Shriram epc
Engineering the future

Working towards an energizing future

Shriram EPC Limited

Eleventh Annual Report 2010-2011

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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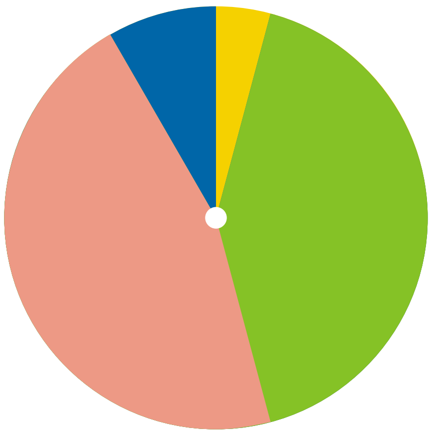
Where we are now

Shareholding Pattern as on 31st March 2011



Promoter Group	41.70
Strategic Investor	45.23
Others (FII, MF, Banks, etc.,)	10.48
Public	2.59

Graph & Data in %

Key Financial metrics (Consolidated)

20.46%
Increase in turnover from ₹13,623.68 mn in 2009-10 to ₹16,411.44 mn in 2010-11

56.26%
Escalation in EBIDTA from ₹1,389.72 mn in 2009-10 to ₹2,171.62 mn in 2010-11

53.18%
Growth in post profit tax from ₹457.83 mn in 2009-10 to ₹701.29 mn in 2010-11

10.37%
Surge in cash profits from ₹853.50 mn in 2009-10 to ₹941.99 mn in 2010-11

35.16%

Growth in operating profit from ₹2,017.50 mn in 2009-10 to ₹2,726.92 mn in 2010-11

POSITIONING

Shriram EPC Limited is 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.

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, biomass power plants and small hydel projects, among other), core infrastructure projects (process and metallurgy) and municipal services (water and pipe rehabilitation).

The Company operates through a group of joint venture, subsidiaries and associates.

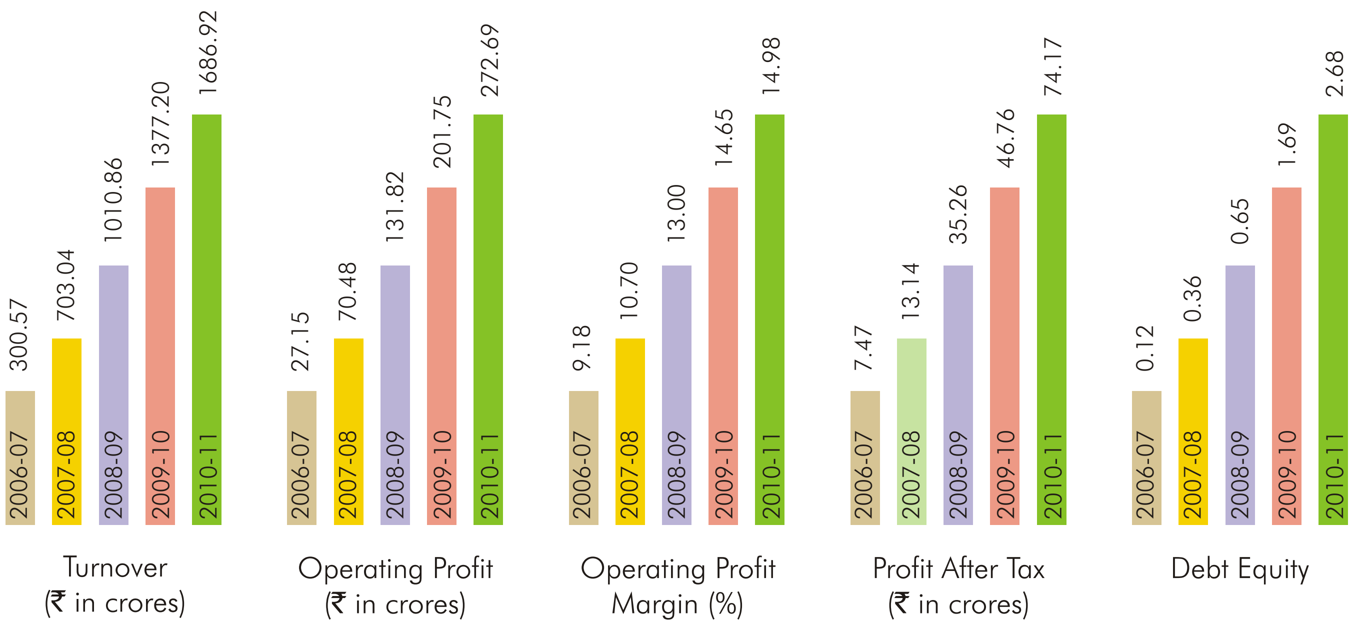
OUR SPREAD

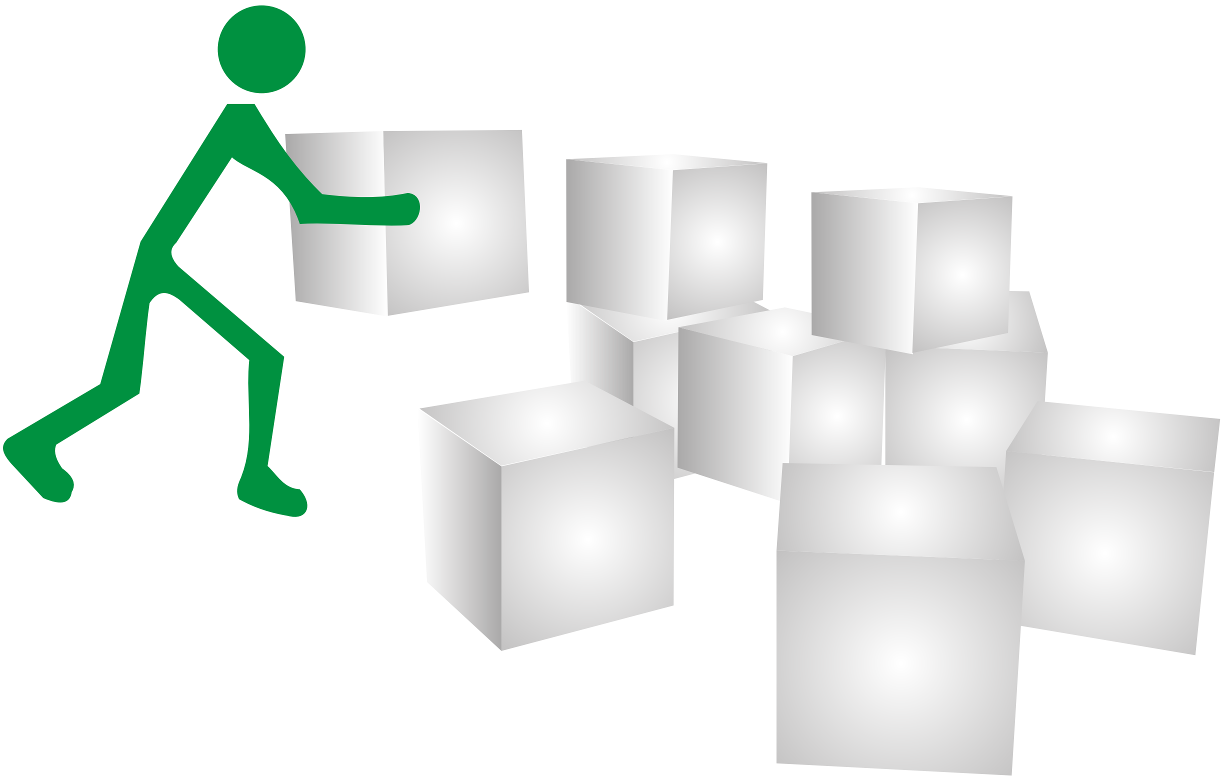
Shriram EPC is headquartered in Chennai, India

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 and Puducherry.

The Company has offices in Kolkata, Mumbai, New Delhi, Beijing and Rotterdam.





Chairman's Message

Dear Shareholder,

It is my pleasure to present to you our performance for the fiscal year 2010-11, marking yet another year of healthy growth from Your Company. During the last fiscal, we have continually worked on several key businesses in which we operate, moving towards realizing our vision of becoming a leader in engineering and project implementation as we focus on process industries as well as renewable energy and infrastructure.

The Indian growth story continues to show tremendous capacity as the GDP continues to grow at an accelerated rate of 8.5-9%. As this rate of growth continues into the coming decade and the future for the industries in which we operate continues to look bright, we are confident that we will see strong and robust growth going forward. The only shadow on the horizon is the persistently high inflation and consequent higher interest rates that could slow down capital goods spending.

On the global economic front, developed economies are stabilizing and beginning to show signs of growth despite the haze of uncertainty regarding unemployment and other adverse macroeconomic conditions. Political instability in the Middle East and natural disasters around the world present a significant impediment for global recovery from the economic crisis. Nevertheless, India, along with many other emerging markets, continues to grow at an encouraging rate, attracting investment and surging forward in the face of adverse tides in the global economy. Domestic sectors continue to grow, showing signs of significant promise despite concerns regarding inflationary pressures and high interest rates. The Government of India's economic policy remains forward looking, and I have confidence that the policies implemented will deal effectively with macroeconomic pressures.

Coming to the sectors in which we operate, we continue to see breakthroughs in the process and metallurgy space as well as in renewable energy and water supply. Although the operating environment continues to be challenging due to cost and interest rate pressures, we are quite confident of our performance given our strong order inflows during the financial year.

With coming changes in climatic conditions and the adverse effects of global warming, there is a genuine effort to build up sustainable industries and create a plethora of new jobs geared towards the development of clean energy and the effective utilization of renewable resources. Government policy also continues to support development of clean energy technology through policy, regulation, and the establishment of institutional structures.

We at Shriram EPC aim to deal with global challenges and provide sustainable business solutions. The scarcity of essential resources, such as water, poses a significant threat towards global security and stability, and when coupled with an increasing population and urban migration, the time for addressing the problem has never been more critical.

Your Company has recognized these challenges and many more, and we have created a business strategy that will capitalize on the solutions that these problems will require. By increasing our focus on developing clean technology, I am pleased to share that your Company is pioneering green energy initiatives in the domestic market as well as on the international front and is well positioned to enjoy the benefits and profitability of robust growth in the sector.

During the year under review, Shriram EPC's Associate Company, Orient Green Power Company Limited (OGPL) completed a successful IPO and has been listed on both the Indian Stock Exchanges as India's only listed pure play renewable energy generating company.

We also restructured our investment in the Met Coke business in 2010-11 through the sale of our stake in Ennore Coke Limited and subsequent investment in Haldia Coke and Chemicals Private Limited, thereby positioning our holdings in a more appropriate manner.

Your Company is committed to achieving its strategic interests and operational and financial objectives with utmost integrity and sound business decisions. Our strategies will continue to be implemented when we can translate them into clear objectives, strong revenue growth, and increased traction in the order book. Our mission has always been and continues to be increasing value and visibility for our shareholders.

In conclusion, given the growth in the various sectors and businesses in which your Company operates, we are well positioned to weather difficult circumstances and the challenging macro economic environment and reach greater heights going forward.

I would like to thank those who have catalyzed and contributed to our growth – our employees, customers, business associates, suppliers, bankers and the Indian community. And I would like to thank you, our shareholders, for your continued interest and support as we move our business forward.

Yours Sincerely,

Arun Duggal
Chairman

Director's Report

Dear Shareholder,

Your Directors have pleasure in presenting the Eleventh Annual Report together with the accounts of your company for the year ended March 31, 2011.

FINANCIAL RESULTS

₹ in Lakhs

	Consolidated		Standalone	
	2010-11	2009-10	2010-11	2009-10
Total Income	1,68,691.57	1,37,719.55	1,32,523.09	1,12,254.23
Profit before interest, depreciation, tax and extraordinary items	19,675.79	13,897.24	16,918.80	11,918.11
Interest & depreciation	11,912.17	6,868.16	9,772.28	5,206.09
Profit before tax & before extraordinary items	7,763.62	7,029.08	7,146.52	6,712.02
Provision for taxation	2,791.16	2,450.78	2,521.51	2,245.99
Profit after tax & extraordinary items	9,053.47	4,578.30	9,297.57	4,466.03
Balance brought forward from last year	13,802.01	9,853.42	12,856.72	9,117.82
Profit available for appropriation	21,219.36	14,529.14	19,818.01	13,583.85
Transfer to general reserves	174.05	111.65	174.05	111.65
Surplus carried forward	20,425.18	13,802.01	19,023.83	12,856.72

OPERATING RESULTS & PERFORMANCE

Your directors are pleased to report that during the year the company recorded a 18% growth in total income on a standalone basis at ₹1325.23 crores from ₹1122.54 crores in the previous year. Profit before tax and extraordinary items at ₹71.47 crores recorded a growth of 6.48% over the previous year (₹67.12 crores).

Profit after tax at ₹69.61 crores recorded a growth of 56% over the previous year's figure of ₹44.66 crores. Earnings per share (EPS) grew from ₹10.26 to ₹15.80.

Your Company's order book was ₹3191.30 crores as at March 31, 2011.

CAPITAL STRUCTURE

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

Allotment of 3,48,622 Equity shares of ₹10 each fully paid up under ESOP 2006 and 2007 schemes.

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. Multiple orders from Steel Authority of India Ltd. totalling to ₹175.82 crores.
2. An order over ₹100 crores from Blue Diamond Australia Pty. Ltd., Australia. for setting up Tank Storage Facility in Queensland, Australia.
3. Orders from multiple Municipal services customers totalling ₹237 crores.
4. An order from Prakash Industries for a material handling project for ₹60.24 crores.
5. An order from Bharat Coal & Chemicals for relocation of Ammonia & Coal Gasification plant ₹237.99 crores
6. An order Suryadev Alloys and Power P Ltd. for 80MW Captive Power Plant for ₹354 crores.
7. An order GMR Chhattisgarh Energy Private Ltd. Bangalore for Water Intake package for 2 x 685 MW Thermal Power Plant for ₹64.62 crores.

The Company's Joint venture, Hamon Shriram Cottrel Ltd Order has a backlog as of 31st March 2011 of ₹454 crores.

The Company's other Joint Venture, Leitner Shriram Manufacturing Ltd has a back log as of 31st March 2011 of ₹1054 crores.

Your Company's associate, Orient Green Power Company Limited (OGPL) raised money by way of IPO in September 2010 for ₹900 crores to finance expansion of its business.

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 wastewater treatment plants, water and sewer infrastructure and pipe rehabilitation.

The Standalone order book was ₹3191.30 crores (approx) on March 31, 2011 and the Consolidated Order Book was ₹5485.20 crores (approx) on the same date.

The Board of Directors have recommended a dividend of ₹1.20 per share. This translates into a payout of ₹6.19 crores including an amount of ₹0.88 crores as Dividend Distribution Tax.

Overall revenues from turnkey contracts was ₹941.72 crores in FY 2011.

The Company's wind turbine business comprises of sale and services of 250 KW class wind turbine generators to clients.

The wind turbine business revenue was ₹69.57 crores in FY 2010 as compared to ₹192.61 crores in FY 2011.

The order book for the turnkey contracts as on March 31, 2011 is ₹2974.65 crores.

CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statement presented by the Company include the financial information of all its subsidiary companies prepared in accordance with the Accounting Standard (AS 21).

The Government of India, Ministry of Corporate Affairs, under Section 212(8) of the Companies Act, 1956 vide letter ref.51/12/2007-CL-III dated 8th February 2011 have granted 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 2011.

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 this, 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.

Shriram EPC (Singapore) Pte Ltd. is a 100% subsidiary of your company.

The audited financial results of SEPC Singapore for Fiscals 2011, are set forth below:

(In USD, except per share data)

	Fiscal 2011
Sales and other income	43500
Profit/ (Loss) after tax	(188,772)
Equity capital	20,210,013
Reserves and Surplus (excluding revaluation reserves) (1)	15,57,418
Earnings/ (Loss) per share (diluted) (SGD) (2)	(0.00)
Earnings/ (Loss) per share (basic) (SGD)	(0.00)
Net asset value (2)	21,767,431

During the year Shriram EPC (Singapore) Pte Ltd has made a loss of US dollars (188772).

BLACK STONE GROUP TECHNOLOGIES PVT. LTD. (BGT)

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

The Company holds 55% in the equity stake of BGT.

BGT along with its subsidiary has reported a consolidated turnover of ₹12.13 crores in the year 2010-11 compared to ₹9.28 crores in the previous year 2009-10. The Company has identified newer business opportunities to increase its presence.

JOINT VENTURES

HAMON SHRIRAM COTTRELL PRIVATE LIMITED (HSC)

The Company's joint venture Company, 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 ₹110.56 crores in 2009-10 to ₹158.00 crores for 2010-11. The profit before tax was 10.50 crores for 2010-11 as compared to 11.75 crores for 2009-10.

The major milestones achieved by the Company during the year:

- Major contracts worth ₹300 crores from Reliance Infra (Sasan UMPP, Samalkot Gas Based and Krishnapatnam UMPP), World's largest FRP Cooling Towers.
- First Natural Draft Cooling Tower with Lanco Infratech for Koradi 3 x 660MW.
- First break through order with Hindalco for Aditya Aluminium 6 x 150MW with civil for ₹50 crores.
- Successful performance testing of ESP for JSPL, Barbil with emission of less than 30mg/m^3.
- 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 LIMITED (LSML)

LSML set up an art of facility at Gummidipoondi for the manufacture of wind turbines and the trial production commenced in March 2009, and this year they have had a full year of operation.

MAJOR ACHIEVEMENTS DURING THE YEAR

- Manufactured & Dispatched 100 sets of Active Parts
- LSML awarded Star Export House status
- Construction of substations at Koodangulam (50MW) and Gujarat (25MW)
- Setting up of blade manufacturing facility
- Prototype for LTW 80 1.8 MW WEG & 250KW H50
- Installation of 1.5MW WEG in Thailand - First WEG outside India

The Company's order book position from various clients like PPS Enviro, TVH, Power Gen Lanka and OGPL is approx ₹1054 crores.

During the year under review, LSML has reported a turnover of ₹546 crores as compared to ₹367.35 crores during the year 2009-10 with a profit of ₹2 crores as compared to a loss of ₹3.50 crores during the year 2009-10.

ASSOCIATES

HALDIA COKE & CHEMICALS PVT. LTD (HCCL)

During the year the Company sold its entire investments in Ennore Coke Ltd to HCCL. The Company has a 48.48% equity stake in Haldia Coke & Chemicals Pvt. Ltd, which in turn holds 60.86% equity stake in Ennore Coke Ltd.

During the year under review, HCCL has reported a consolidated turnover of ₹ 854.76 crores with a profit after tax of ₹ 20.92 crores.

SHRIRAM SEPL COMPOSITES LIMITED (SSEPL)

SSEPL is a joint venture for manufacture of specialised GRP pipes and liners. SSEPL has had a mediocre year in terms of turnover due to the new manufacturing set-up near Chennai, which got operational only by the 3rd quarter of the current financial year.

The consolidated turnover of SSEPL during the current financial year has been ₹9.17 crores against the previous year figure of ₹29.80 crores and a loss of ₹6.46 crores against the previous year figure of ₹6.29 crores.

MANAGEMENT DISCUSSION AND 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 Agreements with the stock exchanges. A report on Corporate Governance along with a Certificate from the Auditors forms 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	ESOP Scheme 2007
	Date of Grant	**22-11-2006**	**22-11-2007**
1	Total number of options granted	1640161	500000
2	Exercise price	₹10/-	₹10/
3	Number of options vested	1,45,943	63,950
4	Number of options exercised	3,36,122	12,500
5	Total number of shares arising as a result of exercise of options	3,36,122	12,500
6	Number of options lapsed	37,822	11,500
7	Number of options forfeited	105753	1500
8	Variation in terms of options	–	–
9	Money realised by exercise of options	₹33,61,220	₹1,25,000
10	Total number of options in force as on 31st March, 2011	1,42,309	68,400
11	Grant to Senior Management - Number of options - Vesting period	–	–
12	Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during the year	–	–
13	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 during the year pursuant to exercise of options under the Shriram EPC Employee Stock Option Schemes amounted to 348622 shares, resulting in dilution of EPS by 0.46%.

DIRECTORS

During the year, Mr. K Madhava Sarma, Director passed away after a brief illness. The board recorded its appreciation for the valuable services rendered by Mr. K. Madhava Sarma during his tenure of office from 2006.

During the year Mr. P D Karandikar & Mr. S Bapu were appointed as Additional Directors of the Company to hold office till the ensuing Annual General Meeting.

Mr. M. Amjad Shariff and Mr. S R Ramakrishnan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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 nor set out in the Report as there are no employees who are covered under this section. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

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 Limited
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

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

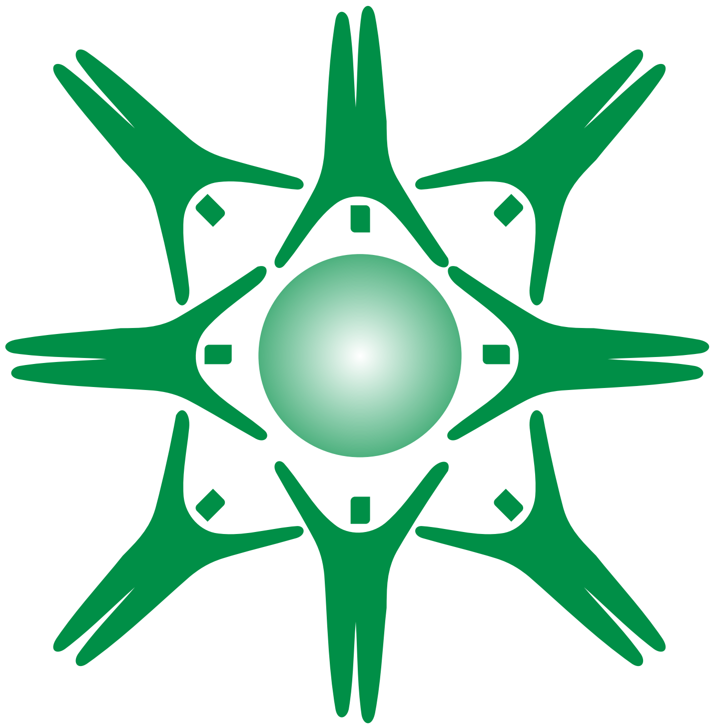
APPRECIATION & ACKNOWLEDGEMENTS

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 even in this global recession. 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

Chennai
May 25, 2011

Chairman



Management Discussion and Analysis: FY 2010 - 11

COMPANY OVERVIEW

Shriram EPC Limited (SEPC) is a leading service provider of integrated design, engineering, procurement, construction, and project management services geared towards the development of renewable energy projects, process and metallurgy and municipal service projects throughout India. The Company's business centers around 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.
- Cooling Towers and Air Pollution Control Systems.
- GRP pipes and liners.

SEPC also holds interests in the following:

- 56.07% (direct and indirect) stake in Orient Green Power Company Ltd. – Owner & Operator of Renewable Energy Power Generation Projects.
- 48.48% stake in Haldia Coke & Chemicals Ltd. - leading manufacturer and marketer of Coking Coal products, including Met Coke.
- 55% in Blackstone Group Technologies Pvt. Ltd, a Design & Engineering Firm.

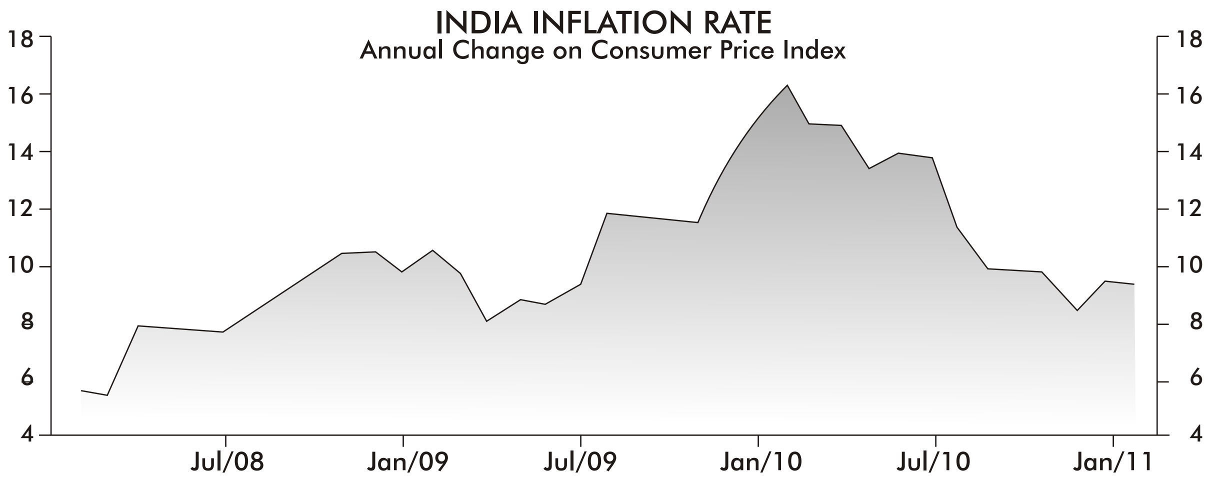
SEPC is headquartered in Chennai, Tamil Nadu and has offices in Mumbai, New Delhi, Kolkata, Beijing and Rotterdam. It has factories in Puducherry & Chennai,

THE MACRO-ECONOMIC SCENARIO

The fiscal year 2010-11 began on an encouraging note, as developed economies picked up and displayed signs of growth. The global economy begins to normalize post crisis as recovery efforts have resulted in turnaround in the face of adverse circumstances. According to Yale University Economists, Asia accounts for a greater share of global revenue and financial clout. Emerging economies have shown tremendous promise and have demonstrated steady performance at higher growth rates. While haziness around unemployment and political polarization have left many concerned about the outlook in developed economies in the West, emerging economies have responded well to government intervention and policy.

However, unseasonal weather patterns have led to global food shortages contributing to diminished supply and fast-rising food prices, which coupled with rising demand and speculation, have placed global food security in a precarious position. Already, we have seen the effects of high inflation and political unrest in Middle Eastern and North African countries such as Tunisia, Egypt, and Libya. In the United States and other Western developed economies, relatively high unemployment levels continue to remain as a critical issue. Financial Markets have continued to fluctuate around global crises and the outlook remains uncertain for the time being.

Yet despite all the challenges to growth in the global economy, International Monetary Fund analysts expect global output to expand by 4.5% in 2011, reflecting stronger-than-expected economic activity on the back of better performance in the second half of 2010 and policy initiatives by the Government of the United States. Growth in emerging markets, says the IMF, remains robust buoyed by strong private consumer demand, accommodative policy positions, and resurgent capital inflows. They expect India will grow at 8.2% in the coming fiscal year. The short-term outlook for Asia continues to look positive, with growth expected to settle at sustained levels and remain particularly strong in demand driven economies like India.



Source: Trading Economics.com; India Ministry of Labour

Regarding the Indian economic outlook, the World Bank's Development Prospects Group stated that India's growth will benefit from re-firming of external demand due to the slow resumption of growth in advanced economies, representing over two-thirds of India's export markets. Although worries of high inflation persist, Government policy initiatives provide some degree of comfort for lower levels of inflation in the future. Furthermore, the overall business confidence of managers of domestic and international Companies has continued to increase as the ease of doing business in India increases.

All in all, India has come out a leader in the recovery post the global economic crisis, positioning the country to enjoy the benefits of low-cost production and high profitability going forward.

INDUSTRY STRUCTURE AND DEVELOPMENTS

INDEX OF INDUSTRIAL PRODUCTION

India's industrial sector contributes significantly to GDP and industrial trends have had an overarching effect on the progress of the domestic economy. According to the Economic Survey, the IIP grew by 9.5% as opposed to 7.4% in the previous corresponding year.

Sector-wise Growth Rate (%) in Core Sector Production					
Sector	Weight (%)	Jan-10	Jan-11	April-Jan-10	April-Jan-11
Crude Oil	4.17	9.8	10.8	-0.1	11.9
Petroleum Refinery Products	2	3.8	8.7	-0.5	2.4
Coal	3.22	5.4	-1.2	8	0.8
Electricity	10.17	6.4	9.3	5.9	5
Cement	1.99	12.4	1.88	11.1	4.1
Finished Stel (Carbon)	5.13	16.8	8.2	7.8	5.7
Overall	26.7	7.1	9.8	5.5	5.6

Source: Press Information Bureau

Manufacturing demonstrated robust performance throughout the year, growing upwards to 12.7% and 9.7% respectively during the first two quarters of the current fiscal year (Source: Economic Survey Chapter 1 p.11).

By early January, India's core infrastructure industries regained robust growth at 7.1%, strengthening perceptions of overall outlook. Output for the six key industries – crude, oil, electricity, petroleum refining, steel, cement, and coal – grew in the period. The industries currently have a combined weight of close to 26.7% in the IIP. During the period from April 2010 to January 2011, the six core industries registered a growth of 5.6 % (provisional) against 5.5 % during the corresponding period of the previous year. Crude Oil and Finished Steel grew significantly at 11.9% and 5.7% respectively.

CEMENT AND STEEL

India continues to rank among the world's top producers of Cement, ranking second only after China. Total Cement production for the first half of the fiscal year reach 81.54 MT as compared to 77.22 MT in the same period in the corresponding year, according to an IBEF Report. An additional capacity of 92.3 MT is expected to be added to the sector by 2013.

According to the "Indian Cement Industry Forecast to 2012" released by RNCOS, the cement industry is projected to increase at a CAGR of 10.5% from FY2011-2014 on the back of massive infrastructure projects and increased demand from manufacturers to increase production capacities.

India was ranked the fourth largest producer of crude steel in the world in 2010, and the country has been the world's largest sponge iron producer since 2002, according to the Economic Survey. Production of domestic crude steel has grown by a CAGR of 8.4% from 2006-07 to 2009-10 largely on the back of expansion in capacity and higher utilization rates as India's industrial sector develops. The Minister of State for Steel said in late February that with a targeted production of around 120 MT by 2012, India is set to become the second largest steel producing country.

The steel industry has continued to diversify its product mix and has delivered sophisticated value-added steel in several sectors, particularly for automobiles, heavy machinery, and physical infrastructure. The steel industry continues to suffer from supply side issues in metallurgical coal which have been exacerbated by the flooding in Queensland, Australia. Raw material security has thus become an important issue and has emerged as a significant bottleneck against capacity expansion.

INFRASTRUCTURE

With a vision towards creating sustainable and robust economic growth, the Government of India has focused on enhancing infrastructure around the country, particularly for transportation and urban development. As the country consolidates its position as one of the fastest growing economies across the globe, a high class infrastructure which facilitates greater efficiency for businesses is imperative.

With India aiming to allocate over USD 1 trillion into infrastructure, half of which will come from the private sector, the outlook for the sector looks bright and the potential looks strong.

CAPITAL GOODS AND MANUFACTURING

The growth in the IIP for the year has been mainly driven by the capital goods and consumer durables segments. The weighted contribution of these from April-December 2010 was about 29% and 21% respectively as against 9.26% and 5.37% in the corresponding period last year. However, seven rounds of interest rate hikes by the RBI have impacted businesses that operate primarily in the construction and real estate sectors.

In January 2011, growth in the capital goods segment slumped to a negative 18%. This is due to the base effect, delays in clearing projects as well as near policy standstill due to corruption related issues.

With the National Manufacturing Policy set to be announced in June this year, the Commerce Minister Anand Sharma stated that the vision of the new policy will center around increasing the share of manufacturing in domestic GDP and attracting foreign investment into the country. With manufacturing consisting of over 80% of the IIP, pressure on industrial growth has forced the Government to implement policies that strengthen the sector. The Government has already begun this process through capacity addition to core industries, robust and healthy growth, and a fiscal consolidation regime that will spur the development of the industrial sector in the medium to long term.

COAL MINING

Coal accounts for 80% of mining in India and the balance 20% accounts for other raw materials, including copper, zinc, gold, iron, lead, bauxite etc. Coal continues to meet approximately two-thirds of the country's energy requirements, but several customers, including power plants, have faced severe shortages due to delays in production from new mines, mostly caused by stringent environmental regulations. The Government plans to add only 7,765 MW in 2011-12, ending the current Five Year Plan period with new generational capacity addition of approximately 44,000-45,000 MW. Shortages continue to be a cause of concern on the back of land acquisitions, social and environmental concerns, and low investment.

Coal India Ltd had committed to supply 335 million tonnes of coal, though actual supply is closer to 302 million tonnes, according to the Power Ministry. Coal India, the Country`s biggest coal producer is planning to invest up to USD 3 billion in a coking coal mine, steel plant and a seaport on Indonesia`s Kalimantan Island. The Company has been awarded the Maharatna status, giving it greater autonomy over investment decisions. In addition, the Company plans to invest an additional ₹3,500 crore on more washeries, in addition to the ₹2,500 crore it had planned to invest earlier. 20 washeries will be set up over a period of 3 years, with 7-8% ash rejection. Industry estimates place washeries as a USD 5 billion opportunity in India with present capacity of coal in India at 130 million tonnes, with a utilization of 40%.

POWER

Generation of Electricity in the current year by power utilities is expected to increase 7.7% to 831 billion KWh. Growth in power generation consolidated to about 4.5% from April-December 2010, with the nuclear, hydro, and thermal utilities registering a strong growth of 33%, 8%, and 3% respectively. Improvement in hydroelectric power was driven by good monsoons in 2010 and improved availability of water led to additional supply of power. On the other hand, some thermal units were forced to shut down and utilization of power generation from costlier liquid fuel and gas based plants was also negatively affected.

The IBEF report for power stated that the Indian power sector is positioned as the fifth largest electricity generator in the world with the third largest transmission and distribution network. As on January 31st, 2011 India's totaled installed capacity comes close to 170,228 MW with thermal power plants accounting for 111,294 MW and hydro power plants at 37,367 MW. 4,780 MW are produced by nuclear, and the remaining power generation is a result of renewable energy.

The Eleventh plan revised this year, according to the Economic Survey, is now set to capture 62,374 MW for the power sector overall, comprised of 8,237 MW hydro, 50,757 MW thermal, and 3,380 MW nuclear power.

The outlook for the power segment reflects the increasing demand of an urbanized population as well as the need to expand transmission lines to rural networks. As per an industry report released in early 2011, India will require an additional 90,000 MW of generation capacity within the next 7 years. The growth drivers for this segment include a large gap between power supply and demand, renovation and modernization of older power plants, untapped potential from hydel energy, and increasing private sector participation in the segment.

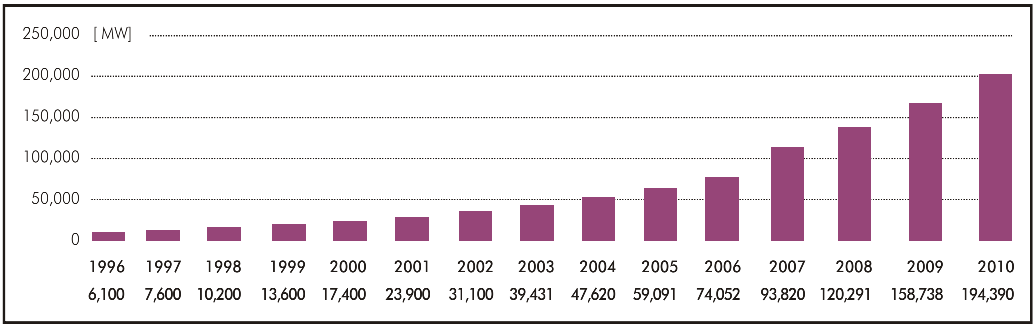
RENEWABLE ENERGY

In a recent discussion paper released by the Government concerning the National Manufacturing Policy, Government Policy Analysts highlighted the significant opportunities emerging from the utilization of Green Technologies, "one of the strongest forces over the next two decades." As India continues to grow into an industrial giant in the global arena, its position as one of the largest carbon emitters in the world will put pressure on the Government to cap and lower emission levels. Global warming and climate change have made sustainable development of eco-friendly technology capitalizing on the growing opportunities created by harnessing renewable energy a singularly important goal. Currently, renewable energy sources provide 16,786.98 MW of power, and for pioneers like SEPC, the opportunities for growth are bountiful. Renewable energy resources provide for 10.9% of installed capacity and 4.13% of actual MWh generated, with wind accounting for 70% of this installed capacity.

WIND ENERGY

India currently has the fifth largest installed wind power capacity in the world. In 2010, India's growth rate in wind power installation was higher than the other four countries.

GLOBAL CUMULATIVE



Source: Global Wind Energy Council

GLOBAL SCENARIO

Currently, the total capacity of wind power globally comes to around 157,889 MW, of which Europe accounts for around 48%. Over the last decade, the utilization of wind power has more than quadrupled, with 81% of installations in the U.S. and in Europe. China is another established leader in wind power, with wind power accounting for over 41.8 GW of electricity generating capacity.

According to the Global Wind Energy Council, the market growth of wind energy is driven by several key factors, including the gap between supply and demand for energy, rising importance of environmental issues, and technological advances for capturing more wind movement. Global security of supply and economic /environmental considerations demand the Government's immediate attention in wind energy.

As modern wind turbines continue to improve in their power rating, reliability, and efficiency, the demand to utilize wind energy has significantly increased. The Global Wind Energy Council stated that over the past ten years, wind energy has grown at a cumulative average of 30% with over 120 GW of power generated solely from wind. This capacity of power will put a cap on carbon dioxide and decrease carbon emissions into the upper atmosphere.

	Wind Energy		
Country	Total (in MW)	Growth Rate	% Power Demand
China	42,288	39%	-
USA	40,180	13%	2%
Germany	27,214	5%	6.20%
Spain	20,676	7%	16.60%
India	13,605	16%	3%
Italy	5,797	16%	2.60%
France	5,660	19%	1.80%
United Kingdom	5,204	18%	3.70%
Denmark	3,752	8%	25.30%
Japan	2,304	10%	-

Source: Global Wind Energy Council

INDIAN SCENARIO

Today, India is emerging as one of the world's leading producers of wind turbines for Asia. By the end of 2010, India had installed wind generation capacity of 13,065 MW with a growth rate of 16% meeting 3% of the overall energy demand in the country, which had a robust year in terms of adding new capacity and wind energy installations, with 2,139 MW of added capacity. Currently, global institutes, various industry associations, and the World Institute for Sustainable Energy cite the wind energy potential in India at 65-100 GW.

Having utilized only 13,065 MW thus far, the prospect of developing facilities in wind energy is boundless.

The global wind energy industry was significantly affected by the adverse impacts of the global recession. The Indian annual wind power market, however, was reasonably well insulated.

The Ministry of New and Renewable Energy, in December 2009, offered new incentive schemes for businesses aiming to enter the renewable energy space. The Generation Based Incentive (GBI) offers an incentive tariff of ₹0.50/kWh for eligible projects for a period of ten years, valid for wind farms established before March 2012. In addition, 18 of the 25 State Electricity Regulatory Commissions (SERCs) have currently issued feed in tariffs for wind power. According to the GWEC, 17 of these commissions have mandated state-wide Renewable Purchase Obligations (RPOs), which has won investor confidence. Other policy measures have included concessional import duties on specified wind turbine parts, excise duty reliefs, and income tax holidays applicable to wind energy projects.

BIOMASS

Biomass generation offers immense scope for heat generation, electricity generation, water pumping, and rural electrification, leading to better healthcare, better education, and improved quality of life for India's rural poor. Biomass is an important energy source globally, contributing up to 14% of the global energy supply, with 38% of that consumed in developing countries, primarily in rural sectors. Rising crude oil prices and worries about global climate change have spurred on the development of biomass and cogeneration capacities, and in India, biomass-based power generation has attracted upwards of over USD 120 million and generated more than 5,000 million units of electricity, as stated in the 5th Renewable Energy India Expo 2011.

Climatic conditions in the country create a high growth potential positioning Biomass as a critical ingredient for the country's energy mix. The current potential for surplus agro and forest residue available for conversion into usable power is estimated at 16,881 MW along with an additional "waste-to-energy" potential of 2,700 MW. Cogeneration in bagasse is estimated at 5,000 MW. Under the Eleventh Plan, the Government plans to add 1,700 MW through the additional capacity installations of bagasse and biomass power installations.

In sum, the complete potential of biomass is far from being fully utilized and the opportunities generated in the segment offer great scope for business.

HYDRO-POWER

According to the World Bank, 26% of India's total power generation comes from hydropower resources. The Government of India, going forward, has set 40% as the share of generation capacity from hydropower. These plants have the dual advantage of providing renewable and clean energy. While hydroelectric power plants are subject to fluctuations in monsoon weather and water availability, thermal power plants, upon which the Government places heavy reliance, is subject to the increasingly worrying fluctuations in fuel prices on the global market. The Eleventh Plan commissioned 12 projects, of which 9 are under construction. The total capacity addition from these projects is close to 5,322 MW.

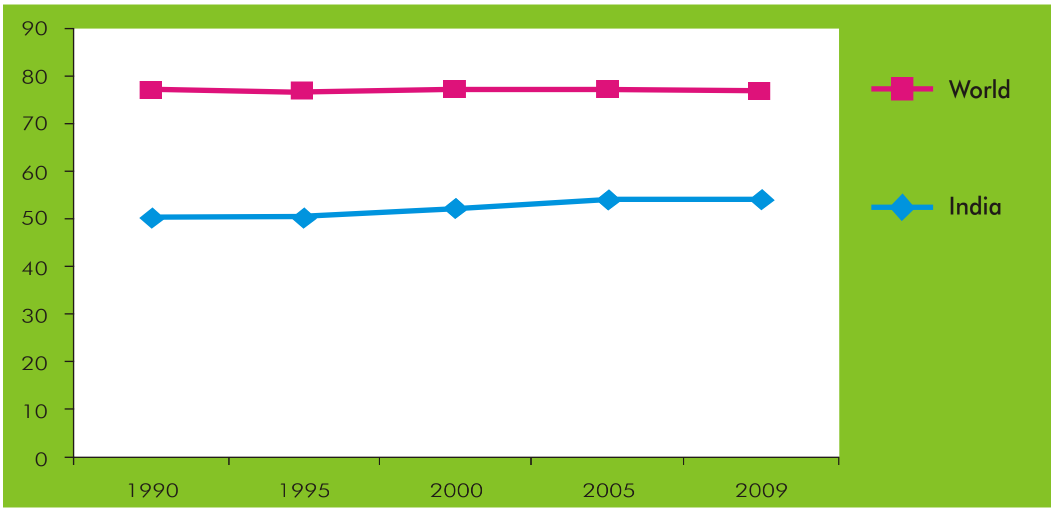
India's ambitious goals to reduce dependency on coal and other thermal power sources and increase its presence in clean, sustainable, renewable energy demonstrates the Government's commitment to create reliable Green Technologies and bodes well for businesses looking to capitalize on opportunities in renewable energy.

WATER SUPPLY AND SANITATION

Despite the progress in human development in India over the last couple of decades, drinking water is still in short supply. In rural areas of the country, around seven out of ten people live without proper sanitation, and the growth in urban population with proper infrastructure in place has led to a imperative need for improved sanitation.

The WHO/UNICEF joint monitoring program (JMP) has established a vision to "halve the proportion of people without access to a steady source of drinking water, by 2015." The access to drinking water has improved dramatically for a number of people, but close to 2.6 billion people in the world do not use improved sanitation, particularly in Sub-Saharan Africa and South Asia.

Percentage of Urban Population with Sanitation



Source: World Bank

AREAS OF BUSINESS

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, thermal power plants, water and wastewater 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 equipment and detailed engineering and design. As of March 31, 2011, the order book of outstanding EPC orders was ₹ 3,191.30 crores.

Process & Metallurgy Plants

We provide turnkey EPC solutions for ferrous & non-ferrous, cement, aluminum, copper, and thermal power plants. SEPC has completed and continues to develop projects including the design, engineering, and construction of blast furnace auxiliaries, rolling mills, aluminum refining, copper smelting, thermal power plants, cement plants, and coke oven batteries. We have also contributed to the design, engineering and construction of coal gasification (producers gas) plants.

We have entered into a partnership with Roberts & Schaefer, USA and collaborations with Envirotherm GMBH to name a few. Our list of customers for Process & Metallurgy includes Grasim, MALCO, SAIL and Jindal Steel & Power Ltd. During the year, we signed a deal to the tune of ₹ 107 crore with SAIL to scale up operations at the Durgapur Steel Plant.

In the second quarter, your Company was awarded ₹ 315 crore from Suryadev Alloys and Power Ltd. to set up an 80 MW coal fired captive power plant in Gummidipoondi, near Chennai.

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.

The Company provides advanced pipe rehabilitation services and utilizes technology allowing for trenchless renovation, rehabilitation of water and sewer pipes without need for excavation, including MSWL using RIB loc technology, CIPP lining, GRP lining, and pipe bursting technologies.

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. commenced the manufacture of blades at its integrated wind turbine manufacturing facility at Gummidipoondi, Tamil Nadu. At this facility, we focus on the manufacture of higher capacity MW class machines. The facility has a current capacity of 120 turbines.

There are plans to enhance the capacity to 150 turbines per annum. As of March 31, 2011 we had an order-book backlog of ₹1054 crores in the WTG segment.

OPPORTUNITIES AND THREATS

Opportunities

As India continues its tremendous growth story with an estimated 9% growth rate in the coming fiscal year, the opportunities that lay before Indian businesses are vast. Agricultural growth has picked up in the country due to better monsoons.

Infrastructure, the country's core sector driven by six key industries, grew by 7% during the year. Going forward, private investments are expected to increase in the sector. The Government has set up the National Solar Mission aimed at setting up 20,000 MW of solar power capacity by 2020. The Finance Minister in his announcement concerning the Union Budget FY2011-12 announced the allocation of $37.7 billion, 46% of the total plan outlay, to the infrastructure sector, and furthermore, the Government has envisaged an ambitious capacity addition of 100,000 MW of additional power by the end of 2012 to accomplish the mission of creating enough power to supply every Indian.

The Government has continued to develop its partnerships with private sector businesses and has encouraged and contracted Companies like SEPC for municipal as well as industrial projects. By implementing planned reforms in the power and infrastructure sectors, the Government should provide more opportunities for SEPC to benefit from opportunities made available for the Process & Metallurgy business. It is expected that the private sector will play a critical role and be instrumental in supplying green energy to remote communities in the future. Partnerships with the Government have and will continue to benefit SEPC, particularly in the water supply and sanitation segments in which the Company has already gained orders.

Within renewable energy, India's determination in addressing climate change is driven by the increasing demands of energy, the need to cap pollution and carbon emissions, and the vision to increase energy efficiency by 2016. The conscious attempt to diversify the energy mix as demonstrated by the National Solar Mission's attempt to create 20,000 MW of energy from solar power installations, shows India's commitment to discovering and implementing technologies for the effective utilization of renewable energy. With vast, untapped potential from wind and biomass, businesses have good prospects in capturing the opportunities that will arise from meeting significant energy requirements through installation of clean energy facilities.

SEPC also has interests in the Metallurgical Coke industry through its ownership of a 48.48% stake in Haldia Coke & Chemicals Ltd. (HCCL) HCCL owns 60.86% of Ennore Coke, 100% of Wellman Coke (an 80,000 TPA plant) and two coking coal mines in the USA.

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 but at this stage, it may not provide enough of an incentive for entering startups. This heightened competition may lead to greater competition to win projects as well as erosion in the margins currently enjoyed by SEPC. However, SEPC continues to remain innovative, and strong order inflows keep your Company ahead of the pack.

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.

Another significant threat to the Company revolves around the constant development and advancement of technological capabilities. The environment challenges SEPC to find and utilize the best technologies available before the existing technologies become obsolete. By entering into joint ventures with foreign firms, the Company utilizes technical expertise wherever it can to stay ahead and develop the most up-to-date technology.

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 Company. 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 sold its entire investment in Ennore Coke Ltd. to Haldia Coke and Chemicals Pvt. Ltd. The profit on the sale was ₹2,336.28 lakhs and the Company invested ₹4,003.05 lakhs in HCCL for a 48.48% equity stake.
- Haldia Coke and Chemicals Pvt. Ltd. promoted by SEPC Ltd. and other associates raised ₹125 crore from Craja Capital Partners, an India focused private equity fund.
- Award of order worth ₹315 crore from Suryadev Alloys and Power Pvt. Ltd for setting up a coal fired captive power plant.

PERFORMANCE ANALYSIS OF CONSOLIDATED RESULTS

PROFIT AND LOSS ACCOUNT

Revenue

Consolidated operating revenues for the fiscal year ended 31 March 2011 were 20.46% higher than the previous year. Revenues from the EPC segment is ₹100,865.05 lakh driven largely by progress in process & metallurgy and municipal services. Revenue from Wind Energy is ₹46,475.74 lakh owing to the introduction of MW Class Turbines. Further, the Company saw improved contribution from its Joint Venture Hamon Shriram Cottrell Private Limited .

Other Income

Other income was higher by 1,105.78 at ₹2,588.58 lakh. 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 ₹10255.90 lakh in FY2011 from ₹5362.16 lakh in FY2010 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 ₹1656.27 lakh, an increase of 9.98% 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 FY2011, SEPC provided ₹2791.16 lakh for taxation, up from ₹2450.78 lakh in the previous fiscal.

Profit after tax

The Company reported a profit after tax (and minority interest) of ₹7417.35 lakh during the current fiscal as compared to ₹4675.72 lakh in the corresponding period last year.

BALANCE SHEET

SOURCES OF FUNDS

Equity Funds

During the year, 348622 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 Scheme and share capital increased by ₹34.86 lakh to ₹4426.24 lakh.

Loan funds

Secured loans represent loans taken to finance working capital, which are short term in nature in general. During the year, ₹36034.89 lakh of loans were availed and the balance as on March 31, 2011 was ₹135047.15 lakh.

APPLICATION OF FUNDS

Fixed Assets

Gross Block at the end of FY 2011 was ₹26206.21lakhs which increased by ₹3318.18 lakh 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. With the increase in Investments of ₹3053.48 lakh during the year the total Investments at the year end stood at ₹18807.76 lakh.

CURRENT ASSETS

Sundry Debtors

Sundry Debtors (net of provision) increased to ₹107321.32 lakh which is in line with the decreased in revenues of the Company. Outstanding day sales decreased to 238 days in FY 2011 from 254 days in FY2010.

Cash and Bank

Cash and Bank Balances of ₹42149.31 lakh includes fund retained for working capital requirements, funds to be maintained against margins for bank guarantees and letters of credit furnished for contracts.

Loans and Advances

Loans and advances stand at ₹47379.99 lakh, a increase of ₹22826.94 lakh at the end of FY 2011. Deposits increased by ₹683.44 Lakh over the previous year.

Current liabilities

Current Liabilities have decreased by 6.36% to ₹73,366.71lakh in FY 2011 from ₹78,356.88 lakh at the end of FY2010. This was due to an increase in sundry creditors and other liabilities.

Provisions

Provisions have increased by 79.41% to ₹2185.36 lakh in FY2011 from ₹1218.03 lakh at the end of FY2010.

Deferred tax asset/liability

The Company has recognized deferred tax liabilities of ₹2969.35 lakh on account of timing difference arising out 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

Competition

The Company faces growing competition from organized as well as unorganized players. This could largely impact the market share of the Company.

Business Continuity and Security Risks

Natural disasters and political and economic disturbances pose a risk to the disruption of business operations. To handle this risk, the Company has a robust Disaster Recovery Plan that envisages every possible risk to the security of its operation. The plan adequately provides alternatives to minimize any impact on the Company's operations.

Impact of external economic and political environment

Revenue visibility and growth is always likely to be impacted by political and economic disruption in the region in which the business operates. Diversification in businesses and operating in different areas helps reduce the cost of this risk.

Client Concentration

Approximately 36.22% of our total EPC contracts and WTG sales revenue in FY 2011 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 continues to make investments in infrastructure, investments and purchase of equipments and Wind Turbines. The Company is continually working towards effective cash flow management in order to ensure smooth functioning of business operations. 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.

Raw Materials

The Company is exposed to the volatile pricing of raw materials. Apart from pricing, supply of raw materials too could affect the smooth functioning of operations. To mitigate this risk, the Company continues its efforts towards adjusting stocks as per changing requirements.

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

Attrition from key technical and support personnel is a consistent risk that the Company is susceptible to, especially due to increasing opportunities in the business verticals in which we operate. The Company has ensured competitive compensation policies and robust employee development and retention plans including ESOP schemes to minimize attrition. The Company also provides high standards of work environment and recreational facilities to its employees.

HUMAN RESOURCES

Human resources is an extremely valuable asset for our Company, and employee involvement is encouraged and harnessed towards attainment of the Company's goals. We at SEPC believe in nurturing talent as we place great emphasis on training and developing our workers. We have requirements for further personnel and employed several engineers from prestigious institutes as we continue to add value to our Company's strength. We believe in maintaining a congenial atmosphere which provides equal opportunity for all.

During FY2010-11, the total headcount of SEPC and its Subsidiaries/Associates stood at 2257, an increase of 567 associates as compared to the earlier year. The new employee growth 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. Because of its inherent limitations, internal controls may not prevent or detect misstatements. 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 Company 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

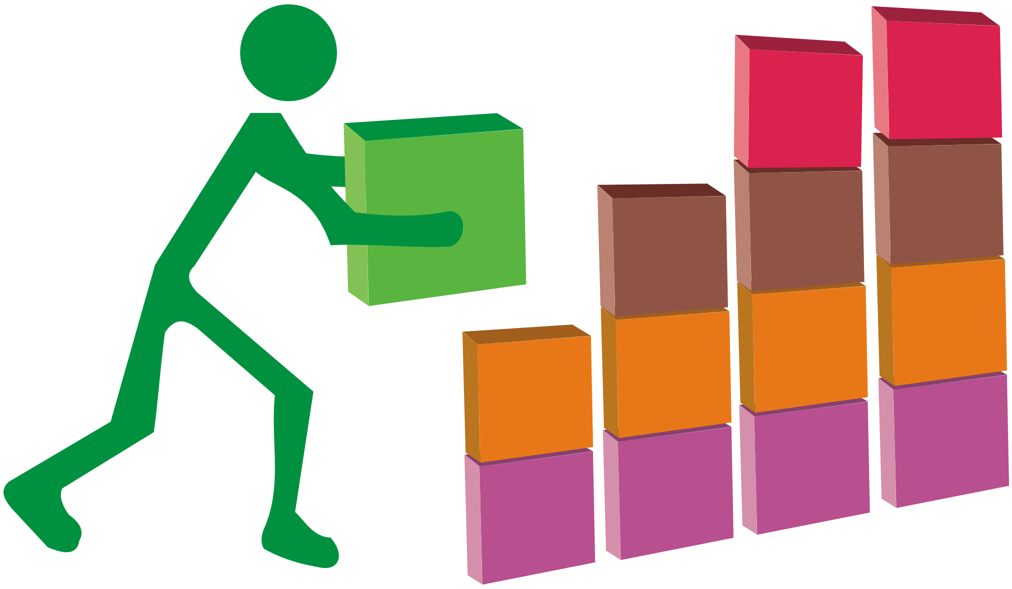
The Management is responsible for preparing the Company's consolidated financial statements and related information that appears in this annual report. It believes that these financial statements fairly reflect the form and substance of transactions, and reasonably represent the Company's financial condition 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., and 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 statutes.
* 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. Our Board has an equal distribution of independent and non-independent members. Further we have Audit, Share Transfer & Investors Grievance, Investment, 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 12 members, 3 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.

Four meetings of the Board of Directors were held during the year ending 31st March 2011 – on 24th May 2010, 28th July 2010, 11th November 2010 and 11th February 2011.

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

Name	Position	Category	No. of Board Meetings Attended during the year out of the 4 (FOUR) meetings held	Whether Attended the AGM held on 29th Sep. 2010	No. of Directorships in other Indian Public Limited Companies		No.of Committee Positions held	
					Chairman	Director	Chairman	Member
Mr. Arun Duggal	Chairman	Executive	3	No	4	10	2	8
Mr. T. Shivaraman	Managing Director & CEO	Executive	3	Yes	–	2	–	3
Mr. M. Amjad Shariff	Jt. Managing Director	Executive	4	Yes	–	2	–	–
Mrs. Vathsala Ranganathan	Non-Independent Director	Non-Executive	2	Yes	–	4	–	–
Mr. S.R. Ramakrishnan	Independent Director	Non-Executive	3	No	–	2	–	3
Mr. R. Sundara Rajan	Independent Director	Non-Executive	4	Yes	–	9	2	5
Mr. R.S. Chandra	Non-Independent Director	Nominee	3	No	–	–	–	–
Mr. K. Madhava Sarma*	Independent Director	Non-Executive	2	No	–	–	–	–
Mr. Sunil Varma	Independent Director	Non-Executive	3	Yes	–	1	1	–
Mr. Sunil Kumar Kolangara	Non-Independent Director	Nominee	3	No	–	–	–	–
Mr. N Rangachary**	Independent Director	Non-Executive	–	N/A	–	–	–	–
Mr. S Krishnamurthy	Independent Director	Non-Executive	4	Yes	–	3	1	5
Mr. P D Karandikar***	Independent Director	Non-Executive	2	No	–	5	–	4
Mr. S Bapu****	Independent Director	Non-Executive	–	N/A	–	1	–	–

* Ceased to be director w.e.f. 30-09-2010 consequent on his death

** Resigned from the Board w.e.f. 01-04-2010

*** Appointed as Independent Director w.e.f. 29-06-2010

**** Appointed as Independent Director w.e.f. 30-03-2011

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 agreements.

Changes in the composition of the Board during the year 2010-2011 is as under:

Sl.No.	Name of Director	Particulars - Appointed/Ceased	Date
1	Mr. N. Rangachary	Resigned as Director	01-04-2010
2	Mr. P. D. Karandikar	Appointed as Additional Director of the Company	29-06-2010
3	Mr. K. Madhava Sarma	Consequent to his death, he ceased to be director of the company	30-09-2010
4	Mr. S. Bapu	Appointed as Additional Director of the Company	30-03-2011

MEMBERSHIP TERM

The Board periodically recommends to the shareholders the re-appointments. The provisions of the Companies Act, 1956 requires the retirement of one third of the Board Members (who are liable to retire by rotation) 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 had seven committees, the Audit Committee, the Compensation Committee, the Remuneration Committee, the Share Transfer & Investor Grievance 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.

During the year, for operational convenience the Compensation Committee and Allotment Committee were dissolved with effect from 11-11-2010 as approved by the Board of Directors at their meeting held on that date and the respective powers and responsibilities have been vested to the Remuneration Committee as additional powers apart from the powers and responsibilities already vested with them. Hence, at present the Company has five Committees.

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 a minimum of four times a year and all other committees meets as and when the need arises. 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. The members of the Committee are:

1. Mr. S. R. Ramakrishnan
2. Mr. R. Sundararajan
3. Mr. Sunil Varma
4. Mr. K. Madhava Sarma (Ceased to be a Director w.e.f. 30-09-2010)
5. Mr. S. Krishnamurthy (Appointed as a Member w.e.f. 11-11-2010)

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 considered necessary.

Terms of Reference

The Company had constituted an Audit Committee in the year 2002. The 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

Four audit committee meetings were held during the year. These were held on 24th May 2010, 28th July 2010, 11th November 2010 and 11th February 2011.

Members	Category	No. of Meetings Attended
Mr. S. R. Ramakrishnan	Independent	3
Mr. R. Sundararajan	Independent	4
Mr. K. Madhava Sarma	Independent	1
Mr. Sunil Varma	Independent	3
Mr. S. Krishnamurthy	Independent	1

2. SHARE TRANSFER & INVESTORS' GRIEVANCE COMMITTEE

Our Share Transfer & Investors' Grievance Committee comprises of three independent directors. The members of the Committee:

1) Mr. R. Sundararajan
2) Mr. K. Madhava Sarma
(Ceased to be a Director w.e.f . 30-09-2010)
3) Mr. S. R. Ramakrishnan
4) Mr. P. D. Karandikar (Became a Member w.e.f. 11-11-2010)

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

INVESTOR GRIEVANCE COMMITTEE CHARTER

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 complainants. 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. The charter of the committee is as follows:

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.

SHARE TRANSFER & INVESTORS' GRIEVANCE COMMITTEE ATTENDANCE

Four Share Transfer and Investors' Grievance Committee meetings were held during the year. These were held on 24th May 2010, 28th July 2010, 11th November 2010 & 11th February 2011.

Members	Category	No. of Meetings Attended
Mr. R. Sundararajan	Independent	4
Mr. K. Madhava Sarma	Independent	1
Mr. S. R. Ramakrishnan	Independent	3
Mr. P. D. Karandikar	Independent	1

There was no complaint pending to be resolved at the beginning of the year and also the company has not received any Complaint during the financial year 2010-2011. There are no opening and closing complaints.

3. COMPENSATION COMMITTEE

Our Compensation Committee comprises of two independent directors and two non-independent directors. The Members of the Committee are:

Mr. S. R. Ramakrishnan
Mr. R. Sundararajan
Mr. R. S. Chandra
Mr. K. Madhava Sarma (Ceased to be a Director w.e.f. 30-09-2010)
Mr. T. Shivaraman

This Committee has been dissolved and merged along with the Remuneration Committee with effect from 11th November 2010.

COMPENSATION COMMITTEE CHARTER

The Charter / responsibilities vested with the Compensation committee including the powers for administration and the superintendence of the ESOP Scheme have been transferred to Remuneration Committee consequent to it dissolution and merger with the Remuneration Committee with effect from 11th November 2010.

COMPENSATION COMMITTEE ATTENDANCE

One Compensation committee meeting was held during the year and this was held on 14th June 2010.

Members	Category	No. of Meetings Attended
Mr. S. R. Ramakrishnan	Independent	1
Mr. R. Sundararajan	Independent	1
Mr. K. Madhava Sarma	Independent	1
Mr. R. S. Chandra	Non-Independent	1
Mr. T. Shivaraman	Non-Independent	1

4. INVESTMENT COMMITTEE

Our Investment Committee comprises of three independent directors and one non-independent director. They are:

1. Mr. S. R. Ramakrishnan
2. Mr. R. S. Chandra
3. Mr. R. Sundararajan
4. Mr. K. Madhava Sarma (Ceased to be a Director w.e.f. 30-09-2010)
5. Mr. S. Krishnamurthy (Became a Member w.e.f. 11-11-2010)

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 ₹50 crores (Rupees Fifty crores only) in one or more investments between two board consecutive meetings unless otherwise decided by the Board. Any investments over and above ₹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 ₹150 crores in one or more guarantees between two consecutive board meetings unless otherwise decided by the Board. Any guarantees over and above ₹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 ₹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 ₹50 crores shall be recommended by the Investment Committee to the Board for their approval.

INVESTMENT COMMITTEE ATTENDANCE

Four Investment Committee meetings were held during the year. These were held on 22nd July 2010, 5th August 2010, 11th February 2011 and 25th March 2011.

Members	Category	No. of Meetings Attended
Mr. S. R. Ramakrishnan	Independent	1
Mr. R. S. Chandra	Non-Independent	2
Mr. R. Sundararajan	Independent	4
Mr. K. Madhava Sarma	Independent	2
Mr. S. Krishnamurthy	Independent	2

5. ALLOTMENT COMMITTEE

Our Allotment Committee comprises two independent directors and one non-independent director. The members of the Committee are:

1) Mr. R. Sundararajan (Resigned from the Committee w.e.f. 24-05-2010)
2) Mrs. Vathsala Ranganathan
3) Mr. K. Madhava Sarma (Ceased to be a Member w.e.f. 30-09-2010)
4) Mr. S. Krishnamurthy (Became a Member w.e.f. 24-05-2010)

ALLOTMENT COMMITTEE CHARTER

The Charter / Responsibilities vested with the Allotment committee have been transferred to Remuneration Committee consequent to it dissolution and merger with the Remuneration Committee w.e.f 11th November, 2011.

ALLOTMENT COMMITTEE ATTENDANCE

Three Allotment Committee Meetings were held during the year. These were held on 6th April 2010, 28th June 2010 and 28th September 2010.

Members	Category	No. of Meetings Attended
Mr. R. Sundararajan	Independent	1
Mrs. Vathsala Ranganathan	Non-Independent	3
Mr. K. Madhava Sarma	Independent	2
Mr. S. Krishnamurthy	Independent	1

6. BORROWING COMMITTEE

Our Borrowing Committee comprises two independent directors and two non-independent directors. They are:

1. Mr. R. Sundararajan (Resigned w.e.f. 24-05-2010)
2. Mrs. Vathsala Ranganathan

3. Mr. K. Madhava Sarma (Ceased to be a Member w.e.f. 30-09-2010)
4. Mr. S. Krishnamurthy (Became a Member w.e.f. 24-05-2010)
5. Mr. T. Shivaraman (Became a Member w.e.f. 11-11-2010)

BORROWING COMMITTEE CHARTER

- Borrow monies otherwise than on Debentures - not to exceed ₹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 documents - signed 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

Nineteen Borrowing Committee meetings were held during the year. These were held on 22nd April 2010, 19th May 2010, 29th May 2010, 16th June 2010, 17th June 2010, 19th June 2010, 26th August 2010, 7th September 2010, 22nd September 2010, 25th September 2010, 28th September 2010, 29th September 2010, 7th December 2010, 16th December 2010, 25th January 2011,21st February 2011, 8th March 2011, 17th March 2011 and 24th March 2011.

Members	Category	No. of Meetings Attended
Mrs. Vathsala Ranganathan	Non-Independent	14
Mr. R. Sundararajan	Independent	--
Mr. K. Madhava Sarma	Independent	7
Mr. S. Krishnamurthy	Independent	14
Mr. T. Shivaraman	Non-Independent	6

7. REMUNERATION COMMITTEE

Our Remuneration Committee comprises of two independent directors and two non-independent directors. The members of Committee are:

1) Mr. K. Madhava Sarma (Ceased to be a Director w.e.f . 30-09-2010)
2) Mr. R. Sundararajan
3) Mr. S. R. Ramakrishnan
4) Mr. T. Shivaraman (Became a Member w.e.f. 11-11-2010)
5) Mr. R. S. Chandra (Became a Member w.e.f. 11-11-2010)

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, bonuses, 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 issues.
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.

COMPENSATION COMMITTEE CHARTER - TRANSFERRED TO REMUNERATION COMMITTEE CONSEQUENT TO THE MERGER

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.

ALLOTMENT COMMITTEE CHARTER - TRANSFERRED TO REMUNERATION COMMITTEE CONSEQUENT TO THE MERGER

a. Issue and allot shares subject to the provisions of the 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.

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.

REMUNERATION COMMITTEE ATTENDANCE

Two Remuneration Committee meetings were held during the year. These were held on 24th May 2010 and 21st December 2010.

Members	Category	No. of Meetings Attended
Mr. K. Madhava Sarma	Independent	--
Mr. R. Sundararajan	Independent	1
Mr. S. R. Ramakrishnan	Independent	2
Mr. T. Shivaraman	Non-Independent	1
Mr. R. S. Chandra	Non-Independent	--

REMUNERATION FOR THE YEAR

Non-executive Directors are paid a sitting fees of ₹15,000/- for every meeting of the Board and ₹10,000/- for every committee meeting attended by them.

Details of the remuneration of Non-executive Directors and Independent Directors for the year ended 31st March 2011 are as follows:-

Name	Sitting fees paid for Board and Committee Meetings (Net off Tax Deducted at Source) (₹)	
	Board	Committee
Mrs. Vathsala Ranganathan	27,000	1,53,000
Mr. S. R. Ramakrishnan	40,500	90,000
Mr. R. Sundararajan	54,000	1,26,000
Mr. K. Madhava Sarma	27,000	1,26,000
Mr. R. S. Chandra	40,500	27,000
Mr. Sunil Varma	40,500	27,000
Mr. Sunil K. Kolangara	40,500	NIL
Mr. S. Krishnamurthy	54,000	1,62,000
Mr. P. D. Karandikar	27,000	9,000

Executive Directors - Salary / Allowances (₹)

Name	Upto 17-09-2010	Revised w.e.f. 18-09-2010	Commission	Value of Perquisites
Mr. T. Shivaraman	30,00,000	42,00,000	20,00,000	NIL
Mr. M. Amjad Shariff	30,00,000	42,00,000	20,00,000	NIL

General Body Meetings

The location and time where the last three Annual General Meeting held are given below:

For the year ended 31st March	Venue	Day and Date	Time
2010	MINI HALL, SRI KRISHNA GANA SABHA, DR. NALLI GANA VIHAR, 20, MAHARAJAPURAM SANTHANAM ROAD, T.NAGAR, CHENNAI – 600 017.	WEDNESDAY 29-09-2010	03:00 PM
2009	SRI NARADA GANA SABHA, 314, T T K ROAD, CHENNAI – 600 018.	MON DAY 31-08-2009	03:00 PM
2008	SRI KRISHNA GANA SABHA, DR. NALLI GANA VIHAR, 20, MAHARAJAPURAM SANTHANAM ROAD, T.NAGAR, CHENNAI – 600 017.	FRIDAY 22-08-2008	10:25 AM

SPECIAL RESOLUTIONS PASSED AT LAST THREE ANNUAL GENERAL MEETINGS

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 increase the number of Directors from 12 to 15.

At the 10th AGM held on 29th September 2010, the following resolution was passed.

Under Section 372A of the Companies Act, 1956 providing consent to invest, acquire by way of subscription, purchase or otherwise in the Equity Shares and/or Deep Discount Convertible Debentures of M/s. Beta Wind Farm Pvt. Ltd., Chennai in one or more tranches subject to an amount not exceeding ₹100 Crores.

Under Sections 198, 269, 309, 310, 316 and all other applicable provisions of the Companies Act, 1956 if any, providing consent to revise the Salary of Mr. T. Shivaraman – Managing Director & CEO for the remaining tenure of his service with effect from 29th September 2010.

Under Sections 198, 269, 309, 310, 316 and all other applicable provisions of the Companies Act, 1956, if any, providing consent to revise the Salary of Mr. M. Amjad Shariff – Joint Managing Director, for the remaining tenure of his service with effect from 29th September 2010.

Under Section 163 and all other applicable provisions, if any, providing consent to keep the Register of Members, the Index of Members and copies of all Annual returns prepared under Section 159 and 160 of the Act, together with the copies of certificates and documents required to be annexed under Section 160 and 161 of the Companies Act, 1956 at No.9, Vanagaram Road, Ayanambakkam, Chennai - 600 095, India with effect from this meeting instead of the Registered Office of the Company at No.5, T. V. Street, Chetput, Chennai - 600 031.

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 KW 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 192A of the Companies Act, 1956 by way of a Special Resolution for altering the Main Objects of the Memorandum of Association of the Company including Clause 12 to IIIA 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 3,50,000 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. A declaration to this effect signed by the MD 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 has been framed and is posted on the website of the Company www.shriramepc.com.

The audit committee has been vested with powers 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 / Office (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 had constituted a Compensation Committee which has now been merged with the Remuneration 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 concern.
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 2010-11.
4. Other non-mandatory requirements have not been adopted by the Company.

Other Disclosures

A Management Discussion and Analysis Report highlighting individual businesses has been included in the annual report.

There were no materially significant related party transactions, with Directors /promoters / management which had potential conflict with the interests of the Company at large.

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 19 to the accounts in the Annual Report.

The Company has followed the Accounting Standards notified by the Central Government under Companies (Accounting Standards) 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 Director's Report.

Subsidiary Companies

The company does not have any materially 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 2011. 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 recently announced a set of voluntary guidelines on Corporate Governance. The Company, in line with its stated policy of being committed to the principles and practices of good corporate governance, is in compliance with a number of these guidelines, as reported in the earlier paragraphs. As regards the remaining guidelines, the Company is in the process of evaluating the feasibility for implementation progressively.

Means of Communication

The audited financial results are published in the newspapers including Business Line and Makkal Kural. The quarterly results and other major announcements like book closure and dividend declarations will also be published in leading newspaper dailies and will 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

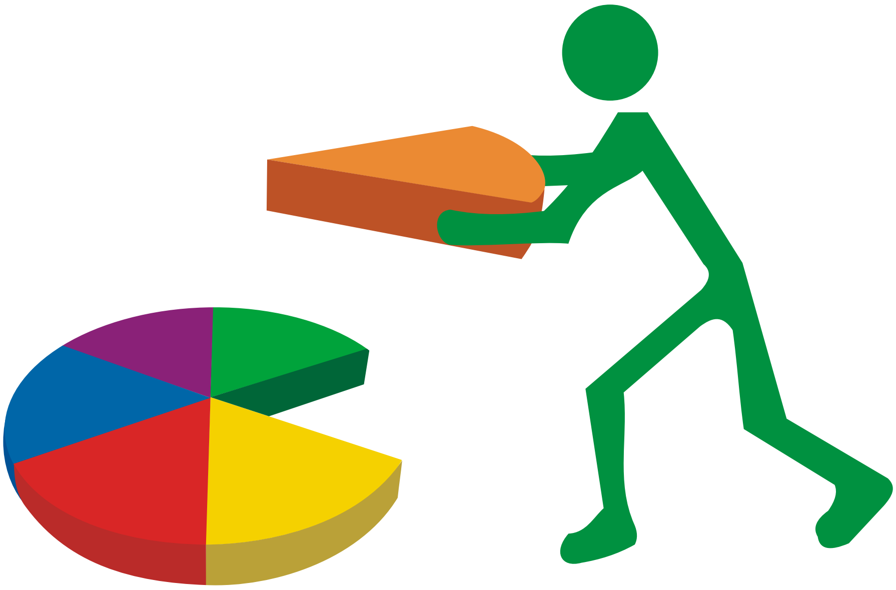
CEO and CFO have given a certificate to the Board as contemplated in clause 49 of the Listing Agreement.

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

Sigappi Achi Building, 4^{th} Floor, 18/3 Rukmini Lakshmipathi Road, Egmore, Chennai-600008.

ANNUAL GENERAL MEETING

Day	Friday
Date	9th September 2011
Time	03:00 PM
Venue	Mini Hall – Krishna Gana Sabha, Maharajapuram Santhanam Road, T Nagar, Chennai – 600 017

TENTATIVE FINANCIAL CALENDER

Annual General Meeting	
Financial reporting for the 01^{st} Quarter ending 30^{th} June 2011	On or before 15^{th} August 2011
Financial reporting for the 02^{nd} Quarter ending 30^{th} September 2011	On or before 15^{th} November 2011
Financial reporting for the 03^{rd} Quarter ending 31^{st} December 2011	On or before 15^{th} February 2011
Financial reporting for the year ending 31^{st} March 2012	On or before May 31^{st} 2012

FINANCIAL YEAR

The Financial year of the Company is 01st April – 31st March.

BOOK CLOSURE FOR DIVIDEND

Thursday, 1st September 2011 to Friday, 9th September 2011(both days inclusive).

LISTING ON STOCK EXCHANGES AND STOCK CODE

Equity Shares	
National Stock Exchange	SHRIRAMEPC
The Stock Exchange, Mumbai	532945

MARKET PRICE DATA AND COMPARISON

	[BSE]		[NSE]	
Month	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr 10	302.00	200.00	301.80	205.25
May 10	291.90	242.05	295.00	241.00
Jun 10	273.00	252.05	275.00	253.30
Jul 10	288.00	258.00	278.65	261.00
Aug 10	309.00	265.00	301.00	266.00
Sep 10	313.80	271.30	313.90	272.55
Oct 10	287.90	243.00	298.70	247.05
Nov 10	259.95	185.05	255.75	185.10
Dec 10	240.05	184.25	243.00	180.05
Jan 11	236.00	172.00	238.00	170.00
Feb 11	184.85	141.00	180.85	141.00
Mar 11	169.10	145.50	167.85	143.95

REGISTRAR AND SHARE TRANSFER AGENT

Cameo Corporate Services Limited
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

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 2011

Category	No. of Shares	% of Shareholders
Promoters	1,84,58,354	41.70
Directors and Relatives	16,440	0.04
FII	29,09,894	6.57
Mutual Fund	17,28,407	3.90
Financial Institutions	3,17,646	0.72
Corporate Bodies	18,46,055	4.17
Foreign Corporate Bodies	1,34,81,762	30.46
Non-Resident Indian (Repartiable)	29,910	0.07
Non-Resident Indian (Non-Repartiable)	13,013	0.03
Trust	37,86,779	8.56
Clearing Member	4,304	0.01
Public	16,69,835	3.77
Total	4,42,62,399	100.00

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2011

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount (₹)	% of Amount
1 - 5000	7,886	95.00	6,70,444	67,04,440	1.51
5001 - 10000	163	1.96	1,27,497	12,74,970	0.29
10001 - 20000	91	1.10	14,094	4,14,09,040	0.32
20001 - 30000	34	0.41	86,879	8,68,790	0.20
30001 - 40000	30	0.36	1,04,566	10,45,660	0.24
40001 - 50000	18	0.22	81,743	8,17,430	0.18
50001 - 100000	38	0.46	2,68,761	26,87,610	0.61
100001 - And Above	41	0.49	4,27,81,605	42,78,16,050	96.65
Total	8,301	100.00	4,42,62,399	44,26,23,990	100.00

DISTRIBUTION OF HOLDINGS - NSDL & CDSL & PHYSICAL RECORD DATE: 31-Mar-2011

Shareholding Summary as on 31st March, 2011

Category	No. of Holders	Total Positions	% of Holdings
PHYSICAL	8	62	0.00
NSDL	5,557	4,37,70,674	98.89
CDSL	2,736	4,91,663	1.11
TOTAL	8,301	4,42,62,399	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 dematerialisation of shares, share transfers, transmissions, change of address, share transfers, transmissions, change of address or any other query relating to shares, please write to:

Cameo Corporate Services Limited
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

Mr. K Suresh
Company Secretary
SHRIRAM EPC LIMITED,
Sigappi Achi Building, 4th Floor,
18/3 Rukmini Lakshmipathi Road,
Egmore, Chennai-600008. India
Tel: (91 44)49015678
Fax: (91 44) 49015655
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.

Shriram Industrial Holdings Private Limited, Shriram Auto Finance, Shriram Ownership Trust, Shriram Enterprises Trust, Shriram Entrepreneurial Ventures Limited, Shriram EPC (Singapore) Pte Limited, Black Stone Group Technologies Private Limited, Chemproject Consulting Private Limited, Hamon Shriram Cottrell Private Limited, Leitner Shriram Manufacturing Limited, Haldia Coke and Chemicals Private Limited, Ennore Coke Limited, Shriram SEPL Composites Private Limited, Bharath Coal Chemicals Limited, Orient Green Power Pte Limited(Singapore), Orient Green Power Company Limited, Shriram Composites Private Limited, Amrit Environmental Technologies Private Limited, Global Powertech Equipments Limited, SM Environmental Technologies Private Limited, Beta Wind Farm Private Limited, Bharath Wind Farm Limited, Clarion Wind Farm Private Limited, Gamma Green Power Private Limited, Gayatri Green Power Limited, Orient Bio power Limited, Orient ECO Energy Limited, Orient Green Power Co (Rajasthan) Private Limited, Orient Green Power Europe BV, Pallavi Power and Mines Limited, PSR Green Power Company Private Limited, Sanjog Sugars and ECO Power Private Limited, Shriram Non Conventional Energy Limited, Shriram Powergen Limited, Theta Management Consultancy Private Limited, Shriram Auto Finance LLP, ASTS Management Consultancy LLP, Conveyor Equipment Company Private Limited, Omayal Agro Industries Limited and any other Company, firm or trust promoted or controlled by 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) 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 2011, as envisaged in Clause 49 of the Listing Agreement with stock exchanges.

Place: Chennai
Date: 25th May 2011

T. SHIVARAMAN
MANAGING DIRECTOR & CEO

AUDITOR'S 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 2011 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: 25th May 2011

AUDITORS' REPORT
TO THE MEMBERS OF SHRIRAM EPC LIMITED

1. We have audited the attached Balance Sheet of Shriram EPC Limited, as at March 31, 2011, the Profit and Loss Account and Cash Flow Statement 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 Statement 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 Statement dealt with by this report are in compliance 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, 2011;

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 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

Place: Chennai
Date: 25th May 2011

Geetha Suryanarayanan
Partner
(Membership No. 29519)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. Having regard to the nature of the Company's business/activities/result, clauses (viii), (x), (xi), (xii), (xiii), (xiv), (xviii), (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 ₹14,500,000, and the maximum amount involved during the year was ₹14,500,000.

(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 ₹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 services for which comparable quotations are not available and in respect of which we are unable to comment.

7. 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.

8. 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.

9. 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 with slight delays including Provident Fund, 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 except in respect of Tax deducted at source and Employees State Insurance dues, where the company has not generally been regular in depositing the dues with the appropriate authorities though the delays in deposit have not been serious.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employee's 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 2011 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 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period when the amount relates	Amount involved (₹ in Lakhs)
Income Tax Act	Income Tax demand	Appellate Tribunal	2000-01	48.08
Income Tax Act	Income Tax demand	Appellate Tribunal	2002-03	49.15
Income Tax Act	Income Tax demand	Appellate Tribunal	2003-04	155.33
Income Tax Act	Income Tax demand	Commissioner of Income Tax (Appeals)	2004-05	26.24
Income Tax Act	Income Tax demand	Commissioner of Income Tax (Appeals)	2005-06	298.48
Income Tax Act	Income Tax demand	Commissioner of Income Tax (Appeals)	2006-07	219.68

10. In our opinion and according to the information and explanations given to us, the Company has given guarantee, for loans taken by a Subsidiary Company, Associate Company and Joint Venture Company, from a bank during the year the terms of which are *prima facie* not prejudicial to the interest of the company.

11. 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.

12. 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.

13. 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)

Place: Chennai
Date: 25th May 2011

Geetha Suryanarayanan
Partner
(Membership No. 29519)

BALANCE SHEET AS ON 31st MARCH, 2011

₹ in Lakhs

	Schedule	As at March 31, 2011		As at March 31,2010	
SOURCES OF FUND					
Share Holder's Fund					
Share Capital	1	4,426.24		4,391.38	
Share Application Money Pending Allotment		1.97		2.82	
Employees Stock Option Outstanding (Refer Note 21 of Schedule 19)		150.46		126.42	
Reserves and Surplus	2	44,217.91		37,619.10	
			48,796.58		42,139.72
Loan Funds					
Secured Loans	3	106,975.60		50,564.51	
Unsecured Loans	4	14,247.63		12,527.61	
			121,223.23		63,092.12
Deferred tax liability (Net) (Refer Note 17 of Schedule 19)			2,893.64		2,802.13
Total			172,913.45		108,033.97
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		16,956.55		16,327.56	
Less:- Depreciation		3,356.06		2,158.45	
Net Block		13,600.49		14,169.11	
Add:- Capital work in progress		12.30		1.09	
			13,612.79		14,170.20
Investments	6		26,757.40		21,064.28
Current Assets, Loans and Advances					
Inventories	7	15,757.34		17,754.20	
Sundry Debtors	8	92,425.52		83,270.21	
Cash and Bank Balances	9	40,431.10		17,844.80	
Loans and Advances	10	44,766.82		23,485.82	
		193,380.78		142,355.03	
Less:- Current Liabilities and Provisions	11				
Current Liabilities		59,010.40		68,693.05	
Provisions		1,827.12		862.49	
		60,837.52		69,555.54	
Net Current Assets			132,543.26		72,799.49
Total			172,913.45		108,033.97
Notes on Accounts	19				

The Schedules referred to above form an integral part of Balance sheet

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Geetha Suryanarayanan
Partner

Chennai
Dated : 25th May, 2011.

For and on behalf of the board

T.Shivaraman
Managing Director

R. Sundararajan
Director

S. Krishnamurthy
Director

K.Suresh
Company Secretary

R.Dharmarajan
Chief Financial Officer

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

₹ in Lakhs

	Schedule	Year ended Mar 31, 2011	Year ended Mar 31, 2010
INCOME			
Sales, Services and work bills	12	128,218.76	111,051.76
Other Operating Revenues		1,988.63	-
Other Income	13	2,315.70	1,202.47
Total		132,523.09	112,254.23
EXPENDITURE			
Erection, Construction & Operation Expenses	14	108,303.05	105,766.82
Decrease/(Increase) in Stock	15	2,068.50	(9,514.88)
Employee Costs	16	2,374.79	1,794.28
Other Costs	17	2,857.95	2,289.90
Interest and Finance Charges	18	8,571.74	4,171.62
Depreciation / Amortisation	5	1,200.54	1,034.47
Total		125,376.57	105,542.21
Exceptional items- Profit on Sale of Investments		2,336.28	-
Profit before Tax		9,482.80	6,712.02
Less: Provision for tax			
Current		2,430.00	1,207.36
Deferred		91.51	1,259.33
MAT Credit Entitlement		-	(220.70)
Profit after Tax		6,961.29	4,466.03
Balance brought forward from previous year		12,856.72	9,117.82
Profits available for appropriation		19,818.01	13,583.85
Less : Appropriations			
Proposed Dividend - 12% (Previous Year 12%)		531.15	526.97
Provision of dividend-2009-10 inclusive dividend tax (Refer Note 25 of Schedule 19)		0.65	0.99
Dividend tax		88.33	87.52
Transfer to General reserve		174.05	111.65
Balance carried to Balance sheet		19,023.83	12,856.72
Earnings per Share of Rs. 10 each (Refer Note 18 of Schedule 19)			
Basic - Rupees		15.80	10.26
Diluted - Rupees		15.80	10.05
Notes on Accounts	19		

The Schedules referred to above form an integral part of Profit and Loss Account

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Geetha Suryanarayanan
Partner

Chennai
Dated : 25th May, 2011.

For and on behalf of the board

T.Shivaraman
Managing Director

R. Sundararajan
Director

S. Krishnamurthy
Director

K.Suresh
Company Secretary

R.Dharmarajan
Chief Financial Officer

CASH FLOW STATEMENT AS ON 31st MARCH, 2011

₹ in Lakhs

	Year ended Mar 31, 2011		Year ended Mar 31, 2010	
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		9,482.80		6,712.02
Provision for Doubtful debts & bad debts written off	509.49		473.21	
Interest Income	(746.28)		(262.58)	
Depreciation	1,200.54		1,034.47	
(Profit) / Loss on Sale of Fixed Assets (net)	0.21		(118.61)	
(Profit) / Loss on Sale of Investments	(2,336.28)		-	
Employee Share option expense	281.67		276.00	
Interest and finance charges expenditure	8,571.74		4,171.62	
Unrealised Exchange fluctuation changes loss/ (profit)	(1,988.63)	5,492.46	-	5,574.11
Operating Profit before working capital changes		14,975.26		12,286.13
Working capital changes :				
Decrease / (Increase) in Inventories	1,996.86		(9,924.53)	
Decrease / (Increase) in Sundry Debtors	(9,971.09)		(34,525.66)	
Decrease / (Increase) in Loans and Advances	(21,772.88)		1,129.25	
Increase / (Decrease) in				
Current Liabiilties and provisions	(7,872.92)	(37,620.03)	22,452.82	(20,868.12)
Cash Used in operations		(22,644.77)		(8,581.99)
Direct taxes paid including Fringe Benefit tax		(623.94)		(819.72)
Net Cash Used in Operating Activities		(23,268.71)		(9,401.71)
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds on Sale of Fixed Assets		2.43		5,200.29
Additions to Fixed Assets		(645.75)		(9,631.12)
Purchase of Investments		(6,658.44)		(3,863.06)
Sale of Investments		3,301.60		-
Interest Received		715.94		261.23
Net Cash Used in Investing Activities		(3,284.22)		(8,032.66)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Share Issue		34.01		59.31
Proceeds from Borrowings		173,768.71		90,872.07
Repayment of Borrowings		(116,204.89)		(54,539.77)
Interest and finance charges paid		(7,843.35)		(3,955.67)
Dividends paid (including distribution tax)		(615.25)		(609.59)
Net Cash Generated from Financing Activities		49,139.23		31,826.35
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR (A+B+C)		22,586.30		14,391.98
Cash and Cash equivalents as at the beginning of the year		17,844.80		3,452.82
Cash and Cash equivalents as at the end of the year		40,431.10		17,844.80

In terms of our report attached

For and on behalf of the board

For Deloitte Haskins & Sells
Chartered Accountants

Geetha Suryanarayanan
Partner

T.Shivaraman
Managing Director

R. Sundararajan
Director

S. Krishnamurthy
Director

Chennai
Dated : 25th May, 2011.

K.Suresh
Company Secretary

R.Dharmarajan
Chief Financial Officer

SCHEDULES TO BALANCE SHEET

₹ in Lakhs

	As at Mar 31, 2011	As at Mar 31, 2010
Schedule 1 : Share Capital		
Authorised :-		
65,000,000 Equity Shares of ₹10 each	6,500.00	6,500.00
20,000,000 Convertible Preference shares of ₹10/each.	2,000.00	2,000.00
	8,500.00	8,500.00
Issued, Subscribed and Paid-up:-		
4,42,62,399 Equity Shares of ₹10 each, fully paid up	4,426.24	4,391.38
(4,39,13,777 Equity Shares of ₹10 each)		
Total	4,426.24	4,391.38
Schedule 2 : Reserves and Surplus		
Capital Reserve	12.92	12.92
Securities Premium Account		
Opening balance	24,537.71	24,149.41
Add Transfer from Stock options outstanding account	242.59	388.30
	24,780.30	24,537.71
General Reserve		
Opening balance	211.75	100.10
Add :Transfer from Profit and Loss account	174.05	111.65
Add :Transfer from stock options outstanding (Refer Note 21 of Schedule 19)	15.06	-
	400.86	211.75
Surplus from Profit and Loss account	19,023.83	12,856.72
Total	44,217.91	37,619.10
Schedule 3 : Secured Loans		
(Refer Note no 4 of Schedule 19)		
Term Loans from :-		
Banks	54,451.71	37,769.70
Financial Institutions	14,707.79	6,999.46
Interest accrued and due	612.67	215.95
Cash Credit from Banks	37,157.11	5,493.68
Hire Purchase Finance	46.32	85.72
Total	106,975.60	50,564.51
Repayable within one year	70,657.80	37,619.70
Schedule 4 : Unsecured Loans		
Commercial paper	-	10,000.00
Short Term Loans from Bank	14,072.56	2,527.61
Interest accrued and due on short term loans	175.07	-
Total	14,247.63	12,527.61
Maximum amount payable during the year	10,000.00	10,000.00

SCHEDULES TO BALANCE SHEET

Schedule 5 : Fixed Assets

₹ in Lakhs

Sl. No.	Block of Assets	Gross Block as on 01-04-10	Additions during the year	Deletions during the year	Gross Block as on 31-03-11	Accumulated Depreciation as on 01-04-10	Depreciation for the year	Depreciation on Deletions	Accumulated Depreciation as on 31-03-11	Net Block as on 31-03-11	Net Block as on 31-03-10
	Tangible Assets										
1	Freehold Land	473.07	-	-	473.07	-	-	-	-	473.07	473.07
2	Buildings	171.74	-	-	171.74	41.52	4.88	-	46.40	125.33	130.21
3	Leasehold Improvements	319.03	1.05	-	320.08	140.00	54.43	-	194.43	125.65	179.03
4	Plant and Machinery[2]	12,939.90	518.29	-	13,458.19	947.72	788.46	-	1,736.18	11,722.01	11,992.18
5	Furniture and Fixtures	108.21	8.29	-	116.50	53.75	5.80	-	59.55	56.95	54.46
6	Office Equipment	91.73	6.04	-	97.77	24.18	4.45	-	28.63	69.15	67.56
7	Computers and Software	421.23	21.42	5.58	437.07	191.25	56.93	2.94	245.24	191.83	229.98
8	Vehicle[1]	294.23	9.44	-	303.67	81.86	27.60	-	109.46	194.21	212.37
	Intangible Assets										
9	Technical Knowhow	1,101.96	70.02	-	1,171.98	628.10	205.35	-	833.45	338.53	473.86
10	Software	326.47	-	-	326.47	38.09	32.64	-	70.73	255.74	288.38
11	Leasehold Right to use	80.00	-	-	80.00	12.00	20.00	-	32.00	48.00	68.00
	Total	16,327.57	634.55	5.58	16,956.55	2,158.47	1,200.54	2.94	3,356.06	13,600.49	14,169.11
	Previous Year	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	
	Capital Work-in-Progress includes Capital Advances[3]									12.29	1.09

Notes:

1 Vehicles includes ₹ 227.71 lakhs (Previous Year ₹225.32 lakhs) acquired under Hire purchase

2 Plant and Machinery includes ₹2,479.12 lakhs (Previous Year ₹2,479.12 lakhs) erected on lease hold Land, out of which Machinery worth ₹1,310.53 (Previous Year ₹1,310.53 lakhs) has been leased out by the Company.

3 Capital work in progress includes Capital Advances Nil (Previous year ₹1.09 lakhs)

Schedule 6 : Investments (At cost)

₹ in Lakhs

Particulars	Nominal Value per Share	As at 01-04-10	Acquisitions	Sales	As at 31-03-11	As at 01-04-10	Acquisitions	Sales	As at 31-03-11
Long Term									
Quoted - Trade									
Ennore Coke Ltd	₹10	4,920,000		4,920,000	-	965.32		965.32	-
Orient Green Power Company Ltd #*	₹10	386,526			386,526	2,827.50			2,827.50
Unquoted - Trade									
In Joint Ventures									
Leitner Shriram Manufacturing Ltd	₹10	44,334,403	22,871,546		67,205,949	4,433.44	2,287.16		6,720.60
Hamon Shriram Cottrell P Ltd	₹10	6,425,002	1,072,656	2	7,497,658	796.21	364.06		1,160.27
In Associates									
Shriram SEPL Composites Pvt Ltd	₹10	4,900,001			4,900,001	490.00			490.00
Haldia Coke and Chemicals P Ltd	₹10		22,239,167		22,239,167		4,007.22		4,007.22
Unquoted - Non Trade									
In Subsidiary Companies									
Shriram SEPC (Singapore) Pte Ltd	US $ 1	20,210,020			20,210,020	9,081.96			9,081.96
Blackstone Group Technologies Pvt Ltd	₹10	374,429			374,429	969.85			969.85
Others									
Sree Jayajothi Cements Ltd	₹10	5,000,000			5,000,000	1,500.00			1,500.00
Total						21,064.28	6,658.44	965.32	26,757.40

* Market Value of quoted Investment - ₹ 98.37 lakhs (Previous year ₹4836.36 Lakhs)
# Includes 103776 Bonus Shares received during the previous year.

SCHEDULES TO BALANCE SHEET

₹ in Lakhs

	As at Mar 31, 2011	As at Mar 31, 2010
Schedule 7 : Inventories		
Raw Materials and Components for Wind Turbine Generators	481.34	409.65
Contract Work-in-Progress	15,177.09	16,794.55
Finished Goods - Wind Turbine Generators	98.91	550.00
Total	15,757.34	17,754.20

	As at Mar 31, 2011	As at Mar 31, 2010
Schedule 8 : Sundry Debtors*		
Unsecured:		
a) Debtors outstanding for a period exceeding six months:		
Considered Good	55,836.32	21,817.14
Considered Doubtful	916.33	493.64
	56,752.65	22,310.78
b) Other debts:		
Considered Good	36,589.20	61,453.07
Less : Provision for Doubtful debts	916.33	493.64
Total	92,425.52	83,270.21
*Includes Retentions on account of Contracts		
Exceeding six months	5,500.84	1,600.66
Other debts	866.07	3,856.91

	As at Mar 31, 2011	As at Mar 31, 2010
Schedule 9 : Cash and bank balances		
Cash on Hand and in Imprest Accounts	27.51	83.76
Cheques on Hand	29.09	0.22
Balance with Scheduled Banks:-		
In Current Account	28,630.87	9,918.49
In Margin Money Account	5,105.28	4,065.94
In Other Deposit Account	6,638.35	3,776.39
Total	40,431.10	17,844.80

	As at Mar 31, 2011		As at Mar 31, 2010
Schedule 10 : Loans and Advances			
(Unsecured, Considered good unless otherwise stated)			
Advances recoverable in Cash or			
in Kind for value to be received:- ^	42,303.12		22,157.00
Deposits	1,068.80		385.43
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		220.70
Balance with Customs, Excise Authorities	1,174.20		230.81
Total	44,766.82		23,485.82

^ Refer Note 13 of Schedule 19 for Dues from Subsidiaries

SCHEDULES TO BALANCE SHEET

₹ in Lakhs

		As at Mar 31, 2011		As at Mar 31, 2010
Schedule 11 : Current Liabilities and Provisions				
Sundry Creditors:				
Dues to Micro Enterprises and Medium Enterprises				
(Refer Note 6 of Schedule 19)	9.93		1.95	
Total dues to creditors other then dues to				
Micro Enterprises and Medium Enterprises	31,577.81	31,587.74	59,864.66	59,866.61
Advance Payments from Customers		25,114.16		4,553.55
Interest accrued but not due		156.60		
Bills Discounted		478.45		2,729.19
Other Liabilities		1,673.45		1,543.70
Total		59,010.40		68,693.05
Provisions:				
Provision for Income Tax				
(Including Fringe Benefit tax)				
Current Year	2,430.00			-
Previous Years	4,803.00			-
Less: Advance payment of Income tax	(3,555.95)			-
TDS Receivable	(2,791.41)	885.64		-
Proposed Dividend		531.15		526.97
Dividend Distribution Tax Payable		88.22		87.52
Provision for Gratuity		193.70		168.31
Provision for Compensated Absences		99.02		50.30
Provision for Warranties		29.39		29.39
		1,827.12		862.49
Total		60,837.52		69,555.54

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Year ended Mar 31, 2011		Year ended Mar 31, 2010
Schedule 12 : Sales, Services and work bills			
Revenue from Engineering and Construction Contracts	1,08,957.36		1,04,094.14
Sale of Wind Turbine Generators	16,061.40		6,957.62
Sale of Windmill Development Rights	3,200.00		-
Total	1,28,218.76		1,11,051.76
Schedule 13 : Other Income			
Interest Income (On Bank Deposit Tax deducted at source ₹30.34 lakhs (₹21.44 lakhs)	746.28		262.58
Lease Rentals Received	81.67		85.67
Sale of Power	864.98		405.00
Management Fees Received	119.42		94.78
Profit on Sale of Fixed Assets (Net)	-		118.61
Gain on Exchange Fluctuation	412.02		-
Provision no longer required			
Provision made in the Previous Year			218.06
Less: Bad Debts & Advances written off			137.06
			81.00
Miscellaneous	91.33		154.83
Total	2,315.70		1,202.47

SCHEDULES TO PROFIT AND LOSS ACCOUNT

₹ in Lakhs

	Year ended Mar 31, 2011	Year ended Mar 31, 2010
Schedule 14 : Erection, Construction & Operation Expenses		
Raw Materials and Components Consumed		
Opening Stock	409.65	
Purchases	9,028.99	5,823.57
Less: Closing Stock	481.34	409.65
	8,957.30	5,413.92
Cost of Materials and Labour	84,973.72	87,868.63
Cost of Windmill Development rights	1,700.00	-
Other Contract Related Costs	3,836.00	1,614.62
Operations and Maintenance Charges	30.42	-
Other Manufacturing Expenses	-	347.79
Freight Charges on Purchase	0.33	-
Salaries, Wages & Bonus	474.11	710.60
Contribution to Provident Funds	18.42	37.76
Staff Welfare Expenses	121.87	69.05
Commercial Taxes	2,709.68	3,956.84
Rent, Rates and Taxes	130.54	112.91
Insurance	193.93	223.66
Repairs and Maintenance	61.29	127.35
Communication Expense	29.91	54.43
Travelling and Conveyance	362.85	346.89
Consultancy Charges	504.35	1,159.02
Business Promotion Expenses	46.29	30.28
Finance Charges	4,033.01	3,259.81
Miscellaneous Expenses	119.03	432.86
Total	108,303.05	105,766.42
Schedule 15 : Increase / (Decrease) in Stock		
Opening Stock of Work in Progress	16,794.55	7,645.39
Less:- Closing Stock of Work in Progress	15,177.14	16,794.55
	1,617.41	(9,149.16)
Opening Stock of Finished Goods	550.00	184.28
Less:- Closing Stock of Finished Goods	98.91	550.00
	451.09	(365.72)
Total	2,068.50	(9,514.88)
Schedule 16 : Employee Costs *		
Salaries, Wages and bonus $	2,174.18	1,583.15
Contribution to provident and other funds	74.09	81.03
Staff welfare expenses	126.52	130.10
Total	2,374.79	1,794.28

*(Refer Note 11 of Schedule 19)

$(Refer Note 21 of Schedule 19)

SCHEDULES TO PROFIT AND LOSS ACCOUNT

₹ in Lakhs

	Year ended Mar 31, 2011	Year ended Mar 31, 2010
Schedule 17 : Other Costs		
Rent	196.14	155.11
Rates and taxes	30.96	20.36
Repairs and maintenance :		
Building	29.03	36.39
Plant and Machinery and Equipments	61.85	73.01
others	15.52	2.33
Auditors' remuneration :		
- Audit Fees	20.00	12.00
- Other services	14.00	9.00
- Out of pocket reimbursement	1.00	1.70
	35.00	22.70
Printing and Stationery	44.12	67.84
Communication Expenses	74.18	76.80
Advertisement & Business Promotion	88.76	84.21
Travelling and Conveyance	279.51	256.06
Legal & Professional Consultancy charges	940.46	804.88
Donation	4.06	2.00
Sitting Fees	12.00	14.45
Electricity & water	41.71	35.00
Insurance Premium	56.75	52.95
Exchange Fluctuation (net)	-	24.60
Bad Debts and Advances	359.97	
Less: Provision made in the Previous Year	86.80	
	273.17	
Add: Provision made in the Current Year	509.49	473.21
Loss on Sale of Fixed Assets	0.21	
Miscellaneous expenses	165.03	88.00
Total	2,857.95	2,289.90
Schedule 18 : Interest and Finance Charges*		
Bank Charges, Letter of Credit / Guarantee charges	483.14	357.57
Interest on Cash Credits	2,930.73	886.11
Interest on Commercial Paper	359.69	394.11
Interest on Term Loans	4,623.17	2,258.24
Interest - Others	175.01	275.59
Total	8,571.74	4,171.62

* Net of recoveries from Associates and Joint Ventures of ₹395.40 Lakhs (Previoius Year ₹766.05 Lakhs)

SCHEDULE 19 - 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.

Revenue from sale of windmill development rights is recognized on transfer of the rights to the buyer under the terms of contract.

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.

Individual assets costing ₹5,000/- each or less 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 is amortised over a period of 5 years based on Managements evaluation of their 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, if any, 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:

(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 there of paid / payable is charged in the books of accounts.

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

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 realize such assets.

1.11 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.

1.12 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

In respect of stock options granted to the employees under the stock option schemes established, the Company determines the compensated cost based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

2. A. CONTINGENT LIABILITIES:

Sl.No.	Particulars	As at Mar 31, 2011	As at Mar 31, 2010
(a)	Letters of Guarantee issued by the Banks	22,219.83	25,458.50
(b)	Letters of Credit issued by the Banks	20,181.70	49,049.67
(c)	Bills discounted	22,710.00	-
(d)	Corporate Guarantees issued	3,400.00	9,500.00
(e)	Claims against the Company not acknowledged as debts	905.80	1,205.11
(f)	Disputed Income Tax demands contested in Appeals not provided for Civil Cases. *	1,052.86	982.74
Assessment year	Appeal pending before		
2000-01	Appellate Tribunal	48.08	55.94
2001-02	Appellate Tribunal	-	21.59
2002-03	Appellate Tribunal	49.15	51.90
2003-04	Appellate Tribunal	155.33	163.25
2004-05	Commissioner of Income Tax (Appeals)	26.24	30.58
2005-06	Commissioner of Income Tax (Appeals)	298.48	340.53
2006-07	Commissioner of Income Tax (Appeals)	219.68	318.95
2007-08	Commissioner of Income Tax (Appeals)	192.24	-
2008-09	Commissioner of Income Tax (Appeals)	63.56	-

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

B. The Company has in addition to (d) above issued letters of comfort /awareness to banks, with reference to compliance of terms and conditions of the facilities granted to its Associate.

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 ₹Nil lakhs)

B) Debenture Purchase Obligations

Particulars	As at 31-03-2011	As at 31-03-2010
Debenture Purchase Obligations	11,000	21,000

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

Sl. No.	Bank Name	Nature of Security
1	Jammu and Kashmir Bank Limited	Subservient charge on Current Assets of the Company.
2	Syndicate Bank	Subservient charge on movable fixed Assets of the Company.
3	DBS Bank Ltd	First pari passu Charge on the Current assets including stock and receivables (both present and future), second pari passu charge on the Fixed Assets.
4	UCO Bank	Subservient charge on the assets of the company. FDR of ₹500 Lakhs under lien to Bank with matching tenor of loan as collateral security
5	State Bank of Bikener and Jaipur	Subservient charge on all the movable assets of the Company
6	Lakshmi Vilas Bank Ltd	First charge by way of hypothecation of inventories, receivables and other current assets and unencumbered fixed assets of the company on pari passu basis with other lending banks
7	Axis Bank Ltd	Hypothecation of the equipment financed under this loan facility
8	IndusInd bank Ltd	Exclusive charge over the Wind Energy Generator acquired out of this Term Loan Hypothecation charge(first charge) over receivables from TNEB and Karnataka State Electricity Board
9	IDBI Bank Ltd	First pari passu charge on current assets of the company and other securities offered to other Banks under multiple Banking. Second charge on fixed assets as collateral
10	Punjab National Bank Ltd	First charge on the immovable properties and assets of the project, present and future First pari-passu charge on the entire fixed assets of the company including Project assets other than those specifically charged to the Term Lenders
11	State Bank of Mysore Ltd	Subservient charge on all the movable assets of the company with a minimum cover of 1.25 times during the entire tenure of the loan

4.2 Financial Institutions

SREI Infrastructure Finance Limited:

Loan is secured by way of mortgage of land to the satisfaction of the Lender. Further, Promissory note is given covering the principal repayment and interest.

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

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 Associate, Leitner Shriram Manufacturing Limited (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 Limited.

6. The total amount required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount outstanding as at March 31, 2011 is as follows:

₹ in Lakhs

Sl.No.	Particulars	As at 31-03-2011	As at 31-03-2010
(i)	Dues outstanding more than 45 days :		
	- Principal amounts	7.78	1.03
	- interest accrued and due on above amounts	0.43	0.36
(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	-	-
(iii)	The amount of interest due and payable for the period of delay in making payment		
	- as per the terms of the contracts	-	-
	- as specified in the Act	2.14	1.71
(iv)	The amount of interest accrued and remaining unpaid at the end of the year	2.14	1.71

7. CIF value of Imports:

₹ in Lakhs

Particulars	Year ended Mar 31, 2011	Year ended Mar 31, 2010
Raw Materials and components (for Wind Turbine Generators)	995.93	216.12
Capital Goods	346.53	-
Materials consumed in execution of Engineering construction contracts	32,066.66	13,151.98

8. EXPENDITURE IN FOREIGN CURRENCY:

₹ in Lakhs

Particulars	Year ended Mar 31, 2011	Year ended Mar 31, 2010
Technical Know how	-	148.60
Travel	61.49	109.48
Professional Consultancy	44.92	194.27
Others	124.89	28.70

9. EARNINGS IN FOREIGN CURRENCY:

₹ in Lakhs

Particulars	Year ended Mar 31, 2011	Year ended Mar 31, 2010
FOB Value of Exports	1,661.17	Nil

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	2010-11		2009-10	
	Units Produced/Purchases			
	In Nos	In MWs	In Nos	In MWs
Wind Turbine Generators – 250 KW	112	32.80	48	12.00

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:

₹ in Lakhs

Particulars	2010-11				2009-10			
	Qty	UoM	MW	Value	Qty	UoM	MW	Value
Opening Stock								
Windmills	5	Nos	1.25	550.00	-	-	-	-
Coal								
Purchases								
Coal	150,807.84	MT	-	14,779.68	-	-	-	-
Sales								
Windmills	116	Nos	33.80	16,061.40	48	Nos	12	5,531.00
Coal	150,807.84	MT	-	16,773.57	-	-	-	-
Spares/Infrastructure Development	-	-	-	-	-	-	-	1,462.62
Windmill Development rights	-	-	-	3200.00	-	-	-	-
Closing Stock								
Windmills	1	Nos	0.25	98.91	5	Nos	1.25	550.00
Coal	-	-	-	-	-	-	-	-

c. Raw Materials and components consumed:

Particulars	For the year ended Mar 31, 2011		For the year ended Mar 31, 2010	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	510.41	5.70	-	-
Indigenous	8,446.89	94.30	5,413.92	100.00
Total	8,957.30	100.00	5,413.92	100.00

11. EMPLOYEE COSTS INCLUDE REMUNERATION TO MANAGING DIRECTOR AND JOINT MANAGING DIRECTOR AS FOLLOWS:

Remuneration to Managing Director and Joint Managing Director *

₹ in Lakhs

Particulars	2010-11	2009-10
Salary	72.52	60.00
Contribution to Provident Fund and Other Funds	-	-
Commission	40.00	-
Perquisites	2.02	3.46
Total	114.54	63.46

*Managerial remuneration above does not include gratuity and Compensated absences benefit, since the same is computed actuarially for all the employees and the amount attributable to the managerial person cannot be ascertained separately.

₹ in Lakhs

Particulars	Amount	2010-11
Profit as Profit & Loss Account		6,961.29
Add:		
Provision for Taxes	2,521.51	
Sitting Fees	12.00	
Whole Time Director's Remuneration	114.54	
Loss on Sale of Assets	0.21	
Provision for Doubtful Debts	509.49	3,157.75
Less:		
Profit on Sale of Investments	2,336.28	(2,336.28)
Profit as per Section 349 of Companies Act, 1956		7,782.72
Commission to Directors @ 10% of Profits as per Section 319		778.27
Commission to Whole Time Directors restricted to		40.00

12. DISCLOSURES UNDER ACCOUNTING STANDARD 15 (REVISED):

(a) Provision for Gratuity:

₹ in Lakhs

Particulars	Mar 31, 2011	Mar 31, 2010
Present value of obligations at the beginning of the year	150.30	111.98
Current Service Cost	38.74	39.55
Interest Cost	10.73	7.94
Actuarial (Gain) or Loss	8.61	3.13
Benefits Paid	(14.68)	-
Present value of obligations at the end of the year	193.70	150.30
Cost for the year		
Current service cost	38.74	39.55
Interest cost	10.73	7.94
Expected return on plan assets	-	-
Net actuarial (Gain) / Loss recognised in the period	8.61	3.13
Net Cost	58.08	50.63
Assumptions		
Discount Rate	7.5%	7.5%
Expected rate of Salary increases	5%	5%

(b) Actuarial Assumptions for Compensated Absences:

Particulars	As at Mar 31, 2011	As at Mar 31, 2010
Rate of Mortality	LIC- 94-96 Mortality rates	LIC -94-96 Mortality rates
Rate of Discount	7.50%	7.50%
Rate of Salary escalation	5.00%	5.00%

13. DUES FROM SUBSIDIARIES:

A. Loans and Advances:

₹ in Lakhs

Particulars	As at Mar 31, 2011	As at Mar 31, 2010
Blackstone Group Technologies (Pvt) Ltd	904.11	657.89
Chemprojects Consulting Pvt Ltd	108.71	63.03
Shriram EPC (Singapore) Pte Limited	-	489.58
Total	1,207.11	1,210.50

Maximum amount outstanding at any time during the year:

₹ in Lakhs

Particulars	As at Mar 31, 2011	As at Mar 31, 2010
Blackstone Group Technologies (Pvt) Ltd	1,156.36	1,099.51
Chemprojects Consulting Pvt Ltd	108.71	63.03
Shriram EPC (Singapore) Pte Limited	489.58	489.58
Total	1,754.65	1,261.13

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

Finance Lease

₹ in Lakhs

Particulars	As at Mar 31, 2011	As at Mar 31, 2010
a) Cost of leased asset	227.71	225.32
b) Net carrying amount	163.27	177.85

Year wise future minimum lease rental payments on contracts:

₹ in Lakhs

Particulars	Total minimum lease payments as at Mar 31, 2011	Present value of lease payment as at Mar 31, 2011	Total minimum lease payments as at Mar 31, 2010	Present value of lease payment as at Mar 31, 2010
Not later than one year	26.25	23.48	40.22	40.22
Later than one year and Less than five years	20.07	15.22	39.07	34.69
Later than five years	-	-	-	-
Total	46.32	38.70	85.72	74.92
Less: Future Finance Charges	7.62	-	10.80	-
Present Value of Minimum Lease payments	38.70	38.70	74.92	74.92

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

₹ in Lakhs

Particulars	As at Mar 31, 2011	As at Mar 31, 2010
Contract Revenues recognized for the Financial Year	94,172.42	1,04,094.14
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	78,234.21	89,294.33
Amount of Customer advances outstanding for contracts in progress as at end of the Financial Year	25,114.16	4.553.55
Retention amounts due from customers for contracts in progress as at end of the financial year	6,366.91	5,457.57

16. PROVISION FOR WARRANTY IS ESTIMATED BASED ON THE TERMS AND CONDITIONS

₹ in Lakhs

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

Amounts in brackets represent previous year figures.

17. DEFERRED TAX – DISCLOSURE UNDER ACCOUNTING STANDARD 22

₹ in Lakhs

		As at Mar 31, 2011	As at Mar 31, 2010
A	Deferred Tax Liability		
	On Depreciation	3,358.63	3,101.36
	Total Liability	3,358.63	3,101.36
B	Deferred Tax Asset		
	Provision for Gratuity	62.85	55.91
	Provision for Compensated Absences	32.13	16.71
	Provision for Doubtful Debts	357.26	163.97
	Others	12.75	62.64
	Total Asset	464.99	299.23
	Net Deferred Tax Liability	2,893.64	2,802.13

18. EARNINGS PER SHARE

₹ in Lakhs

Particulars		As at Mar 31, 2011	As at Mar 31, 2010
A	BASIC		
	Profit attributable to equity share holders – Used as Numerator (A) (₹ in lakhs)	6,961.29	4,466.03
	The weighted average number of equity shares Outstanding during the year used as Denominator (B)	44,044,886	43,532,090
	Face Value of Share (₹)	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)	44,108,542	44,454,875
	Face Value of Share	10.00	10.00

19. The Company has considered business segment as the primary segment for disclosure. The Company's operations comprises of three segments namely Construction Contracts, Wind Turbine Generators and Trading. The above segment has been identified taking into account the organisation structure as well as the differing risks and return of these segments. Separate secondary segment disclosure also is not required as more than 98% of the Company's sale is in the Domestic Market.

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

A. PRIMARY SEGMENT INFORMATION - BUSINESS SEGMENTS

₹ in Lakhs

Particulars	Construction Contracts		Wind Turbine Generators		Trading		Elimination		Unallocated		Total	
	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10
External Sales	94,172.42	104,094.14	19,261.40	6,957.62	16,773.57	-	-	-	-	-	130,207.39	111,051.76
Intersegmental Sales	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue	94,172.42	104,094.14	19,261.40	6,957.62	16,773.57	-	-	-	-	-	130,207.39	111,051.76
Result												
Segment Result	15,938.59	14,799.82	1,903.37	-	1,993.88	-	-	-	-	-	19,835.84	14,799.82
Unallocated Corporate Expenditure/Income	-	-	-	-	-	-	-	-	4,117.58	5,037.66	4,117.58	3,916.18
Operating Profit	15,938.59	14,799.82	1,903.37	-	1,993.88		-	-	(4,117.58)	(5,037.66)	15,718.26	10,883.64
Interest expenses	-	-	-	-	-	-	-	-	8,571.74	4,171.62	8,571.74	4,171.62
Exceptional Items									2,336.28	-	2,336.28	-
Profit before Tax											9,482.80	6,712.02
Provision for Current Tax	-	-	-	-			-	-	2,430.00	1,207.36	2,430.00	1,207.36
Provision for Deferred tax	-	-	-	-			-	-	91.51	1,259.33	91.51	1,259.33
MAT credit entitlement	-	-	-	-			-	-	-	(220.70)	-	(220.70)
Profit after Tax											6,961.29	4,466.03
Other Information												
Segment Assets	183,986.66	146,678.70	12,183.42	9,846.53	10,504.95	-	-	-	-	-	206,675.03	156,525.23
Unallocated Corporate Assets	-	-	-	-			-	-	26,978.12	21,064.28	26,978.12	21,064.28
Total Assets	183,986.66	146,678.70	12,183.42	9,846.53	10,504.95	-	-	-	26,978.12	21,064.28	233,653.15	177,589.51
Segment Liabilities	53,033.95	64,107.01	5,658.85	5,448.53	1,161.33	-	-	-	-	-	59,854.13	69,555.54
Unallocated Corporate Liabilities	-	-	-	-			-	-	125,002.45	65,894.25	125,002.45	65,894.25
Total Liabilities	53,033.95	64,107.01	5,658.85	5,448.53	1,161.33	-	-	-	125,002.45	65,894.25	184,856.58	135,449.79
Capital Expenditure (Gross)	634.55	9,983.57	-				-	-	-	-	634.55	9,983.57
Unallocated Corporate Capital Expenditure-	-	-	-			-	-	-	-	-	-	
Depreciation	1,200.54	1,034.47	-	-			-	-	-	-	1,200.54	1,034.47
Unallocated Corporate Depreciation	-	-	-	-		-	-	-	-	-	-	-

20. Related Party Disclosures under Accounting Standard 18

Disclosure of related party transactions in accordance with Accounting Standard -18 notified by Central Government of India under Companies (Accounting Standards) Rules, 2006.

(As identified by the management and relied upon by the auditors)

a) Status of the Related Parties	Name of the Related Parties 2010-11	Name of the Related Parties 2009-10
Subsidiaries	Shriram EPC (Singapore) Pte Ltd Blackstone Group Technologies (Pvt) Limited Chemprojects Consulting Pvt Ltd.	Shriram EPC (Singapore) Pte Ltd Blackstone Group Technologies (Pvt) Limited Chemprojects Consulting Pvt Ltd.
Jointly Controlled Entities	Hamon Shriram Cottrell Private Limited Leitner Shriram Manufacturing Limited	Hamon Shriram Cottrell Private Ltd Leitner Shriram Manufacturing Limited
Associates	Haldia Coke and Chemicals Pvt Limited (with effect from 29.06.2010) Ennore Coke Limited (upto 21.06.2010) Ennore Coke Limited (Subsidiary of Haldia Coke and Chemicals Pvt Limited with effect from 01.07.2010) Shriram SEPL Composites Pvt Ltd Shriram Angerlehner Composites P Ltd	Ennore Coke Limited Shriram SEPL Composites Pvt Ltd Shriram Angerlehner Composites P Ltd
Enterprise over which Key Management Personnel is able to exercise significant influence	Orient Green Power Company Limited **Subsidiaries of Orient Green Power Company Limited** P S R Green Power Projects P Ltd Amrit Environmental Technologies Private Limited SM Environmental Technologies Private Limited Orient Bio Power Limited Orient Green Power Company (Rajasthan) Private Limited Sanjog Sugars and Eco Power Private Limited Bharath Wind Farm Limited Clarion Windfarms Private Limited Gamma Green Power Private Limited Beta Wind Farm Private Limited	Orient Green Power Company Limited
Key Management Personnel	T.Shivaraman - Managing Director M.Amjad Shariff - Joint Managing Director	T.Shivaraman - Managing Director M.Amjad Shariff - Joint Managing Director

₹ in Lakhs

b) Particulars of Transactions during the year	Year ended Mar 31, 2011	Year ended Mar 31, 2010
Sales		
Ennore Coke Ltd	12,285.36	1,374.05
Leitner Shriram Manufacturing Limited	-	2,139.92
Hamon Shriram Cottrell Private Ltd	-	1.03
P S R Green Power Projects P Ltd	800.46	-
Global Power Tech Equipments P ltd	47.28	-
Orient Green Power Company Limited	7,198.00	8,249.95
Amrit Environmental Technologies Private Limited	36.05	-
SM Environmental Technologies Private Limited	753.27	-
Orient Green Power Company (Rajasthan) Private Limited	1,075.17	-
Sanjog Sugars and Eco Power Private Limited	2,697.93	-
Clarion Windfarms Private Limited	288.37	-
Gamma Green Power Private Limited	11,756.10	-
Beta Wind Farm Private Limited	95.55	-
Lease Rental Income		
Clarion Windfarms Private Limited	81.67	-
Management Fees Received		
Hamon Shriram Cottrell Private Ltd	119.42	94.78
Purchases of Goods and Services		
Hamon Shriram Cottrell Private Ltd	549.05	-
Blackstone Group Technologies (Pvt) Limited	474.65	-
Chemprojects Consulting pvt ltd	58.04	-
Leitner Shriram Manufacturing Limited	9,220.32	(143.00)
Cost of Windmill Development Rights		
Bharat Wind Farm Ltd	1,700.00	-
Transfer of Margins		
Leitner Shriram Manufacturing Limited	32.20	143.00
Expenses incurred on behalf of related party		
Leitner Shriram Manufacturing Limited	17.23	134.48
Hamon Shriram Cottrell Private Ltd	1.39	-
Blackstone Group Technologies (Pvt) Limited	3.04	-
Shriram SEPL Composites P Ltd	1.45	-
Haldia Coke & Chemicals Pvt Limited	0.67	-
Ennore Coke Ltd	13.28	1,090.32

₹ in Lakhs

b) Particulars of Transactions during the year	Year ended Mar 31, 2011	Year ended Mar 31, 2010
Shriram EPC Singapore Pte Ltd	-	4.62
Orient Green Power Company Limited	12.69	-
Bharat Wind Farm Ltd	0.19	-
Expenses incurred for the company by the related party		
Leitner Shriram Manufacturing Limited	17.29	1.02
Blackstone Group Technologies (Pvt) Limited	0.24	-
Clarion Windfarms Private Limited	0.01	-
Interest Income		
Shriram SEPL Composites P Ltd	242.48	142.29
Hamon Shriram Cottrell Private Ltd	4.53	-
Haldia Coke & Chemicals Pvt Limited	148.39	-
Ennore Coke Ltd	-	623.74
Employee Stock Options Expenses transferred		
Leitner Shriram Manufacturing Limited	11.98	74.59
Orient Green Power Company Limited	4.63	27.23
Hamon Shriram Cottrell Private Ltd	32.88	16.40
Blackstone Group Technologies (Pvt) Limited	6.45	7.77
Shriram SEPL Composites P Ltd	2.10	-
Bharat Wind Farm Private Limited	3.93	-
Ennore Coke Ltd	8.13	-
Remuneration to Key Management Personnel		
T.Shivaraman	55.13	30.00
M.Amjad Shariff	59.41	33.46
Purchase of Investments from		
Leitner Shriram Manufacturing Limited	2,287.15	615.56
Hamon Shriram Cottrell Private Ltd	364.06	220.00
Blackstone Group Technologies (Pvt) Limited	-	200.00
Orient Green Power Company Limited	-	2,827.50
Haldia Coke & Chemicals Pvt Limited	4,007.22	-
Sale of Investments to		
Haldia Coke and Chemicals Pvt Limited	400.80	-
Advance Given (Gross)		
Haldia Coke & Chemicals Pvt Limited	2,663.73	-
Orient Green Power Company Limited	35,532.61	9,059.04
Hamon Shriram Cottrell Private Ltd	-	145.00

₹ in Lakhs

b) Particulars of Transactions during the year	Year ended Mar 31, 2011	Year ended Mar 31, 2010
Leitner Shriram Manufacturing Limited	9,335.47	8,508.68
Blackstone Group Technologies (Pvt) Limited	830.82	1,038.66
Shriram SEPL Composites P Ltd	990.50	1,513.66
Shriram EPC (Singapore) Pte Ltd	-	489.62
Ennore Coke Ltd	2,046.80	2,185.59
Chemprojects Consulting Pvt Ltd	82.00	42.96
Bharat Wind Farm Ltd	1,809.00	-
Clarion Windfarms Private Limited	638.50	-
Beta Wind Farm Private Limited	850.00	-
Gamma Green Power Private Limited	213.00	-
Purchase of Fixed Assets		
Leitner Shriram Manufacturing Limited	-	8,623.43
Sale of Fixed Assets		
Ennore Coke Ltd	0.71	-

₹ in Lakhs

c) Transactions as at the year end	Year ended Mar 31, 2011	Year ended Mar 31, 2010
Amount outstanding - Dr / (Cr)		
Leitner Shriram Manufacturing Limited	(331.25)	(1,147.75)
Ennore Coke Limited	9,168.98	8,186.12
Shriram SEPL Composites Pvt Ltd	2,237.22	1,310.15
Hamon Shriram Cottrell Private Ltd	341.36	281.38
Shriram EPC(Singapore) Pte Ltd	-	489.58
Blackstone Group Technologies (Pvt) Limited	904.11	657.89
Chemprojects consulting Pvt ltd	108.71	63.03
Shriram Angelehner Composites Pvt ltd	140.84	140.84
Orient Green Power Company Limited	5,983.01	1783.77
Beta Wind Farm Private Limited	(5,279.99)	-
Gamma Green Power P Ltd	837.04	-
Clarion Green Power P Ltd	105.07	-
Haldia Coke & Chemicals Pvt Limited	(10.40)	-
Bharat Wind Farm Limited	(1,383.91)	-
Corporate Guarantees		
Hamon Shriram Cottrell Private Ltd	2,100.00	4,600.00
Shriram Angerlehner Composites P Ltd	1,000.00	600.00
Blackstone Group Technologies (Pvt) Limited	200.00	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)

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 ₹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 01-01-2001	In respect of employees who have joined the company after to 01-01-2001
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 424,952 options were made during the year ended 31-03-2008. Those grants have been made as at 1st April 2007 and will vest with the employees in same proportion as in the original scheme.

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

₹ in Lakhs

Particulars	As at Mar 31, 2011	As at Mar 31, 2010
Options at the beginning of the Year		
- Vested	1,45,953	2,78,902
- Unvested	3,70,300	7,40,573
Add: Granted during the year	Nil	Nil
Less: Lapsed during the year	37,822[1]	Nil
Less: Exercised during the year	3,36,122	5,03,222
Options outstanding at the end of the year		
- Vested	1,42,309	1,45,953
- Unvested	Nil	3,70,300
Exercisable at the end of the year	1,63,817	1,45,953

[1] Out of the lapsed options during the year, Employee Compensation Expense of ₹15.06 Lakhs recognised till date in respect of 21,508 options has been transferred to General Reserve.

Deferred Stock Compensation Expense

During the year, an amount of ₹267.04 Lakhs (Previous year ₹248.08 Lakhs) being employee compensation expense to the extent of options vested net off lapses, 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 subsidiaries and associate companies at an exercise price of ₹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 01-01-2001	In respect of employees who have joined the company after to 01-01-2001
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.

Modification in the Terms of the 2007 Scheme

The company has carried out a modification in "The 2007 scheme" in the current year and accordingly additional grants of 10,000 options have been made. These grants have been made as at June 14, 2010 and will vest with the employee in 2 years in equal proportion from the end of 1 year from the date of grant.

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

₹ in Lakhs

Particulars	As at Mar 31, 2011	As at Mar 31, 2010
Options at the beginning of the Year		
- Vested	63,950	103,200
- Unvested	34,450	36,900
Add: Granted during the year	10,000	20,000
Less: Lapsed during the year	11,500	Nil
Less: Exercised during the year	12,500	61,700
Options outstanding at the end of the year		
- Vested	68,400	63,950
- Unvested	16,000	34,450
Exercisable at the end of the year	68,400	63,950

Deferred Stock Compensation Expense

During the year, an amount of ₹14.63 Lakhs (Previous year ₹27.92 Lakhs) being employee compensation expense to the extent of options vested net off lapses, 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.

C. Fair value of Options Granted:

The estimated fair value of each stock option granted under the employee stock option Scheme 2006 is ₹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 ₹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, 2011

Name	Country of Incorporation	Share in Ownership and Voting Power	
		2010-11	2009-10
Leitner Shriram Manufacturing Limited (LSML)	India	49.48%	49.48%
Hamon Shriram Cottrell Private Limited (HSCL)	India	49.99%	50.00%

b. Contingent Liabilities in respect of Jointly controlled entities as on 31-03-2011

₹ in Lakhs

Particulars	Mar 31, 2011		Mar 31, 2010	
	LSML	HSCL	LSML	HSCL
(i) Directly incurred by the Company	-	2,100.00	-	4,600.00
(ii) Share of the Company in contingent liabilities which have been incurred with jointly with other venturers	-	-	-	-
(iii) Share of the company in contingent liabilities incurred by jointly controlled entity	5,999.85	3,462.73	2,350.47	2,018.50
(iv) Share of other venturers in contingent liabilities incurred by jointly controlled entity	6,125.96	3,464.12	2,399.64	2,018.50

c. Disclosure of Financial Data as per AS 27 is based on audited financials of the Jointly Controlled Entities.

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

₹ in Lakhs

Particulars	31-03-11		31-03-10	
	LSML	HSCL	LSML	HSCL
(i) Assets	30,501.05	5,985.76	20,055.88	4,318.30
(ii) Liabilities	23,839.65	4,154.93	15,888.64	3,204.82
	2010-11		2009-10	
	LSML	HSCL	LSML	HSCL
(iii) Income	27,326.14	7,943.55	18,477.21	5,561.79
(iv) Expenses	27,096.18	7,418.34	18,630.08	4,974.24

23. The Company has granted advances / loans to its subsidiaries and group companies for the purpose of carrying on operations, based on the business needs and exigencies of those Companies. Some of these advances / loans are interest free. However in the opinion of the management, all these advances / loans (including the interest free loans) are conducive to the interest and development of the business of the group and hence are not prejudicial to the interests of the company.

24. Subsequent to the date of balance sheet 32,559 equity shares were allotted under the Shriram EPC Limited Employee stock Option Scheme 2006 & 2007.

25. Subsequent to the date of approval of the annual accounts for the year ended March 31, 2010 by the Board and before the book closure date, 28,149 equity shares (Previous Year 70,575 equity shares) were allotted under the Shriram EPC Limited Employee Stock Option Scheme 2006 & 2007 to employees and dividends of ₹0.65 Lakhs (Previous Year ₹0.84 Lakhs) on these shares were paid. The total amount of ₹0.76 Lakhs (Previous Year ₹0.99 Lakhs) including dividend distribution tax have been appropriated from the opening balance of Profit and Loss Account.

26. 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 19

For and on behalf of the board

T.Shivaraman
Managing Director

R. Sundararajan
Director

S. Krishnamurthy
Director

Chennai
Dated : 25th May, 2011.

K.Suresh
Company Secretary

R.Dharmarajan
Chief Financial Officer

INFORMATION REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

I REGISTRATION DETAILS

Registration No	18-14169	State Code	18
Balance Sheet	31-03-2011		

II CAPITAL RAISED DURING THE YEAR

(Rupees In Thousands)

Public Issue *	3,486	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
Application Money	85		

* against ESOPs exercised by employees

III

Total Assets	17,291,345	Total Liabilities	17,291,345

SOURCES OF FUNDS

Paid up Capital	442,821	Reserves & Surplus	4,421,791
Employee Stock Options outstanding	15,046		
Secured Loans	10,697,560	Unsecured Loans	1,424,763
Deferred tax liability	289,364		

APPLICATION OF FUNDS

Net Fixed Assets	1,361,278	Investments	2,675,740
Net Current assets	13,254,326	Misc Expenditure	-
Accumulated Losses	-		

IV PERFORMANCE OF THE COMPANY

Turnover	13,252,309	Total Expenditure	12,537,657
Profit Before Tax	948,280	Profit After Tax	696,129
Earnings per share in Rupees - Basic	15.80	Dividend	12%
- Diluted	15.80		

V GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY

(As per monetary terms)

Description of Principal products / services	Item code number (ITC Code)
Wind operated electric generators	3601
Engineering construction services	-

For and on behalf of the board

T.Shivaraman
Managing Director

R. Sundararajan
Director

S. Krishnamurthy
Director

Chennai
Dated : 25th May, 2011.

K.Suresh
Company Secretary

R.Dharmarajan
Chief Financial Officer

AUDITORS' REPORT

TO THE MEMBERS OF SHRIRAM EPC LIMITED

1. We have audited the attached Consolidated Balance Sheet of SHRIRAM EPC LIMITED ("the Company"), its subsidiaries, associates and jointly controlled entities (the Company, its subsidiaries, associates and jointly controlled entities constitute "the Group") as at 31st March, 2011, 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 entities 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 on 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹2,093.96 Lakhs, as at 31st March, 2011, total revenues of ₹777.01 Lakhs and net cash outflows amounting to ₹ 1,013.72 Lakhs for the year ended on that date as considered in the Consolidated Financial Statements. We, also, did not audit the financial statements of three associates, whose Group's share of losses of ₹351.54 Lakhs for the period ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us, except for an overseas subsidiary and an associate and our opinion in so far as it relates to the amounts included in respect of the subsidiary and associates is based solely on the reports of the other auditors.

4. The consolidated financial statement of an overseas subsidiary whose total assets of ₹9,730.34 Lakhs as at 31st March, 2011 and total revenue of ₹19.89 Lakhs and net cash inflows amounting to ₹3.39 Lakhs for the year ended on that date and financial statement of associates which reflects the Group's share of profits of ₹708.16 Lakhs for the year ended 31st March, 2011 are included in the Consolidated Financial Statements based on unaudited financial statements.

5. 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 Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

6. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries, joint ventures and associates, and to the best of our information and according to the explanations given to us, subject to our comments as referred to in Paragraph 4 above the impact of adjustments if any is not ascertainable at this stage, 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 the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;

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

(iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

Place: Chennai
Date: 25th May 2011

Geetha Suryanarayanan
Partner
(Membership No. 29519)

CONSOLIDATED BALANCE SHEET AS ON 31st MARCH, 2011

₹ in Lakhs

	Schedule	As at March 31, 2011		As at March 31,2010	
SOURCES OF FUND					
Shareholders' Funds :					
Share Capital	1		4,426.24		4,391.38
Share Application Money pending allotment			1.97		2.82
Employees Stock Options Outstanding (Refer Note14 of Schedule 19)			150.46		126.42
Reserves and Surplus	2		45,863.86		38,758.94
Minority Interest			209.42		288.30
Loan Funds :					
Secured Loans	3		120,476.30		60,478.30
Unsecured Loans	4		14,570.86		12,864.35
Deferred Tax Liability (Refer Note 11 of Schedule 19)			2,969.35		2,802.13
TOTAL			188,668.46		119,712.64
APPLICATION OF FUNDS					
Goodwill on Consolidation					
- Subsidiaries			699.00		699.00
- Joint Ventures			153.61		153.61
Fixed Assets :					
Gross Block	5	26,206.21		22,888.03	
Less: Accumulated Depreciation		4,738.42		3,096.28	
Net Block		21,467.79		19,791.75	
Add: Capital Work in Progress		262.69	21,730.48	1,890.35	21,682.10
Deferred Tax Assets (Refer Note 11 of Schedule 19)			36.53		34.08
Investments	6		18,807.76		15,754.28
Current Assets, Loans and Advances :					
Inventories	7	25,942.53		22,235.92	
Sundry Debtors	8	107,321.32		95,057.14	
Cash and Bank Balances	9	42,149.31		19,118.37	
Loans and Advances	10	47,379.99		24,553.05	
		222,793.15		160,964.48	
Less : Current Liabilities and Provisions :	11				
Current Liabilities		73,366.71		78,356.88	
Provisions		2,185.36	75,552.07	1,218.03	79,574.91
Net Current Assets			147,241.08		81,389.57
TOTAL			188,668.46		119,712.64
Notes on Accounts	19				

The Schedules referred to above form an integral part of Balance sheet

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Geetha Suryanarayanan
Partner

Chennai
Dated : 25th May, 2011.

For and on behalf of the board

T.Shivaraman
Managing Director

R. Sundararajan
Director

S. Krishnamurthy
Director

K.Suresh
Company Secretary

R.Dharmarajan
Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

₹ in Lakhs

	Schedule	As at March 31, 2011		As at March 31,2010	
INCOME					
Sales, Services and Work Bills	12		164,114.36		136,236.75
Other Operating Revenues			1,988.63		-
Other Income	13		2,588.58		1,482.80
TOTAL			168,691.57		137,719.55
EXPENDITURE					
Erection, Construction & Operation Expenses	14		137,172.61		125,576.61
Decrease/(Increase) in Stock	15		1,661.11		(9,514.88)
Employee Costs	16		4,794.81		3,653.99
Other Costs	17		5,387.25		4,106.59
Interest and Finance charges	18		10,255.90		5,362.16
Depreciation / Amortisation	5		1,656.27		1,506.00
TOTAL			160,927.95		130,690.47
Exceptional items - Profit on Sale of Investments			2,040.50		-
PROFIT BEFORE TAX			9,804.12		7,029.08
Less : Tax Expense					
Current Tax		2,626.37		1,423.47	
Deferred Tax		164.79		1,247.55	
MAT Credit Entitlement		-		(220.70)	
Fringe Benefits Tax		-	2,791.16	0.46	2,450.78
PROFIT AFTER TAX			7,012.97		4,578.30
Less: Minority Interest share of Profit /(Loss)			(47.21)		(57.90)
PROFIT AFTER TAX AFTER MINORITY INTEREST			7,060.18		4,636.20
Add: Share of Profit/(Loss) from Associates			357.17		39.52
PROFIT AFTER TAX AFTER SHARE OF ASSOCIATE & MINORITY INTEREST			7,417.35		4,675.72
Balance brought forward from previous year			13,802.01		9,853.42
PROFIT AVAILABLE FOR APPROPRIATION			21,219.36		14,529.14
Less: Appropriations					
Proposed Dividend- 12% (Previous year - 12%)			531.15		526.97
Dividend Tax			88.33		87.52
Provision of dividend - 2009-10 including dividend tax for previous year (Refer Note 17 of Schedule 19)			0.65		0.99
Transfer to General Reserve			174.05		111.65
Balance Carried to Balance Sheet			20,425.18		13,802.01
Earnings per Share of ₹10/- each. (Refer Note 7 of Schedule 19)					
- Basic - ₹			16.84		14.23
- Diluted - ₹			16.84		13.93
Notes on Accounts	19				

The Schedules referred to above form an integral part of Profit and Loss Account

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Geetha Suryanarayanan
Partner

Chennai
Dated : 25th May, 2011.

For and on behalf of the board

T.Shivaraman
Managing Director

R. Sundararajan
Director

S. Krishnamurthy
Director

K.Suresh
Company Secretary

R.Dharmarajan
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011.

₹ in Lakhs

Particulars	Year ended Mar 31, 2011		Year ended Mar 31, 2010	
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		9,804.11		7,029.08
Provision for doubtful debts and advances	509.49		255.15	
Interest Income	(747.51)		(244.85)	
Depreciation	1,656.27		1,506.00	
Loss / (Profit) on Sale of Fixed Assets (Net)	0.21		(118.61)	
Profit on Sale of Investments	(2,040.50)		-	
Employee Stock Option Expense	281.67		276.00	
Interest and Finance Charges	10,255.89		5,362.16	
Gain on Unrealised Exchange Fluctuation	(1,988.63)	7,926.89	-	7,035.85
Operating Profit before working capital changes		17,731.01		14,064.93
Working capital changes :				
Decrease / (Increase) in Inventories	1,948.28		(10,009.31)	
(Increase) / Decrease in Sundry Debtors	(8,763.96)		(33,619.79)	
(Increase) / Decrease in Loans and Advances	(20,849.56)		1,129.25	
(Decrease) / Increase in Current Liabiilties and provisions	(8,934.70)	(36,599.95)	21,539.86	(20,959.99)
Cash used in operations		(18,868.94)		(6,895.06)
Direct taxes paid		(624.42)		(819.72)
		(19,493.36)		(7,714.78)
Proportionate share of adjustments to cash flow from operating activities in Joint Ventures		(5,807.75)		(3,125.33)
Net cash used in operating activities		(25,301.11)		(10,840.11)
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds on Sale of Fixed Assets		2.43		(9,630.21)
Additions to Fixed Assets		(682.97)		4,754.49
Sale of Investments		3,301.60		-
Purchase of Investments		(4,007.22)		(3,693.06)
Interest Received		717.17		261.23
Amount invested in Fixed Deposits		-		-
Proportionate share of adjustments to cash flow from Investing activities in Joint Ventures		(1,219.38)		(2,809.83)
Net cash used in Investing activities		(1,888.37)		(11,117.38)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Shares		34.01		-
Increase in Share Application Money		-		59.31
Proceeds from Borrowings		173,084.31		36,766.76
Repayment of Borrowings		(116,285.93)		-
Interest and Finance Charges Paid		(7,898.78)		(4,005.65)
Dividends paid (including distribution tax)		(615.25)		(609.59)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011.

₹ in Lakhs

Particulars	Year ended Mar 31, 2011		Year ended Mar 31, 2010	
Proportionate share of adjustments to cash flow from financing activities in Joint Ventures		1,511.27		4,613.87
Net Cash generated from financing activities		49,829.63		36,824.70
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD (A + B + C)		22,640.16		14,867.21
Cash and Cash equivalents as at the beginning of the period	17,920.30		3,552.26	
Proportionate share of Cash & Bank Balances in Joint ventures as at the beginning of the period	314.56	18,234.86	553.45	4,105.71
Cash and Cash equivalents as at the end of the period	40,509.10		18,330.36	
Proportionate share of Cash & Bank Balances in Joint Ventures	365.92	40,875.02	788.01	19,118.37
Reconciliation of Cash and Cash Equivalents with the amounts reflected in the Balance sheet:				
Cash and Cash equivalents as at the year end as above		40,875.02		19,118.37
Add: Amounts held in margin money deposit accounts	-		-	
Add: Proportionate share of Amounts held in Margin Money Deposit Accounts in Joint Venture	1,274.29	1,274.29	-	-
Cash and Cash Equivalents as per Balance Sheet		42,149.30		19,118.37

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board

Geetha Suryanarayanan
Partner

T.Shivaraman
Managing Director

R. Sundararajan
Director

S. Krishnamurthy
Director

Chennai
Dated : 25th May, 2011.

K.Suresh
Company Secretary

R.Dharmarajan
Chief Financial Officer

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

₹ in Lakhs

Particulars	As at March 31, 2011		As at March 31,2010	
SCHEDULE 1 : SHARE CAPITAL				
AUTHORISED SHARE CAPITAL				
65,000,000 (Previous year65,000,000) Equity shares of ₹10 each	6,500.00		6,500.00	
20,000,000 Convertible Preference shares of ₹10 each.	2,000.00	8,500.00	2,000.00	8,500.00
ISSUED, SUBSCRIBED AND PAID UP				
4,42,62,399 Equity shares of ₹10/-each, fully paid up (4,39,13,777 Equity Shares of ₹10/each) (Refer Note 16 of Schedule 19)		4,426.24		4,391.38
TOTAL		4,426.24		4,391.38
SCHEDULE 2 : RESERVES AND SURPLUS				
Capital Reserve :				
Opening Balance	12.92		13.51	
Less: Adjustment on consolidation*	-	12.92	(0.59)	12.92
Securities Premium :				
Opening Balance	24,912.59		24,678.00	
Less: Adjustment on consolidation*	-		(153.71)	
Less: Other Adjustments	(10.90)		-	
Add: Transfer from Stock options outstanding account	242.59	25,144.28	388.30	24,912.59
General Reserve				
Opening Balance	211.75		100.10	
Add: Transfer from Stock Options outstanding	15.06		-	
Add: Transfer from Profit and Loss account	174.05	400.86	111.65	211.75
Foreign Currency Translation Reserve				
Opening Balance	(20.36)		1,147.50	
Add: Current Year Additions	(25.45)	(45.81)	(1,167.86)	(20.36)
Surplus in Profit and Loss Account		20,425.17		13,802.01
Adjustments on Consolidation as per AS 21, AS 23 & AS 27				
Opening Balance	(134.46)		(455.99)	
Add: Adjustments during the year	(274.28)	(408.74)	321.53	(134.46)
Proportionate Share in Joint Ventures		335.18		(25.51)
TOTAL		45,863.86		38,758.94

*on account of conversion of Subsidiaries into Joint Ventures in the Previous Year

Particulars	As at March 31, 2011		As at March 31,2010	
SCHEDULE 3 : SECURED LOANS				
Term Loans from :				
- Banks	54,451.71		37,769.70	
- Financial Institutions	14,707.79	69,159.50	6,999.46	44,769.16
Interest accrued and due		613.59		215.95
Cash Credit from Banks		37,415.68		5,730.38
Hire Purchase Finance		46.32		85.72
Proportionate Share in Joint Ventures		13,241.21		9,677.09
TOTAL		120,476.30		60,478.30
Repayable within one year		71,655.87		37,769.70

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

₹ in Lakhs

Particulars	As at March 31, 2011	As at March 31,2010
SCHEDULE 4 : UNSECURED LOANS		
Commercial Paper $	-	10,000.00
Short Term Loans from a Bank	14,072.56	2,472.29
From Others	102.21	
- From Directors	36.98	211.36
Interest accrued and due	181.58	6.51
Proportionate Share in Joint Ventures	177.53	174.19
TOTAL	14,570.86	12,864.35
$ - Maximum amount payable during the year	10,000.00	10,000.00

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

Schedule 5 : Fixed Assets

₹ in Lakhs

S. No.	Block of Assets	Gross Block						Depreciation						Net Block	
		As at 01-04-10	Adjust- -ments on	Additions	Deletions	Adjust- -ments on	As at 31-03-11	As at 01-04-11	Adjust- -ments on	For the year	Deletions / Adjustment	Adjustments on	As at 31-03-11	As at 31-03-11	As at 31-03-10
	Tangible Assets														
1	Freehold Land	473.07		-	-		473.07	-		-	-		-	473.07	473.07
2	Leasehold Land			-	-		-			-	-		-	-	-
3	Buildings	171.73		-	-		171.73	41.51		4.88	-		46.39	125.34	130.22
4	Leasehold Improvements	327.92		1.49	-		329.41	142.88		68.35	22.55		188.68	140.73	185.04
5	Plant and Machinery [(2) & (3)]	13,008.54		519.14	-		13,527.68	968.60		791.35	10.27		1,749.68	11,778.00	12,039.94
6	Furniture and Fixtures	466.07		8.29	-		474.36	108.05		12.13	3.13		117.05	357.31	358.02
7	Office Equipment	221.08		6.55	-		227.63	63.30		10.11	18.04		55.37	172.26	157.78
8	Computers and Software	723.51		33.06	5.58		750.99	448.47		79.20	56.41		471.26	279.73	275.04
9	Vehicles [(1)]	304.44		9.44	-		313.88	85.19		28.57	0.80		112.96	200.92	219.25
	Intangible Assets			-	-		-			-	-		-	-	-
10	Technical Know-how	1,101.97		70.02	-		1,171.99	628.10		205.35	-		833.45	338.54	473.87
11	Software	326.47		23.72	-		350.19	38.08		49.11	36.56		50.63	299.56	288.39
12	Leasehold land right to use	80.00		-	-		80.00	12.00		20.00	-		32.00	48.00	68.00
	TOTAL	17,204.80	-	671.71	5.58	-	17,870.93	2,536.18	-	1,269.05	147.76	-	3,657.47	14,213.46	14,668.62
	Proportionate share in Jointly Controlled Entities	5,683.23		2,737.83	85.50		8,335.28	560.10		532.03	11.48		1,080.65	7,254.33	5,123.13
	GRAND TOTAL	22,888.03	-	3,409.54	91.08	-	26,206.21	3,096.28	-	1,801.08	159.24	-	4,738.42	21,467.79	19,791.75
	Previous Year	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	

Capital work-in-progress (including Capital Advances) [(2)]	13.56	2.34
Proportionate share in Jointly Controlled Entities [(3)]	249.13	1,888.01

Notes:

1 Vehicles Include ₹227.71 Lakhs (Previous year ₹225.32 Lakhs) acquired under Hire Purchase.

2 Plant and Machinery includes ₹2,479.14 Lakhs (Previous year ₹2,479.14 Lakhs) erected on Leasehold Land, out of which Machinery worth ₹1310.53 Lakhs (Previous year ₹1310.53 Lakhs) has been leased out by the Company.

3 Capital work in progress includes Capital Advances of ₹249.13 lakhs (Previous Year ₹1.09 Lakhs)

4 On account of Conversion of Submission into Joint Venture in the Previous Year.

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

Schedule 6 : Investments (At cost)

₹ in Lakhs

			In Numbers					Amount in Rs.Lakhs				
.	Particulars	Nominal Value per Share	As at 01-04-10	Adjustment on Consolidation	Acquisitions	Sales	As at 31-03-11	As at 01-04-10	Adjustment on Consolidation	Acquisitions	Sales	As at 31-03-11
	Long Term Quoted - Trade[(1)] In Associates											
1	Ennore Coke Limited	₹10	4,920,000			4,920,000	-	965.32			965.32	-
	Share of Profit / (Loss)							295.78			295.78	-
2	Orient Green Power Co Limited, India[(2)]	₹10	386,526				386,526	2,827.50				2,827.50
	Share of Profit / (Loss)								56.12			56.12
	Unquoted - Trade											
	In Associates[(3)]											
1	Orient Green Power Pte Limited Singapore	USD10	2,608,320				2,608,320	8,894.16	(31.19)			8,862.97
	Share of Profit / (Loss)							422.53	337.79			760.32
2	Shriram SEPL Composites Private Limited	₹10	4,900,001				4,900,001	490.01				490.01
	Share of Profit / (Loss)							234.35	(349.92)			(115.57)
3	Haldia Coke and Chemicals Private Limited[(4)]	₹10			22,239,167		22,239,167			4,007.22		4,007.22
	Share of Profit / (Loss)								370.39			370.39
	In Others											
1	Sree Jayajothi Cements Limited	₹10	5,000,000				5,000,000	1,500.00				1,500.00
	Proportionate share in Jointly Controlled Entities*							124.64	(1.62)	49.48	123.70	48.80
	TOTAL		17,814,847	-	22,239,167	4,920,000	35,134,014	15,754.29	381.57	4,056.70	1,384.80	18,807.76

(1) Market value of Quoted Investments - ₹101.07 Lakhs (Previous Year ₹4,836.36 Lakhs)
(2) Includes 103 776 Bonus Shares received during the previous year.
(3) Includes goodwill on investment in Associate Companies of ₹0.10 Lakhs (Previous Year ₹126.48 Lakhs)
(4) Out of the above 10092344 Equity Shares have been pledged with a lender for monies borrowed by the Associates.

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

₹ in Lakhs

Particulars	As at March 31, 2011	As at March 31,2010
SCHEDULE : 7 : INVENTORIES		
Raw materials and Components for Wind Turbine Generators	481.34	409.65
Contracts Work in Progress	15,694.63	17,263.51
Finished goods - Wind Turbine Generator	98.91	550.00
Proportionate Share in Joint Ventures	9,667.65	4,012.76
TOTAL	25,942.53	22,235.92
SCHEDULE :8: SUNDRY DEBTORS*		
(Unsecured)		
Debts outstanding for a period exceeding six months:		
Considered Good	56,208.96	21,846.18
Considered Doubtful	916.33	493.64
Other Debts :		
Considered good	36,816.92	62,723.59
Less: Provision for Doubtful Debts	(916.33)	(493.64)
Proportionate Share in Joint Ventures	14,295.44	10,487.37
TOTAL	107,321.32	95,057.14
*Includes Retentions on account of Contracts		
Exceeding six months	6,658.07	1,600.66
Other debts	1,245.98	3,856.91

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

₹ in Lakhs

Particulars	As at March 31, 2011		As at March 31,2010	
SCHEDULE 9: CASH AND BANK BALANCES				
Cash on hand		27.82		84.04
Cheques on hand		29.09		0.22
With Scheduled Banks :				
in Current accounts		28,707.20		9,991.92
in Margin Money Accounts		5,105.28		4,065.94
in Other Deposits Accounts*		6,639.71		3,778.22
Proportionate Share in Joint Ventures		1,640.21		1,198.03
TOTAL		42,149.31		19,118.37
*includes ₹0.92 lakhs (previous year ₹0.92 lakhs) pledged with Bank towards Bank Guarantee				
SCHEDULE 10 LOANS & ADVANCES (Unsecured, Considered Good Unless Otherwise Stated)				
Advances recoverable in cash or in kind or for value to be received:		41,536.90		21,614.30
(Refer Note 15 of Schedule 19)				
Deposits		1,154.25		470.81
Advance Tax and Tax Deducted at Source	-		5,313.98	
Less :Provision for Taxation	-	-	(4,804.00)	509.98
MAT Credit Entitlement		220.70		220.70
Balance with Customs Excise Authorities		1,174.20		230.81
Proportionate Share in Joint Ventures		3,293.94		1,506.45
TOTAL		47,379.99		24,553.05
SCHEDULE 11 :CURRENT LIABILITIES :				
Sundry Creditors				
Dues to Micro Enterprises and Medium Enterprises	9.93		1.95	
Total Outstanding Dues to Creditors				
Total Outstanding Dues to Creditors other than Micro Enterprises and Medium Enterprises	31,397.42	31,407.35	60,446.72	60,448.67
Advance payments from Customers		25,269.51		4,553.55
Bills Discounted		478.45		2,729.19
Other Liabilities		1,777.92		1,728.28
Interest accrued but not due		156.60		
Proportionate Share in Joint Ventures		14,276.88		8,897.19
TOTAL		73,366.71		78,356.88
SCHEDULE 12 :PROVISIONS				
Provision for Income Tax	7,233.00		-	
Less: Advance Taxes paid	(6,365.69)	867.31	-	
Provision for Gratuity		248.17		173.27
Provision for Compensated Absences		121.59		55.90
Provision for Warranties		29.39		29.39
Proposed Dividend		531.15		526.97
Dividend Distribution Tax payable		88.22		87.52
Proportionate Share in Joint Ventures		299.53		344.98
TOTAL		2,185.36		1,218.03

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

₹ in Lakhs

	Year ended Mar 31, 2011		Year ended Mar 31, 2010	
SCHEDULE 12 : SALES SERVICES AND WORK BILLS				
Revenue from Engineering construction contracts		108,424.67		104,094.14
Sale of Wind Turbine Generators		16,061.40		6,957.62
Sale of Windmill Development Rights		3,200.00		-
Sale of Goods		47.42		772.34
Service Income		1,282.18		706.80
Proportionate share in Joint Ventures		35,098.69		23,705.85
TOTAL		164,114.36		136,236.75
SCHEDULE 13 : OTHER INCOME :				
Interest Income (Tax deducted at Source - ₹30.34 lakhs (Previous Year ₹15.63 lakhs))		747.51		244.85
Profit on Sale of Fixed Assets (Net)		-		118.61
Lease Rental Income		81.67		85.67
Management Fees		119.42		94.78
Realised Forex Gain		412.02		
Sale of Power		864.98		405.00
Miscellaneous Income		112.82		127.85
Provision no longer required				
Provision made in the Previous Year	-	-	218.06	
Less: Bad Debts and Advances written off	-	-	(145.17)	72.89
Proportionate share in Joint Ventures		250.16		333.15
TOTAL		2,588.58		1,482.80
SCHEDULE 14 : ERECTION, CONSTRUCTION & OPERATION EXPENSES				
Raw Materials and Components consumed				
Opening stock	409.65		-	
Add: Purchases	9,028.99		5,823.57	
Less: Closing stock	481.34	8,957.30	409.65	5,413.92
Cost of Materials and Labour		84,588.49		87,868.63
Cost of Windmill Development Rights		1,700.00		683.63
Other contract related costs		3,836.00		1,962.41
Operations and Maintenance charges		30.42		
Freight Charges on Purchase		0.33		0.40
Salaries wages and allowances	474.11		710.60	
Contribution to PF and other Funds	18.98		37.76	
Staff welfare expenses	66.90	559.99	69.05	817.41
Commercial Taxes		2,709.68		3,966.42
Rent, Rates and Taxes		130.54		112.91
Insurance		193.93		223.66
Repairs and Maintenance		61.29		127.35
Communication expenses		29.91		54.43
Travelling and Conveyance		362.85		346.89
Consultancy Charges		504.35		788.03
Business Promotion expenses		46.29		30.28
Finance Charges		4,033.01		3,259.81
Miscellaneous Expenses		119.03		432.86
Proportionate share in Joint Ventures		29,309.20		19,487.57
TOTAL		137,172.61		125,576.61

₹ in Lakhs

	Year ended Mar 31, 2011		Year ended Mar 31, 2010	
SCHEDULE 15 : DECREASE / (INCREASE) IN STOCK				
Opening Stock of Work in Progress	17,263.51		7,645.39	
Less: Closing Stock of Work in Progress	15,694.68	1,568.83	16,794.55	(9,149.16)
Opening Stock of Finished Goods	550.00		184.28	
Less: Closing Stock of Finished Goods	98.91	451.09	550.00	(365.72)
Propositionate share in Joint Venture		(358.81)		
TOTAL		1,661.11		(9,514.88)
SCHEDULE 16 : EMPLOYEE COSTS $				
Salaries, Wages and Allowances		3,223.98		2,342.60
Contribution to Provident and other Funds		126.05		154.70
Staff welfare expenses		147.68		161.02
Proportionate share in Joint Ventures		1,297.10		995.67
TOTAL		4,794.81		3,653.99
$(Refer Note 14 of Schedule 19)				
SCHEDULE 17 : OTHER COSTS				
Rent, Rates and Taxes		308.66		267.40
Repairs and Maintenance				
Building	29.03			
Plant and Machinery and Equipments	61.85			
others	49.62	140.50	141.95	141.95
Insurance		57.52		54.30
Remuneration to Auditors :				
- Statutory Audit	24.73		12.00	
- Other services	14.00		12.72	
- Out of pocket expenses	1.00	39.73	1.70	26.42
Printing and Stationary		60.39		67.97
Communication Expenses		85.83		107.17
Advertisement and Sales Promotion expenses		91.29		84.58
Travelling and conveyance		303.29		294.00
Legal and Professional Consultancy charges		995.64		754.56
Electricity		92.15		
Donation		4.06		2.00
Sitting Fees		12.00		14.45
Loss on Exchange Fluctuation		38.47		24.60
Bad debts and advances	376.20			
Less: provision made in the previous year	86.80			
		289.40		
Less: Provision made in current year		509.49		473.21
Loss on Sale of Fixed Assets		0.21		0.32
Miscellaneous Expenses		173.26		197.21
Proportionate share in Joint Ventures		2,185.35		1,596.45
TOTAL		5,387.25		4,106.59
SCHEDULE 18 : INTEREST AND FINANCE CHARGES				
Bank Charges		492.62		361.97
Interest on Cash Credits		2,968.37		898.41
Interest on Commercial Paper		359.69		394.11
Interest on Term Loans		4,623.17		2,258.24
Interest - Others		183.32		313.24
Proportionate share in Joint Ventures		1,628.73		1,136.21
TOTAL		10,255.90		5,362.18

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 Limited ('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 notified by Central Government of India under Companies (Accounting Standards) Rules, 2006.

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 notified by Central Government of India under Companies (Accounting Standards) Rules, 2006.

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 2011.

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	Share in Ownership and Voting Power (%)	
			Mar 31 2011	Mar 31 2010
Shriram SEPC (Singapore) Pte Ltd	Subsidiary	Singapore	100.00%	100.00%
Blackstone Group Technologies Private Limited	Subsidiary	India	55.00%	55.00%
Leitner Shriram Manufacturing Limited	Jointly controlled entity #	India	49.48%	49.48%
Hamon Shriram Cottrell Private Limited	Jointly controlled entity #	India	50.00%	49.99%
Ennore Coke Limited	Associate	India	31.74%	31.74%
Shriram SEPL Composites Pvt Ltd	Associate	India	49.00%	49.00%
Haldia Coke and Chemicals P Ltd	Associate	India	48.48%	--
Holdings through Subsidiaries				
Orient Green Power Pte Limited	Associate	Singapore	55.99%	37.70%
Chemprojects Private Limited	Subsidiary	India	60.00%	60.00%

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

The Consolidated Financial Statements of an overseas subsidiary Shriram EPC (Singapore) Pte Limited and an associate, Haldia Coke and Chemicals Limited as on March 31st 2011, are included in the consolidated financial statements based on the unaudited financial statements of those companies.

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 services 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 Vale 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 ₹5000/- 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 Managements evaluation of their estimated useful life.

Lease hold 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 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, recognized.

1.4.7 Inventories

Inventories are valued at the lower of cost and net realizable value. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work in process, incurred in bringing such inventories to their present location and condition.

In case of raw materials and consumables, cost (net of Cenvat /VAT credits wherever applicable) is determined on First in First Out Basis except in case of a Jointly Controlled Entity where it is determined on moving weighted average basis and in case of work in process and finished goods, cost is determined on first in first out basis.

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.

Project work –in-progress 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 absence 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 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 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

In respect of stock options granted to the employees under the stock option schemes established, the Company determines the compensated cost based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

2. Pursuant to the Scheme of amalgamation of erstwhile Shriram Leitwind Limited a Joint Venture between Shriram EPC Limited and Leitwind BV engaged in the business of manufacturing, supply erection operation and maintenance of Wind Electric Generators (WEG) was amalgamated with Leitner Shriram Manufacturing Limited as approved 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.

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 Associate Leitner Shriram Manufacturing Limited (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 Limited.

4. CONTINGENT LIABILITIES :

₹ in Lakhs

Sl. No	Particulars	As at Mar 31, 2011	As at Mar 31, 2010
(a)	Letters of Guarantee issued by the Banks	25,939.92	27,564.16
(b)	Letters of Credit issued by the Banks	48,912.33	51,479.51
(c)	Bills discounted	22,710.00	88.68
(d)	Corporate Guarantees issued	3,100.00	9,500.00
(e)	Claims against the Company not acknowledged as debts	905.80	1,205.11
(f)	Disputed Income Tax demands contested in Appeals not provided for. *	1,058.42	982.74

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

5. CAPITAL COMMITMENTS

A) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ₹42,573.06 lakhs (Previous year ₹45.77 lakhs)

B) The Company has in addition to (d) above issued letter of comfort / awareness to banks, with reference to compliance of terms and conditions of the facilities granted to its Associate.

6. DISCLOSURES UNDER ACCOUNTING STANDARD 15 (REVISED):

₹ in Lakhs

(a) Particulars for Gratuity:	As at Mar 31, 2011	As at Mar 31, 2010
Present value of obligations at the beginning of the year	202.31	183.26
Current Service Cost	59.03	66.55
Interest Cost	14.70	11.14
Actuarial (Gain) or Loss	26.58	3.63
Benefits Paid	(-18.75)	(14.28)
Adjustment on consolidation		(27.64)
Present value of obligations at the end of the year	288.56	222.66
Cost for the year		
Current service cost	59.03	66.55
Interest cost	14.70	11.14
Expected return on plan assets		
Net actuarial (gain) / Loss recognized in the period	26.58	3.63
Net Cost	104.99	81.31
Assumptions		
Discount Rate	7.50% - 8.17%	7.50%
Expected rate of Salary increases	5.00% - 12.50%	5.00%

(b) Actuarial Assumptions for Compensated Absences :

Particulars	As at Mar 31, 2011	As at Mar 31, 2010
Rate of Mortality	LIC- 94-96 Mortality rates	LIC -94-96 Mortality rates
Rate of Discount	7.50% - 8.17%	7.50%
Rate of Salary escalation	5.00% - 12.50%	5.00%

7. EARNINGS PER SHARE

₹ in Lakhs

		As at Mar 31, 2011	As at Mar 31, 2010
A	BASIC		
	Profit attributable to equity share holders from continuing operations – Used as Numerator (₹ In lakhs)	7,417.35	4,675.72
	The weighted average number of equity shares outstanding during the year used as Denominator (B)	44,044,886	43,532,090
	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	44,108,542	44,454,875
	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

₹ in Lakhs

Particulars	As at Mar 31, 2011	As at Mar 31, 2010
a) Cost of leased asset	272.99	244.69
b) Net carrying amount	203.56	192.68

Year wise future minimum lease rental payments on contracts:

₹ in Lakhs

	Total minimum lease payments as at Mar 31, 2011	Present value of lease payment as at Mar 31, 2011	Total minimum lease payments as at Mar 31, 2010	Present value of lease payment as at Mar 31, 2010
Not later than one year	37.00	32.62	47.42	41.65
Later than one year and Less than five years	35.25	29.36	42.63	38.83
Later than five years			-	-
Total	72.26	61.99	90.05	80.48
Less: Future Finance Charges	10.27	0	11.49	
Present Value of Minimum Lease payments	61.99	61.99	78.56	80.48

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

₹ in Lakhs

Particulars	As at Mar 31, 2011	As at Mar 31, 2010
Contract Revenues recognized for the Financial Year	1,00,865.04	1,09,622.32
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	93,049.24	93,449.10
Progress Bills Raised	15,128.65	----
Amount of Customer advances outstanding for contracts in progress as at end of the Financial Year	26,402.83	4,553.55
Retention amounts due from customers for contracts in progress as at end of the financial year	7,904.09	5,457.57

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

₹ in Lakhs

	Opening Balance	Additions	Withdrawals	Closing Balance
Provision for Warranty	131.42	76.67	25.76	182.33
	(60.92)	(70.50)	Nil	(131.42)

Amounts in brackets represent previous year figures.

11. DEFERRED TAX – DISCLOSURE UNDER ACCOUNTING STANDARD 22

₹ in Lakhs

		As at Mar 31, 2011	As at Mar 31, 2010
A	Deferred Tax Liability		
	On Depreciation	(3,804.27)	(3,188.08)
	Disallowances u/s 43 B	161.71	170.16
	Other Disallowances	336.24	163.97
	Carried forward losses	336.95	51.82
	Net Deferred Tax Liability	(2,969.35)	(2802.13)
B	Deferred Tax Asset		
	On Depreciation	(37.90)	(21.58)
	Disallowance u/s 43 B	24.59	55.67
	Other allowances	49.84	----
	Net Deferred Tax Asset	36.53	34.09

12. The Company has considered business segment as the primary segment for disclosure. The Company's operations comprises of three segments namely Construction Contracts, Wind Turbine Generators and Trading. The above segment has been identified taking into account the organisation structure as well as the differing risks and return of these segments. 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.

A. PRIMARY SEGMENT INFORMATION - BUSINESS SEGMENTS

₹ in Lakhs

Particulars	Construction Contracts		Wind Turbine Generators		Trading		Elimination		Unallocated		Consolidated Total	
	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10
External Sales	100,853.68	110,801.92	46,475.74	25,434.83	16,773.57	-	-	-	-	-	166,102.99	136,236.75
Intersegmental Sales	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	102,853.68	110,801.92	46,475.74	25,434.83	16,773.57	-	-	-	-	-	166,102.99	136,236.75
Result												
Segment Result	18,824.94	20,175.02	6,450.45	-	1,993.89	-	-	-	-	-	27,269.28	20,175.02
Unallocated Corporate income/expenditure(net)	-	-	-	-	-	-	-	-	9,249.75	7,783.78	9,249.75	7,783.78
Operating Profit	18,824.94	20,175.02	6,450.45	-	1,993.89	-	-	-	-		18,019.52	12,391.26
Interest expenses	-	-	-	-	-	-	-	-	10,255.90	5,362.16	10,255.90	5,362.16
Exceptional items	-	-	-	-	-	-	-	-	2,040.50	-	2,040.50	-
Profit before Tax	-	-	-	-	-	-	-	-	-	-	9,804.12	7,029.10
Current Tax	-	-	-	-	-	-	-	-	2,626.37	1,423.47	2,626.37	1,423.47
Deferred tax	-	-	-	-	-	-	-	-	164.79	1,247.55	164.79	1,247.55

A. PRIMARY SEGMENT INFORMATION - BUSINESS SEGMENTS

₹ in Lakhs

Particulars	Construction Contracts		Wind Turbine Generators		Trading		Elimination		Unallocated		Consolidated Total	
	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10
Fringe Benefit Tax	-	-	-	-	-	-	-	-	-	0.46	-	0.46
MAT Credit Entitlement	-	-	-	-	-	-	-	-	-	(220.70)	-	(220.70)
Profit after Tax	-	-	-	-	-	-	-	-	-		7,012.55	4,578.32
Minority Interest												
- Share of Profit / (Loss)	-	-	-	-	-	-	-	-	(47.21)	(57.90)	(47.21)	(57.90)
Share of Profits / (Losses) of Associates	-	-	-	-	-	-	-	-	357.17	39.52	357.17	39.52
Profit after Tax After Share of Minority Interest and Share of Associate Profits / (Losses)	-	-	-	-	-	-	-	-	-		7,417.35	4,675.74
Other Information												
Segment Assets	190,133.11	148,425.11	42,633.84	9,846.54	10,504.95	-	-	-	-	-	243,271.90	158,271.65
Proportionate share of Assets in Jointly Controlled entity	-	-	-	-	-	-	-	-	1,034.55	24,653.18	1,034.55	24,653.18
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	19,834.17	16,328.64	19,834.17	16,328.64
Total Assets	190,133.11	148,425.11	42,633.84	9,846.54	10,504.95	-	-	-	20,868.72	40,981.82	264,140.62	199,253.47
Segment Liabilities	56,490.73	64,704.28	16,953.64	5,448.53	1,161.33	-	-	-	-	-	74,605.70	70,152.81
Proportionate share of Liabilities in Jointly Controlled entity	-	-	-	-	-	-	-	-	13,418.73	9,401.74	13,418.73	9,401.74
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	124,807.20	76,399.00	124,807.20	76,399.00
Total Liabilities	56,490.73	64,704.28	16,953.64	5,448.53	1,161.33	-	-	-	138,225.93	85,800.74	212,831.63	155,953.55
Capital Expenditure (Gross)	930.91	12,123.48	2,473.09		-	-	-	-	-	-	3,404.00	12,123.48
Unallocated Corporate Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	1,184.87	1,506.00	471.40	-	-	-	-	-	-	-	1,656.27	1,506.00
Unallocated Corporate Depreciation	-	-	-	-	-	-	-	-	-	-	-	-

13. RELATED PARTY DISCLOSURES UNDER ACCOUNTING STANDARD 18

Disclosure of related party transactions in accordance with Accounting Standard -18 notified by Central Government of India under Companies (Accounting Standards) Rules, 2006.

(As identified by the management and relied upon by the Auditors)

a) Status of the Related Parties	Name of the Related Parties 2010-11	Name of the Related Parties 2009-10
Jointly Controlled Entities	Hamon Shriram Cottrell Private Limited	Hamon Shriram Cottrell Private Ltd
	Leitner Shriram Manufacturing Limited	Leitner Shriram Manufacturing Limited
Associates	Haldia Coke and Chemicals Pvt Limited (with effect from 29-06-2010)	Ennore Coke Limited
	Ennore Coke Limited (upto 21-06-2010)	Shriram SEPL Composites Pvt Ltd
	Ennore Coke Limited (Subsidiary of Haldia Coke and Chemicals Pvt Limited with effect from 01-07-2010)	Shriram Angerlehner Composites P Ltd
	Shriram SEPL Composites Pvt Ltd	
	Shriram Angerlehner Composites P Ltd	
Enterprise over which Key Management Personnel is able to exercise significant influence	Orient Green Power Company Limited	Orient Green Power Company Limited
	Subsidiaries of Orient Green Power Company Limited	
	P S R Green Power Projects P Ltd	
	Amrit Environmental Technologies Private Limited	
	SM Environmental Technologies Private Limited	
	Orient Bio Power Limited	
	Orient Green Power Company (Rajasthan) Private Limited	
	Sanjog Sugars and Eco Power Private Limited	
	Bharath Wind Farm Limited	
	Clarion Windfarms Private Limited	
	Gamma Green Power Private Limited	
	Beta Wind Farm Private Limited	
Key Management Personnel	T.Shivaraman - Managing Director	T.Shivaraman - Managing Director
	M.Amjad Shariff - Joint Managing Director	M.Amjad Shariff - Joint Managing Director

₹ in Lakhs

b) Particulars of Transactions during the year	Year ended Mar 31, 2011	Year ended Mar 31, 2010
Sales		
Ennore Coke Ltd	12,285.36	1,374.05
Leitner Shriram Manufacturing Limited	-	2,139.92
Hamon Shriram Cottrell Private Ltd	67.11	1.03
P S R Green Power Projects P Ltd	800.46	-
Global Power Tech Equipments P ltd	47.28	-
Orient Biopower Limted	-	-
Orient Green Power Company Limited	7,198.00	8,249.95
Amrit Environmental Technologies Private Limited	36.05	-
SM Environmental Technologies Private Limited	753.27	-
Orient Green Power Company (Rajasthan) Private Limited	1,075.17	-
Sanjog Sugars and Eco Power Private Limited	2,697.93	-
Clarion Windfarms Private Limited	288.37	-
Gamma Green Power Private Limited	11,756.10	-
Beta Wind Farm Private Limited	1,157.45	-
Bharat Wind Farm Ltd	21.62	-
Powergen Lanka Private Ltd	3,405.03	-
Lease Rental Income		
Clarion Windfarms Private Limited	81.67	-
Management Fees Received		
Hamon Shriram Cottrell Private Ltd	119.42	94.78
Purchases of Goods and Services		
Hamon Shriram Cottrell Private Ltd	549.05	-
Leitner Shriram Manufacturing Limited	9,220.32	(143.00)
Cost of Windmill Development Rights		
Bharat Wind Farm Ltd	1,700.00	-
Transfer of Margins		
Leitner Shriram Manufacturing Limited	32.20	143.00
Rent Received		
Hamon Shriram Cottrell Private Ltd	13.37	94.78
Expenses incurred on behalf of related party		
Leitner Shriram Manufacturing Limited	17.23	134.48
Hamon Shriram Cottrell Private Ltd	1.39	-
Shriram SEPL Composites P Ltd	1.45	-
Haldia Coke & Chemicals Pvt Limited	0.67	-
Ennore Coke Ltd	13.28	1,090.32

₹ in Lakhs

b) Particulars of Transactions during the year	Year ended Mar 31, 2011	Year ended Mar 31, 2010
Shriram EPC Singapore Pte Ltd	-	4.62
Orient Green Power Company Limited	12.69	-
Bharat Wind Farm Ltd	0.19	-
Expenses incurred for the company by the related party		
Leitner Shriram Manufacturing Limited	17.29	1.02
Clarion Windfarms Private Limited	0.01	-
Interest Income		
Shriram SEPL Composites P Ltd	242.48	142.29
Hamon Shriram Cottrell Private Ltd	4.53	-
Haldia Coke & Chemicals Pvt Limited	148.39	-
Ennore Coke Ltd	-	623.74
Employee Stock Options Expenses transferred		
Leitner Shriram Manufacturing Limited	11.98	74.59
Orient Green Power Company Limited	4.63	27.23
Hamon Shriram Cottrell Private Ltd	32.88	16.40
Shriram SEPL Composites P Ltd	2.10	-
Bharat Wind Farm Private Limited	3.93	-
Ennore Coke Ltd	8.13	-
Remuneration to Key Management Personnel		
T.Shivaraman	55.13	30.00
M.Amjad Shariff	59.41	33.46
Purchase of Investments from		
Leitner Shriram Manufacturing Limited	2,287.15	615.56
Hamon Shriram Cottrell Private Ltd	364.06	220.00
Orient Green Power Company Limited	-	2,827.50
Haldia Coke & Chemicals Pvt Limited	4,007.22	-
Sale of Investments to		
Haldia Coke and Chemicals Pvt Limited	400.80	-
Advance Given (Gross)		
Haldia Coke & Chemicals Pvt Limited	2,663.73	-
Orient Green Power Company Limited	35,532.61	9,059.04
Hamon Shriram Cottrell Private Ltd	-	145.00

₹ in Lakhs

b) Particulars of Transactions during the year	Year ended Mar 31, 2011	Year ended Mar 31, 2010
Leitner Shriram Manufacturing Limited	9,335.47	8,508.68
Shriram SEPL Composites P Ltd	990.50	1,513.66
Shriram EPC (Singapore) Pte Ltd	-	489.62
Ennore Coke Ltd	2,046.80	2,185.59
Bharat Wind Farm Ltd	1,809.00	-
Clarion Windfarms Private Limited	638.50	-
Beta Wind Farm Private Limited	850.00	-
Gamma Green Power Private Limited	213.00	-
Purchase of Fixed Assets		
Leitner Shriram Manufacturing Limited	-	8,623.43
Sale of Fixed Assets		
Ennore Coke Ltd	0.71	-

₹ in Lakhs

c) Particulars of Transactions during the year	Year ended Mar 31, 2011	Year ended Mar 31, 2010
Amount outstanding - Dr / (Cr)		
Leitner Shriram Manufacturing Limited	(331.25)	(1,147.75)
Ennore Coke Limited	9,168.98	8,186.12
Shriram SEPL Composites Pvt Ltd	2,237.22	1,310.15
Hamon Shriram Cottrell Private Ltd	346.24	281.38
Shriram EPC (Singapore) Pte Ltd	-	489.58
Blackstone Group Technologies (Pvt) Limited	904.11	657.89
Chemprojects consulting Pvt ltd	108.71	63.03
Shriram Angelehner Composites Pvt ltd	140.84	140.84
Orient Green Power Company Limited	5,983.01	1783.77
Beta Wind Farm Private Limited	(5,279.99)	-
Gamma Green Power P Ltd	837.04	-
Clarion Green Power P Ltd	105.07	-
Haldia Coke & Chemicals Pvt Limited	(10.40)	-
Bharat Wind Farm Limited	(1,383.91)	-
Corporate Guarantees		
Hamon Shriram Cottrell Private Ltd	2,100.00	4,600.00
Shriram Angerlehner Composites P Ltd	1,000.00	600.00

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 Limited 2006 ESOP Scheme (the 2006 Scheme)

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 ₹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 01-01-2001	In respect of employees who have joined the company after to 01-01-2001
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 424,952 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.

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

₹ in Lakhs

Particulars	As at Mar 31, 2011	As at Mar 31, 2010
Options at the beginning of the Year		
- Vested	1,45,953	2,78,902
- Unvested	3,70,300	7,40,573
Add: Granted during the year	Nil	Nil
Less: Lapsed during the year	37,822[(1)]	Nil
Less: Exercised during the year	3,36,122	5,03,222
Options outstanding at the end of the year		
- Vested	1,42,309	1,45,953
- Unvested	Nil	3,70,300
Exercisable at the end of the year	1,63,817	1,45,953

[(1)] Out of the lapsed options during the year, Employee Compensation Expense of Rs. 15.06 Lakhs recognised till date in respect of 21,508 options has been transferred to General Reserve.

Deferred Stock Compensation Expense

During the year, an amount of ₹247.79 Lakhs (Previous year ₹248.08 Lakhs) being employee compensation expense to the extent of options vested net off lapses, 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 subsidiaries and associate companies at an exercise price of ₹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 01-01-2001	In respect of employees who have joined the company after to 01-01-2001
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.

Modification in the Terms of the 2007 Scheme

The company has carried out a modification in "The 2007 scheme" in the current year and accordingly additional grants of 10,000 options have been made. These grants have been made as at June 14, 2010 and will vest with the employee in 2 years in equal proportion from the end of 1 year from the date of grant.

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

₹ in Lakhs

Particulars	As at Mar 31, 2011	As at Mar 31, 2010
Options at the beginning of the Year		
- Vested	63,950	103,200
- Unvested	34,450	36,900
Add: Granted during the year	10,000	20,000
Less: Lapsed during the year	11,500	Nil
Less: Exercised during the year	12,500	61,700
Options outstanding at the end of the year		
- Vested	68,400	63,950
- Unvested	16,000	34,450
Exercisable at the end of the year	68,400	63,950

Deferred Stock Compensation Expense

During the year, an amount of ₹14.63 Lakhs (Previous year ₹27.92 Lakhs) being employee compensation expense to the extent of options vested net off lapses, 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 ₹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 ₹68.42 as per the Fair Value method. The model inputs were the weighted average price arrived under the following methods:

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr. Arun Duggal - Chairman
Mr. T Shivaraman - Managing Director & CEO
Mr. M Amjad Shariff - Joint Managing Director
Mrs. Vathsala Ranganathan - Director
Mr. S R Ramakrishnan - Director
Mr. R Sundararajan - Director
Mr. R S Chandra - Nominee Director - Bessemer Venture Partners Trust
Mr. Sunil Varma - Director
Mr. S Krishnamurthy - Director
Mr. Sunil K. Kolangara - Nominee Director - Ascent Capital
Mr. P D Karandikar - Director
Mr. S Bapu - Director

CHIEF FINANCIAL OFFICER
Mr. R Dharmarajan

COMPANY SECRETARY
Mr. K Suresh

AUDITORS
M/s. Deloitte Haskins & Sells, Chartered Accountants,
ASV N Ramana Tower, 52, Venkatnarayana Road, T.Nagar, Chennai-600017.

BANKERS
Allahabad Bank Limited
Axis Bank Limited
Bank of India Limited
Barclays Bank PLC
Central Bank of India Limited
Citi Bank N.A.
DBS Bank Limited
Development Credit Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IndusInd Bank Limited
Oriental Bank of Commerce Limited
Punjab National Bank Limited
State Bank of Patiala
State Bank of Travancore Limited
The Federal Bank Limited
The Lakshmi Vilas Bank Limited
YES Bank Limited

REGISTERED OFFICE
4th Floor, Sigappi Achi Building,
Door No.18/3, Rukmini Lakshmipathi Salai
(Marshalls Road) Egmore,
Chennai - 600 008.

BRANCHES
Kolkata, New Delhi, Beijing and Rotterdam

FACTORIES
Chennai and Puducherry

Shriram EPC Limited

Sigappi Achi Building – 4th Floor, No.18/3, Rukmani Lakshmipathi Road (Marshalls Road),

Egmore, Chennai 600 008. Tel : +91-44-49015678. Fax: +91-44-49015655

Website: www.shriramepc.com Email: info@shriramepc.com

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. The Company has granted advances / loans to its group companies for the purpose of carrying on operations, based on the business needs and exigencies of those companies. Some of these advances / loans are interest free. However in the opinion of the management, all these advances / loans (including the interest free loans) are conducive to the interest and development of the business of the group and hence are not prejudicial to the interests of the company.

16. Subsequent to the date of balance sheet 32,559 equity shares were allotted under the Shriram EPC Limited Employee stock Option Scheme 2006 & 2007.

17. Subsequent to the date of approval of the annual accounts for the year ended March 31, 2010 by the Board and before the book closure date 28,149 equity shares (Previous Year 70,575 equity shares) were allotted under the Shriram EPC Limited Employee Stock Option Scheme 2006 & 2007 to employees and dividends of ₹0.65 Lakhs (Previous Year ₹0.84 Lakhs) on these shares were paid. The total amount of ₹0.76 Lakhs (Previous Year ₹0.99 Lakhs) including dividend distribution tax have been appropriated from the opening balance of Profit and Loss Account.

18. 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

T.Shivaraman
Managing Director

R. Sundararajan
Director

S. Krishnamurthy
Director

Chennai
Dated : 25th May, 2011.

K.Suresh
Company Secretary

R.Dharmarajan
Chief Financial Officer

DISCLOSURE OF INFORMATION RELATING TO SUBSIDIARIES

(Vide MCA Approval No.47/85/2011 - CL III dated 9th February 2011)

₹ in Lakhs

Particulars	Shriram EPC (Singapore) Pte Ltd - Consolidated		Black Stone Group Technology P Ltd - Consolidated	
Share Capital :	2010-11	2009-10	2010-11	2009-10
Equity	9,081.97	9,081.97	68.08	68.08
Share Application Monies		-		-
Reserves & Surplus	646.05	439.41	440.86	554.50
Total	9,728.02	9,521.38	508.94	622.58
Total Liabilities	3.28	898.16	1,585.03	1,472.65
Total Assets	9,731.30	10,419.85	2,093.96	2,072.88
Details of Investments :	9,625.17	9,317.00		
Current investments		-		-
Long term investments :				
Quoted				
Unquoted	9,625.17	9,317.00		
Gross income	19.93	546.02	1,299.95	1,299.95
Profit before tax	(86.32)	9.92	(127.57)	(127.57)
Provision for taxation				
Current		0.70	(0.40)	(0.40)
Deferred				
Profit after tax	(86.32)	9.22	(127.17)	(127.17)
Share of profit from associates	337.79	(501.33)		
Dividend/Proposed Dividend including dividend tax		-		-
Exchange Rates adopted :				
Currency	US Dollar	US Dollar		
Exchange Rate for Assets	44.65	44.92		
Exchange Rates for Liabilities	44.56	45.00		
Exchange Rates for Revenue/Exps	45.7163	47.37		

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 Provision 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.