost are amortised over a period of 5 years based on Management's evaluation of the estimated useful life. Lease hold land using rights is amortised over the primary period of lease, which is 20 years.

1.6 Impairment of Assets

At each balance sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the Company estimates the recoverable amount of the group of assets as a whole and the impairment losses recognised.

1.7 Inventories

Raw Materials and stores and spares are valued at cost. Cost on FIFO basis includes freight, taxes and duties net of VAT credit wherever applicable.

Stock of land for windmill projects is valued at lower of cost and net realisable value. Cost of land includes purchase consideration, stamp duties and registration charges for transfer of title.

1.8 Foreign Currency Transaction

Foreign currency transactions are recorded at the rate prevailing on the date of transaction. At the year end, all monetary assets and liabilities denominated in foreign currency are restated at the year end exchange rates. Exchange differences arising on actual payment/realisation are recognised in profit and loss account.

1.9 Employee Benefits:

a. Short Term Employee Benefits :

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Short term employee benefits, including accumulated compensated absences, at the balance sheet date, are recognized as an expense as per the Company's scheme based on expected obligations on undiscounted basis.

b. Long Term Employee Benefits:

The obligation for long term employee benefits such as long term compensated absences is provided for based on actuarial valuation as at the balance sheet date, using the Projected Unit Credit Method.

(i) Defined Contribution Plans: -

Contribution to state governed provident fund scheme and employee state insurance scheme are defined contribution plans.

The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

(ii) Defined Benefit Plans:

The liability for Gratuity to employees as at Balance Sheet date is determined on the basis of actuarial valuation based on Projected Unit Credit method and is not funded. The contribution thereof paid / payable is charged in the books of accounts.

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognised in the profit and loss account as income or expense.

1.10 Taxation

Provision for taxation comprise of the Current Tax Provision, Fringe Benefits Tax and the net change in the Deferred Tax Asset or Liability during the year.

Current Tax is determined in accordance with the provisions of Income Tax Act, 1961, on the Income for the period chargeable to tax.

Provision for Deferred Tax is made for timing differences arising between the taxable incomes and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date. Deferred Tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

1.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

1.12 Segment reporting:

a. The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

b. Segment revenue and segment results include transfers between business segments. Such transfers are accounted for at the agreed transaction value and such transfers are eliminated in the consolidation of the segments.

c. Expenses that are directly identifiable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and are not allocable to segments are included under unallocated corporate expenses.

d. Segments assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

1.13 Employee Stock Option Scheme

Stock options granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities Exchange Board of India. The Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation and is charged to the Profit and Loss Account, to the extent of options vested.

2. Contingent Liabilities :

Amount in Rs. lakhs

Sl. No	Particulars	As at 31.03.2010	As at 31.03.2009
(a)	Letters of Guarantee issued by the Banks	25,458.50	16,812.23
(b)	Letters of Credit issued by the Banks	49,049.67	17,379.47
(c)	Bills discounted	-	1,833.72
(d)	Corporate Guarantees issued	9,500.00	9,192.50
(e)	Claims against the Company not acknowledged as debts	1,205.11	910.70
(f)	Disputed Income Tax demands contested in Appeals not provided for. *	982.74	982.74

Assessment year	Appeal pending before	As at 31st March 2010 Rs. Lakhs.	As at 31st March 2009 Rs. Lakhs.
2000-01	Appellate Tribunal	55.94	55.94
2001-02	Appellate Tribunal	21.59	21.59
2002-03	Appellate Tribunal	51.90	51.90
2003-04	Appellate Tribunal	163.25	163.25
2004-05	Commissioner of Income Tax (Appeals)	30.58	30.58
2005-06	Commissioner of Income Tax (Appeals)	340.53	340.53
2006-07	Commissioner of Income Tax (Appeals)	318.95	318.95

* Management is of the opinion that the Appeals preferred by the Company will be decided in its favour.

3. Capital Commitments

A) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: **NIL** (Previous year Rs. 187.59 lakhs)

Amount in Rs. lakhs

	As at 31st March 2010	As at 31st March 2009
B) Debenture purchase obligations	21,000	Nil

4. Secured Loans:

4.1 Banks

a) Cash Credit facilities:

Cash credit facilities are secured by hypothecation of current assets, Inventories of Raw Materials, work in progress, finished goods, stores, spares and consumables and Receivable on a pari passu basis with other participating lenders and a first charge on the Company's fixed assets on a pari-passu basis with other lending banks.

b) Term Loans

Term loans from Banks are for meeting working capital requirements and are secured by a first pari-passu charge on the current assets of the Company.

c) IndusInd Bank Limited:

Term Loan from IndusInd Bank Limited is secured by an exclusive charge over the 1.35 MW Wind Electric Generators acquired out of the Term Loan and an hyphothecation charge (first charge) over receivables from Tamilnadu Electricity Board.

d) Punjab National Bank :

Term Loan from Punjab National Bank sanctioned for setting up a windmill project is secured by the windmills procured and in addition collateral security by way of pari- passu first charge on Block assets other than vehicles and windmills specifically charged to Term Lenders, pari-passu with other working capital bankers.

Corporate Term Loan of Rs 15,000 lakhs sanctioned for meeting working capital requirements against exclusive charge on specific deferred receivable from M/s Shree Jayajyothi Cements Ltd. and a second charge by way of hypothecation on other current assets.

4.2 Financial Institutions

L & T Infrastructure Finance Company Limited :

Term Loan from L & T Infrastructure Finance Company Limited is secured by a first pari - Passu charge on all the movable assets of the Company.

4.3 Hire Purchase Finance:

Hire Purchase Finance is secured by hypothecation of the Assets acquired under Hire Purchase Agreement.

5. Sale of WEG Business

During the Previous Year, pursuant to the approval of the board, the Company obtained Shareholders' approval through Postal Ballot on 21st August 2008 to transfer the business of 250 KW Wind Turbines effective April 1, 2008, to its subsidiary Shriram Leitwind Ltd. (SLL) and Associate Leitner Shriram Manufacturing Ltd. (LSML). The Company continues to sell the 250 KW Wind Turbines till the time LSML obtains all statutory approvals to manufacture and sell 250 KW Wind Turbines, and the gross margins on such sales are transferred to Leitner Shriram Manufacturing Ltd.

6. The total amount payable to Micro Enterprises and Small Enterprises as identified by the management and relied upon by the auditors as at 31st March, 2010 is **Rs.1.95 lakhs** (Previous year Rs. 17.83 lakhs) .

Amount in Rs. Lakhs

Sl. No	Particulars	31.03.2010	31.03.2009
(i)	Dues outstanding more than 45 days :		
	- Principal amounts	1.03	3.50
	- interest accrued and due on above amounts	0.36	0.39
(ii)	The amount of interest paid in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
(iii)	The amount of interest due and payable for the period of delay in making payment		
	- as per the terms of the contracts	Nil	Nil
	- as specified in the Act	0.35	0.39
(iv)	The amount of interest accrued and remaining unpaid at the end of the year	1.71	1.35

7. CIF value of Imports: *Amount in Rs. Lakhs.*

Particulars	Year ended 31.3.2010	Year ended 31.03.2009
Raw Materials and components (for Wind Turbine Generators)	216.12	Nil
Capital Goods	NIL	38.07
Materials consumed in execution of Engineering construction contracts	13,151.98	8,283.53

8. Expenditure in Foreign Currency: *Amount in Rs. Lakhs.*

Particulars	Year ended 31.3.2010	Year ended 31.03.2009
Technical Know how	148.60	530.80
Engineering Service Charges	Nil	503.09
Travel	109.48	64.51
Professional Consultancy	194.27	63.91
Others	28.70	133.99

9. Earnings in Foreign Currency:

Amount in Rs. Lakhs.

Particulars	Year ended 31.3.2010	Year ended 31.03.2009
FOB Value of Exports	Nil	489.43

10. Additional information pursuant to the provisions of paragraphs 3, 4B,4C,4D of part II of the Schedule VI of the Companies Act, 1956. (For Wind Turbine Generators)

a. Licensed, Installed capacities and Production

Particulars	31.3.2010 Units Produced		31.3.2009 Units Produced	
	In Nos	In MWs	In Nos	In MWs
Wind Turbine Generators – 250 KW	48	12.00	49	12.25

The installed capacities have not been disclosed since they are variable subject to utilisation of manufacturing facilities given the nature of its operations.

b. Details of Opening Stock, Turnover and Closing Stock:

Particulars	Year Ended 31.03.2010			Year Ended 31.03.2009		
	Nos	MW	Rs. Lakhs	Nos	MW	Rs. Lakhs
Wind Turbine Generators -250 KW:						
Opening Stock	Nil	Nil	Nil	Nil	Nil	Nil
Sales :						
- Wind Turbine Generators	43	10.75	5,531.00	49	12.25	5,019.41
- Spares /Infrastructure development	NA	NA	1,426.62	NA	NA	10.62
Closing Stock	5	1.25	550.00	Nil	Nil	Nil

c. Raw Materials and components consumed:

	Year ended 31.03.2010		Year ended 31.03.2009	
Particulars	Rs. Lakhs	%	Rs. Lakhs	%
Imported	Nil	Nil	Nil	Nil
Indigenous	5,413.92	100.00	4,263.39	100.00
Total	5,413.92	100.00	4,263.39	100.00

11. Employee costs includes remuneration to Managing Director and Joint Managing Director as follows:

Remuneration to Managing Director and Joint Managing Director * -

Amount in Rs. Lakhs

	2009-10	2008-09
Salary	60.00	59.76
Contribution to Provident fund and other Funds	—	—
Perquisites	3.46	1.78

* The executive Directors are covered under the Company's gratuity policy along with the other employees of the Company. Proportionate amount of gratuity is not included in the aforementioned disclosure.

12. Disclosures under Accounting Standard 15 (Revised):

Amount in Rs. Lakhs.

(a) Provision for Gratuity:

	31.03.2010	31.03.2009
Present value of obligations at the beginning of the year	111.98	93.39
Current Service Cost	39.55	29.05
Interest Cost	7.94	7.00
Actuarial (Gain) or Loss	3.13	(17.47)
Benefits Paid	Nil	Nil
Present value of obligations at the end of the year	150.30	111.98
Cost for the year		
Current service cost	39.55	29.05
Interest cost	7.94	7.00
Expected return on plan assets	Nil	Nil
Net actuarial (gain) / Loss recognised in the period	3.13	(17.47)
Net Cost	50.63	18.59
Assumptions		
Discount Rate	7.5%	7.5%
Expected rate of Salary increases	5%	5%

(b) Actuarial Assumptions for Compensated Absences :

	2010	2009
Particulars	LIC- 94-96	LIC -94-96
Rate of Mortality	Mortality rates	Mortality rates
Rate of Discount	7.50%	8.00%
Rate of Salary escalation	5.00%	4.00%

13. Dues from / Dues to Subsidiaries:

Amount in Rs. Lakhs.

A. Loans and Advances:

Sl.No	Name	31.03.2010	31.03.2009
1	Blackstone Group Technologies P Ltd.	657.89	391.28
2	Chem. projects Consulting P Ltd.	63.03	-
3	Hamon Shriram Cotrell P Ltd.	-	840.42
4	Shriram Leitwind Ltd.	-	2,345.96
5	Shriram EPC Singapore Pte Ltd.	489.58	0.32
	Total	1,210.50	3,577.98

Maximum amount outstanding at any time during the year :

Amount in Rs. Lakhs.

Sl.No	Name	31.03.2010	31.03.2009
1	Blackstone Group Technologies P Ltd.	1,099.51	1,149.85
2	Chem. projects Consulting P Ltd.	63.03	52.00
3	Shriram EPC Singapore Pte Ltd.	489.58	0.32

B. Sundry Creditors : *Amount in Rs. Lakhs.*

	Name	31.03.2010	31.03.2009
1	Hamon Shriram Cotrell Pvt. Ltd.	-	429.51
2	Shriram Leitwind Ltd.	-	831.62
	Total	-	1,261.13

14. Finance Lease Disclosure - in respect of Cars taken on Hire Purchase *Amount in Rs. Lakhs.*

Finance Lease

	Year Ended March 31, 2010	2009
a) Cost of leased asset	225.32	204.64
b) Net carrying amount	177.85	179.96

Year-wise future minimum lease rental payments on contracts: *(Amount in Rs lakhs.)*

	Total minimum lease payments as on Mar.31, 2010	Present value lease payments as on March 31, 2010	Total minimum lease payments as on March 31, 2009	Present value lease payments as on March 31, 2009
Not later than one year	46.65	40.22	47.75	38.53
Later than one year andLess than five years	39.07	34.69	66.33	59.38
Later than five years	-	-	-	-
Total	**85.72**	**74.92**	**114.08**	**97.90**
Less: Future Finance Charges	10.80		16.18	
Present Value of Minimum Lease payments	**74.92**	**74.92**	**97.90**	**97.90**

15 Disclosures Pursuant to Accounting Standard (AS) 7 (Revised) – "Construction Contracts"

Particulars	For the period ended March 31 2010	2009
Contract Revenues recognized for the Financial Year	1,04,094.14	86,846.52
Aggregate amount of Contract Costs incurred and recognised profits (less recognised losses) as at end of the financial year for all contracts in progress as at that date	89,294.33	75,797.15
Progress Bills Raised	Nil	Nil
Amount of Customer advances outstanding for contracts in progress as at end of the Financial Year	4,553.55	3,355.89
Retention amounts due from customers for contracts in progress as at end of the financial year	5,457.57	4,385.98

16. Provision for warranty is estimated based on the terms and conditions agreed with the customers.

Amount in Rs. Lakhs

Particulars	Opening Balance	Additions	Withdrawals	Closing Balance
Provision for Warranty	29.39	Nil	Nil	29.39
	(29.39)	Nil	Nil	(29.39)

17. Deferred Tax – Disclosure under Accounting Standard 22.

Amount in Rs. Lakhs

	Particulars	31.03.2010	31.03.2009
A	**Deferred Tax Liability**		
	On Depreciation	3,101.36	1,697.47
	Total Liability	**3,101.36**	1,697.47
B	**Deferred Tax Asset**		
	Disallowance / Deduction	76.31	73.61
	Provision for doubtful debts	173.74	81.06
	Total Asset	250.05	154.67
	Net Deferred Tax Liability	2,802.13	1,542.80

18. Earnings per Share

	Particulars	31.03.2010	31.03.2009
A	BASIC		
	Profit attributable to equity share holders - Used as Numerator (A) (Rs. In lakhs)	4,466.03	4,001.68
	The weighted average number of equity shares Outstanding during the year used as Denominator (B)	4,35,32,090	4,32,43,678
	Basic Earnings Per share (Rupees)	10.26	9.25
	Face Value of Share (Rupees)	10.00	10.00
b	DILUTED		
	The weighted average number of potential equity shares Outstanding during the year including stock options used as Denominator (B)	4,44,54,875	4,47,44,925
	Diluted Earnings Per share (Rupees)	10.05	9.36
	Face Value of Share	10.00	10.00

19. Segment Financials - (A) Primary Segment Analysis

The Company's operations are organised into major divisions - Construction Contracts and manufacturing of wind turbine generators. Accordingly, the divisions comprise the primary basis of segmental information. Secondary segmental reporting of Revenue is based on geographical location of customers.

The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

Particulars	Construction Contracts		Wind Turbine Generators		Elimination		Unallocated		Consolidated Total	
	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
External Sales	1,04,094.14	86,846.52	6,957.62	5,030.03	-	-	-	-	111,051.76	91,876.55
Intersegmental Sales	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,04,094.14	86,846.52	6,957.62	5,030.03	-	-	-	-	111,051.76	91,876.55
Result										
Segment Result	14,799.82	11,053.33	-	-	-	-	-	-	14,799.82	11,053.33
(-)Inter Segment Margin on capital jobs	-	-	-	-	-	-	-	-	-	-
Unallocated Coprorate income/expenditure(net)	-	-	-	-	-	-	5,037.66	4,193.76	5,037.66	4,193.76
Operating Profit	14,799.82	11,053.33	-	-	-	-	(5,037.66)	(4,193.76)	9,762.16	6,859.57
Interest expenses	4,171.62	1,085.33	-	-	-	-	-	-	4,171.62	1,085.33
Other Income	1,121.48	518.87	-	-	-	-	-	-	1,121.48	518.87
Profit before Tax	11,749.68	10,486.87	-	-	-	-	(5,037.66)	(4,193.76)	6,712.02	6,293.11
Provision for Current Tax	-	-	-	-	-	-	1,207.36	1,277.83	1,207.36	1,277.83
Provision for Deferred tax	-	-	-	-	-	-	1,259.33	975.72	1,259.33	975.72
Provision for FBT	-	-	-	-	-	-	-	37.88	-	37.88
MAT credit entitlement	-	-	-	-	-	-	(220.70)	-	(220.70)	-
Profit after Tax (before extra ordinary items)	-	-	-	-	-	-	(7,283.65)	(6,485.19)	4,466.03	4,001.68
Other Information										
Segment Assets	1,46,678.70	91,527.17	9,846.53	8,004.82	-	-	-	-	156,525.23	99,531.99
Unallocated Corporate Assets	-	-	-	-	-	-	21,064.28	17,201.22	21,064.28	17,201.22
Total Assets	1,46,678.70	91,527.17	9,846.53	8,004.82	-	-	21,064.28	17,201.22	1,77,589.51	1,16,733.21
Segment Liabilities	64,107.01	46,672.35	5,448.53	4,020.32	-	-	-	-	69,555.54	50,692.67
Unallocated Corporate Liabilities-	-	-	-	-	-		65,894.25	28,086.68	65,894.25	28,086.68
Total Liabilities	64,107.01	46,672.35	5,448.53	4,020.32	-	-	65,894.25	28,086.68	1,35,449.79	78,779.35
Capital Expenditure(gross)	9,983.57	6,586.21	-		-	-	-	-	9,983.57	6,586.21
Unallocated Corporate Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Depreciation included in Segment expenses	1,034.47	630.19	-	-	-	-	-	-	1,034.47	630.19
Unallocated Corprorate Depreciation		-	-	-	-	-	-	-	-	-
Noncash expenses other than Depreciation	-	-	-	-	-	-	-	-	-	-

SECONDARY SEGMENT (B) - GEOGRAPHICAL REVENUE

Market										
External Sales										
Africa	-	292.73	-	-	-	-	-	-	-	292.73
Europe	-	195.72	-	-					-	195.72
India	1,04,094.14	91,388.10	6,957.62	-					1,11,051.76	91,388.10
Total	1,04,094.14	91,876.55	6,957.62	-	-	-	-	-	1,11,051.76	91,876.55

20. Related Party Disclosures under Accounting Standard 18

Figures in Rs Lakhs.

Disclosure of related party transactions in accordance with Accounting Standard (AS 18) issued by The Institute of Chartered Accountants of India

a) Status of the Related Parties	Name of the Related Parties 2009-10	Name of the Related Parties 2008-09
Subsidiaries	Shriram EPC(Singapore) Pte Ltd. Blackstone Group Technologies Pvt Ltd. Chemproject Consulting Pvt. Ltd.	Hamon Shriram Cottrell Pvt. Ltd. Shriram EPC(Singapore) Pte Ltd Blackstone Group Technologies Pvt Ltd. Shriram Leitwind Ltd.
Jointly controlled entity	Hamon Shriram Cottrell Pvt. Ltd. Leitner Shriram Manufacturing Co Ltd.	
Associate	Ennore Coke Ltd. Shriram SEPL Composites Pvt. Ltd	Leitner Shriram Manufacturing Co Ltd. Ennore Coke Limited Shriram SEPL Composites Pvt. Ltd
Enterprise over which Key Management Personnel is able to exercise significant influence	Orient Green Power Co Ltd.	
Key Managerial Personnel	T.Shivaraman - Managing Director M.Amjad Shariff - Joint Managing Director	T.Shivaraman - Managing Director M.Amjad Shariff - Joint Managing Director
Relatives of KMP	None	None

b) Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Sales		
Ennore Coke Ltd.	1,374.05	7,683.44
Leitner Shriram Manufacturing Ltd.	2,139.92	-
Hamon Shriram Cottrell Pvt. Ltd	1.03	-
Investments		
Leitner Shriram Manufacturing Ltd.	615.56	818.73
Hamon Shriram Cottrell Pvt. Ltd.	220.00	
Shriram EPC(Singapore) Pte Ltd.	-	5,000.00
Shriram SEPL Composites Pvt. Ltd.	-	490.00
Blackstone Group Technologies Ltd.	200.00	769.85
Orient Green Power Co Ltd.	2,827.50	-
Purchases of goods and services		
Hamon Shriram Cottrell Pvt. Ltd.	691.79	749.58
Blackstone Group Technologies Ltd.	522.25	69.63
Chemprojects Consulting Pvt. Ltd.	15.55	-
Leitner Shriram Manufacturing Ltd.	4,741.96	2,719.50
Shriram Leitwind Ltd.	-	321.64

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Transfer of Margins under Business Transfer Agreement		
Leitner Shriram Manufacturing Ltd.	143.00	485.49
Advance Given (Gross)		
Orient Green Power Co Ltd	9,059.04	-
Hamon Shriram Cottrel Pvt. Ltd.	145.00	655.00
Leitner Shriram Manufacturing Ltd	8,508.68	4,051.14
Blackstone Group Technologies Ltd.	1,038.66	1,229.24
Shriram SEPL Composites Pvt. Ltd	1,513.66	2,148.43
Shriram EPC(Singapore) Pte Ltd	489.62	-
Ennore Coke Ltd.	2,185.59	6,060.52
Chemprojects Consulting Pvt. Ltd	42.96	52.00
Purchase of Fixed Assets		
Leitner Shriram Manufacturing Ltd.	8,855.00	-
Remuneration to Key Managerial Personnel	63.46	61.54
Expenses incurred on behalf of related party		
Leitner Shriram Manufacturing Ltd.	134.48	170.02
Ennore Coke Ltd.	1,090.32	304.69
Shriram EPC Singapore Pte Ltd.	4.62	-
Expenses incurred for the Company by the related party		
Leitner Shriram Manufacturing Ltd.	1.02	-
Amount outstanding - Dr / (Cr)		
Leitner Shriram Manufacturing Ltd.	(1,147.75)	(569.99)
Ennore Coke Ltd.	8,186.12	8,134.43
Shriram SEPL Composites Pvt. Ltd.	1,310.15	776.37
Shriram Leitwind Ltd.	-	1,514.34
Hamon Shriram Cottrell Pvt. Ltd.	281.38	576.85
Shriram EPC(Singapore) Pte Ltd.	489.58	0.32
Blackstone Group Technologies Ltd.	657.89	391.28
Chemprojects consulting Pvt. Ltd.	63.03	-
Shriram Angelehner Composites Pvt. Ltd.	140.84	-
Orient Green Power Co Ltd.	1783.77	0
Corporate Guarantees		
Hamon Shriram Cottrell Pvt. Ltd	4,600.00	2,500.00
Shriram SEPL Composites Pvt. Ltd	600.00	600.00
Blackstone Group Technologies Ltd.	200.00	-
Chemprojects consulting Pvt. Ltd.	100.00	100.00

21. Employee Stock Compensation Expenses

The Company has two Employee Stock option Schemes – A. Employee stock option scheme 2006. B. Employee stock option scheme 2007. As per the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India, the Company has considered the best available estimate of the number of shares or stock options expected to vest based on the current attrition rates of its employees and measured the compensation expense at fair value on the date of grant.

A. Shriram EPC Limited 2006 ESOP Scheme (the 2006 Scheme)

a. In pursuance of a special resolution approved by the shareholders at the extra-ordinary general meeting held on 20th November, 2006 the Company instituted an ESOP Scheme for all its eligible employees including the subsidiaries and associates Companies.

In accordance with the 2006 Scheme the Company has granted on November 22, 2006 (Grant date) options to eligible employees at an exercise price of Rs.10/- per equity share. Under the terms of the 2006 Scheme the options will vest in the employees in the following proportion:

Vesting Schedule In respect of employees who are in employment with the Company prior to 1.1.2001 In respect of employees who have joined the Company after to 1.1.2001

November 22, 2007	30%	20%
November 22, 2008	30%	20%
November 22, 2009	20%	30%
November 22, 2010	20%	30%

The employees stock options granted shall be capable of being exercised within a period of eight years from the date of the grant.

Modification in the Terms of the 2006 Scheme

The Company has carried out a modification in " The 2006 scheme" and accordingly additional grants of 4,24,952 options have been made during the year ended 31.03.2008. These grants have been made as at 1st April 2007 and will vest with the employees in same proportion as in the original scheme.

During the year ended 31st March, 2010, eligible employees have exercised their options to the extent of **5,03,222** (Previous year 2,96,911 options) and options **NIL**(Previous year 40,768) were forfeited as certain employees resigned from the services of the Company. The movement in the stock options during the year was as per the table below:

Particulars	31.3.2010	31.03.2009
Options at the beginning of the Year	14,93,640	15,34,408
Granted during the year	Nil	Nil
Forfeited during the year	Nil	40,768
Exercised during the year	5,03,222	2,96,911
Expired during the year	Nil	Nil
Options outstanding at the end of the year	14,93,640	14,93,640
Exercisable at the end of the year	1,45,953	2,78,902

Deferred stock compensation expense:

Options granted under the 2006 Scheme gives rise to a Deferred stock compensation expense of Rs. **1,045.55** lakhs. For the year ended 31st March, 2010, an amount of **Rs.248.08 lakhs** (Previous year Rs. 247.13 lakhs), (including **Rs. Nil lakhs,** (Previous year Rs. 53.74 lakhs on account of the above modification) being proportionate employee compensation expense to the extent of options vested, has been charged to profit and loss account.

The values of services rendered in return for share options granted are measured by reference to the fair value of the share options granted and this is evaluated on the basis of an independent valuation carried out as on the grant date.

B. Shriram EPC Limited 2007 ESOP Scheme (the 2007 Scheme)

The Company instituted another Scheme for all eligible employees in pursuance of a special resolution approved by the shareholders at the extra-ordinary general meeting held on 20th September, 2007.

In accordance with the 2007 Scheme the Company has granted on October 1, 2007 and January 1, 2008 (Grant dates) options to eligible employees including susbidiaries and associate companies at an exercise price of Rs. 10/- per equity share. Under the terms of the 2007 Scheme the options will vest in the employees in the following proportion:

Vesting Schedule In respect of employees who are in employment with the Company prior to 1.1.2001. In respect of employees who have joined the Company after to 1.1.2001

At the end of Year 1	30%	20%
At the end of Year 2	30%	20%
At the end of Year 3	20%	30%
At the end of Year 4	20%	30%

The employees stock options granted shall be capable of being exercised within a period of eight years from the date of the grant.

The movement in the stock options during the year was as per the table below:

Particulars	31.03.2010	31.03.2009
Options at the beginning of the Year	1,47,000	1,50,000
Granted during the year	20,000	Nil
Forfeited during the year	Nil	3,000
Exercised during the year	61,700	6,900
Expired during the year	Nil	Nil
Options outstanding at the end of the year	1,47,000	1,47,000
Exercisable at the end of the year	41,500	55,400

Options granted under the 2007 Scheme gives rise to a Deferred stock compensation expense of Rs. **85.88** lakhs. For the year ended 31st March, 2010, an amount of **Rs.27.92lakhs** (Previous year Rs. 30.72 lakhs), being proportionate employee compensation expense to the extent of options vested, has been charged to profit and loss account.

C. Fair value of Options Granted:

The estimated fair value of each stock option granted under the employee stock option Scheme 2006 is Rs. 80. The fair value was arrived at based on a transaction entered into between a willing buyer and a seller for purchase of shares recent to the grant date of the options.

The estimated fair value of each stock option granted under the employee stock option Scheme 2007 is Rs. 68.42 as per the Fair Value method. The model inputs were the weighted average price arrived under the following methods:

Method	Value per Share	Weights Assigned
Net asset value method	43.27	1
Price Earnings capacity Method	23.74	2
Market Capitalisation method	71.10	2
Value per transaction between willing parties	122.98	2

22. Information on Jointly controlled entities as per AS 27

a. List of Jointly controlled entities as on 31st March, 2010.

Name of the Jointly controlled entity	Country of Incorporatation	Share in Ownership and voting power
Leitner Shriram Manufacturing Ltd. (LSML)	India	49.4824 %
Hamon Shriram Cottrell Pvt. Ltd. (HSCL)	India	50.00 %

b. Contingent Liabilities in respect of Jointly controlled entities as on 31.03.2010

Amount in Rs. Lakhs.

		LSML	HSCL
(i)	Directly incurred by the Company	Nil	4,600.00
(ii)	Share of the Company in contingent liabilities which have been incurred with jointly with other venturers	Nil	Nil
(iii)	Share of the Company in contingent liabilities incurred by jointly controlled entity	2350.47	2,018.50
(iv)	Share of other venturers in contingent liabilities incurred by jointly controlled entity	2399.64	2,018.50

Capital commitments in respect of jointly controlled entities as on 31.03.2010

Amount in Rs. Lakhs.

		LSML	HSCL
(i)	Direct capital commitments by the Company	Nil	Nil
(ii)	Share of the Company in capital commitments which have been incurred jointly with other ventures	Nil	Nil
(iii)	Share of the Company in capital commitments of the jointly controlled entity	45.44	Nil
(iv)	Share of other ventures in capital commitments incurred by the jointly controlled entity	46.39	Nil

d. Disclosure of Financial Data as per AS 27 is based on audited financials of the Jointly controlled entities.

e. Share of the Company in the assets, liabilities, incomes and expenses of the Jointly controlled entities are given below :

Amount in Rs. Lakhs.

		LSML	HSCL
(i)	Assets as on 31.03.2010	20,055.88	4,318.30
(ii)	Liabilities as on 31.03.2010	15,888.64	3,204.82
(iii)	Income for the year 2009-10	18,477.21	5,561.79
(iv)	Expenses for the year 2009-10	18,630.08	4,974.24

NOTES:

Previous year figures not furnished since both the entities become Jointly Controlled Entities only during the current year.

In respect of LSML, the Income and Expenditure pertains to the period of fourteen months ended 31st March 2010.

23. Subsequent to the date of approval of the annual accounts by the Board and before the book closure date 70,575 equity shares were allotted under the Shriram EPC Ltd. Employee stock Option Plan 2006 & 2007 to employees and dividends of Rs. 0.84 lakhs on these shares were paid. The total amount of Rs. 0.99 lakhs including dividend distribution tax have been appropriated from the opening balance of Profit and Loss Account.

24. Figures of the previous year have been reclassified and regrouped wherever necessary to conform to the classification and groupings adopted in the current year.

Signatures to Schedules 1 to 15

For and on behalf of the board

M.Amjad Shariff — *Joint Managing Director*
Vathsala Ranganathan — *Director*
R.Sundararajan — *Director*

Place : Chennai
Date : 24th May, 2010.

K.Suresh — *Company Secretary*
Vivek Sharma — *Chief Financial Officer*

INFORMATION REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

I REGISTRATION DETAILS

Registration No	18-14169	State Code	18
Balance Sheet	31.03.2010		

II CAPITAL RAISED DURING THE YEAR (Amount in thousands)

Public Issue*	5,649	Rights Issue	NIL
Bonus Issue	NIL	Private Placements	NIL
Application Money	282		

*ESOPs excercised by the employees

III TOTAL ASSETS (Amount in thousands)

TOTAL ASSETS (Amount in thousands)	1,08,03,397	Total Liabilities	1,08,03,397

SOURCE OF FUNDS

Paid up Capital	4,39,420	Reserves & Surplus	37,61,910
Employee Stock option outstanding	12,642		
Secured Loans	50,56,451	Unsecured Loans	12,52,761
Differed tax Liability	2,80,213		

APPLICATION OF FUNDS

Net Fixed Assets	14,17,020	Investments	21,06,428
Net Current Assets	72,79,949	Misc Expenditure	---
Accumulated Losses	-		

IV PERFORMANCE OF THE COMPANY

Turnover	1,12,17,323	Total Expenditure	1,05,46,121
Profit Before Tax	6,71,202	Profit After Tax	4,46,603
Earnings per share in Rupees - Basic	10.26	Dividend	12%
- Diluted	10.05		

V GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (As per monetary terms)

Description of Principal Product/Services	Item Code No. (ITC Code)
Wind operated electric generators	3,601
Engineering Construction Services	-

For and on behalf of the board

M.Amjad Shariff
Joint Managing Director

Vathsala Ranganathan
Director

R.Sundararajan
Director

Place : Chennai
Date : 24th May, 2010.

K.Suresh
Company Secretary

Vivek Sharma
Chief Financial Officer

AUDITORS' REPORT ON CONSOLIDATED ACCOUNTS

TO THE BOARD OF DIRECTORS OF
SHRIRAM EPC LIMITED

1. We have audited the attached Consolidated Balance Sheet of Shriram EPC Limited ("the Company"), its Subsidiaries, Jointly controlled entities and Associate (the Company, its subsidiaries and jointly controlled entity and Associate constitute "the Group"), as at 31st March, 2010 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entity accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion of these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   We did not audit the financial statements of its subsidiaries, whose financial statements reflect total assets of Rs. 12,432.78 lakhs as at 31st March 2010, total revenues of Rs. 1,479.14 lakhs and net cash outflows amounting to Rs. 32.04 lakhs and of associates whose financial statements reflect the Groups share of profits of Rs.540.85 lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements except those relating to an overseas subsidiary as referred below, have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of the other auditors.

3. In respect of the overseas subsidiary, the consolidated financial statements have not been audited and we have relied upon the unaudited Financial Statements as given by the Management.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interest in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, its aforesaid subsidiaries and joint ventures and associates to the best of our information and according to the explanations given to us, *subject to our comments as referred to in Paragraph 3 above, the effect of which we are unable to determine,* in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

i) In the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2010;

ii) in the case of Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

iii) In the case of Consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Geetha Suryanarayanan
Partner
Membership No.29519

Place: Chennai
Date: 24th May, 2010.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in Lakhs)

	Schedule	As at 31.03.2010		As at 31.03.2009	
SOURCES OF FUNDS					
Shareholders' Funds :					
Share Capital	1		4,391.38		4,334.89
Share Application Money			2.82		-
Employees Stock Options Outstanding (Refer Note 14 of Schedule 15)			126.42		238.72
Reserves and Surplus	2		38,779.30		34,189.04
Minority Interest			288.30		2,249.12
Loan Funds :					
Secured Loans	3		60,478.30		25,041.54
Unsecured Loans	4		12,864.35		3,156.30
Deferred tax liability (Net)(Refer Note 11 of Schedule 15)			2,768.05		1,505.66
Total			**1,19,698.92**		**70,715.27**
APPLICATION OF FUNDS					
Goodwill on Consolidation					
- Subsidiaries			699.00		712.83
- Joint Ventures			153.61		-
Fixed Assets :					
Gross Block	5	22,888.03		12,995.96	
Less: Depreciation		3,096.28		1,788.91	
Net Block		19,791.75		11,207.05	
Add :Capital Work in Progress including Capital Advances		1,890.35	21,682.10	916.17	12,123.22
Investments	6		15,754.28		16,180.24
Current Assets, Loans and Advances :	7				
Inventories		22,235.92		12,674.06	
Sundry Debtors		95,057.14		53,149.04	
Cash and Bank Balances		19,118.37		4,105.70	
Loans and Advances		24,546.00		24,692.32	
Other Current Assets		7.05		112.90	
		1,60,964.48		94,734.02	
Less : Current Liabilities and Provisions :	8				
Current Liabilities		78,336.52		51,851.33	
Provisions		1,218.03		1,183.71	
		79,554.55		53,035.04	
Net Current Assets			81,409.93		41,698.98
Total			**1,19,698.92**		**70,715.27**
The Schedules referred to above form an integral part of Balance sheet					
Notes on Accounts	15				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board

Geetha Suryanarayanan
Partner

M.Amjad Shariff
Joint Managing Director

Vathsala Ranganathan
Director

R.Sundararajan
Director

Chennai
Dated : 24th May, 2010.

K.Suresh
Company Secretary

Vivek Sharma
Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

(Rs. in Lakhs)

	Schedule	Year ended 31.03.2010		Year ended 31.03.2009	
INCOME					
Sales, Services and Work Bills	9		1,36,236.75		1,00,580.86
Other Income	10		1,409.91		505.93
Total			**1,37,646.66**		1,01,086.79
EXPENDITURE					
Manufacturing, Construction and Operation Expenses	11		1,16,061.73		87,399.15
Employee Costs	12		3,653.99		2,829.92
Other Costs	13		4,033.70		2,365.24
Interest and Finance charges	14		5,362.16		1,275.51
Depreciation / Amortisation	5		1,506.00		761.28
Total			**1,30,617.58**		**94,631.10**
Profit Before Tax			7,029.08		6,455.69
Less : Tax Expense					
- Current		1,423.47		1,359.48	
- Deferred		1,247.55		912.71	
- MAT available for set off		(220.70)		-	
- Fringe Benefits tax		0.46	2,450.78	53.38	2,325.57
Profit After Tax			4,578.30		4,130.12
Less Minority Interest share of Profit / (Loss)			(57.90)		76.65
Profit after Tax after Minority Interest Share			4,636.20		4,053.47
Add Share of Profit/Loss from Associates			39.52		698.12
Balance brought forward from previous year			9,853.42		5,810.53
Profits available for appropriation			14,529.13		10,562.12
Less : Appropriations					
Proposed Dividend- 12% (Previous year - 12%)			526.97		520.19
Dividend Tax			87.52		88.41
Provision of dividend - 2008-09 including dividend tax for previous year (Refer Note 15 of Schedule 15)			0.99		-
Transfer to General Reserve			111.65		100.10
Balance Carried to Balance Sheet			13,802.01		9,853.42
Earnings per Share of Rs. 10/- each.					
- Basic - Rupees			10.74		**10.98**
- Diluted - Rupees			10.52		**10.98**
The Schedules referred to above form an integral part of the Profit and Loss account					
Notes on Accounts	15				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board

Geetha Suryanarayanan
Partner

M.Amjad Shariff
Joint Managing Director

Vathsala Ranganathan
Director

R.Sundararajan
Director

Chennai
Dated : 24th May, 2010.

K.Suresh
Company Secretary

Vivek Sharma
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010.

(Rs. in Lakhs)

	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	7,029.08	6,455.69
Provision for doubtful debts and advances	400.32	202.72
Interest Income	(244.85)	(331.28)
Depreciation	1,506.00	761.28
Profit / Loss on Sale of Fixed Assets (net)	(118.29)	3.22
Employee Share option expense	276.00	(52.44)
Interest expenditure	5,362.16	1,211.71
Operating Profit before working capital changes	14,210.42	8,250.90
Working capital changes :		
Decrease / (Increase) in Inventories	(10,009.31)	(7,318.26)
Decrease / (Increase) in Sundry Debtors	(33,619.79)	(20,810.93)
Decrease / (Increase) in Loans and Advances	1,129.25	(14,318.21)
Increase / (Decrease) in Current Liabilities and provisions	21,539.86	22,790.07
Cash used in operations	(6,749.57)	(11,406.42)
Direct taxes paid including Fringe Benefit tax	(819.72)	(1,179.83)
Proportionate share of adjustements to cash flow from operating activities in Joint Ventures	(3,125.33)	
Net cash used in operating activities	(10,694.62)	(12,586.25)
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets	4,754.49	(7,528.32)
Sale of Fixed assets	(9,630.21)	398.76
Purchase of Investments	(3,693.06)	(13,201.14)
Sale of Investments	-	10.00
Interest Received	261.23	246.31
Proportionate share of adjustements to cash flow from Investing activities in Joint Ventures	(2,809.83)	
Net cash used in Investing activities	(11,117.38)	(20,074.39)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Issue	59.31	5,030.39
Increase in Share application monies	-	1,026.18
Increase in Share premium (stock option expense realised)	-	335.95
Proceeds from Borrowings	36,766.76	16,115.56
Dividend paid	(609.59)	
Interest paid	(4,005.65)	(1,211.71)
Proportionate share of adjustements to cash flow from financing activities in Joint Ventures	4,613.87	
Net Cash generated from financing activities	36,824.70	21,296.37
D NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD (A + B + C)	15,012.69	(11,364.27)
Cash and Cash equivalents as at the beginning of the period	3,552.26	15,465.12
Proportionate share of Cash & Bank Balances in Joint ventures	553.45	-
Adjustment on consolidation		4.86
Proportionate share of Cash & Bank Balances in Joint Ventures	788.01	
Cash and Cash equivalents as at the end of the period	18,330.36	4,105.71
	19,118.37	**4,105.71**

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board

Geetha Suryanarayanan
Partner

M.Amjad Shariff
Joint Managing Director

Vathsala Ranganathan
Director

R.Sundararajan
Director

Chennai
Dated : 24th May, 2010.

K.Suresh
Company Secretary

Vivek Sharma
Chief Financial Officer

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010.

Amount in Rs Lakhs

	As at 31.03.2010		As at 31.03.2009	
SCHEDULE 1 : SHARE CAPITAL				
AUTHORISED SHARE CAPITAL				
65,000,000 (Previous year 65,000,000) Equity shares of Rs 10/- each	6,500.00		6,500.00	
20,000,000 Convertible Preference shares of Rs.10/ each.	2,000.00	8,500.00	2,000.00	8,500.00
ISSUED, SUBSCRIBED AND PAID UP				
43,913,777 (43,348,855) Equity shares of Rs 10/-each, fully paid up		4,391.38		4,334.89
TOTAL		**4,391.38**		**4,334.89**
SCHEDULE 2 : RESERVES AND SURPLUS				
a Capital Reserve :				
Opening Balance	13.51		13.51	
Less : Adjustment on consolidation *	(0.59)	12.92	-	13.51
b Securities Premium :				
Opening Balance	24,303.12		23,967.17	
Less : Adjustment on consolidation *	(153.71)		-	
Add Transfer from Stock options outstanding account	388.30		335.95	
		24,537.71		24,303.12
c General Reserve				
Opening Balance	100.10		-	
Transfer from Profit and Loss account	111.65	211.75	100.10	100.10
d Profit and Loss account				
Surplus - per account annexed		13,802.01		9,853.42
e Adjustments on Consolidation as per AS 21, AS 23 & AS 27				
Opening Balance	(81.11)		(103.09)	
Adjustments during the year	321.53	240.42	21.98	(81.11)
Proportionate Share in Joint Ventures		(25.51)		-
TOTAL		**38,779.30**		**34,189.04**
* On conversion of subsidiaries to JointVentures in the current year				
SCHEDULE 3 : SECURED LOANS				
Term Loans from :				
- Banks	37,769.70		9,994.41	
- Financial Institutions	6,999.46		4,999.46	
- Interest accrued and due on Term Loans from Banks	215.95	44,985.11	-	14,993.87
Cash Credit from Banks		5,730.38		9,930.50
Hire Purchase Finance		85.72		117.17
Proportionate Share in Joint Ventures		9,677.09		-
TOTAL		**60,478.30**		**25,041.54**
Repayable within one year		37,769.70		9,994.41
SCHEDULE 4 : UNSECURED LOANS				
Commercial Paper$		10,000.00		-
Short Term Loans from a Bank		2,472.29		2,528.67
From Others		-		627.63
From Directors		211.36		-
Interest accrued and due on loans taken from Banks		6.51		-
Proportionate Share in Joint Ventures		174.19		-
TOTAL		**12,864.35**		**3,156.30**
Repayable within one year		12,527.61		2,528.67
$ - Maximum amount payable during the year		10,000.00		-

SCHEDULE 5 - FIXED ASSETS : *(Rs. in Lakhs)*

BLOCK OF ASSETS	Gross Block: As at 1.04.09	Gross Block: Adj on Consolidation	Gross Block: Additions	Gross Block: Deletions	Gross Block: Adj on Consolidation*	Gross Block: As at 31.03.10	Depreciation: Upto 31.03.09	Depreciation: Adj on Consolidation	Depreciation: For the Year	Depreciation: On deletion	Depreciation: Adj on Consolidation*	Depreciation: upto 31.03.10	Net Block: As at 31.03.10	Net Block: As at 31.03.09
Freehold Land	295.92	-	231.57		54.42	473.07	-	-	-	-	-	-	473.07	295.92
Leasehold Land	228.22	-	-	-	228.22	-	0.32	-	-	-	0.32	-	-	227.90
Buildings	318.56	-	1.14		147.97	171.73	64.73	-	6.02	-	29.24	41.51	130.22	253.83
Leasehold Improvements	304.41	8.89	14.62				327.92	78.84	2.82	61.22	-	142.88	185.04	225.57
Plant and Machinery	9,252.73	18.04	9,267.08	5,208.00	321.31	13,008.54	496.52	2.93	652.20	126.61	56.44	968.60	12,039.94	8,756.21
Furniture and Fixtures	182.44	2.52	306.04	0.29	24.64	466.07	87.60	1.80	30.77	-	12.12	108.05	358.02	94.84
Office Equipment	132.38	13.14	92.43	0.91	15.96	221.08	47.87	10.34	14.04	-	8.95	63.30	157.78	84.51
Computers and Software	741.69	-	91.08		109.26	723.51	413.55	-	101.17	-	66.25	448.47	275.04	328.14
Vehicles	327.41	-	17.69		40.66	304.44	74.23	-	26.91	-	15.95	85.19	219.25	253.18
Intangible Assets														
Technical Know-how	1,212.20				110.23	1101.97	525.25		175.18		72.33	628.10	473.87	686.95
ERP Software			326.47			326.47			38.08			38.08	288.39	
Leasehold land right to use			80.00			80.00			12.00			12.00	68.00	
Total	**12,995.96**	**42.59**	**10,428.12**	**5,209.20**	**1,052.67**	**17,204.80**	**1,788.91**	**17.89**	**1,117.59**	**126.61**	**261.60**	**2,536.18**	**14,668.62**	**11,207.05**
Proportionate share in jointly controlled entities	4,109.99		1,695.36	122.12		5,683.23	157.86	14.14	388.41	0.31		560.10	5,123.13	3,952.13
Grand Total	**17,105.95**	**42.59**	**12,123.48**	**5,331.32**	**1,052.67**	**22,888.03**	**1,946.77**	**32.03**	**1,506.00**	**126.92**	**261.60**	**3,096.28**	**19,791.75**	15,159.18
Previous Year	5,798.63	510.18	7,160.64	473.47	-	12,995.98	902.60	271.56	761.28	146.54	-	1,788.90	11,207.05	
Capital work-in-progress (including capital advances)			12,995.98										2.34	916.17
Proportionate share in jointly controlled entities													1,888.01	

Notes :
Vehicles Include Rs. 225.32 lakhs (Previous year Rs 207.64 lakhs) acquired under Hire Purchase.
Plant and Machinery includes Rs. 2,479.14 Lakhs (Previous year Rs 2,479.14 lakhs) erected on Leasehold Land, out of which Machinery worth Rs. 1,310.53 Lakhs (Previous year NIL) has been leased out by the Company.
Plant and Machinery includes interest cost amounting to Rs 321.43 lakhs (Previous year NIL)
Capital work in progress includes capital advances of Rs 1.09 lakhs(Previous year Rs 109.25 lakhs)
* Represents conversion of subsidiaries to joint ventures in the current year.

SCHEDULE 6 - INVESTMENTS (At Cost) *(Rs. in Lakhs)*

Particulars	Nominal Value Rs.	In Numbers: April 1, 2009	In Numbers: Adjustment on Consolidation	In Numbers: Acquisitions	In Numbers: Sales	In Numbers: As at 31.03.10	Rs. in Lakhs: April 1, 2009	Rs. in Lakhs: Adjustment on Consolidation	Rs. in Lakhs: Acquisitions	Rs. in Lakhs: As at 31.03.10
Long Term -										
a) Quoted - Traded										
1. Ennore Coke Ltd. including share of profit *	10	49,20,000				49,20,000	967.84	293.26		1,261.10
2. Dena Bank Ltd.	10	2,600				2,600	0.78	(0.78)		-
3. Citizen Cooperative Bank Ltd.	10	1,000				1,000	0.10	(0.10)		-
b) Unquoted - Non Trade										
1. Sree Jayajothi Cements Ltd.	10	5,000,000				50,00,000	1,500.00			1,500.00
2. Leitner Shriram Manufacturing Ltd.	10	2,49,96,773	(2,49,96,773)	-		-	2,499.68	(2,499.68)		-
Share of profit in Leitner Shriram Mfg Ltd.							(227.61)	227.61		-
3. Orient Green Power Company Ltd., India	10			3,86,526		3,86,526			2,827.50	2,827.50
4. Orient Green Power Pte Ltd. Singapore	USD 10	12,66,000		13,42,320		26,08,320	6,408.49	(1,128.60)	3,614.27	8,894.16
5. Orient Green Power Pte Ltd. Singapore										
- in Redeemable Preference shares	USD 10000	714			714	-	3,614.27		(3,614.27)	-
Share of Profit / (Loss) of Shriram EPC (Singapore) Pvt. Ltd. in Orient Green Power Pte Ltd, Singapore.							935.94	(513.41)		422.53
6. Shriram SEPL Composites Pvt. Ltd. including share of Profit*	10	49,00,001				49,00,001	476.76	247.59		724.35
Proportionate share in Jointly controlled entities										124.64
Total							**16,176.25**	**(3,374.11)**	**2,827.50**	**15,754.28**

Notes :
Market value of Quoted Investments: Rs. 4,836.36 lakhs (Previous year Rs.654.36 lakhs)
During the year 714 Redeemable Convertibe Preference Shares in Associate Orient Green Power Pte Ltd Singapore have been converted into 13,42,320 ordindary shares of USD 10 each.
*includes goodwill on investment in Associate Companies of Rs 126.48 lakhs

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010.

Amount in Rs Lakhs

	As at 31.03.2010		As at 31.03.2009	
SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES:				
a. INVENTORIES				
Raw materials and Components for Wind Turbine Generators	409.65		117.43	
Contracts Work in Progress	17,263.51		12,372.35	
Finshed goods - Wind Turbine Generator	550.00		-	
Freehold Land for Windmill Projects	-		184.28	
Proportionate Share in Joint Ventures	4,012.76	22,235.92	-	12,674.06
b. SUNDRY DEBTORS #				
- Unsecured				
Debts outstanding for a period exceeding six months :				
Considered Good	21,846.18		13,350.05	
Considered Doubtful	493.64		315.55	
Other Debts :				
Considered good	62,723.59		39,798.99	
Less Provision for Doubtful Debts	493.64		315.55	
Proportionate Share in Joint Ventures	10,487.37	95,057.14	-	53,149.04
c. CASH AND BANK BALANCES				
Cash on hand	84.04		37.43	
Cheques on hand	0.22		-	
With Scheduled Banks :				
in Current accounts	9,991.92		798.78	
in Deposit accounts	7,844.16		3,269.08	
With Other Banks				
in Current accounts	-		0.41	
Proportionate Share in Joint Ventures	1,198.03	19,118.37	-	4,105.70
d. LOANS & ADVANCES				
(Unsecured, Considered Good Unless Otherwise Stated)				
Advances recoverable in cash or in kind				
or for value to be received :				
- Unsecured, considered Good	21,607.25		24,245.81	
- Unsecured considered Doubtful	-		6.79	
	21,607.25		24,252.60	
Less Provision for Doubtful Advances	-		6.79	
	21,607.25		24,245.81	
Deposits	470.81		295.90	
Advance Tax and Tax Deducted at Source	5,313.98		-	
Less :Provision for Taxation	4,804.00		-	
	509.98		-	
MAT Credit Entitlement	220.70		-	
Balance with Customs Excise Authorities	230.81		150.61	
Proportionate Share in Joint Ventures	1,506.45	24,546.00	-	24,692.32
e. OTHER CURRENT ASSETS				
Interest accrued on Fixed Deposits		7.05		112.90
TOTAL		**1,60,964.48**		**94,734.02**
# Includes Retentions on account of Contracts				
- Exceeding six months		1,600.66		3,169.19
- Other debts		3,856.91		1,216.79

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010.

Amount in Rs Lakhs

	As at 31.03.2010		As at 31.03.2009	
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS:				
CURRENT LIABILITIES :				
- Total Outstanding Dues to Micro Enterprises and Small Enterprises	1.95		17.83	
- Total Outstanding Dues to Creditors other than Micro Enterprises and Small Enterprises	60,426.36		43,409.36	
Advance payments from Customers	4,553.55		5,389.30	
Bills Discounted	2,729.19		1,293.34	
Other Liabilities	1,728.28		1,741.50	
Proportionate Share in Joint Ventures	8,897.19	78,336.52	-	51,851.33
PROVISIONS				
Provision for Income Tax	-		3,749.16	
Less: Advance Taxes paid	-		3,570.57	
	-		178.59	
Provision for Gratuity	173.27		189.75	
Provision for Compensated Absences	55.90		82.38	
Provision for Warranties	29.39		124.39	
Proposed Dividend on Equity Shares	526.97		520.19	
Dividend Tax	87.52		88.41	
Proportionate Share in Joint Ventures	344.98	1,218.03	-	1,183.71
TOTAL		**79,554.55**		**53,035.04**

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
SCHEDULE 9 : SALES SERVICES AND WORK BILLS		
Revenue from Engineering construction contracts	1,04,094.14	93,823.72
Sale of Wind Turbine Generators	6,957.62	5,544.54
Sale of goods	772.34	-
Service Income	706.80	1,212.60
Proportionate share in Joint Ventures	23,705.85	-
TOTAL	**1,36,236.75**	**1,00,580.86**

	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
SCHEDULE 10 : OTHER INCOME :		
Interest Income (Tax deducted at Source - Rs 15.63 lakhs Previous year - Rs. 39.14 lakhs)	244.85	331.28
Profit on Sale of Fixed Assets (Net)	118.61	-
Lease Rental Income	85.67	-
Miscellaneous Income	222.63	93.85
Sale of Power	405.00	80.80
Proportionate share in Joint Ventures	333.15	-
TOTAL	**1,409.91**	**505.93**

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

Amount in Rs Lakhs

	For the Year Ended 31.03.2010		For the Year Ended 31.03.2009	
SCHEDULE 11 : MANUFACTURING, CONSTRUCTION AND OPERATION EXPENSES				
Raw Materials and Components consumed - Wind Turbine Generators :				
Raw Materials and Components consumed :				
- Opening stocks	-		1,117.49	
- Purchases	5,823.57		9,225.52	
- Less : Transferred to Leitner Shriram Mfg Ltd.	-		1,015.85	
- Less : Closing Stocks	409.65	5,413.92	117.43	9,209.73
Projects Related Contract Expenditure :				
Cost of Materials and Labour		87,868.63		74,843.94
Cost of traded goods sold		683.63		-
Other contract related costs		1,614.62		3,472.77
Operations and Maintenance charges		-		16.02
Other manufacturing expenses		347.79		246.00
Infrastructure development charges to electricity boards		0.40		1,184.96
Personnel Costs :				
Salaries wages and allowances	710.60		1,132.78	
Contribution to PF and other Funds	37.76		60.90	
Staff welfare expenses	69.05	817.41	101.07	1,294.75
Commercial Taxes		3,966.42		2,953.01
Rent		86.32		115.26
Rates and taxes		26.59		25.02
Insurance		223.66		141.57
Repairs and Maintenance		127.35		105.52
Communication expenses		54.43		78.18
Travelling and Conveyance		346.89		398.40
Consultancy Charges		788.03		533.94
Business Promotion expenses		30.28		27.46
Finance Charges		3,259.81		1,013.78
Miscellaneous Expenses		432.86		192.92
(Increase) / Decrease in Inventories :				
Opening Stocks :				
- Finished Goods	-			
- Contract work in progress	12,372.35		3,882.17	
Less: Adjustment on Consolidation *	4,726.96			
- Freehold land for windmill projects	184.28		356.15	
	7,829.67		4,238.32	
Less : Transferred to Shriram Leitwind Ltd. on a/c of Business Transfer Agreement			135.77	
	7,829.67		4,102.55	
Closing Stocks :				
- Finished Goods - Wind Turbine Generators	550.00			
- Contract Work in Progress	16,794.55		12,372.35	-
- Freehold land - Wind Turbine Generators	-		184.28	
	17,344.55	(9,514.88)	12,556.63	(8,454.08)
Proportionate share in Joint Ventures		19,487.57		-
TOTAL		**1,16,061.73**		87,399.15
* On conversion of subsidiaries to Joint Ventures in the current year				

SCHEDULE 12 : EMPLOYEE COSTS				
Salaries, Wages and Allowances	2,342.60		2,510.96	
Contribution to Provident and other Funds	154.70		154.19	
Staff welfare expenses	161.02	2,658.32	164.77	2,829.92
Proportionate share in Joint Ventures		995.67		
TOTAL		**3,653.99**		2,829.92

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

Amount in Rs Lakhs

	For the Year Ended 31.03.2010		For the Year Ended 31.03.2009	
SCHEDULE 13 : OTHER COSTS				
Rent		246.72		97.74
Rates and Taxes		20.68		22.45
Repairs and Maintenance		141.95		110.85
Insurance		54.30		26.77
Remuneration to Auditors :				
- Statutory Audit	12.00		10.00	
- Other services	12.72		7.00	
- Out of pocket expenses	1.70	26.42	-	17.00
Printing and Stationary		67.97		74.01
Communication Expenses		107.17		109.75
Advertisement and Sales Promotion expenses		84.58		64.98
Travelling and conveyance		294.00		420.56
Legal and Professional Consultancy charges		754.56		820.05
Donation		2.00		20.95
Sitting Fees		14.45		6.69
Exchange fluctuation - net		24.60		(95.74)
Provision for Warranty		-		139.94
Bad debts written off	145.17		106.08	
Less: Provision adjusted	218.06	(72.89)	75.83	30.25
Provision for doubtful debts created		473.21		202.72
Loss on sale of fixed assets		0.32		3.22
Miscellaneous Expenses		197.21		293.05
Proportionate share in Joint Ventures		1,596.45		
TOTAL		**4,033.70**		2365.24

SCHEDULE 14 : INTEREST AND FINANCE CHARGES		
Bank Charges, Letter of Credit / Guarantee charges	361.97	400.69
Interest on Cash Credits	898.41	260.35
Interest on Commercial Paper	394.11	-
Interest on Term Loans	2,258.24	435.58
Interest - others	313.24	178.89
Proportionate share in Joint Ventures	1,136.21	
TOTAL	**5,362.18**	1,275.51

SCHEDULE 15 - NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

1. Statement of Significant Accounting Policies

1.1 Basis of Preparation of Financial Statement

The financial statements are prepared under the historical cost and in accordance with generally accepted accounting principles in India. The Company closes its annual accounts as on 31st March every year.

1.2 Principles of consolidation

The Consolidated Financial Statements relate to Shriram EPC Ltd. ('the Company') it's Subsidiary Companies, Joint Ventures and Associates. The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the Company and its Subsidiary Companies have been prepared on a line by line consolidation by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions resulting in unrealized profits and losses as per Accounting Standard 21 – Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.

In case of foreign subsidiary, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. In accordance with the Indian Accounting Standard 11 on accounting for the effects of changes in foreign currency rates, the operations of the foreign subsidiaries & joint ventures are classified as "Non-Integral Foreign Operation" and hence exchange gains/ (losses) arising on conversion are recognized under Foreign Currency Translation Reserve.

Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Indian Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures issued by The Institute of Chartered Accountants of India.

Equity method of Accounting has been followed for Investments in Associates in accordance with AS 23- Accounting for Investments in Associates, wherein Goodwill/ Capital Reserve arising at the time of acquisition and share of profit or losses after the date of acquisition has been adjusted in investment value, based on the audited financial statements of the associates.

The financial statements of the subsidiaries, joint ventures and associates used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March 2010.

Minority interest in the net assets of consolidated subsidiaries consists of :

a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

b) The minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.

Minority interest's share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances except in the case of certain Subsidiaries, Joint Ventures /Associates the impact of which is not quantifiable.

The excess of cost to the Company and its Subsidiaries, of their investments in their Subsidiaries, Joint Ventures and Associates is recognized in the financial statements as goodwill.

1.3 List of Subsidiaries, Associates and Joint Ventures included in the Consolidated financials

Name of the Subsidiary/ Joint Venture/Associate	Status	Country of Incorporation	31st March 2010 Share in Ownership and Voting Power	31st March 2009 Share in Ownership and Voting Power
Shriram SEPC (Singapore) Pte Ltd.	Subsidiary	Singapore	100%	100%
Blackstone Group Technologies Pvt. Ltd.	Subsidiary	India	55%	50%
Leitner Shriram Manufacturing Ltd.	Jointly controlled entity #	India	49.48%	49%

Name of the Subsidiary/ Joint Venture/Associate	Status	Country of Incorporation	31st March 2010 Share in Ownership and Voting Power	31st March 2009 Share in Ownership and Voting Power
Shriram Leitwind Ltd.	Jointly controlled entity #	India	Nil	51%
Hamon Shriram Cottrell Pvt. Ltd.	Jointly controlled entity #	India	50%	50%
Ennore Coke Ltd.	Associate	India	31.74%	31.74%
Shriram SEPL Composites Pvt Ltd	Associate	India	49.00%	49.00%
Holdings through Subsidiary				
Orient Green Power Pte Ltd.	Associate	Singapore	37.70%	
Chemprojects Private Ltd.	Subsidiary	India	60%	Nil

In respect of Orient Green Power Pte Ltd., Singapore the Consolidated Financials of the Company with its Subsidiary Orient Green Power Co. Ltd., India, were considered for consolidation.

The Consolidated Financial Statements of Shriram SEPC (Sigapore) Pte Ltd. as on 31st March 2010, is based on the financials approved by the Board of Directors of that Company.

treated as subsidiary until 31st March 2009.

1.4 Other Significant Accounting Policies

1.4.1 Basis of Accounting

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the accounting principles generally accepted in India and comply with mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956

1.4.2 Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as of the date of the financial statements. Actual results could differ from those estimated. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

1.4.3 Revenue Recognition

Income in respect of sale of goods is recognized at the time of transfer of title. Sales are inclusive of all taxes.

Revenue in respect of Engineering Contracts is recognized as and when progressive bills are raised based on customers measurement acceptance and terms of the Contract, taking into consideration technical estimate revision, costs to complete and stages of completion. Profits are recognized after charging corresponding proportionate costs relating to the Contractual billings. Escalation, which in the opinion of the Management is recoverable on the contract are also recognized as and when the claims are accepted by the customers.

Provision for anticipated losses on contracts is being made in the year they are established.

Revenue from other Contracts is recognized based on completed Contract method, when rendering of service is completed or substantially completed.

Revenue from engineering consultancy services is recognized upon rendering of complete designing and detailing servies and is computed on cost incurred plus profit basis as per the agreements with the clients. Such cost includes employee costs, direct overheads and indirect costs but excludes loss on forex exchange and taxes on income.

Commission is accrued when it becomes due and receivable on acceptance of materials and realization of payments by the supplier.

Dividend Income on Investments is accounted for when the right to receive the payment is established.

1.4.4 Investments

Long term investments are stated at cost. Provision for diminution in value is made if the decline is other than temporary in nature. Current Investments are stated at lower of cost and fair value determined on the basis of each category of investments.

1.4.5 Fixed Assets and Depreciation:

Fixed assets are stated at cost. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use. With regard to assets acquired under the finance lease, the cost of assets is capitalized while the annual charges are charged to revenue. Intangible Assets are stated at cost.

Tangible assets

Depreciation is provided for on Straight Line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956, except for tools and tackles included in Plant and Machinery which are depreciated over a period of three years.

In respect of certain subsidiaries, depreciation on fixed assets are provided on Written Down Value method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

Leasehold land is amortized over a period of ninety-six years.

Leasehold improvements are written off over the primary period of their lease.

In respect of assets impaired, the revised carrying value is depreciated over its remaining useful life.

Individual assets costing less than Rs.5,000/- each is depreciated in full in the year of addition.

Intangible Assets

Technical Know-how fees are amortized over the period of 5 to 10 years based on estimated useful life of the asset.

Software cost are amortised over a period of 5 years based on Management Evaluation of their estimated useful life.

Leasehold land using rights is amortised over the primary period of lease, which is 20 years

1.4.6 Impairment of Assets

At each balance sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where

there is an indication that there is a likely impairment loss for a group of assets, the Company estimates the recoverable amount of the group of assets as a whole and the impairment losses, if any, recognised.

1.4.7 Inventories

Raw Materials and stores and spares are valued at cost. Cost on FIFO basis includes freight, taxes and duties net of VAT credit wherever applicable.

Works in progress relating to windmill division are valued at lower of cost and net realizable value. Work in progress relating to construction contracts reflects the proportionate cost of inputs and direct expenses on contracts yet to be billed.

Stock of land for windmill projects is valued at lower of cost and net realizable value. Cost of land includes purchase consideration, stamp duties and registration charges for transfer of title.

Work in progress in respect of consultancy services is valued on the percentage of the designing and detailing services delivered to the clients after going through the Approval and confirmation stage based on the total project size and revenue is based on the cost incurred towards rendering the services and the net realizable values as certified and valued by the management. For this purposes cost means direct man –hour cost and expenses incurred on the project.

1.4.8 Foreign Currency Transaction

Foreign currency transactions are recorded at the rate prevailing on the date of transaction. At the year end, all monetary assets and liabilities denominated in foreign currency are restated at the year end exchange rates. Exchange differences arising on actual payment/realization are recognized in profit and loss account.

In respect of a Joint Venture, exchange differences, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before 31st March, 2011 in accordance with the amendment to the Companies (Accounting Standard) Rules, 2006 (Vide Ministry of Corporate Affairs notification dated 31.3.09).

1.4.9 Employee Benefits:

a. Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Short term employee benefits, including accumulated compensated absences, at the balance sheet date, are recognized as an expense as per the Company's scheme based on expected obligations on undiscounted basis.

b. Long Term Employee Benefits

The obligation for long term employee benefits such as long term compensated absences is provided for based on actuarial valuation as at the balance sheet date, using the Projected Unit Credit Method.

(i) Defined Contribution Plans

Contribution to state governed provident fund scheme and employee state insurance scheme are defined contribution plans.

The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

(ii) Defined Benefit Plans: -

The liability for Gratuity to employees as at Balance Sheet date is determined on the basis of actuarial valuation based on Projected Unit Credit method and is not funded. The contribution there of paid / payable is charged in the books of accounts.

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognised in the profit and loss account as income or expense.

1.4.10 Taxation

Provision for taxation comprise of the Current Tax Provision, Fringe Benefit Tax and the net change in the Deferred Tax Asset or Liability during the year.

Current Tax is determined in accordance with the provisions of Income Tax Act, 1961, on the Income for the period chargeable to tax.

Provision for deferred tax is made for timing differences arising between the taxable incomes and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date. Deferred Tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

1.4.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

1.4.12 Segment reporting:

a. The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

b. Segment revenue and segment results include transfers between business segments. Such transfers are accounted for at the agreed transaction value and such transfers are eliminated in the consolidation of the segments.

c. Expenses that are directly identifiable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and are not allocable to segments are included under unallocated corporate expenses.

d. Segments assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

1.4.13 Employee Stock Option Scheme

Stock options granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities Exchange Board of India. The Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation and is charged to the Profit and Loss Account to the extent of options vested.

2. NOTES ON ACCOUNTS:

Pursuant to the Scheme of amalgamation of erstwhile Shriram Leitwind Ltd. a Joint Venture between Shriram EPC Ltd. and Leitwind BV engaged in the business of manfacturing, supply erection operation and maintainance of Wind Electric Generators (WEG) was amalgamated with the Leitner Shriram Manufacturing Ltd. as sanctioned by the Honourable High Court of Madras on January 11, 2010. As per the Scheme of amalgamation, the entire undertaking of the amalgamating Company including all assets and liabilities and reserves shall stand transferred to and vested in the Company with effect from 1st April 2009.

The figures of the Profit and Loss account of the merged entity Leitner Shriram Manufacturing Ltd. are for 14 months period as against the previous year of 12 months.

3. SALE OF WEG BUSINESS:

During the Previous Year, pursuant to the approval of the board, the Company obtained Shareholders' approval through Postal Ballot on 21st August 2008 to transfer the business of 250 KW Wind Turbines effective April 1, 2008, to its subsidiary Shriram Leitwind Ltd. (SLL) and Associate Leitner Shriram Manufacturing Ltd. (LSML). The Company continues to sell the 250 KW Wind Turbines till the time LSML obtains all statutory approvals to manufacture and sell 250 KW Wind Turbines, and the gross margins on such sales are transferred to Leitner Shriram Manufacturing Ltd.

4. CONTINGENT LIABILITIES:

Amount in Lakhs

Sl. No	Particulars	As at 31.03.10	As at 31.03.09
(a)	Letters of Guarantee issued by the Banks	27,564.16	17,545.10
(b)	Letters of Credit issued by the Banks	51,479.51	17,486.62
(c)	Bills discounted	88.68	1,833.72
(d)	Corporate Guarantees issued	9,500.00	9,192.50
(e)	Claims against the Company not acknowledged as Debts	1,205.11	910.70
(f)	Disputed Income Tax demands contested in Appeals Not provided for.*	982.74	982.74

* Management is of the opinion that the Appeals preferred by the Company will be decided in its favour.

5. CAPITAL COMMITMENTS:

Amount in Lakhs

		31.03.2010	31.03.2009
(a)	Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	45.77	187.59
(b)	Debenture Purchase obligations :	21,000.00	-

6. DISCLOSURES UNDER ACCOUNTING STANDARD 15 (REVISED)

Provision for gratuity:

Amount in Lakhs

	Particulars	31.3.10	31.3.09
(a)	**Present value of obligations at the beginning of the year**	183.26	141.16
	Current Service cost	66.55	51.58
	Interest Cost	11.14	10.81
	Actuarial (Gain) or Loss	3.63	(19.91)
	Benefits Paid	(14.28)	(0.38)
	Adj. on consolidation	(27.64)	-
	Present value of obligations at the end of the year	222.66	183.26
	Cost for the year		
	Current service cost	66.55	51.58
	Interest Cost	11.14	10.81
	Expected return on plan assets	-	-
	Net actuarial (gain) / Loss recognized in the period	3.63	(19.91)
	Net Cost	81.31	31.62
	Assumptions		
	Discount Rate	7.5%	7.5%
	Expected rate of salary increases	5%	5%

(b) **Acturial assumption for compensated absence**

Particulars	31.03.10	31.03.09
Rate of Mortality	LIC - 94-96 Mortality rates	LIC - 94-96 Mortality rates
Rate of Discount	7.50%	8.00%
Rate of Salary escalation	5.00%	4.00%

7. EARNINGS PER SHARE

(Rs. in Lakhs)

		As at 31.03.10	As at 31.03.09
A	**BASIC**		
	Profit attributable to equity share holders from continuing operations – Used as Numerator (Rs. In lakhs)	4,675.69	4,747.60
	The weighted average number of equity shares Outstanding during the year used as Denominator	4,35,23,090	4,32,43,678
	Basic Earnings Per share (Rupees)	10.74	10.98
	Face Value of Share	10	10
B	**DILUTED**		
	The weighted average number of potential equity shares Outstanding during the year including stock options used as Denominator (B)	4,44,54,875	4,34,33,390
	Diluted Earnings Per share (Rupees)	10.52	11.36
	Face Value of Share	10	10

8. FINANCE LEASE DISCLOSURE - IN RESPECT OF CARS TAKEN ON HIRE PURCHASE

Finance Lease - in respect of Cars taken on Hire Purchase

Amount in Rs. Lakhs.

	Year Ended March 31, 2010	Year Ended March 31, 2009
a) Cost of leased asset	225.32	207.64
b) Net carrying amount	177.85	179.96

Year wise future minimum lease rental payments on contracts:

	Total minimum lease payments as on March 31, 2010	Present value of lease payment as on March 31, 2010	Total minimum lease payment as on March 31, 2009	Present value of lease payment as on March 31, 2009
Not later than one year	46.65	40.22	47.75	38.53
Later than one year andLess than five years	39.07	34.69	69.42	62.46
Later than five years	-	-	-	-
Total	**85.72**	**74.92**	**117.17**	**100.99**
Less: Future Finance Charges	10.80		16.18	
Present Value of Minimum Lease payments	74.92	74.92	100.99	100.99

9. DISCLOSURES PURSUANT TO ACCOUNTING STANDARD (AS) 7 (REVISED) – "CONSTRUCTION CONTRACTS"

Amount in Rs. Lakhs.

Particulars	For the period ended	
	March 31, 2010	March 31, 2009
Contract Revenues recognized for the Financial Year	1,09,622.32	86,846.52
Aggregate amount of Contract Costs incurred and recognized profits (less recognised losses) as at end of the financial year for all contracts in progress as at that date	93,449.10	75,797.15
Progress Bills Raised		
Amount of Customer advances outstanding for contracts in progress as at end of the Financial Year	5,457.57	4,385.98
Retention amounts due from customers for contracts in progress as at end of the financial year	4,468.90	3,216.50

10. PROVISION FOR WARRANTY IS ESTIMATED BASED ON THE TERMS AND CONDITIONS AGREED WITH THE CUSTOMERS.

Amount in Rs. Lakhs.

Particulars	Opening Balance	Additions	Withdrawals	Closing Balance
Provision for Warranty	29.39	Nil	Nil	29.39
	(29.39)	Nil	Nil	(29.39)

11. DEFERRED TAX – DISCLOSURE UNDER ACCOUNTING STANDARD 22.

Amount in Rs. Lakhs.

Particulars	As at 31.03.10	As at 31.03.09
A. Deferred Tax Liability		
On Depreciation	3,209.66	1,725.69
Total Liability	3,209.66	1,725.69
B. Deferred Tax Asset		
Disallowance/Deduction u/s 43 B	225.83	106.82
Carried forward loss	51.82	-
Provision for doubtful debts	163.97	113.21
Total Asset	441.62	220.03
Net Deferred Tax Liability	2,768.04	1,505.66

12. Segment Financials - (A) Primary Segment Analysis

The Company's operations are organised into major divisions - Construction Contracts and manufacturing of wind turbine generators. Accordingly, the divisions comprise the primary basis of segmental information. Secondary segmental reporting of Revenue is based on geographical location of customers.

The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

Particulars	Construction Contracts 31.03.10	31.03.09	Wind Turbine Generators 31.03.10	31.03.09	Elimination 31.03.10	31.03.09	Unallocated 31.03.10	31.03.09	Consolidated Total 31.03.10	31.03.09
External Sales	1,10,801.92	95,036.32	25,434.83	5,544.54	-	-	-	-	1,36,236.75	1,00,580.86
Intersegmental Sales	-	-	-		-	-	-	-	-	-
Total Revenue	1,10,801.92	95,036.32	25,434.83	5,544.54	-	-	-	-	1,36,236.75	1,00,580.86
Result										
Segment Result	19,740.34	12,971.49	-	210.22	-	-	-	-	19,740.34	13,181.71
(-) Inter Segment Margin on capital jobs	-	-	-	-	-	-	-	-	-	-
Proportionate share of Result in Jointly Controlled entity								434.68		434.68
Unallocated Coprorate income/expenditure(net)	-	-	-	-	-	-	9,193.69	5,956.44	9,193.69	5,956.44
Operating Profit	19,740.34	12,971.49	-	210.22	-	-	(8,759.01)	(5,956.44)	10,981.33	7,225.27
Interest expenses	5,362.16	1,275.51	-						5,362.16	1,275.51
Other Income	1,409.91	505.93	-						1,409.91	505.93
Profit before Tax	15,788.09	12,201.91	-	210.22	-	-	(8,759.01)	(5,956.44)	7,029.08	6,455.69
Provision for Current Tax	-	-	-	-	-	-	1,423.47	1,359.48	1,423.47	1,359.48
Provision for Deferred tax	-	-	-	-	-	-	1,247.55	912.71	1,247.55	912.71
Provision for FBT	-	-	-	-	-	-	0.46	53.38	0.46	53.38
MAT available for set off							(220.70)	-	(220.70)	-
Minority Interest - Share of Profit / (Loss)	-	-	-	-	-	-	(57.90)	76.65	(57.90)	76.65
Profit after Tax (before extra ordinary items)	15,788.09	12,201.91	-	210.22	-	-	(11,151.89)	(8,358.66)	4,636.20	4,053.47
Other Information										
Segment Assets	1,48,425.11	93,758.26	9,846.54	16,669.55	-	-	-	-	1,58,271.65	1,10,427.81
Proportionate share of Assets in Jointly Controlled entity							24,653.18	-	24,653.18	-
Unallocated Corporate Assets	-	-	-	-	-	-	16,328.64	16,889.08	16,328.64	16,889.08
Total Assets	1,48,425.11	-	9,846.54	16,669.55	-	-	40,981.82	16,889.08	1,99,253.47	1,27,316.89
Segment Liabilities	64,704.28	47,231.67	5,448.53	9,373.94	-	-	-	-	70,152.81	56,605.61
Proportionate share of Liabilities in Jointly Controlled entity							9,401.74	-	9,401.74	-
Unallocated Corporate Liabilities	-	-	-	-	-	-	76,399.00	31,952.62	76,399.00	31,952.62
Total Liabilities	64,704.28		5,448.53	9,373.94	-	-	85,800.74	31,952.62	1,55,953.55	88,558.23
Capital Expenditure	12,123.48	7,055.32		105.32	-	-	-	-	12,123.48	7,160.64
Unallocated Corporate Capital Expenditure		-		-						-
Depreciation included in Segment expenses	1,506.00	739.10		22.18					1,506.00	761.28
Unallocated Corporate Depreciation		-		-						-
Noncash expenses other than Depreciation		-		-						-
SECONDARY SEGMENT (B) - GEOGRAPHICAL REVENUE										
Total										
Market										
External Sales										
Africa		292.73	-	-	-	-	-	-	-	292.73
Europe		195.72	-	-					-	195.72
United States of America		505.07							-	505.07
India	1,36,236.75	99,587.34	-	-					1,36,236.75	99,587.34
Total	1,36,236.75	1,00,580.86	-	-	-	-	-	-	1,36,236.75	1,00,580.86

13. Related Party Disclosures under Accounting Standard 18

Amount in Rs. Lakhs.

Disclosure of related party transactions in accordance with Accounting Standard (AS 18) issued by Institute of Chartered Accountants of India.

a) Status of the Related Parties	Name of the Related Parties 2009-10	Name of the Related Parties 2008-09
Associates	Ennore Coke Ltd. Shriram SEPL Composites P Ltd.	Leitner Shriram Manufacturing Ltd. Ennore Coke Ltd. Shriram SEPL Composites Pvt. Ltd.
Jointly controlled entity	Hamon Shriram Cotrell Pvt. Ltd. Leitner Shriram Manufacturing Ltd	- -
Key Managerial Personnel (KMP)	T.Shivaraman M.Amjad Shariff N.K.Suryanarayanan	T.Shivaraman M.Amjad Shariff N.K.Suryanarayanan
Enterprise over which Key Management Personnel is able to exercise significant influence	Orient Green Power Co Ltd.	-
Relatives of KMP	None	None

b) Particulars	2009-10	2008-09
Sales		
Ennore Coke Ltd.	1,374.05	7,683.44
Leitner Shriram Manufacturing Ltd.	2,139.92	-
Hamon Group	1.03	747.31
Investments		
Leitner Shriram Manufacturing Ltd.	615.56	818.73
Shriram SEPL Composites Pvt. Ltd.	-	490.00
Hamon Shriram Cotrell Pvt. Ltd.	220.00	-
Purchases of goods and services		
Leitner Shriram Mfg Ltd.	4,741.96	2,719.50
Hamon Group	691.79	749.58
Transfer of Margins under Business Transfer Agreement		
Leitner Shriram Manufacturing Ltd.	143.00	485.49
Purchase of Fixed Assets		
Leitner Shriram Manufacturing Ltd.	8,855.00	-
Expenses incurred on behalf of related party		
Leitner Shriram Manufacturing Ltd.	134.48	170.02
Ennore Coke Ltd.	1,090.32	304.69

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Expenses incurred for the Company by the related party		
Leitner Shriram Manufacturing Ltd.	1.02	
Amount outstanding Dr / (Cr)		
Ennore Coke Ltd.	8,186.12	8,134.43
Leinter Shriram Manufacturing Ltd.	(1,147.75)	(569.99)
Shriram SEPL Composites Pvt. Ltd.	1,310.15	776.37
Hamon Shriram Cottrell Pvt. Ltd.	281.38	-
Shriram Angelehner Composites Pvt. Ltd.	140.84	-
Orient Green Power Co Ltd.	1,783.77	-
Corporate Guarantees		
Hamon Shriram Cottrell Pvt. Ltd.	4,600.00	2,500.00
Shriram SEPL Composites Pvt. Ltd.	600.00	600.00

Details of remuneration to Directors is disclosed in the respective accounts of the Company, its subsidaries and jointly controlled entities.

14. EMPLOYEE STOCK COMPENSATION EXPENSES

The Company has two Employee Stock option Schemes – A. Employee stock option scheme 2006. B. Employee stock option scheme 2007. As per the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India, the Company has considered the best available estimate of the number of shares or stock options expected to vest based on the current attrition rates of its employees and measured the compensation expense at fair value on the date of grant.

A. Shriram EPC Ltd. 2006 ESOP Scheme (The 2006 Scheme)

a. In pursuance of a special resolution approved by the shareholders at the extra-ordinary general meeting held on 20th November, 2006 the Company instituted an ESOP Scheme for all its eligible employees including the Subsidiaries and Associate Companies.

In accordance with the 2006 Scheme the Company has granted on November 22, 2006 (Grant date) options to eligible employees at an exercise price of Rs. 10/- per equity share. Under the terms of the 2006 Scheme the options will vest in the employees in the following proportion:

Vesting Schedule	In respect of employees who are in employment with the company prior to 1.1.2001	In respect of employees who have joined the company after to 1.1.2001
November 22, 2007	30%	20%
November 22, 2008	30%	20%
November 22, 2009	20%	30%
November 22, 2010	20%	30%

The employees stock options granted shall be capable of being exercised within a period of eight years from the date of the grant.

Modification in the Terms of the 2006 Scheme

The company has carried out a modification in " The 2006 scheme" and accordingly additional grants of 4,24,952 options have been made during the year ended 31.03.2008. These grants have been made as at 1st April 2007 and will vest with the employees in same proportion as in the original scheme.

During the year ended 31st March, 2010, eligible employees have exercised their options to the extent of 5,03,222 (Previous year 2,96,911 options) and options NIL(Previous year 40,768) were forfeited as certain employees resigned from the services of the Company. The movement in the stock options during the year was as per the table below:

Particulars	As at 31.03.10	As at 31.03.09
Options at the beginning of the Year	14,93,640	15,34,408
Granted during the year	Nil	Nil
Forfeited during the year	Nil	40,768
Exercised during the year	5,03,222	2,96,911
Expired during the year	Nil	Nil
Options outstanding at the end of the year	14,93,640	14,93,640
Exercisable at the end of the year	1,45,953	2,78,902
Deferred stock compensation expense:		

Options granted under the 2006 Scheme gives rise to a Deferred stock compensation expense of Rs. **1,045.55** lakhs. For the year ended 31st March, 2010, an amount of **Rs. 248.08 lakhs** (previous year Rs. 247.13 lakhs), including **Rs.Nil lakhs** (previous year Rs. 53.74 lakhs on account of the above modification) being proportionate employee compensation expense to the extent of options vested, has been charged to profit and loss account.

The values of services rendered in return for share options granted are measured by reference to the fair value of the share options granted and this is evaluated on the basis of an independent valuation carried out as on the grant date.

B. **Shriram EPC Limited 2007 ESOP Scheme (the 2007 Scheme)**

The Company instituted another Scheme for all eligible employees in pursuance of a special resolution approved by the shareholders at the extra-ordinary general meeting held on 20th September, 2007.

In accordance with the 2007 Scheme the Company has granted on October 1, 2007 and January 1, 2008 (Grant dates) options to eligible employees including the Subsidiaries and Associate Companies at an exercise price of Rs.10/- per equity share. Under the terms of the 2007 Scheme the options will vest in the employees in the following proportion:

Vesting Schedule	In respect of employees who are in employment with the company prior to 1.1.2001	In respect of employees who have joined the company after to 1.1.2001
At the end of Year 1	30%	20%
At the end of Year 2	30%	20%
At the end of Year 3	20%	30%
At the end of Year 4	20%	30%

The employees stock options granted shall be capable of being exercised within a period of eight years from the date of the grant.

The movement in the stock options during the year was as per the table below:

Particulars	As at 31.03.10	As at 31.03.09
Options at the beginning of the Year	1,47,000	1,50,000
Granted during the year	20,000	Nil
Forfeited during the year	Nil	3,000
Exercised during the year	61,700	6,900
Expired during the year	Nil	Nil
Options outstanding at the end of the year	1,47,000	1,47,000
Exercisable at the end of the year	41,500	55,400

Options granted under the 2007 Scheme gives rise to a Deferred stock compensation expense of Rs. 85.88 lakhs. For the year ended 31st March, 2010, an amount of **Rs.27.92 lakhs** (previous year Rs. 30.72 lakhs), being proportionate employee compensation expense to the extent of options vested, has been charged to profit and loss account.

C. Fair value of Options Granted:

The estimated fair value of each stock option granted under the employee stock option Scheme 2006 is Rs. 80. The fair value was arrived at based on a transaction entered into between a willing buyer and a seller for purchase of shares recent to the grant date of the options.

The estimated fair value of each stock option granted under the employee stock option Scheme 2007 is Rs. 68.42 as per the Fair Value method. The model inputs were the weighted average price arrived under the following methods:

Method	Value per Share	Weights Assigned
Net asset value method	43.27	1
Price Earnings capacity Method	23.74	2
Market Capitalisation method	71.10	2
Value per transaction between willing parties	122.98	2

15. Subsequent to the date of approval of the annual accounts by the Board and before the book closure date 70,575 equity shares were allotted under the Shriram EPC Ltd. Employee stock Option Plan 2006 & 2007 to employees and dividends of Rs. 0.84 lakhs on these shares were paid. The total amount of Rs. 0.99 lakhs including dividend distribution tax have been appropriated from the opening balance of Profit and Loss Account.

16. Figures of the previous year have been reclassified and regrouped wherever necessary to conform to the classification and groupings adopted in the current year.

For and on behalf of the board

M.Amjad Shariff	Vathsala Ranganathan	R.Sundararajan
Joint Managing Director	*Director*	*Director*

Chennai
Dated : 24th May, 2010.

K.Suresh	Vivek Sharma
Company Secretary	*Chief Financial Officer*

DISCLOSURE OF INFORMATION RELATING TO SUBSIDIARIES
(VIDE MCA APPROVAL NO.47/390/2010 - CL III DATED 11TH MAY 2010)

Amount in Rs. Lakhs

Particulars	Shriram EPC (Signapore) Pte. Ltd. Consolidated		Blackstone Group Technology P Ltd. Consolidated	
	2009-10	2008-09	**2009-10**	2008-09
1. Share Capital:				
Equity	9,081.97	9,081.97	68.08	61.27
Share Application Monies		-		-
2. Reserves & Surplus	439.41	931.53	554.50	494.51
Total	9,521.38	10,013.50	622.58	555.78
3. Total Liabilities	898.16	1,149.55	1,472.65	840.52
4. Total Assets	10,419.85	11,163.05	2,072.88	1,396.30
5. Details of Investments :	9,317.00	10,958.70		
Current investments		-		-
Long term investments :				
Quoted				
Unquoted	9,317.00	10,958.70		
6. Gross income	546.02	-	1,299.95	1,084.88
7. Profit before tax	9.92	(2.78)	(127.57)	116.77
8. Provision for taxation				
Current ***	0.70	-	(0.40)	14.38
Deferred				
9. Profit after tax	9.22	(2.78)	(127.17)	102.39
10. Share of profit from associates	(501.33)	935.94		
11. Dividend/Proposed Dividend including dividend tax		-		-
12 Exchange Rates adopted :				
Currency	US Dollar	US Dollar		
Exchange Rate for Assets	44.92	50.62		
Exchange Rates for Liabilities	45.00	50.71		
Exchange Rates for Revenue/ Exps	47.37	45.51		

Notes:

1. Total Liabilities include : Secured Loans, Unsecured Loans, Current Liabilities & Provisions and Deferred Tax Liability.
2. Total Assets include : Net Fixed Assets, Investments, Current Assets, Loans & Advances, Deferred Tax assets and Miscellaneous expenditure.
3. Current Provision for taxation includes Provsion towards Fringe Benefit tax.
4. Detailed financial statements, Directors Report and Auditors Report of the individual subsidiaries are available for inspection at the Registered Office of the Company. Upon written request from a shareholder we will arrange to deliver copies of the financial statements, Directors Report and Auditors Report for the individual subsidiaries.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Arun Duggal – Chairman
Mr. T. Shivaraman – Managing Director & CEO
Mr. Amjad Shariff – Joint Managing Director
Mrs. Vathsala Ranganathan
Mr. S. R. Ramakrishnan
Mr. R. Sundararajan
Mr. R. S. Chandra
Mr. K. Madhava Sarma (IAS Retd.)
Mr. Sunil Varma
Mr. S. Krishnamurthy
Mr. Sunil K. Kolangera - Unit Trust of India - Investment Advisory Services Ltd.

REGISTERED OFFICE

5, T.V. Street, Chetpet, Chennai 600 031

ADMINISTRATIVE OFFICE

9, Vanagaram Road, Ayanambakkam, Chennai 600 095

FACTORIES

Chennai, Gummidipoondi, Puducherry, Umbergaon

BRANCHES

Kolkata, New Delhi, Beijing, Rotterdam

BANKERS

Oriental Bank of Commerce Ltd.
AXIS Bank Ltd.
Yes Bank Ltd.
Royal Bank of Scotland
Citibank N.A.
Bank of India Ltd.
IDBI Bank Limited
DBS Bank Limited
Punjab National Bank Ltd.
Allahabad Bank Ltd.
State Bank of Trivancore
Indus Bank Ltd.
Barclays Bank
State Bank of Patiala
Federal Bank Ltd.
Catholic Syrian Bank Ltd.
Development Credit Bank Limited

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