



# Shriram<sup>e</sup>pc

Engineering the future

Regd. Office: 4<sup>th</sup> Floor, Sigappi Achi Building, 18/3, Rukmini Lakshmi pathi Road, Egmore, Chennai-600008  
Ph.: 044-49015678 Fax: 044-49015655 Email: info@shriramepc.com  
website:www.shriramepc.com

CIN: L74210TN2000PLC045167

## NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourteenth Annual General Meeting (AGM) of the Members of the Company will be held at 3.00 P.M. on Wednesday, the 10<sup>th</sup> September, 2014 at Kamakoti Hall, Sri Krishna Gana Sabha, 20, Maharajapuram Santhanam Road, T.Nagar, Chennai – 600 017 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss of the Company for the 9 months period ended March 31, 2014, together with the Directors' Report and the Auditors' Report there on.
2. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution  
**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. S. R. Ramakrishnan (DIN 00015839), Director of the Company, who retires by rotation at this 14<sup>th</sup> Annual General Meeting of the Company be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office for five consecutive years from the date of this 14<sup>th</sup> Annual General Meeting (2014) till the date of 19<sup>th</sup> Annual General Meeting (2019) of the Company, both days inclusive".
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.  
**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. R. Sundararajan (DIN 00498404), Director of the Company, who retires by rotation at this 14<sup>th</sup> Annual General Meeting of the Company be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office for five consecutive years from the date of this 14<sup>th</sup> Annual General Meeting (2014) till the date of 19<sup>th</sup> Annual General Meeting (2019) of the Company, both days inclusive".
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.  
**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s. Deloitte Haskins & Sells, (Firm Registration No. 008072S) ASV N Ramana Tower, No. 52, Venkatanarayana Road, T.Nagar, Chennai – 600 017, the retiring auditors of the company be and are hereby re-appointed as the statutory auditors of the company to hold the office from the conclusion of this 14<sup>th</sup> annual general meeting until the conclusion of the next annual general meeting at a remuneration as may be mutually agreed upon between the Board of Directors and the Auditors, plus reimbursement of service tax, out of pocket expenses actually incurred by them in connection with the Audit.

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Registered Office: Sigappi Achi Building,  
4<sup>th</sup> Floor, 18/3 Rukmini Lakshmi pathi Road,  
Egmore, Chennai – 600 008.

By Order of the Board of Directors

Date: 27-05-2014

K. SURESH  
COMPANY SECRETARY

# NOTES

1. The relative explanatory statement of material facts pursuant to Section 102(1) of the Companies Act, 2013 in respect of Ordinary Business under items 2 to 3 as set out in the notice is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The proxy form duly completed must be returned so as to reach the registered office of the Company not less than 48 hours before the time of commencement of the aforesaid meeting.
3. The register of members and share transfer books of the Company will remain closed from Friday, September 05, 2014 to Wednesday, September 10, 2014 (both days inclusive).
4. Members/Proxies should bring their Attendance slip duly completed for attending the meeting. The signature in the attendance slip should match with the signature(s) registered with the Company. Members holding shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. Members are requested to address all the correspondences, to the Registrar and Share Transfer Agents, M/s. Cameo Corporate Services Limited, "Subramanian Building", 1 Club House Road, Chennai – 600 002.
8. Members whose shareholding is in electronic mode are requested to direct change of address notification and updates on bank account details, if any, to the respective depository participants.
9. The documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 2.00 p.m. upto the date of Annual General Meeting.
10. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with your Depository Participant to enable us to send you the communications via email.
11. As an economic measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of Annual Report to the meeting.
12. Voting through electronic means:  
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 14<sup>th</sup> Annual General Meeting by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL):

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## **The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 03<sup>rd</sup> September, 2014 (10.00 A.M.) and ends on 05<sup>th</sup> September, 2014 (05.30. P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date August 14, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.

- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<ul style="list-style-type: none"> <li>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
	<ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to the Scrutinizer at [rsaevoting@gmail.com](mailto:rsaevoting@gmail.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). The file containing the said documents should be named as "Member's name (EVSN)", e.g., in case of shareholder company XYZ Ltd., the file containing the authorization documents should be named as "XYZ Ltd.(EVSN)". The documents can be sent before/immediately after casting the vote. However, in case the same do not reach Scrutinizer/ CDSL before closure of voting, the vote so exercised will be rejected in the system.
- After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

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Egmore, Chennai – 600 008.

By Order of the Board of Directors

Date: 27-05-2014

K.SURESH  
COMPANY SECRETARY

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## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO.2

Mr. S R Ramakrishnan is a Non-Executive & Independent Director of the Company. He is on the Board of the Company since 14<sup>th</sup> May 2005.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. S R Ramakrishnan is proposed to be appointed as an Independent Director for a term of five years. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹1,00,000/- proposing the candidature of Mr. S. R. Ramakrishnan as an Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. S. R. Ramakrishnan as an Independent Director of the Company from the date of this 14<sup>th</sup> Annual General Meeting till the date of 19<sup>th</sup> Annual General Meeting of the Company (both days inclusive) pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. S. R. Ramakrishnan, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. S. R. Ramakrishnan as an Independent Director.

No Director, Key Managerial Personnel or their relatives, except Mr. S. R. Ramakrishnan, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 2 for the approval of the members.

### **ITEM NO.3**

Mr. R. Sundararajan is a Non-Executive & Independent Director of the Company. He is on the Board of the Company since 22<sup>nd</sup> October, 2005.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. R. Sundararajan is proposed to be appointed as an Independent Director for a term of five years. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹1,00,000/- proposing the candidature of Mr. R. Sundararajan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. R. Sundararajan as an Independent Director of the Company from the date of this 14<sup>th</sup> Annual General Meeting till the date of 19<sup>th</sup> Annual General Meeting of the Company (both days inclusive) pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. R. Sundararajan, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. R. Sundararajan as an Independent Director.

No Director, Key Managerial Personnel or their relatives, except Mr. R. Sundararajan, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 3 for the approval of the members

## **DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT / APPOINTMENT AS AN INDEPENDENT DIRECTOR AT THE FORTHCOMING ANNUAL GENERAL MEETING**

(Pursuant to Clause 49(IV)(g) of the Listing Agreement)

Mr. S.R. Ramakrishnan was born on 4<sup>th</sup> February, 1935. He graduated in Mechanical Engineering in 1956. He joined the erstwhile Hindustan Steel Ltd., in March, 1957, (presently Steel Authority of India Ltd – SAIL) and underwent a year's training in USA in Coke Oven Plant at Pittsburgh. During this period, he also undertook a course in Metallurgy and Business Management in Carnegie Institute of Technology.

On his return from USA in October, 1958, he joined the Coke Ovens Department of Bhilai Steel Plant. He held various positions and had to his credit commissioning of batteries and solving major problems associated with Coke Ovens. Mr. Ramakrishnan held the post of Chief Engineer, Coke Ovens and Byproducts at Bhilai Steel Plant till 1978. During this period, his services were requisitioned by Durgapur Steel Plant also, when serious problems were encountered there.

His rich experience in tackling problems related to human relations led him to the post of Chief Personnel Manager of Bhilai Steel Plant in 1978. He was called upon to deal with Import of Coal and tackle the problems of Indigenous coal supplies in SAIL Corporate office in Delhi, in 1980. In July, 1981, He was appointed as General Manager (Works) in Bhilai Steel Plant and in December, 1984, he was promoted and appointed as Executive Director (Raw Materials) in SAIL. In August, 1985, he left SAIL and joined Nagarjuna Steels Ltd. Hyderabad, as Managing Director.

In July, 1986, his services were requisitioned again by SAIL and he was appointed as Managing Director of Bokaro Steel Plant and a Director in the Board of SAIL. During his tenure till June, 1990, the plant rose to new heights and the prestigious Cold Rolling Complex was successfully commissioned. In June, 1990, he assumed charge of Director-Raw Materials and Special Steels. During this period, consolidation of Mines Operation and a common set-up for Alloy and Special Steels was achieved.

He took over as Director (Commercial) in March 1991. During his tenure, the Steel Industry went through a very important phase of Decontrol of Steel by the Government and subsequent changes in marketing policy were effected smoothly and creditably by SAIL. He also had additional charge as Director, Projects for a short time, during which period he was associated with the Modernisation Programmes of Rourkela and Salem Steel Plants. Mr. Ramakrishnan retired from SAIL in March, 1993. After retirement, he was associated with Birla Group as an Advisor till June, 1998.

Presently he is a director on the boards of Nagarjuna Fertilizers and Chemicals Ltd. Hyderabad, Nagarjuna Oil Corporation Ltd., and Nagarjuna Oil Refinery Ltd., His services were solicited by Sesa Kembla Coke Company Ltd. In 1995, he was instrumental in getting their Non-recovery Coke Oven Plant rebuilt to a new design, which is under patent application, presently.

Mr. Ramakrishnan is a widely travelled man and has earlier been member in other Company boards and Professional Bodies.

He is serving as a Director of the Company since 14<sup>th</sup> May, 2005 and has been appointed as the Chairman of the Board with effect from 12<sup>th</sup> February, 2013.

He is a member of the following Committees:

1. Audit Committee
2. Investment Committee
3. Nomination & Remuneration Committee
4. Stakeholders Relationship Committee

He does not hold any shares in the Company.

#### **Mr. R. SUNDARARAJAN**

Mr. R. Sundararajan was born on 28<sup>th</sup> April 1948. He is a Mechanical Engineer from the Jadhavpur University, Calcutta, and an MBA from Indian Institute of Management, Ahmedabad. Mr. Sundararajan comes with a rich experience of over 30 years in the Pharmaceutical Industry. He has spearheaded significant technology innovations and foreign collaborations in this sector.

Earlier, Mr. Sundararajan was the Executive Vice President-Strategic Business Planning of Matrix Laboratories Ltd. He is currently Advisor to Shriram Group of Companies, Chennai and on the Board of Manipal Acnova Pvt Ltd, a reputed Clinical Research Organization in India. Take Solutions Limited, Rambal Limited, Shriram Fortune Solutions Limited, Shriram Asset Management Company Limited, Shriram Fortune Solutions Limited, Shriram Credit Company Limited, Shriram Wealth Advisors Limited, Orient Green Power Company Limited, Shasun Pharmaceuticals Limited, Medispan Limited etc.,

He has travelled around the world, attended international conferences and interacted with major international pharmaceutical manufacturers.

He is serving as a Director of the Company since 22<sup>nd</sup> October, 2005.

He is a member of the following Committees:

1. Audit Committee
2. Investment Committee
3. Nomination & Remuneration Committee
4. Stakeholder Relationship Committee

He holds 9800 shares in the Company.

**Form No. MGT – 11  
Proxy Form**

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

CIN : L74210TN2000PLC045167  
 Name of the Company : Shriram EPC Limited  
 Registered Office : 4<sup>th</sup>Floor, Sigappi Achi Building, 18/3 Rukmini Lakshmi pathi Road, Egmore, Chennai-600008. Ph.: 044-49015678 Fax: 044-49015655  
 Email: info@shriramepc.com, website:www.shriramepc.com

Name of Member(s)	
Registered Address	
Email ID	
Folio No./ Client ID	
DP ID	

I/We, being a Member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

1.	Name Address Email ID Signature _____ or failing him	2.	Name Address Email ID Signature _____ or failing him
3.	Name Address Email ID Signature _____		

as my/our proxy to attend and vote (on a poll) for me/us, on my/our behalf at the FOURTEENTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday 10<sup>th</sup> September, 2014 at 03.00 P.M. at Kamakoti Hall, Sri Krishna Gana Sabha, 20, Maharajapuram Santhanam Road, T.Nagar, Chennai – 600 017 and at any adjournment thereof in respect of such resolutions set out in the Notice dated 27<sup>th</sup> May, 2014.

Signed this .....day of \_\_\_\_\_ 2014

Signature of Share holder

Signature of Proxy holder(s)

Affix Re.1 Revenue Stamp
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**Shriram EPC Limited**

Registered Office: 4<sup>th</sup>Floor, Sigappi Achi Building, 18/3 Rukmini Lakshmi pathi Road, Egmore, Chennai-600008  
 Ph.: 044-49015678 Fax: 044-49015655 Email: info@shriramepc.com, website:www.shriramepc.com

**CIN: L74210TN2000PLC045167**

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall

Full Name of the Member attending (in Block Letters)	
Full Name of the first joint-holder	
Name of the Proxy	

I hereby record my presence at the FOURTEENTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday 10<sup>th</sup> September, 2014 at 03.00 P.M. at Kamakoti Hall, Sri Krishna Gana Sabha, 20, Maharajapuram Santhanam Road, T.Nagar, Chennai – 600 017 and at any adjournment thereof.

No. of Shares held	
Registered Folio No.	
DP ID	
Client ID	

\_\_\_\_\_

Member's/Proxy's Signature



**Shriram EPC Limited**

*Fourteenth Annual Report 2013-2014*



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. S. R. Ramakrishnan - Chairman  
Mr. T. Shivaraman - Managing Director & CEO  
Mr. M. Amjad Shariff - Joint Managing Director  
Mr. R. Sundararajan - Director  
Mr. S. Krishnamurthy - Director  
Mr. Sunil K Kolangara - Nominee Director - Ascent Capital  
Mr. P. D. Karandikar - Director  
Mr. S. Babu - Director  
Mr. Vishal Vijay Gupta - Nominee Director - Bessemer Venture Partners Trust  
Mr. S. Srinivasan - Director

## CHIEF FINANCIAL OFFICER

Mr. R. S. Chandrasekharan

## COMPANY SECRETARY

Mr. K. Suresh

## AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai - 600 017.

## BANKERS

Oriental Bank of Commerce  
Axis Bank Ltd  
Punjab National Bank  
Central Bank of India  
IDBI Bank Ltd  
Allahabad Bank  
The South Indian Bank Ltd  
State Bank of Patiala  
State Bank of Travancore  
State Bank of Mysore  
Bank of Maharashtra  
Bank of India  
The Federal Bank Ltd  
The Lakshmi Vilas Bank Ltd  
Corporation Bank  
Dena Bank  
ICICI Bank Ltd  
DBS Bank Ltd  
Indus Ind Bank Ltd  
Yes Bank Ltd

## REGISTERED OFFICE

4<sup>th</sup> Floor, Sigappi Achi Building,  
Door No. 18/3, Rukmini Lakshmi pathi Salai,  
Egmore, Chennai - 600 008.

## OFFICES

Kolkata, New Delhi, Beijing and UAE

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## Chairman's Message

Dear Shareholders,

I would like to present to you our performance for the period 2013-14 (9 months). It has been a very turbulent and testing year for the Company due to the slow down in infrastructure projects and tight liquidity. Delays in project execution due to external reasons, hardening of interest rates and extended working capital cycle affected the profitability.

While it was believed that the Indian economy has been able to decouple itself from the world economy, the reality is that the global events and internal issues have impacted us reducing India's GDP to below 5% after expanding at more than 6% during the last three fiscal years. The sovereign debt crisis in Europe, slow recovery of the US economy, political instability in Middle East, rising crude prices and higher commodity prices have combined to present a rather challenging operating environment.

Sentiment was also affected by the slow pace of reforms, the general elections round the corner, a multitude of corruption issues and pending regulations addressing foreign investments which have impacted the domestic decision making cycle.

During the last fiscal, we have addressed certain key issues. The holding Company, Shriram Industrial Holdings Ltd has infused ₹300 crores into the Company by way of Cumulative Redeemable Preference Shares.

Despite operating in a challenging environment, we have widened our operational areas and strengthened our team. There has been

improved traction in our municipal services business. The medium term prospects for our Process and Metallurgy business is positive. There have been challenges in our Overseas (Basra) project and we are working to resolve the issues.

Our order backlog as on 31<sup>st</sup> March, 2014 is ₹2,156 crores on a standalone basis. Specific details of the performance are covered in the Management Discussion and Analysis.

Our group company, Haldia Coke and Chemicals Private Limited has also had a challenging year. However, operations are stabilising and the prospects appear to be better.

The initiatives undertaken during the year will help stabilize operations and result in resumption of growth in both topline and profits in the coming years and we remain confident in the company's potential. The renewed focus on infrastructure development of the new Government will throw up many opportunities in our areas of operation and we are in a good position to capitalise on these.

At this juncture, I wish to express my gratitude and appreciation towards our employees, customers, business associates, suppliers and bankers who have stood by us during these trying times. Lastly, I would like to thank our shareholders for their unstinted support.

Yours Sincerely,

**Chairman**

## Directors' Report

Dear Shareholders,

Your Directors present herewith the Fourteenth Annual Report together with the accounts of your Company for the 9 months ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS

₹in Lakhs

	Consolidated (9 months)	Consolidated (15 months)	Standalone (9 months)	Standalone (15 months)
	2013-14	2012-13	2013-14	2012-13
Total Income	52,186.72	1,96,906.00	52,186.72	1,76,547.76
Profit/(Loss) before Interest, Depreciation, tax and extraordinary items	(23,089.68)	31,642.50	(23,031.41)	32,138.95
Interest & depreciation	19,512.87	47,110.23	19,512.71	42,521.36
Profit/(Loss) before tax & before extraordinary items	(42,602.55)	(15,467.73)	(42,544.12)	(10,382.41)
Provision for taxation	1,392.84	(4,265.63)	1,392.84	(4,228.82)
Profit/(Loss) after tax & extraordinary items	(50,629.21)	(26,881.60)	(43,936.96)	(26,286.12)
Balance brought forward from last year	(5,394.49)	21,487.11	(5,394.49)	20,891.62
Profit available for appropriation	(50,629.21)	(26,881.60)	(43,936.96)	(26,286.11)
Transfer to general reserves	-	-	-	-
Surplus carried forward	(56,023.70)	(5,394.49)	(49,331.45)	(5,394.49)

## OPERATING RESULTS & PERFORMANCE

Your Directors report that during the 9 months period (July-March) the company recorded a total income at ₹521.87 crores as compared to ₹1,765.48 crores in the previous year (15 months) on a standalone basis. Loss before tax and extraordinary items was at ₹425.44 crores as compared to ₹103.82 crores in the previous year.

Loss after tax was at ₹439.37 crores as compared to a loss in the previous year of ₹262.86 crores. The last 2 years figures cannot be compared as the current financial year is for a period of 9 months and the figures last year was for a period of 15 months.

Your Company's Standalone order book was at ₹2,156 crores as at 31<sup>st</sup> March, 2014.

## BUSINESS HIGHLIGHTS

Your Directors state that last year the Company had undergone tough times due to the business environment, cash flows, delay from customers in terms receiving payments. However, during the period your company was awarded contracts primarily in water projects, worth more than ₹800 crores from prestigious clients besides repeat orders. Some of the project awards are as under:

- PHED, Rajasthan ₹92 crores -Work of Regional Water Supply Scheme for 44 villages from Sepau (Dist-Dholpur) HW under Chambal Dholpur Bharatpur Project with O&M for 10 years on Single Point Responsibility Turnkey Basis
- PHED, Kota-Rajasthan ₹47 crores -Execution of the work of Intake Pumping Station, Raw Water Main, Treatment plant, 11/0.44KV sub station, Clear Water Reservoir, Clear water main, Pumping station, cluster rising mains, cluster distribution mains, cluster ESR's with associated civil, electrical and mechanical works, village distribution system, IEC activities etc. for Shaygarh Water Supply Project on single responsibility turn key basis with 10 year O&M, District Baran.
- TWAD-Madurai ₹187 crores -Providing Pumping Main of 750mm dia CI LA class pipe from the

Main Pumping Station at Beach road to the Sewage Treatment Plant at Tharuvaikulam for UGSS to Thoothukudi Corporation in Thoothukudi Dist. etc

- Chennai Metropolitan Water Supply and Sewerage Board, Chennai - ₹87 crores - Providing Water Supply Improvement Scheme to Pallavaram Municipality covering head works, Feeder Main, UGT/OHT and Distribution System in Zones 9 to 16 (Package-II) and also Providing Water Supply Improvement Scheme to Pammal Municipality covering head works, Feeder Main, OHT and Distribution System.
- Bharath Petroleum Corporation Limited, (Kochi Refinery) - ₹157 crores - Civil, Structural & Underground Piping Works of FCCU for Integrated Refinery Expansion Project (IREP) of BPCL-Kochi Refinery.
- Municipal Corporation Of Brihanmumbai (Sewerage Operations Department), Mumbai - ₹57 crores - Rehabilitation of Sewer Lines by GRP Lines Using Trenchless Technology for Slice A and Rehabilitation of Sewer Lines by GRP Lines Using Trenchless Technology for Slice B.
- Rashtriya Ispat Nigam Limited, Visakhapatnam Steel Plant, Administrative Building Visakhapatnam - ₹182 crores - Sinter Machine - 1 Revamping & Upgradation and Phase-1 of Sinter Machine-2 Revamping & Upgradation at RINL/Vizag.

## SUBSIDIARY

### SHRIRAM EPC FZE (SEF)

The Company had floated a 100% Subsidiary in UAE in April 2013, to explore opportunities in the overseas EPC Market.

## ASSOCIATES

### HALDIA COKE AND CHEMICALS PVT. LTD (HCCL)

HCCL is engaged in the business of inter alia, manufacturing, processing, importing, exporting, trading, buying, selling, stocking, distributing coke



(carbon), coal, and supplying to manufacturing industries like steel, copper, aluminium and to carry on the business of managing, owning, controlling, erecting, commissioning, operating plants for the above and also to act as engineering procurement and construction contractors in connection with engineering.

During the last couple of years HCCL has been going through tough times and the Company has been supporting whenever necessary. We expect the operations to stabilize in the coming years.

During the year 2013-14, HCCL recorded a turnover of ₹471.88 crores compared to ₹502.35 crores in 2012-13.

## PREFERENTIAL ISSUE

During the year M/s Shriram Industrial Holdings Ltd, the holding Company infused ₹300 crores into the Company by way of Cumulative Redeemable Preference Shares to shore up the networth of the Company.

## 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 order book was ₹2,156 crores as on March 31, 2014.

## DIVIDEND

Since the Company has made a loss for the year, the Board has decided not to recommend Dividend.

## CAPITAL STRUCTURE

During the period under review, equity share capital of your Company remained unchanged as there was no new allotment of Equity Shares under ESOP 2006 & 2007 schemes.

## GREEN INITIATIVE IN CORPORATE GOVERNANCE

The Ministry of Corporate Affairs (MCA) has through Circular

No.17/2011 pronounced a Green initiative in Corporate Governance that allows Companies to send notices/documents to shareholders electronically. The Green Initiative endeavors to reduce consumption of paper, in turn preventing deforestation and contributes towards a green and clean environment. In support of the initiative announced by MCA, your Company will send notices convening Annual General Meeting, Audited Financial Statements, Directors Report and Auditors' Report etc in electronic form during this financial period also. Your Company would like to continue the Green Initiative further and requests all shareholders to opt for electronic documents.

## 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) issued by the Institute of Chartered Accountants of India.

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 to all Companies from attaching the full text of the financial statements of the company's aforesaid Subsidiaries along with the Company's accounts from the year ended 31st March, 2011. Necessary disclosures will be made in respect of the said Subsidiary 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 full text of the financial statement, these documents will be made available for examination, at its registered office. Pursuant to this, a statement summarizing the financial results of the Subsidiary is attached to the Consolidated Financial Statement.

## 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
	<b>Date of Grant</b>	<b>22-11-2006</b>	<b>22-11-2007</b>
1	Total number of options granted	1640161	180000
2	Exercise price	₹10/-	₹10/-
3	Number of options vested	0	0
4	Number of options exercised	0	0
5	Total number of shares arising as a result of exercise of options	--	--
6	Number of options lapsed	72,205	45,650
7	Number of options forfeited	-	-
8	Variation in terms of options	--	--
9	Money realised by exercise of options	--	--
10	Total number of options in force as on 31st March 2014	3,219	6,850
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	--	--

No further shares were issued pursuant to exercise of options under the Shriram EPC Employee Stock Option Schemes and consequently there is no dilution of EPS during the period under consideration.



## DIRECTORS

Mr. S R Ramakrishnan and Mr. R. Sundararajan, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for election for a period of 5 years.

## COMMITTEES OF THE BOARD

### AUDIT COMMITTEE

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

1. Mr S.R. Ramakrishnan
2. Mr R. Sundararajan
3. Mr. S. Krishnamurthy
4. Mr. S. Bapu

The Committee has met three times during the 9 months period.

### PARTICULARS OF EMPLOYEES

In terms 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 or set out in the Annexure to this Report. However 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:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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;

- 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
- 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: investor@cameoindia.com  
Website: www.cameoindia.com  
Contact Person: Mr. R.D. Ramasamy, Director  
SEBI Registration Number: INR000003753

### AUDITORS

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

### 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 co-operation and support. The Directors further wishes to place on record their appreciation to all employees at all levels for their commitment and their contribution.

For and on behalf of the Board  
Chennai

**R Sundararajan**

27<sup>th</sup> May, 2014

**Director**

# Management Discussion and Analysis: FY 2013-14

## COMPANY OVERVIEW

Shriram EPC Limited (SEPC) is a leading service provider of integrated design, engineering, procurement, construction and project management services for process and metallurgy plants, thermal power plants, biomass based power plants, solar power plants, water and waste- water treatment plants, water and sewer infrastructure and pipe rehabilitation.

After establishing itself in the domestic markets through marquee projects with large customers, SEPC has widened its footprint to enter international markets. Its global track record includes projects executed in Zambia, France and Australia.

SEPC is headquartered in Chennai, Tamil Nadu and has offices in Mumbai, New Delhi, Kolkata and Beijing.

## INDUSTRY OVERVIEW

### ENGINEERING & INFRASTRUCTURE

The Engineering sector is the largest in the overall industrial sector of the country, accounting for 27% of the total factories in the industrial sector and represents 63% of the overall foreign collaborations. (<http://www.ibef.org/industry/engineering-india.aspx>)

The Engineering sector is second highest contributor to the total Indian export basket after Information Technology. Engineering exports from India include transport equipments, capital goods, other machinery and equipment and light engineering products like castings, forgings and fasteners. Over the period FY 2008-13, exports from the sector have posted a Compound Annual Growth Rate (CAGR) of 12.6 %.

According to a report by Booz & Co., the Government will provide the necessary impetus to the sector due to its investments in infrastructure development between 2012-17 in India more specifically in telecom, energy and construction sectors.

India's planning commission had projected an investment of US\$ 1 trillion for the infrastructure sector

during the 12<sup>th</sup> Five Year Plan, with 40% of the funds coming from the private sector. While that projection has proved to be ambitious, several think-tanks have submitted that India's infrastructure sector will be able to absorb an even larger investment over a longer time frame.

The size of the opportunity that can be addressed by India's engineering and infrastructure sector is incredibly large and demand for the services is expected to remain strong. With the recent change in Government at the Centre and the emphasis on a pro-development agenda, it is expected that rollout of large scale infrastructure projects catering to roads, railways, ports, power and airports will be accelerated.

### METALLURGY

The Metallurgical industry forms a critical part of the capital goods industry. Metallurgical machinery includes equipments for mineral beneficiation, ore dressing, size reduction, steel plant equipments, foundry equipments and furnaces. The segment has rapidly grown over the past few years. The metallurgical machinery segment has witnessed a growth of 23% CAGR from 2007 to 2011 growing from ₹2,200 crores to ₹5,000 crores. Metallurgical machinery, earth moving machines and machine tools are high demand sub-sectors whose needs are being met primarily through imports. The Government has also undertaken a number of direct and indirect measures to boost the sector. Some of the steps taken to boost the end user segments have also had a positive impact on the demand. The Government has also revised its Foreign Direct Investment (FDI) policy to attract foreign investments in the metal sector. The segment has attracted FDI inflows amounting to ₹3,025 crores for the period April'13 to February'14.

Some of the key factors which have been driving the sector's growth include –

- Growing market demand
- Presence of related and supporting industries
- Government support for helping companies improve performance and stimulating industry environment

However, the impressive growth of the segment is not free from challenges. Economic slow downs – though



temporary, fluctuations in the global market and increasing domestic demand of high quality metals have caused volatility in demand. Further, based on shifting priorities of the domestic sector regular policy reviews will be required.

Going forward, however the segment is expected to sustain the impressive growth it has delivered in the past aided by several factors, such as growing domestic demand, investment in capacity addition, increasing supply deficit in other countries and favorable Government regulations.

## POWER

India with a total installed capacity of 243.02 Gw as of March 2014, has the fourth largest energy generating capacity in the world. Of the total, Thermal energy constitutes majorly with almost 69% followed by Nuclear, Hydro and Renewables. In 2013-14 as a whole, total power generation in India grew by 6% to 967.2 billion units. The increase was mainly on account of impressive performance by hydel power stations. During the year, hydel power generation jumped by 18.6% to 134.8 billion units.

In addition to being a leading player in terms of energy generating capacity, India is also the fourth largest energy consumer in the world after US, China and Russia according to the latest report released by the US Energy Information Administration (EIA). Despite this, per capita power consumption in the country is significantly lower than other major economies. India currently suffers from a major shortage of electricity generation capacity, inadequate transmission and distribution facilities. Average electricity demand has risen to 75-80 terawatt hours (TWh) per year from 50 TWh per year just five years ago, according to PwC India. In addition, the rising industrial consumption and higher use of electric consumer goods during the economic boom has exerted further pressure on the grid.

Taking cognizance of the problems faced by the sector and in view of the sector's importance and role economic growth, the government has undertaken series of measures to ensure that the economy reverts to its pre-crisis growth rate.

Some of the key steps taken to revive the sector include restructuring of debt of State Electricity Boards and review of tariffs. The Government also reintroduced the "Generation benefit scheme" for wind power projects to boost capacity addition in the sector. In addition, during FY13 the government liberalized FDI policy for Power Trading Exchanges. Foreign investments in power exchanges registered under the Central Electricity Regulatory Commission Regulations, 2010, are allowed up to 49% (FDI 26% and FII 23%).

## Solar Energy

Blessed with 300 sunny days in a year and an average hourly radiation of 200 MW/sq km, India is well placed to overcome its energy challenges by harnessing the enormous solar potential available to the country. The segment can help the nation reduce dependence on imports of diesel and coal for power generation, reduce greenhouse gas emissions, and contribute to energy security. Growth in this sector will help India increase its share of clean energy and help meet its target of reducing emissions per unit of its GDP by 20-25% by 2020 over 2005 levels.

Recognizing this, the Government of India (GoI) included solar energy as a key mission under the National Action Plan on Climate Change and formally launched the Jawaharlal Nehru National Solar Mission (JNNSM) in 2010.

The power deficient southern states of the country such as Tamil Nadu and Andhra Pradesh are encouraging solar to find long-term solutions for their power needs. Till recently, the sector has been primarily driven by utility scale projects, however the country is paying increasing attention to distributed generation as well. Moreover, solar is becoming financially viable for commercial and industrial consumers in some states with rising costs of conventional power.

With solar becoming increasingly competitive in many parts of the country, the Indian solar market is geared for accelerated growth.

## WATER SUPPLY AND SANITATION

In 2011, almost two thirds (64%) of the world population had access to improved sanitation facilities, while 15% continued to defecate in the open. Of this 15%, a significant proportion is located in South East Asia, including India. Since 1990, almost 1.9 billion people have gained access to an improved sanitation facility. The world, however, remains behind its sanitation target in the Millennium Development Goals (MDG), which requires reducing the proportion of people without access from 51% in 1990, to 25% by 2015.

By the end of 2011, there were 2.5 billion people who lacked access to an improved sanitation facility. Of these, 761 million use public or shared sanitation facilities and another 693 million use facilities that do not meet minimum standards of hygiene (unimproved sanitation facilities).

Taking cognizance of the present situation and realizing the potential the segment has to offer, firms around the globe started designing their plan of action to tap the segment profitably.

Reforms on the regulation and policy front have begun to take shape and success of these can create potentially huge investment opportunities in future. Any private investor making entry in this sector at this point of time can surely gain the first mover's advantage as the sector opens up further and the market matures. The study highlights that the Indian water sector can create investment potential to the tune of USD 130 billion by 2030. Business opportunities revolve around four key themes viz. water demand management, water supply management, water infrastructure upgradation, and water utilities management.

With the increased involvement of the private sector, there will be a need for efficient water and waste water management to improve operating efficiency levels, which is likely to require an investment in emerging waste water technologies. With the increased involvement of the private sector, there will be a need for efficient water and waste water management to improve operating efficiency levels, which is likely to require an investment in emerging waste water technologies.

According to the World Bank, more than \$ 900 billion needs to be invested worldwide to maintain and upgrade aging water infrastructure. In the developed world, water related investment is growing at 1-2 times GDP.

Increased capital spending requirements, combined with growing consumer awareness of increasing water scarcity and concerns about water quality, are driving accelerating pricing trends and industry growth.

## COMPANY OVERVIEW

Your Company offers services relating to industrial processes, metallurgy, thermal power plants, solar power plants, Mines and Mineral processing, water and waste and water management and distribution systems.

### Process & Metallurgy

We provide turnkey EPC solutions for ferrous & non-ferrous, cement, aluminum, copper, and thermal power plants. SEPC continues to develop projects including design, engineering, and construction of blast furnace auxiliaries, rolling mills, aluminium refining, copper smelting, thermal power plants, cement plants, and coke oven batteries. We also contribute to the design,

engineering and construction of coal gasification plants. Given our strong knowledge of processes and a thorough understanding of commercial processes, we are able to effectively balance fundamental research with process development to ensure clients receive practical and sound results.

SEPC's technology partners in this segment include Danieli of Italy, Siemens VAI of Austria, Envirotherm GmbH of Germany, CKDNove Energo of Czech Republic. Our list of customers for Process & Metallurgy includes Grasim, MALCO, SAIL and Jindal Steel & Power Ltd.

#### Notable Contracts received during the year:

- An order worth ₹29 crores from Danieli India, erection contract for Revamping of Hot Strip Mill, up gradation of Roughing Mill Area at Bokaro Steel Plant
- An order worth ₹30 crores approx. from Kerala water feeds for undertaking designing, engineering, supplying, testing and commissioning of all Structural, Mechanical, Electrical, Communication and Instrumentation equipments/works for 300 TPD Cattle Feed Plant at Thiruvangoor, Kozhikode
- An order worth ₹182 crores from Rashtriya Ispat Nigam Ltd (RINL) in consortium with M/s. GP Ukgiprometz, Ukraine and M/s. JSC Uralmashplant, Russia for revamping and up gradation of two of RINL's Sinter Plants
- An order worth ₹157 crores from Bharat Petroleum Corporation Limited (BPCL) for undertaking civil, structural & underground piping works of fluid catalytic cracking units (FCCU) for the Integrated Refinery Expansion Project (IREP) at their Kochi Refinery

### Mines and Mineral Processing

The Company has been providing a wide range of solutions for mineral processing companies. In collaboration with several International Technology partners the Company provides high-end engineering services in the field of Copper mines, Iron mines, Gold mines, Coal mines and Uranium mines using latest technology and equipment.



SEPC along with its technology partners understand that reliability and safety are critical to achieving uptime and plant profitability as the same results in improving the productivity and help in keeping the cost low.

SEPC possesses the proficiency to build coal washery units wherein mined coal can be crushed, screened and washed away to reduce the ash content to improve its calorific value. In addition, we also offer other ore beneficiation processes for Iron and Copper to carry out the removal of impurities and improve the Iron/Copper content.

### Thermal Power

SEPC provides comprehensive offerings for thermal power plants. In addition to its broad range of offerings to the energy sector, one of its Group Companies is engaged in the generation and sale of power. Thus SEPC is able to approach energy sector projects with a unique perspective, i.e. from the point of view of an owner as well as that of a contractor.

While the recent challenges to the sector have resulted in a prolonged slump the long term potential is undeniable. Further, this immensely challenging period has strengthened producers as well as regulators and they will be better placed to address the challenges and suitably modify regulations to ensure balanced and sustained growth. SEPC has used this period to upgrade its offerings to the sector. It has a unique mix of capabilities and is well placed to scale up its service capacity to meet increased demand.

### Solar Power

A recent addition to Company's offerings is related to setting up Solar Power Plant. SEPC is presently executing a contract for designing, engineering, procuring, supplying, erection, testing & commissioning of a 50MW Solar Thermal Power Plant in the Jaisalmer district of Rajasthan for Corporate Ispat Alloys Ltd.

### Water and Waste water Management

SEPC provides turnkey design – build environmental projects related to water and waste water treatment, management and water distribution system.

The Company has executed a number of projects in the segment which includes projects for private players as well municipalities in India. We believe that the segment is largely

untapped and has tremendous potential as the rural-urban migration is expected to remain stable coupled with emphasis on enhancing country's urban infrastructure.

SEPC Limited has successfully implemented several turnkey projects under water and waste water distribution, water and sewage treatment and pipe rehabilitation across several Indian states.

Notable Contracts awarded during the year include:

- An order worth ₹127 crores approx. from CMWSSB for providing comprehensive Water Supply Scheme to Karambakkam, Nolambur and Injambakkam and Providing Comprehensive Sewerage Scheme to Kathivakkam in Chennai City
- Two orders from Municipal Corporation of Brihanmumbai (Sewerage Operations Department), Mumbai amounting to ₹57 crores for rehabilitation of underground sewers using trenchless technology with GRP liners

### Challenges :

Like many of its peers in the EPC contracting space, your Company is facing many challenges, some general to the industry and some specific to the Company. These challenges have impacted the bottom line of the Company as well as its Balance Sheet. The major issues are the following:

#### 1. Solar Project for Corporate Ispat Alloys Ltd:

The Company is executing a 50 MW solar thermal power plant for M/s Corporate Ispat Alloys Ltd, a part of the Abhijeet group. This project has been stalled as the promoter group has certain legal and financial issues. Your Company has significant working capital tied up in this project and is taking legal action to secure and recover its dues.

#### 2. Basra Project, Iraq:

Your Company was executing a US\$ 235 million project in Basra, Iraq. The project was delayed due to the changing political situation in Iraq. With the change of administration in the Basra province, the provincial administration is attempting to cancel the contract. Your Company has taken suitable actions through the Courts both in India and Iraq and has engaged competent International Counsel to advice it. The legal action is progressing. Your Company has significant working capital exposure to this project.



In addition to the above major issues, implementation of other projects has been delayed due to delays in Government decision making as well as disruptions due to the Elections.

Our Associate Company, M/s Haldia Coke and Chemical Pvt. Ltd., also needed support during the year. As a result of these challenging situations, the Balance Sheet of your Company has been impacted.

### Haldia Coke and Chemicals Pvt. Ltd

SEPC's associate Company - Haldia Coke and Chemicals Private Limited is a leading manufacturer and marketer of coal products including metallurgical coke. The year has been a very challenging year. However, the prospects appear to be good in the medium to long term.

### SWOT ANALYSIS

#### Strengths

**Technical Expertise:** SEPC excels in offering high end designing and engineering solutions to multiple industries. The Company's capability in offering comprehensive services acts as a key differentiator and enables it to compete effectively with its peers when bidding for contracts. Further, the Company's success in new business areas has helped to reinforce its standing and track record. This has also helped it to win a large proportion of repeat business from its customers.

**Diversified operations:** SEPC has a wide range of offerings across multiple industries. The Company services span process & metallurgy, thermal power plants, renewable energy including biomass power plants, solar power plants, coal gasification, mines & mineral processing, municipal services including pipe rehabilitation as well as water and waste-water distribution and management systems. As its operations are diversified in various business verticals across several geographies, this acts as a natural hedge for the company and mitigates the risk associated with reliance on a single customer, industry or vertical.

**High Calibre of Leadership:** The management team of the Company comprises eminent professionals who are highly qualified. They enjoy multiple years of experience in the industries we cater to and with their domain expertise are able to appropriately identify

opportunities and guide the company to optimize its performance. They are supported by a highly capable Board of Directors. The management and the Directors are committed towards ensuring continuous growth and development of the business and their leadership is competent and proficient of handling the demands of a Growing company.

### Weaknesses

**Financial Position:** Your Company had a very challenging year with high debt levels due to slow down of infrastructure and higher interest rates. Delay in project execution due to external reasons, hardening of interest rates and extended working capital cycle affected the profitability. The promoters have also infused ₹300 crores into the Company by way of cumulative redeemable preference shares. In spite of the challenges over the last three years, the company has had improved traction in water business / municipal services – increasingly being awarded L1 position in bids for water business.

**Cyclical nature of business:** SEPC's business remains dependent on the capacity expansion plans of its clients. This is dependent on the macro-economic scenario. As has been experienced in the last 3 years, there can be acute challenges in periods of low capital investments. While your Company has diversified its offerings and market presence, a subdued investment environment will impact the Company's pace of growth.

**Increased Capital Intensity:** In order to win projects, service providers are required to demonstrate adequate net worth. Further, project execution requires upfront investment in labour, material and equipment whereas payments are made on achievement of milestones. This can lead to elongated working capital cycles and impact the overall profitability of the business.

### Opportunities

**Large scale demand:** SEPC is primarily involved in meeting the demands of industries which play a pivotal role in ensuring long term development of the country. As the economy continues to strengthen and revert to a higher trajectory of growth, significant investments would be required in industries such as steel, cement, power, water and infrastructure. The growth in demand in end user verticals will result in expansion of opportunity for SEPC in phased manner.



**New Verticals:** The Company has over a period widened its areas of operations ranging from its core area of process and metallurgy, biomass power plants, water and waste water management, to newer verticals like thermal power plants, material handling, solar power plants and mines and mineral processing. Such additions has enabled SEPC to tide over risk associated with over reliant on particular segment. Going forward, the Company will enter in segments which offer synergetic benefits to its existing business.

**New Markets:** While the Company has primarily remained focussed on developing its presence domestically, it has recently forayed into newer segments and geographies. Subdued growth domestically coupled with revival in the economies of other emerging nations and developed nations have been the primary driver behind the Company's decision of widening its presence. The outcome of such action has resulted in further strengthening of SEPC's business.

### Threats

**Increasing Competition:** Due to the slowdown in pace of capital investment, there has been an increase in the competitive intensity in the sector. In order to win new business, some service providers have placed aggressive bid at reduced prices. Such bids offer compressed margins resulting in sub-optimal return on capital. These practices are detrimental to the long term development of the industry and affect the sustainability of the business.

**Regulatory and Political risks:** The development of the sector and Company is dependent on the stable and predictable governmental policies and measures. Increase in the level of regulations either to our sector directly or to the industries we serve could affect the Company's growth rate as the adverse policy measures could result in delays or alterations to investment plans.

**Disruptive technologies:** The accelerated rate of technological development evolving currently heightens the risk of exposing the industry to disruptive technologies. Impact of such technological change on our customers industries might also lead in alteration of our services to them.

### OUTLOOK

Going forward, we are optimistic of attaining the Company's sustained growth potential as we believe that we have taken necessary steps towards addressing some of the internal problems which have been affecting our performance in the past. While the initiatives will not yield immediate actions we

are confident that we will be able to reap the benefits of the same in the near future.

Also, the dark clouds encircling the economy are beginning to disperse and capital investment is expected to revive with the stable government at the centre. In case of improved demand for engineering services, we believe we are well positioned to meet the business opportunity in a profitable manner. In addition, the Company is also committed towards expanding its presence across new segments and geographies, which will result in mitigating the concentration risk. Lastly, by focussing on specific segment and industries and by further strengthening our ties with customers we believe we can deliver consistent growth for our shareholders.

### PERFORMANCE ANALYSIS

#### PROFIT AND LOSS ACCOUNT

**Revenue** – Consolidated revenues for the period ended 31<sup>st</sup> March, 2014 were ₹495.09 crores as against ₹1,905.59 crores for the period ended 30<sup>th</sup> June 2013.

**Other Income** – Other income comprising mainly of interest income for the period stood at ₹26.77 crores as against ₹63.47 crores.

**Expenditure** – Better inventory management coupled with stringent cost management resulted in mitigating impact of rising input costs.

**Interest** – Interest expense for the period stood at ₹190.75 crores as against ₹448.05 crores.

**Depreciation** – Depreciation expense for the period stood at ₹4.38 crores as against ₹23.06 crores.

**Provision for Taxation** – During the period the Company has not created any provision for taxation as against ₹2.4 crores in the previous year.

**Loss after Tax** – The Company reported a Loss after tax of ₹439.95 crores for the period as against ₹165.26 crores during previous year.

#### BALANCE SHEET

#### SOURCES OF FUNDS

**Equity Funds** - During the period, the share capital increased by ₹300 crores to ₹344.36 crores.

**Loan Funds** – The Company borrowed additional funds worth ₹280.57 crores primarily to meet its working capital requirement. During the period the Company repaid loans worth ₹110.07 crores and the balance ₹1,724.20 crores stood at 31<sup>st</sup> March, 2014.

## APPLICATION OF FUNDS

**Fixed Assets** - Gross Block at the end of FY 2014 stood at ₹77.23 crores as against ₹74.15 crores; increase of 4%.

**Investments** - The Companies total investments for the period stood at ₹17.03 crores as against ₹282.45 crores during last year.

## CURRENT ASSETS

**Cash and Bank** – Cash and bank balance as of 31<sup>st</sup> March, 2014 stood at ₹119.11 crores.

**Loans and Advances** – Loans and advances stood at ₹899.57 crores as against ₹364.54 crores.

## CURRENT LIABILITIES

Current Liabilities for the period ended 31<sup>st</sup> March, 2014 stood at ₹2,084.95 crores, as against ₹2,038.33 crores during FY13.

**Provisions** – Provisions during the period stood at ₹6.23 crores as against ₹5.49 crores as at the end of FY13.

**Deferred Tax Asset/Liability** – The Company has not recognized any deferred tax asset/liability for the period as against deferred tax asset of ₹13.93 crores during FY13.

## Risk Management and Internal Controls

### Risk Management

Your Company is aware that growing business is associated with greater proportion of risk. In an attempt to overcome the hurdles the Company has set up an extensive risk management system covering varied business aspects namely operational, legal, treasury, regulatory & financial reporting.

The Company's Board has established a Risk management committee, which is headed by the

Managing Director, which reviews, identifies, and advises suitable measures to avert such risks.

The risks can have an adverse impact on the functioning of the Company by affecting its operating and financial performance, cash flows and overall sustainability of the Company.

The risks that may affect the functioning of the Company include, but are not limited to:

- Rising inflation and other factors affecting demand
- Higher input, transport and storage cost
- Competitive market conditions
- Attrition of key staff and shortages of labor
- Compliance and regulatory pressures including changes to tax laws
- Unfavorable foreign exchange movement could impact project viability of international business

Your Company has a defined risk management model to identify potential risks, mitigate and monitor the occurrence of risk.

**Risk Identification:** Risk identification and monitoring activities are carried out frequently to improve the ongoing processes and procedures. The assessment is based on risk perception survey, scanning business environment and inputs from shareholders.

**Risk Mitigation:** Post risk recognition, risk mitigation and solutions are defined to commensurate the risk exposure level with risk appetite.

**Risk Reporting:** The Company has set up a risk council to deal with any reported risk. Further, a quarterly report is presented to the risk management committee, which examines the Enterprise risk management program to measure the status and trends available on the material risk highlighted.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has put in place a series of internal control measures to ensure safeguarding of assets and protect against losses arising on account of unauthorized use or disposition, incorrect use and inappropriate storage.



In addition, the Company seeks to ensure that all transactions are evaluated, authorized, recorded and reported correctly.

Your Company also practices stringent budgetary control review mechanism wherein the management repeatedly reviews actual performance as against planned and estimated targets drawn at the planning stage.

The systems are designed to ensure that financial and other records are maintained accurately and are reliable for preparing financial information and other data. The procedures are enhanced following a comprehensive programme of internal, external audits and periodic review by the management.

## HUMAN RESOURCES

Your Company recognizes that its human capital is an essential component for business growth. In order to achieve sustainable and real growth, it is imperative that their people strategies must be in alignment with their business initiatives.

The Company strives towards creating an environment which focusses on appropriately grooming employees and preparing them to take on additional responsibilities in the future. In keeping with best practices, your Company follows a structured and transparent compensation programme across the organization. Objective and 360 degree feedback is accorded to employees to ensure balanced growth and they are encouraged to pursue opportunities to enhance their skills and abilities.

The total manpower strength of SEPC stood at 699 spread evenly across all verticals as at 31<sup>st</sup> March, 2014.

## MANAGEMENT'S RESPONSIBILITY STATEMENT

The Management is liable for preparing the Company's 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

SEPC, which emerged as a core EPC player post divesting its stake in non-core investments is now focussed on ramping up its project execution skills.

SEPC with its proven track record of executing complex projects domestically and internationally in a time bound manner is committed towards improving its capabilities and competitiveness.

The Company excels in managing complexity and views it as a key differentiator which separates itself from its peers. The outcome of which has been the Company winning repeated orders from its clients on account of displaying such proficiency in its core operational area. It is also focused on scaling up each of its business verticals and has started scouting for opportunities in the overseas market as well.

The management is also striving to improve its competitiveness across each of its verticals, develop strategies towards building an even more competitive and profitable company capable of withstanding the challenges and capitalize on future opportunities.

## 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 by-laws established by the Company itself, and the structure of the Company. The corporate governance structure specifies the relationship, and the distribution of rights and responsibilities, among primarily three groups of participants, viz., the Board of Directors, Managers and Shareholders.

This system spells out the rules and procedures for making decisions on corporate objective that are set, as well as the means of attaining and monitoring the performance of those objectives. The fundamental concern of corporate governance is to ensure the conditions whereby a Company's Directors and Managers act in the interests of the Company and its various Stakeholders.

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

- To be transparent and maintain a high degree of disclosure levels.
- To make a clear distinction between personal conveniences and corporate resources.
- To communicate externally, in a truthful manner.
- To comply with various statutes.

- Management is 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 comprises of equal number of non-independent and independent members. Further we have Audit, Stakeholders Relationship Investment, Borrowing and Nomination & 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 10 members, 2 of whom are executive directors and others are non-executive directors. The Board periodically evaluates and decides the need for increasing or decreasing its size.

Six meetings of the Board of Directors were held during the period ended 31<sup>st</sup> March 2014 (29<sup>th</sup> August 2013, 5<sup>th</sup> September 2013, 10<sup>th</sup> September 2013, 22<sup>nd</sup> October 2013, 12<sup>th</sup> November 2013, 11<sup>th</sup> February 2014)

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 6 (SIX) meetings held	Whether Attended the AGM held on 12 <sup>th</sup> Dec, 2013	No. of Directorships in other Indian Public Limited Companies		No. of Committee Positions held	
					Chairman	Director	Chairman	Member
Mr. S. R. Ramakrishnan	Chairman	Non-Executive Independent	6	YES	-	3	-	6
Mr. T. Shivaraman	Managing Director & CEO	Executive	6	YES	-	2	-	3
Mr. M. Amjad Shariff	Jt. Managing Director	Executive	5	YES	-	1	-	0
Mr. R. Sundararajan	Director	Non-Executive Independent	6	YES	2	10	6	9
Mr. Sunil Kumar Kolangara	Director	Nominee Non-Independent	5	NO	-	3	-	0
Mr. S. Krishnamurthy	Director	Non-Executive Independent	6	YES	-	3	1	7
Mr. P. D. Karandikar	Director	Non-Executive Independent	6	NO	-	5	3	3
Mr. S. Bapu	Director	Non-Executive Independent	5	NO	-	1	-	1
Mr. Vishal Vijay Gupta	Director	Non-Executive Non-Independent	2	NO	-	4	-	1
Mr. S. Srinivasan	Director	Non-Executive Non-Independent	6	YES	-	6	-	4

None of the Directors on the Board is holding Directorships in more than 20 Companies, which also includes alternate directorships. They have also confirmed that they are not holding directorships in not more than 10 companies (including private companies that are either holding or subsidiary of a public company) in compliance with the new Companies Act, 2013).

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 2013-2014 is NIL

### MEMBERSHIP TERM

The Board periodically recommends to the shareholders about re-appointments as per statute and the provisions of the Companies Act, 2013 which requires the retirement of one third of the Board Members (who are liable to retire by rotation) to retire every year, and qualifies the retiring members for re- appointment upon completion of their term.

### COMPENSATION POLICY

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

### COMMITTEES OF THE BOARD

The Board has five Committees viz., the Audit Committee, the Nomination & Remuneration Committee, the Stakeholders Relationship Committee, the Investment Committee and the Borrowing Committee. The Board is responsible for constituting, reconstituting, co-opting and fixing terms of service for committee members and also its Charters.

The Committee Chairman or Members in consultation with the Company Secretary, determine the frequency and duration of the committee meetings. Normally, the

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

1. Mr. S. R. Ramakrishnan
2. Mr. R. Sundararajan
3. Mr. S. Krishnamurthy
4. Mr. S. Bapu

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

#### REDEFINED POWERS OF THE AUDIT COMMITTEE

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

#### Audit Committee Charter:

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/re-appointment 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

Three Audit Committee meetings were held during the 9 months period. These were held on 29<sup>th</sup> August 2013, 12<sup>th</sup> November 2013 and 11<sup>th</sup> February 2014.

Members	Category	No. of Meetings Attended
Mr. S. R. Ramakrishnan	Independent	3
Mr. R. Sundararajan	Independent	3
Mr. S. Krishnamurthy	Independent	3
Mr. S. Bapu	Independent	2

### 2. STAKEHOLDERS RELATIONSHIP COMMITTEE

The nomenclature of the erstwhile Share Transfer & Investors Grievance Committee got changed as Stakeholders Relationship Committee, as approved by the Directors in their meeting held on 27<sup>th</sup> May, 2014, in order to comply with the Companies Act, 2013.

Our Stakeholders Relationship Committee comprises of three independent directors. The members of the Committee are:

- 1) Mr. S. R. Ramakrishnan
- 2) Mr. R. Sundararajan
- 3) Mr. P. D. Karandikar

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

### The Stakeholders Relationship Committee Charter

Formerly the Investors Grievance Committee was constituted at the Board Meeting held on 10<sup>th</sup> September, 2007. The Committee looks into the letters / complaints received from the shareholders / investors / stock exchanges / SEBI and then reviews the same with the Registrar. These letters / complaints are replied immediately / redressed to the satisfaction of the complaints.

The Committee reviews periodically the action taken by the Company and the Share Transfer Agents in this regard. The pendency report if any, and the time taken to redress the complaints are also reviewed by the Committee. The charter of the Committee is as follows :

1. Investor relations and redressal of shareholder's 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.

### STAKEHOLDERS RELATIONSHIP COMMITTEE ATTENDANCE

Three Stakeholders Relationship Committee meetings were held during the 9 months period. These were held on 29<sup>th</sup> August 2013, 12<sup>th</sup> November 2013, and 11<sup>th</sup> February 2014.

Members	Category	No. of Meetings Attended
Mr. R. Sundararajan	Independent	3
Mr. S. R. Ramakrishnan	Independent	3
Mr. P. D. Karandikar	Independent	3

There was no complaint pending to be resolved at the beginning of the year and there was no complaint received during the year.

### 3. INVESTMENT COMMITTEE

Our Investment Committee comprises of six directors

They are:

1. Mr. S. R. Ramakrishnan
2. Mr. R. Sundararajan
3. Mr. S. Krishnamurthy
4. Mr. S. Bapu
5. Mr. Vishal Vijay Gupta
6. Mr. S. Srinivasan

#### 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

A Investment Committee meeting was held during the 9 months period on 18<sup>th</sup> March, 2014.

Members	Category	No. of Meetings Attended
Mr. S. R. Ramakrishnan	Independent	1
Mr. R. Sundararajan	Independent	1
Mr. S. Krishnamurthy	Independent	1
Mr. S. Bapu	Independent	1
Mr. Vishal Vijay Gupta	Non-Independent	-
Mr. S. Srinivasan	Non-Independent	1

### 4. BORROWING COMMITTEE

Our Borrowing Committee comprises of four directors.

1. Mr. T. Shivaraman
2. Mr. S. Krishnamurthy
3. Mr. S. Bapu
4. Mr. S. Srinivasan

#### Borrowing Committee Charter:

- Borrow monies otherwise than on Debentures – not exceeding ₹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

A Borrowing Committee meeting was held during the 9 months period on 22<sup>nd</sup> October, 2013.

Members	Category	No. of Meetings Attended
Mr. T. Shivaraman	Non-Independent	1
Mr. S. Krishnamurthy	Independent	1
Mr. S. Bapu	Independent	1
Mr. S. Srinivasan	Non-Independent	1

### 5. NOMINATION AND REMUNERATION COMMITTEE

The erstwhile Remuneration Committee was reconstituted as Nomination and Remuneration Committee, as approved by the Directors at their meeting held on 27<sup>th</sup> May 2014, in order to comply with the Companies Act, 2013.

Our Nomination and Remuneration Committee comprises of four directors. The members of Committee are:

- 1) Mr. S. R. Ramakrishnan
- 2) Mr. R. Sundararajan
- 3) Mr. T. Shivaraman
- 4) Mr. Vishal Vijay Gupta

#### Nomination and 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 issue.

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

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 39 of the Companies Act, 2013 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 Nomination and Remuneration Committee will be placed before the Board in its subsequent meeting.

## NOMINATION AND REMUNERATION COMMITTEE ATTENDANCE

Two Nomination and Remuneration Committee meeting was held during the 9 months period. These were held on 27<sup>th</sup> December, 2013 and 10<sup>th</sup> March, 2014.

Members	Category	No. of Meetings Attended
Mr. S. R. Ramakrishnan	Independent	2
Mr. R. Sundararajan	Independent	2
Mr. T. Shivaraman	Non-Independent	2
Mr. Vishal Vijay Gupta	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 Executive Directors for the period ended 31<sup>st</sup> March, 2014 are as follows:-

### Non Executive Directors - Salary / Allowances (₹)

Name	Sitting fees paid for Board and Committee meetings Inclusive of TDS (₹)	
	Board	Committee
Mr. S. R. Ramakrishnan	90000	90000
Mr. R. Sundararajan	90000	90000
Mr. S. Babu	75000	40000
Mr. Sunil K Kolangara	75000	NIL
Mr. S. Krishnamurthy	90000	50000
Mr. P. D. Karandikar	90000	30000
Mr. Vishal Vijay Gupta	30000	--

### Executive Directors - Salary / Allowances (₹)

Name	Value of Remuneration (₹)
Mr. T. Shivaraman	50,96,000
Mr. M. Amjad Shariff	54,98,000



## General Body Meetings

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

For the year ended	Venue	Day and Date	Time
30 <sup>th</sup> June, 2013 (15 months)	AT MINI HALL, SRI KRISHNA GANA SABHA, 20, MAHARAJAPURAM SANTHANAM ROAD, T.NAGAR, CHENNAI - 600 017	THURSDAY 12 <sup>th</sup> December, 2013	11.30 A.M.
31 <sup>st</sup> March, 2012	AT MINI HALL, SRI KRISHNA GANA SABHA, 20, MAHARAJAPURAM SANTHANAM ROAD, T.NAGAR, CHENNAI - 600 017	FRIDAY 29 <sup>th</sup> September, 2012	11.00 A.M.
31 <sup>st</sup> March, 2011	AT MINI HALL, SRI KRISHNA GANA SABHA, 20, MAHARAJAPURAM SANTHANAM ROAD, T.NAGAR, CHENNAI - 600 017	FRIDAY 09 <sup>th</sup> September, 2011	03.00 P.M.

## SPECIAL RESOLUTIONS PASSED AT LAST THREE ANNUAL GENERAL MEETINGS

At the 11<sup>th</sup> AGM held on 9<sup>th</sup> September, 2011, the following resolution was passed:

Under Section 31 of the Companies Act, 1956 for altering the Article No. 2 of the Articles of Association of the Company to enable the shareholders/directors of the company to participate effectively in the general meetings and board meetings of the company through electronic mode.

At the 12<sup>th</sup> AGM held on 29<sup>th</sup> September, 2012, the following resolution was passed:

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 Companies Act, 1956 together with the copies of certificates and documents required to be annexed under Section 160 and 161 of the Companies Act, 1956 at the Registered Office of the Company at 4<sup>th</sup> Floor, Sigappi Achi Building, No. 18/3, Rukmini Lakshmi pathi Salai, Egmore, Chennai - 600 008 with effect from this meeting instead of No. 9, Vanagaram Road, Ayanambakkam, Chennai - 600 095. No Special Resolution was proposed at the 13<sup>th</sup> Annual General Meeting held on 12<sup>th</sup> December, 2013.

No Special Resolution was passed in the 13<sup>th</sup> AGM held on 12<sup>th</sup> December, 2013.

### Postal Ballot

Approval of the Shareholders was obtained on 6<sup>th</sup> August, 2013 by way of an Ordinary Resolution under Sections 293 (1) (a) read with Section 192A and other applicable provisions of the Companies Act, 1956, for transfer of 11 nos. of wind electric generators totalling to 16.2 MW capacity to M/s. Hexa Wind Private Limited.

Approval of the Shareholders was obtained on 29<sup>th</sup> November, 2013 by way of Special resolution under Section 81(1A) of the Companies Act, 1956, for raising additional capital by way of issue of Cumulative Redeemable preference shares for ₹300 crores to the holding Company, M/s Shriram Industrial Holdings Ltd .

Approval of the Shareholders was obtained on 29<sup>th</sup> November, 2013 by way of Ordinary Resolution under Section 94 of the Companies Act, 1956, for increase of Authorised Capital from ₹85 crores to ₹385 crores.

Approval of the Shareholders was obtained on 29<sup>th</sup> November, 2013 by way of Special Resolution under Section 31 of the Companies Act, 1956, for alteration in the Articles of Association with respect to Capital clause.

Approval of the Shareholders was obtained on 29<sup>th</sup> November, 2013 by way of Special Resolution under Section 269 of the Companies Act, 1956, for continuing to pay the same managerial remuneration to the Managing Director & CEO

and the Joint Managing Director inspite of loss in the financials for the 15 months ended 30<sup>th</sup> June 2013 & to make necessary application to the Central Government and by authorising officials of the Company thereof.

### Prevention of Insider Trading

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

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

1. As detailed in the earlier paragraphs, the Company 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.
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. No significant related party transactions, with Directors/Promoters/Management which had potential conflict with the interests of

the Company. 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 36 to the accounts in the Annual Report. The Company has followed the Guidelines of Accounting Standards notified by the Central Government through Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements

### Compliance

The Board periodically reviews the compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances, if any.

### Risk Management

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

### 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 quarters ended 30<sup>th</sup> September, 2013, 31<sup>st</sup> December, 2013, 31<sup>st</sup> March, 2014.

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate

Governance as stipulated in Clause 49 of the Listing Agreements with the stock exchanges. The said certificate is annexed to this report and will be forwarded to the Stock Exchanges and the Registrar of Companies, Tamil Nadu, Chennai, along with the Annual Report.

As regards the non-mandatory requirements, the following have been adopted

1. As detailed in the earlier paragraphs, the company has constituted a Nomination and Remuneration Committee.
2. Audit Qualification  
The Company's financial statements are unqualified.
3. Whistle Blower Policy  
The Company has adopted a Whistle Blower Policy with the objective to provide employees, customers and vendors an avenue to raise concerns, in line with SEPC's commitment to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith. The Audit Committee reveals periodically the functioning of the Whistle Blower Mechanism.

The Whistle Blower Policy has been posted in the Company's website – [www.shriramepc.com](http://www.shriramepc.com)

4. Shareholders Rights  
The quarterly financial results are published in leading financial newspapers, uploaded on the Company's website and major developments are covered in the press releases issued by the Company and posted in the Company's website. The Company has therefore not been sending the half-yearly financial results to the shareholders.
5. Other non-mandatory requirements have not been adopted by the Company.

### Means of Communication

The audited financial results are published in the newspapers including The Hindu-Business Line, Malai Tamizhagam etc. The quarterly results and other major announcements like book closure and dividend declarations will also be published in leading newspaper dailies and will also be made available in the Company's website [www.shriramepc.com](http://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.

The Company also submits, inter-alia, to the Stock Exchanges, the full version of the Annual Report; quarterly report on Corporate Governance; quarterly/yearly financial results; quarterly shareholding pattern; quarterly secretarial audit report; details of appointment/resignation of Directors and Company Secretary and such other reports as may be specified. In terms of Clause 52 of the Listing Agreement with the Stock Exchanges, the Company also submits the Statements, information and reports at <http://www.connect2nse.com/LISTING/> and <http://listing.bseindia.com> specified by the NSE and BSE respectively.

### 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

4<sup>th</sup> Floor, Sigappi Achi Building, Door No.18/3, Rukmini Lakshmi pathi Salai (Marshalls Road), Egmore, Chennai - 600 008

### ANNUAL GENERAL MEETING

Day	Wednesday
Date	10 <sup>th</sup> September, 2014
Time	3.00 P.M.
Venue	At Kamakoti Hall, Sri Krishna Gana Sabha, 20, Maharajapuram Santhanam Road, T.Nagar, Chennai - 600 017

### TENTATIVE FINANCIAL CALENDER

Annual General Meeting	
Financial reporting for the 01 <sup>st</sup> Quarter ending 30 <sup>th</sup> June, 2014	On or before 15 <sup>th</sup> August, 2014
Financial reporting for the 02 <sup>nd</sup> Quarter ending 30 <sup>th</sup> September, 2014	On or before 15 <sup>th</sup> November, 2014
Financial reporting for the 03 <sup>rd</sup> Quarter ending 31 <sup>st</sup> December, 2014	On or before 15 <sup>th</sup> February, 2015
Financial reporting for the year ending 31 <sup>st</sup> March, 2015	On or before 30 <sup>th</sup> May, 2015

### FINANCIAL YEAR

The Financial year of the Company is 01<sup>st</sup> April – 31<sup>st</sup> March.

### BOOK CLOSURE

Friday, the 5<sup>th</sup> September, 2014 to Wednesday, the 10<sup>th</sup> September, 2014 (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

Month	[BSE]		[NSE]	
	High (₹)	Low (₹)	High (₹)	Low (₹)
JULY	49.90	35.10	49.25	35.55
AUGUST	50.00	35.25	51.60	35.60
SEPTEMBER	40.00	31.05	38.00	30.75
OCTOBER	33.80	26.10	34.05	26.90
NOVEMBER	34.75	27.30	34.70	27.00
DECEMBER	32.75	28.05	33.45	28.25
JANUARY	32.95	28.00	32.50	27.45
FEBRUARY	30.00	25.05	30.25	24.90
MARCH	33.30	24.80	33.30	24.80



### 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 31<sup>ST</sup> MARCH, 2014

CATEGORY	NO.OF HOLDERS	TOTAL SHARES
Promoter	2	18334526
Financial Institution	1	317646
Mutual Fund	1	1300900
Foreign Institutional Institutions	2	1128530
Non-Resident Indians	82	44606
Corporate Body	242	16568849
Director and Relatives	7	16457
Employees	80	406529
Clearing Member	24	7832
Trusts	1	3786779
Resident Individual	8645	2445530
Total	9087	44358184

### DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2014

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1 - 5000	8268	90.99	824360	8243600	1.86
5001 - 10000	359	3.95	287044	2870440	0.65
10001 - 20000	181	1.99	272420	2724200	0.61
20001 - 30000	71	0.78	179053	1790530	0.40
30001 - 40000	44	0.48	156981	1569810	0.35
40001 - 50000	32	0.35	147281	1472810	0.33
50001 - 100000	66	0.73	483452	4834520	1.09
100001 - And Above	66	0.73	42007593	420075930	94.70
Total :	9087	100.00	44358184	443581840	100.00

### DISTRIBUTION OF HOLDINGS - NSDL & CDSL & PHYSICAL RECORD DATE: 31<sup>ST</sup> MARCH, 2014

CATEGORY	NO.OF HOLDERS	TOTAL POSITIONS	% OF HOLDINGS
PHYSICAL	9	63	0.00
NSDL	5961	36399049	82.06
CDSL	3117	7959072	17.94
TOTAL	9087	44358184	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.

## DEMATERIALIZATION 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.

As on 31<sup>st</sup> March, 2014 100% of shares were held in dematerialized form.

## ADDRESS FOR INVESTOR CORRESPONDENCE

For any assistance regarding dematerialization 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,  
4<sup>th</sup> Floor, Sigappi Achi Building,  
Door No.18/3, Rukmini Lakshmi pathi  
Salai(Marshalls Road)  
Egmore, Chennai - 600 008  
India  
Tel: (91 44) 2836 1817  
Fax: (91 44) 2836 3518  
Email: suresh@shriramepc.com  
Website:www.shriramepc.com

## 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.

## CODE OF CONDUCT FOR DIRECTORS & SENIOR MANAGERS

The Board of Directors at their meeting held on 14<sup>th</sup> February, 2008 has adopted the Code of Conduct for Directors and Senior Management (the Code) which is 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 period ended 31<sup>st</sup> March 2014, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

Chennai  
27<sup>th</sup> May, 2014

T. SHIVARAMAN  
MANAGING DIRECTOR & CEO



## Auditors Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement(s) to the Members of Shriram EPC Limited

Ref: MKA/SEPC/CG/2013-14/1

1. We have examined the compliance of conditions of Corporate Governance by Shriram EPC Limited (the "Company") for the nine months period ended 31<sup>st</sup> March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
2. 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.
3. 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.
4. 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  
Registration No: 008072S

M. K. Ananthanarayanan  
Partner  
Membership No.19521

Place : Chennai  
Date : 27<sup>th</sup> May, 2014

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHRIRAM EPC LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of SHRIRAM EPC LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss for the Nine months ended 31<sup>st</sup> March, 2014 and the Cash Flow Statement for the period then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the

financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Loss of the Company for the Nine months ended 31<sup>st</sup> March, 2014 and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

### Emphasis of Matter

1. Attention is invited to Note 50 and Note 51 to the financial statements regarding the dues in respect of



projects undertaken for two customers. As explained in the said notes, these projects are stalled and Company has not been able to make further progress. However, In the circumstance and for the reasons explained in these notes, the said dues are considered fully realisable by the Management.

2. Attention is drawn to Note No. 52 of the Financial Statements regarding Investments and Loans made to certain companies the aggregate of which as on 31<sup>st</sup> March 2014 exceed the limits approved by the Shareholders for each of such entities though the aggregate outstanding as on that date is within overall limit approved by the Shareholders.

Our opinion is not qualified in respect of above matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

Place : Chennai  
Date : 27<sup>th</sup> May, 2014

2. As required by Section 227(3) of the Act, we report that:

- (a) 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.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

M. K. Ananthanarayanan  
Partner  
Membership No.19521



## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. Having regard to the nature of the Company's business/activities/result, clauses (vi), (xii), (xiii), (xiv), (xix) and (xx) of paragraph 4 of the order 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 period 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 period, 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, the inventories (other than contract work in progress) were physically verified by the Management at the period end.

(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 and no material discrepancies were noticed on physical verification.

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 loans aggregating to ₹47,446.71 Lakhs to a party covered in the register maintained under Section 301 of the Companies Act, 1956 during the period. At the period-end, the outstanding balance of such loan was ₹36,338.16 Lakhs from the party and the maximum amount involved during the period was ₹36,916.95 Lakhs from the party.

(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) The receipts of principal amounts and interest have been regular/as per stipulations.

(d) There are no overdue amounts as at the Balance Sheet date.



The Company has not taken any loans, secured or unsecured, to/from 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, fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.

6. To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that needed to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.

7. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost

Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Customs Duty, Value added tax, Works Contract Tax, Sales Tax, Wealth tax, Service Tax, Cess and other statutory dues applicable to it with the appropriate authorities during the period.

Further statutory dues in respect of Excise Duty are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employee State Insurance, Income Tax, Customs Duty, Value added tax, Works Contract Tax, Sales Tax, Wealth tax, Service Tax, Cess were in arrears, as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.



- (c) Details of dues of Income Tax, Customs Duty, Value added tax, Works Contract Tax, Sales Tax, Wealth tax, Service Tax, Cess which have not been deposited as on 31<sup>st</sup> March, 2014 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lakhs)
Income Tax Act, 1961	Income Tax, interest and penalty	Commissioner of Income Tax ( Appeals )	2005-06 to 2010-2011	1,298.65
Service Tax (Chapter V of the Finance Act 1994)	Service Tax and penalty	Customs Excise and Service Tax Appellate Tribunal	2006-07 to 2008-09	207.67
Service Tax (Chapter V of the Finance Act 1994)	Service Tax and penalty	Commissioner of Service tax(Appeals)	2008-09 to 2011-2012	114.54
Andhra Pradesh Value Added Tax Act	Value Added Tax	Supreme Court	2007-2008 to 2009-2010	223.33
Tamilnadu Value added Tax Act	Value Added Tax	High Court	2008-09 to 2012-13	1,123.31
West Bengal Value Added Tax Act	Value Added Tax	Joint Commissioner (Appeals)	2008-09 & 2010-11	500.39
West Bengal Value Added Tax Act	Value Added Tax	West Bengal Commercial Taxes Appellate & Revisional Board	2007-08	558.45
West Bengal Value Added Tax Act	Value Added Tax	Ld. Joint Commissioner (Appeals) of West Bengal Commercial Taxes	2008-09 to 2010-11	408.39
Jharkhand Value Added Tax Act	Value Added Tax	Commercial Tax Officer	2007-08 to 2008-09	721.00
Andhra Pradesh Value Added Tax Act	Value Added Tax	Appellate Authority	2008-09 to 2011-12	40.17

10. The accumulated losses of the Company at the end of the financial period are not less than fifty percent of its net worth and the Company has incurred cash losses during the financial period covered by our audit and in the immediately preceding financial period.

11. In our opinion and according to the information and explanations given to us, the Company has not been regular in repayment of dues to banks

and there have been defaults in repayment of principal and interest amounting to ₹17,600.46 Lakhs during the period and defaults in repayment of principal and interest amounting to ₹13,166.91 Lakhs outstanding as at 31<sup>st</sup> March, 2014. (Refer Note No. 5.3 and Note No. 8.3 of financial statements). The company has not borrowed from financial institutions and has not issued any debentures during the period.

12. In our opinion and according to the information and explanations given to us, the Company has given a guarantee, for loans taken by one party, from a bank during the period, the terms of which are prima facie not prejudicial to the interest of the company.
13. In our opinion and according to the information and explanations given to us, the term loans have been applied by the company during the period for the purposes for which they were obtained.
14. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that

- funds raised on short-term basis have, prima facie, not been used during the period for long-term investment.
15. During the period, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
16. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the period.

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

M. K. Ananthanarayanan  
Partner  
Membership No.19521

Place : Chennai  
Date : 27<sup>th</sup> May, 2014

**SHRIRAM EPC LIMITED**  
BALANCE SHEET AS AT 31 MARCH 2014

₹in Lakhs

Particulars		Note No	As at 31 March 2014	As at 30 June 2013
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
1	Shareholders' funds			
	Share Capital	3	34,435.82	4,435.82
	Reserves and Surplus	4	(23,906.74)	20,030.22
			10,529.08	24,466.04
2	Non-Current Liabilities			
	Long Term Borrowings	5	22,171.77	15,843.55
	Other Long Term Liabilities	6	96.83	69.75
	Long Term Provisions	7	258.37	242.32
			22,526.97	16,155.62
3	Current Liabilities			
	Short Term Borrowings	8	150,248.52	139,527.00
	Trade Payables	9	34,494.58	40,943.52
	Other Current Liabilities	10	23,387.00	23,217.88
	Short Term Provisions	11	305.12	306.31
			208,435.22	203,994.71
	<b>TOTAL</b>		<b>241,491.27</b>	<b>244,616.37</b>
<b>B</b>	<b>ASSETS</b>			
1	Non-Current Assets			
	Fixed Assets	12		
	Tangible Assets		4,219.13	4,242.51
	Intangible Assets		106.86	211.39
	Capital Work-in-Progress		2,658.06	932.49
			6,984.05	5,386.39
	Non-Current Investments	13	4,505.17	4,581.78
	Deferred Tax assets (net)		-	1,392.84
	Long-term Loans and Advances	14	71,342.47	2,571.09
	Other Non-Current Assets	15	53,089.60	13,092.33
			135,921.29	27,024.43
2	Current Assets			
	Current Investments	16	44.22	19,851.63
	Inventories	17	11,426.08	32,386.43
	Trade Receivables	18	24,607.22	58,234.70
	Cash and Cash Equivalents	19	11,875.96	9,037.88
	Short Term Loans and Advances	20	18,622.79	33,883.00
	Other Current Assets	21	38,993.71	64,198.30
			105,569.98	217,591.94
	<b>TOTAL</b>		<b>241,491.27</b>	<b>244,616.37</b>
	See accompanying notes forming part of the financial statements			

In terms of our report attached  
For Deloitte Haskins and Sells  
Chartered Accountants

M. K. Ananthanarayanan  
Partner

Place : Chennai  
Date : 27<sup>th</sup> May, 2014

For and on behalf of the Board of Directors

T. Shivaraman  
Managing Director

K. Suresh  
Company Secretary

R. Sundararajan  
Director

R. S. Chandrasekharan  
Chief Financial Officer

**SHRIRAM EPC LIMITED**  
STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTHS ENDED 31 MARCH 2014

₹in Lakhs

Particulars		Note No	Nine Months ended 31 March 2014	Fifteen Months ended 30 June 2013
I	Revenue from Operations	22	49,509.13	170,512.96
II	Other Income	23	2,677.59	6,034.80
III	Total Revenue (I+II)		52,186.72	176,547.76
IV	Expenditure :			
	Cost of Raw Materials and Components Consumed	24	487.38	1,151.52
	Erection, Construction & Operation Expenses	25	38,882.95	114,063.30
	Purchases of Stock in Trade	26	-	12,151.74
	Change in Inventories of Contract Work in Progress, Finished Goods and Stock In Trade	27	20,868.09	(4,787.16)
	Employee Benefits Expense	28	4,090.34	6,079.78
	Finance Costs	29	19,075.02	41,093.80
	Depreciation and Amortisation Expense	12	437.69	1,427.56
	Other Expenses	30	10,889.37	15,749.63
	<b>Total Expenses</b>		<b>94,730.84</b>	<b>186,930.17</b>
V	Loss Before Exceptional Items and Tax (III-IV)		(42,544.12)	(10,382.41)
VI	Exceptional Items	31	-	(20,132.53)
VII	Loss Before Tax (V+VI)		(42,544.12)	(30,514.94)
VIII	Tax expense / (benefit):			
	(1) Current tax		-	237.36
	(2) Deferred tax (Net)		1,392.84	(4,466.18)
	<b>Net tax expense / (benefit)</b>		<b>1,392.84</b>	<b>(4,228.82)</b>
IX	Loss After Tax for the period		(43,936.96)	(26,286.12)
X	Earnings per Share:( Face value of ₹10/- per share)			
	Basic		(99.05)	(59.27)
	Diluted		(99.05)	(59.27)
	See accompanying notes forming part of the financial statements			

In terms of our report attached  
For Deloitte Haskins and Sells  
Chartered Accountants

M. K. Ananthanarayanan  
Partner

Place : Chennai  
Date : 27<sup>th</sup> May, 2014

For and on behalf of the Board of Directors

T. Shivaraman  
Managing Director

K. Suresh  
Company Secretary

R. Sundararajan  
Director

R. S. Chandrasekharan  
Chief Financial Officer

**SHRIRAM EPC LIMITED**  
CASH FLOW STATEMENT FOR NINE MONTHS ENDED 31 MARCH 2014

₹in Lakhs

	Particulars	Nine Months ended 31 March 2014	Fifteen Months ended 30 June 2013
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Loss before Tax	(42,544.12)	(30,514.94)
	Depreciation and amortisation expense	437.69	1,427.56
	Employee Stock Option Expense	-	2.00
	Provision for Gratuity	16.54	71.97
	Provision for Compensated Absences	(1.69)	182.26
	Loss on disposal of Fixed Assets (Net)	6.20	21.88
	Bad Trade Debts/Advances Written off		
	- Sree Jayajothi Cements Ltd	-	6,176.34
	- Others	4,962.17	8,163.55
	Liabilities / provisions no longer required written back	(1,197.61)	(1,391.21)
	Interest Income	(1,215.58)	(4,194.32)
	Gain on Sale of Investments	-	(5,552.69)
	Interest and Finance Charges	19,075.02	41,093.80
	Write down in the carrying value of Inventories	16,779.45	-
	Provision for Unbilled Revenue	8,693.20	-
	Deferred rent	27.08	53.36
	Adjustments to the carrying amount of current investments		
	- Sree Jayajothi Cements Ltd	-	4,931.36
	- Spark Environmental Technology Ltd	-	11,794.24
	- Orient Green Power Company Limited	-	2,783.28
		47,582.47	65,563.37
	<b>Operating Profit before working capital changes</b>	<b>5,038.35</b>	<b>35,048.42</b>
	<b>Working capital changes :</b>		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	4,180.90	(4,584.40)
	Trade Receivables	28,665.32	49,323.53
	Short Term Loans and Advances	15,260.21	36,862.67
	Long Term Loans and Advances	(68,003.76)	984.02
	Other Current Assets	25,261.66	(39,909.68)
	Other Non-Current Assets	(48,690.47)	(3,991.67)
		(43,326.14)	38,684.47
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade Payables	(5,251.33)	(11,658.90)
	Other Current Liabilities	2,800.53	(19,181.11)
	Other Long Term Liabilities	-	3.00
		(2,450.80)	(30,837.01)
	Cash generated from /(used in) operations	(40,738.59)	42,895.87
	Net income tax paid	(767.62)	(323.94)
	<b>Net Cash flow (used in)/from Operating Activities (A)</b>	<b>(41,506.21)</b>	<b>42,571.93</b>

**SHRIRAM EPC LIMITED**  
CASH FLOW STATEMENT FOR NINE MONTHS ENDED 31 MARCH 2014 (contd.)

₹in Lakhs

	Particulars	Nine Months ended 31 March 2014	Fifteen Months ended 30 June 2013
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital expenditure (including Capital Work in progress)	(2,585.24)	(966.94)
	Proceeds from sale of fixed assets	269.91	17.75
	Bank balances not considered as Cash and cash equivalents (Net)		
	- Placed	(10,505.24)	(8,464.78)
	- Matured	8,464.78	3,299.71
	Purchase of Long Term investments		
	- Subsidiary	(24.26)	-
	- Joint ventures	-	(400.00)
	- Others	-	(35,199.01)
	Proceeds from sale of Long Term Investments		
	- Subsidiary	-	15,151.00
	- Joint ventures	-	10,388.00
	- Associate	-	652.00
	- Others	19,908.28	-
	Interest Received	1,158.50	4,152.36
	<b>Net Cash from/ (Used in) Investing Activities (B)</b>	<b>16,686.73</b>	<b>(11,369.90)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from issue of equity Shares (Including Share Application Money)	30,000.00	1.39
	Proceeds from long term borrowings	12,150.77	17,050.39
	Repayment of long term borrowings	(5,822.54)	(3,699.72)
	Movement in current maturities of long term borrowings	718.73	(2,135.89)
	Net (Decrease)/Increase in Working Capital Borrowings	10,721.52	(36,844.03)
	Interest and Finance Charges Paid	(22,151.38)	(37,800.46)
	Dividends paid ( including dividend distribution tax)	-	(619.25)
	<b>Net Cash from / (used in) Financing Activities (C)</b>	<b>25,617.11</b>	<b>(64,047.58)</b>
<b>D</b>	<b>NET INCREASE ( DECREASE ) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD ( A + B + C )</b>	<b>797.62</b>	<b>(32,845.54)</b>
	Cash and Cash equivalents as at the beginning of the period	573.10	33,405.27
	Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	-	13.37
	Cash and Cash equivalents as at the end of the period	1,370.72	573.10

## SHRIRAM EPC LIMITED

### CASH FLOW STATEMENT FOR NINE MONTHS ENDED 31 MARCH 2014 (contd.)

₹ in Lakhs

Particulars	Nine Months ended 31 March 2014	Fifteen Months ended 30 June 2013
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet	11,875.96	9,037.88
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		
- Margin Money having maturity period exceeding three months	(10,505.24)	(8,464.78)
Cash and cash equivalents at the end of the year *	1,370.72	573.10
* Comprises:		
(a) Cash on hand	12.84	37.18
(b) Cheques, drafts on hand	-	-
(c) Cheques in Transit	-	-
(d) Balances with banks	-	-
(i) In current accounts	329.02	449.25
(ii) In deposit accounts with original maturity of less than 3 months	1,009.99	67.81
(iii) In earmarked accounts (Unpaid Dividend Account)	18.87	18.86
	1,357.88	535.92
	1,370.72	573.10
See accompanying notes forming part of the financial statements		

#### Notes:

Capital expenditure includes adjustments for current liabilities relating to acquisition of fixed assets to the extent identified.

In terms of our report attached  
For Deloitte Haskins and Sells  
Chartered Accountants

M. K. Ananthanarayanan  
Partner

Place : Chennai  
Date : 27<sup>th</sup> May, 2014

For and on behalf of the Board of Directors

T. Shivaraman  
Managing Director

K. Suresh  
Company Secretary

R. Sundararajan  
Director

R. S. Chandrasekharan  
Chief Financial Officer

## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 1 Corporate Information

Shriram EPC Limited (the "Company" or "SEPC") is the flagship company of the Shriram Group. The Shriram Group has diverse interests across Financial Services, IT Services, Project Engineering & Construction, Property Development, Life Insurance and General Insurance. Company provides end-to-end solutions to engineering challenges, offering multi disciplinary design, engineering, procurement, construction and project management services. SEPC is focused on providing turnkey solutions for ferrous & non ferrous, cement, aluminium, copper and thermal power plants, water treatment & transmission, renewable energy, cooling towers & material handling.

#### 2 Significant Accounting Policies:

##### 2.1 Basis of Accounting and Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Companies Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### 2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

##### 2.3 Inventories

Inventories are valued at the lower of cost on FIFO basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the

goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

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

Contract Work in Progress represent work in progress on construction contracts which reflects proportionate value of inputs and expenses on contracts yet to be billed.

##### 2.4 Cash and cash equivalents (for the purposes of Cash Flow Statement)

Cash comprises of cash on hand, cheques in transit and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

##### 2.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby Profit / (Loss) before Tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

##### 2.6 Depreciation and amortisation

Depreciation is computed under Straight Line Method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 except for the following:

- (i) Leasehold improvements are written off over the primary period of their lease.
- (ii) Certain items of Plant and Machinery used at project sites are depreciated over an estimated useful life of 2 to 4 years.
- (iii) Technical Know-how fees are amortised over the period of 5 to 10 years based on estimated useful life of the asset.
- (iv) Software cost are amortised over a period of 5 years based on Management's evaluation of their estimated useful life.
- (v) Lease hold Land Using Rights is amortised over the primary period of lease, which is 20 years.
- (vi) Individual assets costing ₹5,000/- each or less is depreciated fully in the year of acquisition.

## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 2.7 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 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 when they are established.

Revenue from Joint Venture Contracts : In respect of Jointly Controlled Operations, revenues, expenses, assets and liabilities are accounted for in the Company's books to the extent work is executed by the Company.

Contract Revenue earned in excess of billing has been reflected as 'Unbilled Revenue' under 'Other Current Assets' and 'Other Non Current Assets' as the case may be and billing in excess of Contract Revenue has been reflected as 'Advances Billing' under 'Other Current Liabilities'.

Revenue from the sale of power is recognised on the basis of the number of units of power exported, in accordance with joint meter readings undertaken on a monthly basis by representatives of the State Electricity Board and the Company, at rates agreed upon with customers

Dividend Income on Investments is accounted for when the right to receive the payment is established. Interest income is accounted on accrual basis. Interest income is included under the head "other Income" in the Statement of Profit and Loss.

#### 2.8 Fixed Assets

Fixed Assets are stated at historical cost (net of CENVAT/VAT wherever applicable) less Accumulated Depreciation / Amortisation. Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs till such assets are ready for its intended use.

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

#### 2.9 Foreign Currency Transaction

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets & liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognized in the Statement of Profit and Loss.

Integral foreign operations: Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Exchange differences arising on actual payments/realizations and year-end restatements are dealt with in the Statement of Profit and Loss. Investments in Foreign currencies are reported using the exchange rate at the date of the transaction.

Integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's integral foreign operations outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.

#### 2.10 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

#### 2.11 Employee Benefits

##### 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 at the balance sheet date, are recognized as an expense as per the Company's scheme based on expected obligations on undiscounted basis.



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

#### Long-term Employee Benefits

##### (i) Defined Contribution Plans:

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

##### (ii) Defined Benefit Plans:

For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

##### (iii) Long Term Compensated Absences:

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 Statement of Profit and Loss as income or expense.

#### 2.12 Employee Share Based payments

The Company has formulated Employee Stock Option Schemes '2006' and '2007' (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

#### 2.13 Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

#### 2.14 Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

#### 2.15 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 2.16 Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

#### 2.17 Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss

recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

#### 2.18 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the 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 liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

#### 2.19 Provision for warranty

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

#### 2.20 Derivatives

All derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

#### 2.21 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

#### 2.22 Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The normal operating cycle of the entity for Construction Contracts is the duration of 2 to 3 years depending on each contract. For all other segments, the normal operating cycle has been considered as a duration of 12 months.



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 3 Share Capital

The authorized, issued, subscribed and fully paid-up share capital:

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Authorised :-</b>		
85,000,000 Equity Shares of ₹10 each	8,500.00	6,500.00
30,000,000 Convertible Preference shares of ₹100 each	30,000.00	2,000.00
	38,500.00	8,500.00
<b>Issued, Subscribed and fully Paid-up:-</b>		
44,358,184 Equity Shares (previous year - 44,358,184 Equity Shares) of ₹10 each	4,435.82	4,435.82
<b>Preference Share Capital</b> (30,000,000 10% Cumulative Redeemable Preference shares of ₹100/- each)	30,000.00	-
Total	34,435.82	4,435.82

#### 3.1 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period :

Particulars	As at 31 March 2014		As at 30 June 2013	
	In Shares	Amount (in ₹ Lakhs)	In Shares	Amount (in ₹ Lakhs)
<b>Equity Shares</b>				
At the beginning of the period	44,358,184	4,435.82	44,344,284	4,434.43
Issued during the period	-	-	13,900	1.39
Outstanding at the end of the period	44,358,184	4,435.82	44,358,184	4,435.82

Particulars	As at 31 March 2014		As at 30 June 2013	
	In Shares	Amount (in ₹ Lakhs)	In Shares	Amount (in ₹ Lakhs)
<b>Cumulative Redeemable Preference Shares</b>				
At the beginning of the period	-	-	-	-
Issued during the period (Refer Note below)	30,000,000	30,000	-	-
Outstanding at the end of the period	30,000,000	30,000	-	-

#### Note:

During the period, the Company has allotted 30,000,000 10% Cumulative Redeemable Preference Shares of ₹100/- each to Shriram Industrial Holdings Limited (Investing Party).

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 3.2 Details of shareholders holding more than 5% shares

Name of Shareholder	As at 31 March 2014		As at 30 June 2013	
	No of Shares	% holding in that class of shares	No of Shares	% holding in that class of shares
<b>Equity Shares</b>				
Shriram Industrial Holdings Limited	18,334,526	41.33%	1,704,807	38.43%
Bessemer Venture Partners	10,481,762	23.63%	10,481,762	23.63%
Unit Trust of India Investment Advisory Services Limited	3,786,779	8.54%	3,786,779	8.54%
<b>Cumulative Redeemable Preference Shares</b>				
Shriram Industrial Holdings Limited	30,000,000	100.00%	-	-

### 3.3 Terms/rights attached to the shares

The Company has issued equity shares having a par value of ₹10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting rights.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Preference shares have a face value of ₹100 each, and are entitled to receive a cumulative dividend at the rate of 10%. The preference shares shall have a maximum tenure of 10 years. The preference shares are redeemable before 10 years at the option of the shareholders.

## 4 Reserves and Surplus

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
a) Capital Reserve	12.92	12.92
b) Securities Premium Account		
Opening Balance	24,849.88	24,835.87
Add: Transfer from Stock Options Outstanding Account	-	14.01
Closing Balance	24,849.88	24,849.88
c) Share Options Outstanding Account		
Opening Balance	97.29	109.30
Add: Deferred Stock compensation Expenses	-	2.00
Less: Transfer to Securities Premium on Share Allotment	-	(14.01)
Closing Balance	97.29	97.29
d) General Reserve	464.63	464.63
e) Deficit / Surplus in Statement of Profit and Loss		
Opening balance	(5,394.50)	20,891.62
Add: Loss for the period	(43,936.96)	(26,286.12)
Closing Balance	(49,331.46)	(5,394.50)
Total	(23,906.74)	20,030.22

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

## 5 Long Term Borrowings

₹in Lakhs

Particulars	Long term portion		Current maturities	
	As at 31 March 2014	As at 30 June 2013	As at 31 March 2014	As at 30 June 2013
<b>Secured</b>				
Term Loans				
From Banks	10,000.00	15,780.37	2,520.89	1,793.48
Finance Lease Obligations	21.00	63.18	66.04	74.72
<b>Unsecured</b>				
From related parties	12,150.77	-	-	-
Total	22,171.77	15,843.55	2,586.93	1,868.20

### 5.1 Details of Borrowings

₹in Lakhs

Particulars	As at 31 March 2014	Interest Rate	Terms of Repayment	Secured by
Axis Bank	12,821.64	13.00%	16 unequal quarterly instalments	Exclusive Charge on High Pressure Gasification Plant of Bharat Coal & Chemicals Ltd (BCCL)
L&T Finance Limited	44.66	12.50%	47 Months- ₹3.19 lakhs per month for the first 46 Months & ₹3.12 lakhs for 47th month	Hypothecation of the equipment financed under this loan.
HDFC Bank	42.38	13.50%	36 to 60 Months	Secured by Vehicles purchased under Hire Purchase Scheme
Total	12,908.68			

### 5.2 Details of long-term borrowings guaranteed by Shriram Venture Limited (Promoter Company):

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Axis Bank	12,821.64	15,089.41

### 5.3 The Company has defaulted in repayment of interest in respect of the following:

₹in Lakhs

Bank Name	Period of default	As at 31 March 2014	As at 30 June 2013
Axis Bank			
Interest (including overdue interest)	1 - 91 days	300.75	161.92
Total		300.75	161.92



## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 6 Other Long-term Liabilities

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Security Deposit Received	16.39	16.39
Deferred Rent Obligations	80.44	53.36
Total	96.83	69.75

### 7 Long-term Provisions

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Provision for employee benefits		
Provision for Gratuity (Refer Note 33.1)	258.37	242.32
Total	258.37	242.32

### 8 Short Term Borrowings

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Loans Repayable on Demand - Secured</b>		
<b>From Banks</b>		
Cash Credit and Overdraft facilities	104,973.76	102,255.44
Working Capital Demand Loan	4,045.03	5,476.26
<b>Short Term Loans</b>		
From Banks	15,475.00	22,079.44
From Other Parties	-	2,500.00
<b>Bills Discounted</b>		
With Banks	3,144.42	3,124.95
With Other Parties	1,136.49	1,250.02
<b>Short Term Loans - Unsecured</b>		
From related parties (Refer Note No. 26)	-	2,840.89
From other parties	21,473.82	-
Total	150,248.52	139,527.00

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 8.1 Details of Borrowings

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013	Nature of security
DBS Bank (Including Bills discounted)	3,144.42	8,123.94	First Paripassu charge on the current assets including stock and receivables both present and future. Second Paripassu charge on the Fixed Assets.
Central bank of India	12,679.86	12,417.06	Primary- Exclusive charge over receivables to the extent of ₹17,000 Lakhs from M/s. Bharat Coal Chemicals Ltd
Central bank of India	3,012.56	3,504.61	Primary- Exclusive charge on 5 Wind Energy Generator of 1.5 MW from Leitwind Shriram Manufacturing Ltd
Federal bank	-	1,519.86	First Paripassu charge on entire current assets.
Indian bank	-	1,600.00	Hypothecation of work in progress, Unbilled Revenue and Book Debts.
State Bank of Travancore	4,045.03	3,956.40	Hypothecation of current assets on first Paripassu basis with lenders and first paripassu charge on fixed assets of the company with other vendors.
Easy Access Financial Services Limited	-	2,500.00	Hypothecation of Fixed assets and current assets of ₹3,700 lakhs.
Cash Credit Facilities	104,973.76	102,255.44	Cash Credit Facilities are secured by hypothecation of Current Assets, Inventories of Raw Materials, Contract Work in Progress, Finished Goods, Stock in Trade and Receivables 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.
Total	127,855.62	135,877.31	

### 8.2 Details of short-term borrowings guaranteed by Shriram Venture Limited (Promoter Company):

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Central Bank of India	15,000.00	15,000.00

### 8.3 The Company has defaulted in repayment of loans and interest in respect of the following:

₹in Lakhs

Bank Name	As at 31 March 2014	As at 30 June 2013	Period of default
Central Bank of India			
Principal	12,648.75	148.75	Ranging between 1- 90 days
Interest (including overdue interest)	217.42	380.46	Ranging between 1- 90 days
Federal Bank			
Principal	-	437.32	Ranging between 5- 90 days
Interest (including overdue interest)	-	59.55	Ranging between 1- 31 days
Indian Bank			
Interest (including overdue interest)	-	1.22	1 day
Total Principal	12,648.75	586.07	
Total Interest	217.42	441.23	
Grand Total	12,866.17	1,027.30	

**SHRIRAM EPC LIMITED**

Notes forming part of Financial Statements

**9 Trade Payables**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Acceptances	9,995.96	10,167.40
Other than Acceptances (Refer Note 9.1 and 9.2 Below)	24,498.62	30,776.12
<b>Total</b>	<b>34,494.58</b>	<b>40,943.52</b>

9.1 There are no dues to Micro and Small Enterprises in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 as of 31 March 2014 and 30 June 2013, on the basis of such parties having been identified by the management and relied upon by the auditors.

9.2 Includes ₹4,134 lakhs being amounts held as retention and payable upon commissioning of the equipment supplied.

**10 Other Current Liabilities**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Advance from Customers (Refer Note No 10.1 below)	16,866.43	14,844.07
Advance Billing	956.74	229.23
Current Maturities of Long Term Borrowings From Banks	2,520.89	1,793.48
Current Maturities of Finance Lease Obligations	66.04	74.72
Payables on Purchase of Fixed Assets	1,858.98	2,132.77
Statutory Remittances	189.25	138.59
Interest accrued but not due on borrowings	410.50	3,401.87
Interest accrued and due on borrowings	518.16	603.15
<b>Total</b>	<b>23,387.00</b>	<b>23,217.88</b>

10.1 Includes ₹5,407.29 lakhs being amounts adjustable within one year.

**11 Short-term Provisions**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Provision for Employee Benefits</b>		
Gratuity (Refer Note 33.1)	11.13	10.62
Compensated Absences	263.15	264.84
Provision for Warranties (Refer Note 11.1 below)	29.39	29.39
Unclaimed Dividend	1.45	1.46
<b>Total</b>	<b>305.12</b>	<b>306.31</b>

**11.1 Movement of Warranty Provision**

₹in Lakhs

Particulars	Nine Months ended 31 March 2014	Fifteen Months ended 30 June 2013
Opening Balance	29.39	29.39
Add: Provision created during the period	-	-
Less: Utilized during the period	-	-
<b>Closing Balance</b>	<b>29.39</b>	<b>29.39</b>

**SHRIRAM EPC LIMITED**  
 Notes forming part of Financial Statements

**12 Fixed Assets**
**12.1 Fixed Assets - Current Year**

S. No	Block of Assets	Gross Block			Accumulated Depreciation and Amortisation			Net Block As at 31 March 2014
		As at 1 July 2013	Additions	Disposals	As at 31 March 2014	As at 1 July 2013	Depreciation/ Amortisation for the period	
	<b>Tangible Assets</b>							
1	Freehold Land	510.97	2.72	272.19	241.50	-	-	241.50
2	Buildings	174.00	-	-	174.00	57.45	5.39	111.16
3	Leasehold Improvements	612.77	10.31	-	623.08	59.63	45.97	517.48
4	Plant and Equipments							
	Given under Operating Lease	1,301.51	-	-	1,301.51	391.62	-	909.89
	Owned	2,220.26	487.98	0.94	2,707.30	665.18	212.57	1,829.55
	Taken under Finance Lease	189.91	-	-	189.91	33.13	-	156.78
5	Furniture and Fixtures	92.25	4.06	-	96.31	56.56	2.76	36.99
6	Office Equipment	110.49	5.49	1.39	114.59	25.51	8.82	80.42
7	Computers	331.72	66.11	-	397.83	187.47	37.89	172.47
8	Vehicle							
	Taken under Finance Lease	235.59	7.77	3.13	240.23	83.18	19.76	138.68
	Owned	35.28	1.44	-	36.72	12.51	-	24.21
	<b>Intangible Assets</b>							
9	Technical Knowhow	1,101.97	-	-	1,101.97	1,074.19	15.95	11.83
10	Software	418.40	-	-	418.40	292.69	85.96	39.75
11	Leasehold Right to Use	80.00	-	-	80.00	22.10	2.62	55.28
	<b>Total</b>	<b>7,415.12</b>	<b>585.88</b>	<b>277.65</b>	<b>7,723.35</b>	<b>2,961.22</b>	<b>437.69</b>	<b>4,325.99</b>

**12.2 Depreciation and Amortisation expense**

Particulars	For the nine months ended 31 March 2014	For the fifteen months ended 30 June 2013
Tangible Assets	333.16	1,196.77
Intangible Assets	104.53	230.79
<b>Total</b>	<b>437.69</b>	<b>1,427.56</b>

12.3 Fixed Assets - Previous Year

S. No	Block of Assets	Gross Block				Accumulated Depreciation and Amortisation				Net Block		
		As at April 1, 2012	Additions	Deletions	Reclassified as held for Sale	As at Jun 30, 2013	As at April 1, 2012	Depreciation for the Year	Depreciation on Deletions	Reclassified as held for Sale	As at June 30, 2013	As at June 30, 2013
	<b>Tangible Assets</b>											
1	Freehold Land	473.07	37.90	-	-	510.97	-	-	-	-	-	510.97
2	Buildings	171.74	2.26	-	-	174.00	51.29	6.16	-	57.45	116.55	116.55
3	Leasehold Improvements	225.26	387.84	0.33	-	612.77	6.78	52.86	0.01	59.63	553.14	553.14
4	Plant and Equipments											
	Given under Operating Lease	1,301.51	-	-	-	1,301.51	310.91	80.71	-	391.62	909.89	909.89
	Owned	12,088.45	1,561.78	15.19	11,414.78	2,220.26	2,243.46	922.61	3.43	2,497.46	665.18	1,555.08
	Taken under Finance Lease	189.91	-	-	-	189.91	7.28	25.85	-	33.13	156.78	156.78
5	Furniture and Fixtures	73.69	27.67	9.11	-	92.25	46.20	14.47	4.11	56.56	35.69	35.69
6	Office Equipment	78.88	31.61	-	-	110.49	20.25	5.26	-	25.51	84.98	84.98
7	Computers	266.38	85.22	19.88	-	331.72	149.86	55.65	18.04	187.47	144.25	144.25
8	Vehicle											
	Taken under Operating Lease	223.80	52.97	41.18	-	235.59	67.18	16.00	-	83.18	152.41	152.41
	Owned	31.16	4.12	-	-	35.28	15.77	17.21	20.47	12.51	22.77	22.77
	<b>Intangible Assets</b>											
9	Technical Knowhow	1,101.97	-	-	-	1,101.97	943.78	130.41	-	1,074.19	27.78	27.78
10	Software	396.48	21.92	-	-	418.40	196.68	96.01	-	292.69	125.71	125.71
11	Leasehold Right to Use	80.00	-	-	-	80.00	17.73	4.37	-	22.10	57.90	57.90
	Total	16,702.30	2,213.29	85.69	11,414.78	7,415.12	4,077.17	1,427.56	46.06	2,961.22	4,453.90	4,453.90

**Note:** The Company obtained share holders approval vide postal ballot dated August 05, 2013 for transfer of 11 Wind Electric Generators totalling to 16.2 MW capacity to M/s. Hexa Wind Farm Private Limited by way of Slump sale for a consideration of ₹8,917.32 Lakhs. (Refer Note 21 - Other Current Assets)

SHRIRAM EPC LIMITED  
Notes forming part of Financial Statements

13 Non Current Investments ( Valued at cost unless otherwise stated)

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Investments</b>		
<b>Investments in Associates - Non Trade</b>		
22,239,167 (22,239,167) Equity Shares of ₹10/- each fully paid up in Haldia Coke and Chemicals Private Limited (Refer Note 13.1 below)	4,007.22	4,007.22
<b>Investments in Others - Trade</b>		
661,300 (1,670,000) Equity shares of ₹10/- each fully paid in Hexa Wind Farm Private Ltd	66.13	167.00
4,076,474 (4,076,474) Equity Shares of ₹10/- each fully paid up in Leitwind Shriram Manufacturing Limited	407.56	407.56
1 share of 150,000 DHS in Shriram EPC (FZE)	24.26	-
Total	4,505.17	4,581.78
Aggregate amount of Quoted Investments	-	-
Market Value of Quoted Investments	-	-
Aggregate amount of Unquoted Investments	4,505.17	4,581.78

13.1 Of the above, 10,092,344 Equity Shares have been pledged with a lender for monies borrowed by the associate.

14 Long-term Loans and Advances (Unsecured and considered good , unless otherwise stated)

Particulars	As at 31 March 2014	As at 30 June 2013
Capital advances	10,740.18	-
Loans and advances	57,563.25	380.75
Advance tax ( Net of Provisions)	2,797.41	2,029.79
Deposits	241.63	160.55
Total	71,342.47	2,571.09

14.1 Long-term Loans and Advances include due from:

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Private Companies in which directors are interested:</b>		
Hamon Shriram Cottrell Private Limited	387.57	235.20
Haldia Cokes and Chemicals Private Limited	36,338.16	-
Shriram SEPL Composites Private Limited	-	145.55

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 15 Other Non Current Assets

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Long Term Trade Receivables - Retention Monies	14,600.57	13,092.33
Other Receivables (Refer Note 15.1 below)	7,281.12	-
Receivables on sale of Fixed Assets	4,960.91	-
Unbilled Revenue	26,247.00	-
<b>Total</b>	<b>53,089.60</b>	<b>13,092.33</b>

15.1 The amount of ₹7,281.12 Lakhs represents the balance consideration receivable from My Home Industries Limited ("MHIL") towards the value of certain receivables due from Sree Jayajothi Cements Limited ("SJCL") taken over by MHIL pursuant to an agreement dated 11 August 2013 entered into with them. This amount has been deposited in a Joint Escrow Account to be received by the Company after completion of certain formalities of Sree Jayajothi Cements Limited.

### 16 Current Investments

(At lower of cost and fair value, unless otherwise stated):

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
386,526 (386,526) Equity Shares of ₹10/- each fully paid up in Orient Green Power Company Limited	44.22	44.22
(98,564,500) Equity Shares of ₹10/- each fully paid Sree Jayajothi Cements Ltd	-	5,925.09
Investment in 12% Optionally Convertible Debentures in Spark Environmental Technology Ltd	-	13,882.32
<b>Total</b>	<b>44.22</b>	<b>19,851.63</b>
Aggregate amount of Quoted Investments	44.22	2,827.50
Market Value of Quoted Investments	35.95	44.22
Aggregate amount of Unquoted Investments	-	36,533.01
Aggregate write down in value of Investments	-	(16,725.60)

### 17 Inventories (Lower of Cost and Net Realisable Value)

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Raw Materials and Components for Wind Turbine Generators	695.89	788.15
Contract Work-in-Progress	10,730.19	30,038.28
Stock in Trade	-	1,560.00
<b>Total</b>	<b>11,426.08</b>	<b>32,386.43</b>

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 18 Trade Receivables (Unsecured and considered good , unless otherwise stated)

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, Considered Good	8,186.20	43,520.90
Unsecured, Considered Doubtful	4,197.09	-
	12,383.29	43,520.90
Other Trade Receivables		
Unsecured, Considered Good	16,421.02	14,713.80
Unsecured, Considered doubtful	120.70	-
Less: Provision for Doubtful Trade Receivables	(4,317.79)	-
<b>Total</b>	<b>24,607.22</b>	<b>58,234.70</b>

#### 18.1 Trade Receivables include due from:

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Private Companies in which directors are interested:		
Hamon Shriram Cottrell Private Limited	-	334.69
Haldia Coke and Chemicals Private Limited	16.92	-

### 19 Cash and Cash Equivalents

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Cash on hand and in imprest accounts	12.84	37.18
<b>Balances with Banks</b>		
Current Account	329.02	449.25
Deposit Account (Original maturity of 3 months or less)	10.48	17.50
Unpaid Dividend Account	18.87	18.86
Margin Money (Original maturity of 3 months or less)	999.51	50.31
<b>Total Cash and Cash Equivalents</b>	<b>1,357.88</b>	<b>535.92</b>
<b>Other Bank Balances</b>		
Deposit Account (Original maturity of more than 3 months)	3,890.63	2,057.26
Margin Money (Original maturity of more than 3 months)	6,614.61	6,407.52
<b>Total Other Bank Balances</b>	<b>10,505.24</b>	<b>8,464.78</b>
<b>Total</b>	<b>11,875.96</b>	<b>9,037.88</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	1,357.88	535.92

**SHRIRAM EPC LIMITED**

Notes forming part of Financial Statements

**20 Short Term Loans and Advances** (Unsecured, considered good unless otherwise stated)

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Short-term Loans and Advances	802.02	19,898.73
Security Deposits	2,116.86	2,320.26
Loans and advances to Employees	56.69	100.50
Prepaid Expenses	133.69	421.11
Advances to Suppliers		
- Considered good	15,127.38	9,933.91
- Considered doubtful	644.38	
Provision for doubtful Advances	(644.38)	
	15,127.38	9,933.91
Balance with Government Authorities	386.15	1,208.49
Total	18,622.79	33,883.00

**20.1 Short term Loans and Advances to:**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Private Companies in which directors are interested:		
Hamon Shriram Cottrell Private Limited	-	334.69

**20.2** Security Deposits include ₹650.00 lakhs (Previous Year - 1,132.64 lakhs) being amount paid under protest in respect of civil dispute in Australia. (Refer Note 41 - Contingent liabilities)

**21 Other Current Assets**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Unbilled Revenue	38,921.81	55,266.15
Receivable on sale of Fixed Assets	-	8,917.32
Interest accrued on Deposits	71.90	14.82
Total	38,993.71	64,198.29

**22 Revenue from Operations**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Revenue from Engineering and Construction Contracts	48,962.14	155,828.27
Revenue from Sale of Traded Goods	-	12,377.61
Revenue from Sale of Wind Turbine Generators	293.00	1,069.61
Other Operating Revenue - Sale of Power	253.99	1,237.47
Total	49,509.13	170,512.96

**SHRIRAM EPC LIMITED**

Notes forming part of Financial Statements

**22.1 Revenue from Sale of Traded Goods**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Windmills	-	6,067.63
Coal	-	6,309.98
Total	-	12,377.61

**23 Other Income**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Interest Income	1,215.58	4,194.32
Lease Rentals Received	6.65	69.91
Management Fees Received	22.75	136.32
Liabilities no longer required written back	1,197.61	1,391.21
Miscellaneous Income	235.00	243.04
Total	2,677.59	6,034.80

**24 Cost of Raw Materials and Components Consumed**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Opening Stock	788.15	990.91
Add: Purchases	395.13	948.76
Less: Closing Stock	695.90	788.15
Total	487.38	1,151.52

**25 Erection, Construction & Operation Expenses**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Cost of Materials and Labour	22,151.29	106,602.83
Other Contract Related Costs	2,307.81	3,679.44
Commercial Taxes	5,730.65	3,781.03
Provision for Contract Losses	8,693.20	-
Total	38,882.95	114,063.30

**26 Purchases of Stock in Trade**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Windmills	-	5,874.94
Coal	-	6,276.80
Total	-	12,151.74

**SHRIRAM EPC LIMITED**

Notes forming part of Financial Statements

**27 Change in Inventories of Contract Work in Progress, Finished Goods and Stock In Trade**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Opening Stock of Contract Work in Progress	30,038.28	20,574.13
Less: Closing Stock of Contract Work in Progress	10,730.19	30,038.28
	19,308.09	(9,464.15)
Opening Stock in Trade	1,560.00	6,236.99
Less: Closing Stock in Trade	-	1,560.00
	1,560.00	4,676.99
<b>Total</b>	<b>20,868.09</b>	<b>(4,787.16)</b>

**28 Employee Benefits Expense**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Salaries and Wages	3,594.67	5,339.81
Contribution to Provident and other funds	185.00	263.19
Expense on Employee Stock Option (ESOP) Scheme	-	2.00
Gratuity	41.45	104.69
Staff Welfare Expenses	269.22	370.09
<b>Total</b>	<b>4,090.34</b>	<b>6,079.78</b>

**28.1** Salaries and wages include remuneration paid to Managing director and Joint Managing Director ₹65.27 Lakhs. Owing to inadequacy of profits, the amount paid has exceeded the limit prescribed under schedule XIII to the Companies Act, 1956. Accordingly, the Company has made application to the Ministry of Corporate Affairs, Government of India on 21 March 2014, seeking approval for the quantum of remuneration paid and is awaiting approval.

**29 Finance Costs**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Interest on Cash Credits	11,428.86	16,167.35
Interest on Term Loans	3,672.16	3,559.13
Interest - Others	528.63	13,717.09
Bank Charges, Letter of Credit / Guarantee charges	3,445.37	7,650.23
<b>Total</b>	<b>19,075.02</b>	<b>41,093.80</b>

**SHRIRAM EPC LIMITED**

Notes forming part of Financial Statements

**30 Other Expenses**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Rent including lease rentals (Refer Note 37)	509.80	668.43
Rates and taxes	210.15	86.55
<b>Repairs and Maintenance:</b>		
Building	144.44	159.85
Plant and Machinery and Equipments	105.03	364.87
Others	82.33	287.47
Auditors' Remuneration (Refer Note below)	35.21	40.00
Printing and stationery	58.83	86.77
Communication expenses	106.31	163.05
Advertisement & Business Promotion	28.82	102.88
Travelling and conveyance	845.02	1,687.08
Electricity & water	67.92	83.41
Legal & Professional Charges	2,396.06	1,806.40
Donation	0.80	2.86
Sitting Fees	8.40	12.65
Insurance premium	902.55	1,344.28
<b>Bad Debts and Advances</b>		
Bad Trade and Other Receivables, Loans and Advances Written off	-	8,163.55
Less: Provision made in the earlier years	-	(9.17)
	-	8,154.38
Add: Provision for doubtful trade and Other receivables and Loans and Advances	4,962.17	-
	4,962.17	8,154.38
Loss on sale of Investments	14,726.92	-
Less: Provision released	(14,726.92)	-
	-	-
Loss on Sales/ Disposal of Fixed Assets	6.20	21.88
Miscellaneous Expenses	419.33	676.82
<b>Total</b>	<b>10,889.37</b>	<b>15,749.63</b>

**SHRIRAM EPC LIMITED**  
Notes forming part of Financial Statements

**30.1 Auditors Renumeration**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Payments to the Statutory auditors comprise:		
For audit	25.00	25.00
For other services	10.00	14.00
Reimbursement of expenses	0.21	1.00
Total	35.21	40.00

**31 Exceptional items**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Loss on sale of strategic investments/restructuring		
- Sree Jayajothi Cements Ltd	-	4,931.36
- Spark Environmental Technology Ltd	-	11,794.24
- Orient Green Power Company Limited	-	2,783.28
	-	19,508.88
Bad trade receivables written off		
- Sree Jayajothi Cements Ltd	-	6,176.34
Profit on sale of Investments	-	(5,552.69)
Total	-	20,132.53

**32 Disclosures pursuant to Accounting Standard (AS) 7 (revised) - Construction Contracts**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
<b>Details of Contract revenue and costs</b>		
Contract Revenues recognised	48,962.14	155,828.27
Aggregate amount of Contract costs incurred and recognised profits (less recognised losses) upto the reporting date	59,751.04	109,276.14
Advances received for contracts in progress	16,866.43	14,844.07
Retention money for contracts in progress	53,089.60	13,092.33
Gross amount due from customers for contract work (Asset)	65,168.81	55,266.15
Gross amount due to customers for contract work (Liability)	956.74	229.23

**SHRIRAM EPC LIMITED**  
Notes forming part of Financial Statements

**33 Disclosures under Accounting Standard 15 (Revised)**

**33.1 Gratuity**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
<b>Change in Defined Benefit Obligations (DBO) during the period</b>		
Present Value of obligations at the beginning of the period	252.94	180.97
Current Service Cost	45.89	78.87
Interest Cost	15.33	16.46
Actuarial Loss / (Gain)	(19.78)	9.36
Benefits paid	(24.89)	(32.72)
Present Value of obligations at the end of the period	269.50	252.94
Current portion	11.13	10.62
Non Current portion	258.37	242.32
<b>Components of Employer Expense</b>		
Cost for the period / year		
Current Service Cost	45.89	78.87
Interest Cost	15.33	16.46
<b>Net actuarial Loss / (Gain) recognised in the period / year</b>	(19.78)	9.36
<b>Net Cost</b>	41.45	104.69
<b>Assumptions</b>		
Discount Rate	8.50%	8.00%
Attrition rate per annum	3.00%	3.00%
Expected rate of Salary increases	5.00%	5.00%

**Notes:**

**33.1.1** The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.

**33.1.2** The discount rate is based on the prevailing market rate as applicable for risk free investments as at balance sheet date for the estimated term of the obligation.

**33.1.3 Experience adjustments :**

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013	Year ended 31 March 2012
Defined benefit obligation	269.50	252.94	180.97
Plan assets	-	-	-
Deficit	269.50	252.94	-
On plan liabilities - Losses /(Gains)	(19.78)	2.22	(28.12)

The details of experience adjustments relating to earlier years have been disclosed to the extent of available information.

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 33.2 Compensated absences

#### Actuarial Assumptions for Compensated Absences

₹ in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Rate of Mortality	Ind (2006-08)	Ind (2006-08)
Discount rate	8.50%	8.00%
Expected rate of Salary increases	5.00%	5.00%

### 34 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.

#### 34.1 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 November 20, 2006 the Company instituted an ESOP Scheme for all its eligible employees including those of its subsidiaries and associate Companies.

In accordance with the 2006 Scheme the Company has granted on November 22, 2006 (Grant date) options to eligible employees at an exercise price of ₹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 January 1, 2001	In respect of employees who have joined the company after January 1, 2001
November 22, 2007	30%	20%
November 22, 2008	30%	20%
November 22, 2009	20%	30%
November 22, 2010	20%	30%

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

#### Modifications 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 March 31, 2008. Those grants have been made as at April 1, 2007 and will vest with the employees in same proportion as in the original scheme.

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

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

Particulars	As at 31 March 2014	As at 30 June 2013
Options at the beginning of the period / year		
Vested	75,424	75,424
Unvested	-	-
Add: Granted during the period / year	-	-
Add: Vested during the period / year	-	-
Less: Lapsed during the period / year	72,205	-
Less: Exercised during the period / year	-	-
Options outstanding at the end of the period / year		
Vested	3,219	75,424
Unvested	-	-
Exercisable at the end of the period / year	3,219	75,424

#### Deferred Stock Compensation Expense

During the period, an amount of ₹ Nil (March 31, 2012: ₹ Nil Lakhs) being employee compensation expense to the extent of options vested net off lapses, has been charged to Statement of Profit and Loss.

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.

#### 34.2 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 September 20, 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 those of its 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 January 1, 2001	In respect of employees who have joined the company after January 1, 2001
At the end of Year 1	30%	20%
At the end of Year 2	30%	20%
At the end of Year 3	20%	30%
At the end of Year 4	20%	30%

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



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### Modification in the Terms of the 2007 Scheme

The company has carried out a modification in "The 2007 scheme" in an earlier 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 :

Particulars	₹ in Lakhs	
	As at 31 March 2014	As at 30 June 2013
Options at the beginning of the period / year		
Vested	52,500	58,400
Unvested	-	11,000
Add: Granted during the period / year	-	-
Add: Vested during the period / year	-	8,000
Less: Lapsed during the period / year	45,650	-
Less: Exercised during the period / year	-	13,900
Options outstanding at the end of the period / year		
Vested	6,850	52,500
Unvested	-	3,000
Exercisable at the end of the period / year	6,850	52,500

#### Deferred Stock Compensation Expense

During the period, an amount of ₹Nil Lakhs (Previous Year ₹2.00 Lakhs) being employee compensation expense to the extent of options vested net off lapses, has been charged to Statement of Profit and Loss.

#### 34.3 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

## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 35 Segment Information

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 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

Particulars	Construction Contracts		Wind Turbine Generators		Trading		Elimination		Unallocated		Total	
	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013
External Sales	49,216.13	157,117.51	293.00	5,573.01	-	10,073.22	-	-	-	-	49,509.13	172,763.74
Intersegmental Sales	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	49,216.13	157,117.51	293.00	5,573.01	-	10,073.22	-	-	-	-	49,509.13	172,763.74
Result												
Segment Result	(11,287.14)	30,099.02	(30.00)	244.65	-	43.18	-	-	-	-	(11,317.14)	30,386.85
Less: Inter Segment Margin	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Corporate Expenditure/ (Income)	-	-	-	-	-	-	-	-	(17,426.97)	6,619.17	(17,426.97)	6,619.17
Operating Profit/(Loss)	(11,287.14)	30,099.02	(30.00)	244.65	-	43.18	-	-	17,426.97	(6,619.17)	(28,744.11)	23,767.68
Finance Costs (Net of amounts identified with 'Construction Contracts' segment)									13,800.01	34,150.08	13,800.01	34,150.08
Exceptional Items		6,176.34								20,132.53		20,132.53
Profit/(Loss) before Tax	(11,287.14)	23,922.68	(30.00)	244.65	-	43.18	-	-	3,626.96	(60,901.78)	(42,544.12)	(30,514.93)
Tax Expense	-	-	-	-	-	-	-	-	1,392.84	(4,228.82)	1,392.84	(4,228.82)
Profit after Tax	(11,287.14)	23,922.68	(30.00)	244.65	-	43.18	-	-	2,234.12	(56,672.96)	(43,936.96)	(26,286.11)

A. PRIMARY SEGMENT INFORMATION - BUSINESS SEGMENTS (contd.)

₹ in Lakhs

Particulars	Construction Contracts		Wind Turbine Generators		Trading		Elimination		Unallocated		Total	
	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013
Other Information												
Segment Assets	141,949.27	187,093.12	5,812.27	10,787.34	10,357.63	7,438.95	-	-	-	-	158,119.17	205,319.41
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	83,372.10	39,296.90	83,372.10	39,296.90
Total Assets	141,949.27	187,093.12	5,812.27	10,787.34	10,357.63	7,438.95	-	-	83,372.10	39,296.90	241,491.27	244,616.31
Segment Liabilities	191,739.16	147,027.01	5,510.25	980.84	162.01	7,826.16	-	-	-	-	197,411.42	155,834.01
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	33,550.77	64,316.26	33,550.77	64,316.26
Total Liabilities	191,739.16	147,027.01	5,510.25	980.84	162.01	7,826.16	-	-	33,550.77	64,316.26	230,962.19	220,150.27
Capital Expenditure (Gross)	2,311.45	3,145.78	-	-	-	-	-	-	-	-	2,311.45	3,145.78
Depreciation	437.69	1,427.56	-	-	-	-	-	-	-	-	437.69	1,427.56
Non Cash expenses other than Depreciation												
Aggregate write down in value of current Investments												19,508.88

SHRIRAM EPC LIMITED  
Notes forming part of Financial Statements

B. SECONDARY SEGMENT INFORMATION - GEOGRAPHICAL SEGMENTS

₹ in Lakhs

Particulars	For Nine Months ended 31 March 2014	For Fifteen Months ended 30 June 2013
<b>Rest of the World</b>		
Revenue	214.73	10,877.57
Assets	7,314.60	12,487.25
Capital Expenditure	172.44	1.70
<b>India</b>		
Revenue	49,294.40	161,886.17
Assets	234,176.67	244,614.61
Capital Expenditure	2,139.01	3,144.08

36 Related Party Disclosures under Accounting Standard 18

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

Status of the Related Parties	Name of the Related Parties Nine Months ended 31 March 2014	Name of the Related Parties Fifteen Months ended 30 June 2013
Enterprises which exercise significant influence over the company (Investing parties)	Shriram Industrial Holdings Limited (SIHL) Shriram Venture Limited (Holding Company of SIHL)	Shriram Industrial Holdings Limited (SIHL) Shriram Venture Limited (Holding Company of SIHL)
Subsidiaries	Shriram EPC FZE, Sharjah  Hexa Wind Farm Private Limited (Ceased to be subsidiary with effect from 31 March 2014)	Shriram EPC(Singapore) Pte Ltd( Ceased to be subsidiary with effect from 25 March 2013)  Blackstone Group Technologies (Pvt) Limited (Ceased to be subsidiary with effect from 25 March 2013)  Chemprojects Consulting (Pvt) Limited (Ceased to be subsidiary with effect from 25 March 2013)
Jointly Controlled Entities		Hamon Shriram Cottrell (Pvt) Limited (Ceased to be Jointly Controlled Entity with effect from 25 March 2013)  Lietwind Shriram Manufacturing Limited (Ceased to be Jointly Controlled Entity with effect from 25 March 2013)
Associates	Haldia Coke and Chemicals (Pvt) Limited  Ennore Coke Limited (Subsidiary of Haldia Coke and Chemicals (Pvt) Limited)  Wellman Coke India Limited (Subsidiary of Haldia Coke and Chemicals (Pvt) Limited)	Haldia Coke and Chemicals (Pvt) Limited  Ennore Coke Limited (Subsidiary of Haldia Coke and Chemicals (Pvt) Limited)  Wellman Coke India Limited (Subsidiary of Haldia Coke and Chemicals (Pvt) Limited)

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 36.1 Disclosure of related party transactions (contd.)

		Shriram SEPL Composites (Pvt) Limited (Ceased to be Associate with effect from 25 March 2013)
		Shriram Composites (Pvt) Limited (Ceased to be Associate with effect from 25 March 2013)
Companies over which Key Management Personnel exercise Significant Influence (Only where transactions have taken place during the period / year)	Orient Green Power Company Limited	Orient Green Power Company Limited
	Theta Management Consultancy Private Limited	
	<b>Subsidiaries of Orient Green Power Company Limited</b>	<b>Subsidiaries of Orient Green Power Company Limited</b>
	P S R Green Power Projects (Pvt) Limited	P S R Green Power Projects (Pvt) Limited
	Amrit Environmental Technologies (Pvt) Limited	Amrit Environmental Technologies (Pvt) Limited
	SM Environmental Technologies (Pvt) Limited	SM Environmental Technologies (Pvt) Limited
	Orient Bio Power Limited	Orient Bio Power Limited
	Orient Green Power Company (Rajasthan) (Pvt) Limited	Orient Green Power Company (Rajasthan) (Pvt) Limited
	Sanjog Sugars and Eco Power (Pvt) Limited	Sanjog Sugars and Eco Power (Pvt) Limited
	Bharath Wind Farm Limited	Bharath Wind Farm Limited
	Clarion Windfarms (Pvt) Limited	Clarion Windfarms (Pvt) Limited
	Gamma Green Power (Pvt) Limited	Gamma Green Power (Pvt) Limited
	Beta Wind Farm (Pvt) Limited	Beta Wind Farm (Pvt) Limited
Orient Eco Energy (Pvt) Limited	Orient Eco Energy (Pvt) Limited	
Global Power Tech Equipments (Pvt) Limited	Global Power Tech Equipments (Pvt) Limited	
Key Management Personnel	T.Shivaraman - Managing Director	T.Shivaraman - Managing Director
	M.Amjad Shariff - Joint Managing Director	M.Amjad Shariff - Joint Managing Director

Note: Related parties have been identified by the Management.

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 36.2 Transactions during the period

₹ in Lakhs

Particulars	Nine months ended March 31, 2014	Fifteen months ended June 30, 2013
<b>Progressive billings/Revenue</b>		
Ennore Coke Limited	-	6,309.98
Orient Green Power Company Limited	53.09	146.68
Sanjog Sugars and Eco Power (Pvt) Limited	-	20.11
Gamma Green Power (Pvt) Limited	-	75.02
Beta Wind Farm (Pvt) Limited	1,144.41	4,654.41
<b>Sale of Fixed assets</b>		
Hexa Wind farm (Pvt) Limited	9,291.12	-
<b>Lease Rental Income</b>		
Clarion Windfarms (Pvt) Limited	6.65	69.91
Ennore Coke Limited	12.43	-
Haldia Cokes & Chemicals (Pvt) Limited	8.80	-
Shriram Venture Limited	15.41	-
<b>Management Fees Received</b>		
Hamon Shriram Cottrell (Pvt) Limited	22.75	136.32
<b>Purchases of Goods and Services</b>		
Hamon Shriram Cottrell (Pvt) Limited	-	1,681.25
Blackstone Group Technologies (Pvt) Limited	-	291.67
Chemprojects Consulting (Pvt) Limited	-	-
Lietwind Shriram Manufacturing Limited	-	2,562.90
Shriram Composites (Pvt) Limited	-	881.95
<b>Management fees paid</b>		
Shriram Industrial Holdings Limited	1,624.45	-
<b>Transfer of Margins</b>		
Lietwind Shriram Manufacturing Limited	(171.68)	116.54

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 36.2 Transactions during the period (Contd.)

₹ in Lakhs

Particulars	Nine months ended March 31, 2014	Fifteen months ended June 30, 2013
<b>Expenses incurred on behalf of related party</b>		
Shriram EPC FZE, Sharjah	18.86	-
Lietwind Shriram Manufacturing Limited	-	19.02
Hamon Shriram Cottrell (Pvt) Limited	-	2.79
Blackstone Group Technologies (Pvt) Limited	-	2.00
Shriram SEPL Composites (Pvt) Limited	-	27.34
Haldia Cokes & Chemicals (Pvt) Limited	0.24	9.05
Ennore Coke Limited	24.87	28.63
Orient Green Power Company Limited	122.59	34.80
Bharat Wind Farm Limited	26.22	9.18
Beta Wind Farm (Pvt) Limited	-	4.50
Hexa Wind farm (Pvt) Limited	10.10	-
<b>Expenses incurred for the Company by the related party</b>		
Orient Green Power Company Limited	81.52	85.00
Clarion Windfarm (Pvt) Limited	-	4.99
Ennore Coke Limited	41.90	4.36
Beta Wind Farm (Pvt) Limited	-	739.38
Theta Management Consultancy (Pvt) Limited	50.00	-
Shriram Venture Limited	0.72	-
<b>Interest Income</b>		
Shriram SEPL Composites (Pvt) Limited	-	225.69
Hamon Shriram Cottrell (Pvt) Limited	-	4.53
Haldia Cokes & Chemicals (Pvt) Limited	1,213.26	1,223.33
Ennore Coke Limited	1,202.95	2,909.49
Orient Green Power Company Limited	229.50	17.90
Hexa Wind farm (Pvt) Limited	1,068.05	-
<b>Interest Expense</b>		
Shriram Industrial Holdings Limited	950.44	2,166.46
Shriram Venture Limited	123.54	143.01

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 36.2 Transactions during the period (Contd.)

₹ in Lakhs

Particulars	Nine months ended March 31, 2014	Fifteen months ended June 30, 2013
<b>Remuneration to Key Management Personnel (Refer Note 28.1)</b>		
T. Shivaraman	30.11	50.96
M. Amjad Shariff	35.16	54.98
<b>Purchase of Investments from</b>		
Hamon Shriram Cottrell (Pvt) Limited	-	399.99
<b>Borrowings from</b>		
Shriram Industrial Holdings Limited	22,774.00	116,194.00
Shriram Venture Limited	-	5,000.00
<b>Repayment of borrowings</b>		
Shriram Industrial Holdings Limited	23,788.47	-
Shriram Venture Limited	-	5,000.00
<b>Sale of Investments to</b>		
Shriram Industrial Holdings Limited	-	26,191.00
<b>Transfer of Advances / Receivables</b>		
Shriram Industrial Holdings Limited	5,000.00	38,649.30
Orient Green Power Company Limited	353.09	-
<b>Allotment of Preference Shares</b>		
Shriram Industrial Holdings Limited	30,000.00	-
<b>Investments in Equity Shares</b>		
Shriram EPC FZE, Sharjah	24.26	-
<b>Advance Given (Gross)</b>		
Haldia Cokes & Chemicals (Pvt) Limited	47,446.71	22,965.00
Orient Green Power Company Limited	722.00	15,827.25
Hamon Shriram Cottrell (Pvt) Limited	-	556.00
Lietwind Shriram Manufacturing Limited	-	21,429.93
Blackstone Group Technologies (Pvt) Limited	-	248.00
Shriram SEPL Composites (Pvt) Limited	-	396.66
Shriram EPC (Singapore) Pte Ltd	-	3,438.60
Ennore Coke Limited	-	7,653.00
Chemprojects Consulting (Pvt) Limited	-	19.56
Bharat Wind Farm Limited	-	1,462.00
Clarion Windfarms (Pvt) Limited	-	-
Beta Wind Farm (Pvt) Limited	-	3,020.00
Gamma Green Power (Pvt) Limited	20.00	272.00
Hexa Wind Farm (Pvt) Limited	50.00	-

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 36.3 Closing balance as at the period end

₹in Lakhs

Particulars	As at March 31, 2014	As at June 30, 2013
Amount outstanding - Dr / (Cr)		
Shriram EPC FZE, Sharjah	18.86	-
Haldia Cokes & Chemicals (Pvt) Limited	36,355.08	(4,178.00)
Wellman Coke India Ltd	-	78.91
Ennore Coke Limited	14,089.23	-
Orient Green Power Company Limited	99.64	2,271.12
Bharat Wind Farm Limited	13.88	-
Clarion Windfarms (Pvt) Limited	0.28	-
Shriram Industrial Holdings Limited	(11,884.21)	(5,008.60)
Shriram Venture Limited	(263.17)	(143.01)
Beta Wind Farm (Pvt) Limited	(4.31)	-
<b>Corporate Guarantees given by Company</b>		
Orient Green Power Company Limited	1,600.00	3,750.00

**36.4** The Company accounts for costs incurred by Related parties based on the actual invoice/debit notes raised and accruals as confirmed by such parties. The related parties have confirmed to the Management that as at 31 March 2014 and as at 30 June 2013, there are no further amounts payable to/receivable from them, other than disclosed above.

### 37 Leases

#### 37.1 Operating Lease

The company has operating lease arrangements primarily for office premises, the lease period of which is about 6 to 8 years. An amount of ₹668.43 Lakhs (previous year ₹412.36) has been debited towards lease rental and other charges. The future expected minimum lease payments under operating leases are given below.

₹in Lakhs

Particulars	As at March 31, 2014	As at June 30, 2013
Not later than One Year	229.81	229.81
Later than One Year and less than Five Years	919.25	919.25
Later than Five Years	1,076.49	767.19
Total	2,225.55	1,916.25

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 37.2 Finance Leases

₹in Lakhs

Particulars	As at March 31, 2014	As at June 30, 2013
a) Cost of Leased asset	118.93	425.50
b) Net carrying amount	92.78	309.19

#### 37.3 Yearwise future minimum lease rental payments on contracts :

₹in Lakhs

Particulars	As at March 31, 2014		As at June 30, 2013	
	Total Minimum Lease Payments	Present Value of Lease Payments	Total Minimum Lease Payments	Present Value of Lease Payments
Not later than One Year	30.92	27.60	74.72	62.65
Later than One Year and less than Five Years	11.46	10.64	63.18	58.81
Later than Five Years	-	-	-	-
Total	42.38	38.24	137.90	121.46
Less: Future Finance Charges	4.12	-	16.44	-
Present Value of Minimum Lease payments	38.26	38.24	121.46	121.46

### 38 Earnings Per Share

₹in Lakhs

Particulars	Nine months ended March 31, 2014	Fifteen months ended June 30, 2013
<b>Basic</b>		
Continuing operations:		
Profit / (loss) for the year from continuing operations (₹ Lakhs)	(43,936.96)	(26,286.12)
The weighted average number of equity shares outstanding during the Period / year (In Nos.)	44,358,184	44,351,805
Par Value of Share (₹)	10.00	10.00
Earnings per share, from continuing operations - Basic (₹)	(99.05)	(59.27)
<b>Diluted</b>		
The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares. Since, the effect of the conversion of outstanding stock options was anti-dilutive, it has been ignored.		
Profit / (loss) for the year from continuing operations (₹ Lakhs)	(43,936.96)	(26,286.12)
Add: Expense on Employee Stock Option (ESOP) Scheme	-	2.00
Profit / (loss) attributable to equity shareholders from continuing operations (on dilution) (₹ Lakhs)	(43,936.96)	(26,284.12)
The weighted average number of potential equity shares outstanding during the period / year including Stock Options (In Nos.)	44,358,184	44,351,805
Par Value of Share (₹)	10.00	10.00
Earnings per share, from continuing operations - Diluted (₹)	(99.05)	(59.27)

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 39 Taxes on income

#### 39.1 Current Tax

The Current tax has been computed based on the estimated taxable income for the year ended 31 March 2014. However, Company is not liable to current tax in view of losses incurred.

#### 39.2 Deferred Tax - Disclosure Under Accounting Standard 22

₹in Lakhs

Particulars	₹in Lakhs	
	As at March 31, 2014	As at June 30, 2013
<b>Deferred Tax Liability</b>		
On Depreciation	1,256.23	4.00
<b>Total Liability</b>	1,256.23	4.00
<b>Deferred Tax Asset</b>		
Provision for Gratuity	91.96	86.00
Provision for Compensated absences	112.99	90.04
Carry forward long term capital loss	-	1,206.84
Carry forward unabsorbed depreciation and business loss	-	4.00
Others (Restricted to the extent of liability)	1,051.28	9.96
<b>Total Asset</b>	1,256.23	1,396.84
<b>Net Deferred Tax Asset / (Liability)</b>	-	1,392.84

#### 39.3 International Transactions

The Company has entered into transactions with related parties. The Management is of the opinion that the Company maintains the necessary documents as prescribed by the Income Tax Act, 1961 to prove that these international transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on account of tax expense and provision for taxation.

### 40 Information on Jointly Controlled Entities as per AS 27

#### 40.1 List of Jointly Controlled entities as on 31 March 2014

Name of the Company	Country of Incorporation	Share of ownership and voting power	
		As at 31 March 2014	As at 30 June 2013
Leitwind Shriram Manufacturing Limited (LSML)	India	-	-
Hamon Shriram Cottrell Private Limited (HSCL)	India	-	-

## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### 40.2 Contingent Liabilities in respect of Jointly Controlled entities as at 31 March 2014

₹in Lakhs

Particulars	As at 31 March 2014		As at 30 June 2013	
	LSML	HSCL	LSML	HSCL
Directly incurred by the Company	-	-	-	2,100.00
Share of the company in contingent liabilities incurred by jointly controlled entity	-	-	8,044.07	573.55
Share of other venturers in contingent liabilities incurred by jointly controlled entity	-	-	8,213.15	573.77

### 40.3 Capital Commitments in respect of Jointly Controlled entities as at 31 March 2014

₹in Lakhs

Particulars	As at 31 March 2014		As at 30 June 2013	
	LSML	HSCL	LSML	HSCL
Share of the company in Capital Commitments incurred by jointly controlled entity	-	-	-	-
Share of other venturers in Capital Commitments incurred by jointly controlled entity	-	-	1,441.04	-

### 40.4 Share of the Company in the assets, liabilities, incomes and expenses of the Jointly Controlled Entities are given below :

₹in Lakhs

Particulars	As at 31 March 2014		As at 30 June 2013	
	LSML	HSCL	LSML	HSCL
Assets	-	-	-	-
Liabilities	-	-	-	-
Income - upto the date of Sale	-	-	8,354.73	10,114.32
Expenses - upto the date of sale	-	-	13,200.77	10,302.54

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

**SHRIRAM EPC LIMITED**  
Notes forming part of Financial Statements

**41 Contingent Liabilities**

₹in Lakhs

Particulars	Year	As at 31 March 2014	As at 30 June 2013
Corporate Guarantees issued		1,600.00	6,100.00
Claims against the Company not acknowledged as debts		8,126.60	9,300.14
Disputed Service tax demands contested in Appeals, not provided for *			
<b>Appeal pending before</b>			
Customs Excise and Service Tax Appellate Tribunal - Tamilnadu	2006-07 to 2008-09	207.67	261.73
Commissioner of Service Tax (Appeals)	2008-09 to 2011-12	114.54	114.54
Customs Excise and Service Tax Appellate Tribunal - West Bengal	2006-07 to 2008-09	-	106.61
Disputed VAT/Central Sales Tax demands contested in Appeals, not provided for *			
<b>Appeal pending before</b>			
Supreme Court	2008-09 to 2009-10	223.33	223.33
High court of Madras	2008-09 to 2012-13	1,123.31	-
West Bengal Commercial Taxes Appellate & Revisional Board	2007-08	558.45	558.45
Joint Commissioner (Appeals)	2008-09 to 2010-11	500.39	500.39
Ld. Joint Commissioner (Appeals) of West Bengal Commercial Taxes	2008-09 & 2010-11	408.00	86.63
Deputy Commissioner of Commercial Taxes, Bokaro	2007-08 to 2008-09	-	412.95
Commercial Tax Officer, Ranchi	2007-08 - 2009-10	721.00	-
Appellate Deputy Commissioner (CT), Kurnool	2008-09 & 2011-12	40.17	-
Disputed income tax demands contested in Appeals not provided for*			
<b>Appeal pending before</b>			
Commissioner of Income Tax ( Appeals)	2005-06	76.52	76.52
Commissioner of Income Tax ( Appeals)	2006-07	91.96	91.96
Commissioner of Income Tax ( Appeals)	2007-08	130.19	130.19
Commissioner of Income Tax ( Appeals)	2008-09	519.95	519.95
Commissioner of Income Tax ( Appeals)	2009-10	11.48	11.48
Commissioner of Income Tax ( Appeals)	2010-11	156.12	156.12
Commissioner of Income Tax ( Appeals)	2011-12	312.43	-

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

**SHRIRAM EPC LIMITED**  
Notes forming part of Financial Statements

**42 Capital Commitments**

**42.1** Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹503.87 Lakhs (30 June 2013: ₹1,437.84 lakhs )

**43 Sale of WEG Business**

Though the Company had obtained its Shareholders' approval through Postal Ballot on August 21, 2008, for transfer of 250 KW Wind Turbine Business to its erstwhile Joint Venture, Leitwind Shriram Manufacturing Limited (LSML ) with effect from April 1, 2008, the Company would continue to sell the 250 KW Wind Turbines till the time LSML obtains all statutory approvals to manufacture and sell the same. Consequently, the Company has not recognised the Profit/Loss in the Statement of Profit and Loss for the nine months period ended March 31, 2014

**44 Dues from Subsidiaries and Associates - Disclosure under clause 32 of the listing agreement**

**44.1 Maximum amount outstanding at any time during the year:**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Subsidiaries</b>		
Shriram EPC(Singapore) Pte Ltd	-	4,153.45
Blackstone Group Technologies (Pvt) Limited	-	1,097.01
Chemprojects Consulting (Pvt) Limited	-	126.07
Shriram EPC FZE, Sharjah	18.86	-
<b>Associates</b>		
Haldia Cokes & Chemicals (Pvt) Limited	36,916.95	24,564.24
Orient Green Power Company Limited	2,907.82	19,306.31
Shriram SEPL Composites (Pvt) Limited	-	2,187.92
Ennore Coke Limited	12,605.36	7,143.37
Bharat Wind Farm Limited	20.62	-
Clarion Windfarms (Pvt) Limited	-	1,026.22
Beta Wind Farm (Pvt) Limited	-	200.00
<b>Total</b>	<b>52,469.61</b>	<b>59,804.59</b>

**SHRIRAM EPC LIMITED**

Notes forming part of Financial Statements

**45 CIF value of Imports**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen months ended 30 June 2013
Raw Materials and components (for Wind Turbine Generators)	-	79.79
Capital Goods	-	932.95
Traded Goods	-	5,352.32
Materials consumed in execution of Engineering Contracts	1,817.87	17,173.73

**46 Expenditure in Foreign Currency**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen months ended 30 June 2013
Travelling and conveyance	106.74	411.74
Professional and consultation fees	232.84	57.90
Erection, Construction & Operation Expenses	1,502.61	27,123.80
Others	1,220.75	3,515.64
Total	3,062.94	31,109.08

**47 Earnings in Foreign Currency**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen months ended 30 June 2013
FOB Value of Exports	214.73	1,559.06

**48 Details on derivative instruments and unhedged foreign currency exposures**

The following derivative positions are open as at 31 March, 2014. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may qualify to be designated as hedging instruments. The accounting for these transactions is stated in Notes 2.20

Forward exchange contracts (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

- (i) Outstanding forward exchange contracts entered into by the Company and outstanding as on 31 March 2014 - 1 No. (PY - Nil)

Currency	Amount in USD	Buy / Sell	Cross currency
USD	979,943	Buy	Rupees

**SHRIRAM EPC LIMITED**

Notes forming part of Financial Statements

**(ii) Unhedged foreign currency exposure**

₹in Lakhs

Particulars	Currency	As at 31 March 2014	
		Amount in Foreign Currency	₹in Lakhs
Bank balance	IQD	3.44	0.18
	USD	0.01	0.43
Trade Payables (including Payables on purchase of fixed assets)	IQD	451.82	23.29
	USD	74.26	4,449.67
	AUD	3.74	207.57
	EURO	9.17	758.05
	RMB	4.75	45.90
	SGD	0.40	19.08
	GBP	0.10	9.73
Trade and other receivables	USD	74.61	4,469.95
	EURO	5.93	490.04
Supplier advance (including capital advances)	IQD	536.29	27.61
	USD	33.02	1,977.98
	AUD	29.84	1,658.25
	EURO	16.35	1,350.49
	SGD	0.38	18.37
	GBP	0.01	0.84

₹in Lakhs

Particulars	Currency	As at 30 June 2013	
		Amount in Foreign Currency	₹in Lakhs
Bank balance	IQD	5.92	0.30
	USD	0.20	11.72
Trade receivables	AUD	3.28	178.02
Advance given	EURO	7.66	595.78
	USD	56.00	3,326.12
Trade Payables (including Payables on purchase of fixed assets)	IQD	137.60	7.05
	USD	116.72	6,932.29
	AUD	0.11	5.98
	EURO	4.29	333.48
	RMB	2.84	26.23
Supplier advance (including capital advances)	IQD	15.00	0.77
	USD	17.94	1,065.37
	AUD	30.71	1,668.68
	EURO	9.41	732.26
	RMB	2.84	26.23
	SGD	0.39	18.08
	GBP	0.35	31.89



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

- 49 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.
- 50 The Company was in the course of executing project for Governorate of Basra, Government of Iraq ('the customer'). There were some delays in commencement of the project due to regulatory compliances. However the said contract has been cancelled by the Customer during February 2014, and the company has filed a legal suit in the High Court of Madras and with the Higher Judicial Council, Iraq, for stay on the invocation of the performance bank guarantee. The construction activities have been ceased, and the legal dispute with the customer for the recovery of the amounts so far incurred in respect of the said project, or for re-commencement of the project and its completion thereon, are in progress. The Government of India has also been extremely supportive for revival of the project. The customer has opened a Letter of credit('LC') for a value of USD 235 million (INR 139,590 Lakhs) which is an irrevocable LC backed by 100% margin deposited by the customer. Cancellation of this LC is possible only on settlement being reached with the company. The total amounts due to Company recorded under Trade Receivables, Unbilled revenue representing the actual cost incurred (after excluding the margin which has been written off/not recognized during the year) and Short Term loans and advances, in respect of this project, aggregate to ₹15,696.02 Lakhs. For the above reasons, the management is confident of realizing the monies and do not expect any shortfall in realization.
- 51 The Company had secured an EPC Contract from M/s Abhijeet Projects Limited (APRL) for execution of a Solar Thermal power project

at Rajasthan with technology support from M/s Ener T international limited, Israel. The contract should have been executed by 28th February 2013. But due to the financial encumbrances of APRL, the project came to standstill since March 2013. The amount outstanding under Trade Receivables, Unbilled revenue and Short Term loans and advance net of advance received from APRL aggregates to ₹16,486.69 lakhs. The Company and the client are in negotiations with potential financial and strategic investors which would enable the company to recover its dues. Accordingly, the company is hopeful of recovering all the amounts due to them and does not expect any short fall in the recovery of the dues.

- 52 The Company has over the years made investments in certain companies (Refer Note 13) and has given advances to certain companies (Refer Note 14). The interest on these advances is also receivable by the Company. The limits upto which the loans and investments are made are subject to Section 372A of the Companies Act, 1956 and also the resolution passed by the members of the company on 27 August 2012 by Postal Ballot. The said resolution gives the company the right to make loans and investments in certain companies within the limits stated against each companies, in the said resolution. The limits stated in the resolution is over and above the limits contemplated by Section 372A of the Companies Act, 1956. The aggregate amount of loans and advances, in the view of the company, as at 31<sup>st</sup> March, 2014 is within the overall limits granted by the shareholders and is not within the limits specified against each companies. However, necessary approvals will be obtained from the members, in the ensuing Annual General Meeting.

- 53 Current and previous period financial statements are for a period of nine months and fifteen months respectively and hence not comparable. Previous period's figures have been regrouped and reclassified wherever necessary to correspond with the current period's classification/disclosure.

For and on behalf of the Board of Directors

T. Shivaraman  
Managing Director

K. Suresh  
Company Secretary

Place : Chennai  
Date : 27<sup>th</sup> May, 2014

R. Sundararajan  
Director

R. S. Chandrasekaran  
Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF SHRIRAM EPC LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SHRIRAM EPC LIMITED ( the "Company") and its subsidiary (the Company and its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014, the Consolidated Statement of Profit and Loss for the Nine Months ended 31<sup>st</sup> March 2014 and the Consolidated Cash Flow Statement for the period then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration

of the reports of the other auditor on the financial statements of an associate referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2014;
- in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the Nine Months ended 31<sup>st</sup> March 2014; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the period ended on that date.

### Emphasis of Matter

- Attention is invited to Note 46 and Note 47 to the financial statements regarding the dues in respect of projects undertaken for two customers by the Company. As explained in the said notes, these projects are stalled and Company has not been able to make further progress. However, in the circumstance and for the reasons explained in these notes, the said dues are considered fully realisable by the Management.
- Attention is drawn to Note No. 48 of the Financial Statements regarding Investments and Loans made to certain companies by the Company, the aggregate of which as on 31<sup>st</sup> March 2014 exceed the limits approved by the Shareholders for each of such entities though the aggregate outstanding as on that date is within overall limit approved by the Shareholders..

Our opinion is not qualified in respect of above matters.

### Other Matter

The consolidated financial statements also include the Group's share of net loss of ₹6,633.65 Lakhs. for the period year ended 31<sup>st</sup> March, 2014, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements of the associate have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on the report of the other auditor.

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets (net) of ₹35.23 Lakhs as at 31 March, 2014, total revenues of ₹NIL and net cash flows amounting to ₹35.23 Lakhs for the period ended on that date, as considered in the consolidated financial statements. These financial statements have been certified by the Management of the subsidiary and, our report on the Statement, in so far as it relates to the amounts included in respect of this subsidiary, is based solely on such certified financial statements. However, the size of this subsidiary in the context of the Group is not material.

Our opinion is not qualified in respect of the above matters.

FOR DELOITTE HASKINS & SELLS

Chartered Accountants  
Registration No: 008072S

M. K. Ananthanarayanan  
Partner

Membership No.19521

Place : Chennai

Date : 27<sup>th</sup> May, 2014

**SHRIRAM EPC LIMITED**  
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

₹ in Lakhs

	Particulars	Note No	As at 31 March 2014	As at 30 June 2013
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	Share Capital	5	34,435.82	4,435.82
	Reserves and Surplus	6	(26,786.61)	23,841.23
			7,649.21	28,277.05
<b>2</b>	<b>Non-Current Liabilities</b>			
	Long Term Borrowings	7	22,171.77	16,005.47
	Other Long Term Liabilities	8	96.83	69.75
	Long Term Provisions	9	258.37	242.34
			22,526.97	16,317.56
<b>3</b>	<b>Current Liabilities</b>			
	Short Term Borrowings	10	150,308.41	139,968.24
	Trade Payables	11	34,494.53	40,944.31
	Other Current Liabilities	12	23,386.86	22,614.73
	Short Term Provisions	13	305.12	305.52
			208,494.92	203,832.80
	<b>TOTAL</b>		<b>238,671.10</b>	<b>248,427.41</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-Current Assets</b>			
	<b>Fixed Assets</b>	14		
	Tangible Assets		4,219.13	4,242.51
	Intangible Assets		106.86	211.39
	Capital Work-in-Progress		2,658.06	932.43
			6,984.05	5,386.33
	Non-Current Investments	15	1,658.35	8,392.88
	Deferred Tax assets (net)		-	1,392.84
	Long-term Loans and Advances	16	71,342.47	2,571.09
	Other Non-Current Assets	17	53,089.60	13,092.33
			133,074.47	30,835.47
<b>2</b>	<b>Current Assets</b>			
	Current Investments	18	44.22	19,851.63
	Inventories	19	11,426.08	32,386.43
	Trade Receivables	20	24,607.22	58,234.70
	Cash and Cash Equivalents	21	11,911.19	9,037.88
	Short Term Loans and Advances	22	18,614.21	33,883.00
	Other Current Assets	23	38,993.71	64,198.30
			105,596.63	217,591.94
	<b>TOTAL</b>		<b>238,671.10</b>	<b>248,427.41</b>
	See accompanying notes forming part of the financial statements			

In terms of our report attached  
For Deloitte Haskins and Sells  
Chartered Accountants

M. K. Ananthanarayanan  
Partner

Place : Chennai  
Date : 27th May, 2014

For and on behalf of the Board of Directors

T. Shivaraman  
Managing Director

K. Suresh  
Company Secretary

R. Sundararajan  
Director

R. S. Chandrasekharan  
Chief Financial Officer

**SHRIRAM EPC LIMITED**  
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2014

₹ in Lakhs

	Particulars	Note No	Nine months ended March 31, 2014	Fifteen months ended June 30, 2013
I	Revenue from Operations	24	49,509.13	190,559.09
II	Other Income	25	2,677.59	6,346.91
III	Total Revenue (I+II)		52,186.72	196,906.00
IV	Expenditure :			
	Cost of Raw Materials and Components Consumed	26	487.38	7,783.11
	Erection, Construction & Operation Expenses	27	38,882.95	124,758.65
	Purchases of Stock in Trade	28	-	12,151.74
	Change in Inventories of Contract Work in Progress, Finished Goods and Stock In Trade	29	20,868.09	(6,210.11)
	Employee Benefits Expense	30	4,090.34	9,191.05
	Finance Costs	31	19,075.18	44,804.61
	Depreciation and Amortisation Expense	14	437.69	2,305.61
	Other Expenses	32	10,947.66	17,589.08
	<b>Total Expenses</b>		<b>94,789.29</b>	<b>212,373.74</b>
V	Loss Before Exceptional Items and Tax (III-IV)		(42,602.57)	(15,467.74)
VI	Exceptional Items		-	(5,324.77)
VII	Loss Before Tax (V+VI)		(42,602.57)	(20,792.51)
VIII	Tax expense / (benefit):			
	(1) Current tax		-	239.26
	(2) Deferred tax (Net)		1,392.84	(4,504.89)
	Net tax expense / (benefit)		1,392.84	(4,265.63)
IX	Loss After Tax for the period		(43,995.41)	(16,526.88)
X	Less: Minority Interest share of (Loss) / Profit		-	(20.31)
XI	(Loss) / Profit After Tax and Minority Interest		(43,995.41)	(16,506.57)
XII	Add: Share of loss from Associate		(6,633.65)	(10,375.04)
XIII	Loss for the period		(50,629.06)	(26,881.61)
XIV	Earnings per Share: ( Face value of ₹10/- per share)			
	Basic		(114.14)	(60.61)
	Diluted		(114.14)	(60.61)
	See accompanying notes forming part of the financial statements			

In terms of our report attached  
For Deloitte Haskins and Sells  
Chartered Accountants

M. K. Ananthanarayanan  
Partner

Place : Chennai  
Date : 27th May, 2014

For and on behalf of the Board of Directors

T. Shivaraman  
Managing Director

K. Suresh  
Company Secretary

R. Sundararajan  
Director

R. S. Chandrasekharan  
Chief Financial Officer

**SHRIRAM EPC LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR NINE MONTHS ENDED 31 MARCH 2014**

₹ in Lakhs

	Particulars	Nine Months ended 31 March 2014	Fifteen Months ended 30 June 2013
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b>Net Loss before Tax</b>	(42,602.57)	(20,792.50)
	Depreciation and amortisation expense	437.69	2,305.61
	Employee Stock Option Expense	-	2.00
	Provision for Gratuity	16.54	70.74
	Provision for Compensated Absences	(1.69)	182.26
	Loss on disposal of Fixed Assets (Net)	6.20	(2.94)
	Bad Trade Debts/Advances Written off		
	- Sree Jayajothi Cements Ltd	-	6,176.34
	- Others	4,962.17	8,163.55
	Liabilities / provisions no longer required written back	(1,197.61)	(1,391.41)
	Interest Income	(1,215.58)	(4,235.15)
	Gain on Sale of Investments	-	(5,552.69)
	Interest and Finance Charges	19,075.18	41,626.09
	Write down in the carrying value of Inventories	16,779.45	-
	Provision for Unbilled Revenue	8,693.20	-
	Deferred rent	27.08	-
	Loss on unrealised exchange fluctuation	-	851.37
	Adjustments to the carrying amount of current investments		
	- Sree Jayajothi Cements Ltd	-	4,055.67
	- Spark Environmental Technology Ltd	-	10,906.34
	- Orient Green Power Company Limited	-	2,783.28
		47,582.63	65,941.05
	<b>Operating Profit before working capital changes</b>	4,980.06	45,148.54
	<b>Working capital changes :</b>		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	4,180.90	11,860.91
	Trade Receivables	28,665.32	69,593.48
	Short Term Loans and Advances	15,108.86	-
	Long Term Loans and Advances	(68,003.76)	(8,912.81)
	Other Current Assets	25,261.66	-
	Other Non-Current Assets	(48,690.47)	-
		(43,477.52)	72,541.58
	<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
	Trade Payables	(5,252.17)	(27,325.35)
	Other Current Liabilities	2,800.40	(19,025.37)
	Other Long Term Liabilities	-	(867.00)
		(2,451.77)	(47,217.72)
	Cash generated from /(used in) operations	(40,949.20)	70,472.39
	Net income tax paid	(767.62)	(429.78)
	<b>Net Cash flow (used in)/from Operating Activities (A)</b>	(41,716.85)	70,042.61

**SHRIRAM EPC LIMITED**  
**CASH FLOW STATEMENT FOR NINE MONTHS ENDED 31 MARCH 2014 (contd.)**

₹ in Lakhs

	Particulars	Nine Months ended 31 March 2014	Fifteen Months ended 30 June 2013
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital expenditure (including Capital Work in progress)	(2,585.30)	(4,659.80)
	Proceeds from sale of fixed assets	269.91	161.04
	Bank balances not considered as Cash and cash equivalents (Net)		
	- Placed	(10,505.24)	(8,464.78)
	- Matured	8,464.78	3,287.04
	Purchase of Long Term investments		
	- Subsidiary	-	-
	- Joint ventures	-	(400.00)
	- Others	-	(35,199.01)
	Proceeds from sale of Long Term Investments		
	- Subsidiary	-	15,151.00
	- Joint ventures	-	10,388.00
	- Associate	-	652.00
	- Others	19,908.28	-
	Proceeds from current investments	-	3.61
	Interest Received	1,158.51	4,154.06
	<b>Net Cash from/ (Used in) Investing Activities (B)</b>	16,710.94	(14,926.84)
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from issue of equity Shares (Including Share Application Money)	30,000.00	701.39
	Proceeds from long term borrowings	12,150.77	11,881.33
	Repayment of long term borrowings	(5,822.54)	(3,850.32)
	Movement in current maturities of long term borrowings	718.73	(2,135.89)
	Net Increase/(Decrease) in Working Capital Borrowings	10,340.18	(55,605.83)
	Interest and Finance Charges Paid	(21,548.39)	(38,332.75)
	Dividends paid ( including dividend distribution tax)	-	(619.24)
	<b>Net Cash from / (used in) Financing Activities (C)</b>	25,838.76	(87,961.31)
<b>D</b>	<b>NET INCREASE ( DECREASE ) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD ( A + B + C )</b>	832.85	(32,733.38)
	Cash and Cash equivalents as at the beginning of the period	573.10	33,293.11
	Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	-	13.37
	Cash and Cash equivalents as at the end of the period	1,405.95	573.10

**SHRIRAM EPC LIMITED**  
CASH FLOW STATEMENT FOR NINE MONTHS ENDED 31 MARCH 2014 (contd.)

₹ in Lakhs

Particulars	Nine Months ended 31 March 2014	Fifteen Months ended 30 June 2013
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
<b>Cash and cash equivalents as per Balance Sheet</b>	11,911.19	9,037.88
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		
- Margin Money having maturity period exceeding three months	(10,505.24)	(8,464.78)
Cash and cash equivalents at the end of the period *	1,405.95	573.10
* Comprises:		
(a) Cash on hand	12.84	37.18
(b) Cheques, drafts on hand	-	-
(c) Cheques in Transit	-	-
(d) Balances with banks		
(i) In current accounts	364.25	449.25
(ii) In deposit accounts with original maturity of less than 3 months	1,009.99	67.81
(iii) In earmarked accounts (Unpaid Dividend Account)	18.87	18.86
	1,393.11	535.92
	1,405.95	573.10
See accompanying notes forming part of the financial statements		

**Notes:**

Capital expenditure includes adjustments for current liabilities relating to acquisition of fixed assets to the extent identified.

In terms of our report attached  
For Deloitte Haskins and Sells  
Chartered Accountants

M. K. Ananthanarayanan  
Partner

Place : Chennai  
Date : 27<sup>th</sup> May, 2014

For and on behalf of the Board of Directors

T. Shivaraman Managing Director R. Sundararajan Director

K. Suresh Company Secretary R. S. Chandrasekharan Chief Financial Officer

**SHRIRAM EPC LIMITED**  
Notes forming part of Consolidated Financial Statements

**1 Corporate Information**

Shriram EPC Limited (the "Company" or "SEPC"), the flagship company of the Shriram EPC Group, has diverse interests across Financial Services, IT Services, Project Engineering & Construction, Property Development, Life Insurance and General Insurance. Company provides end-to-end solutions to engineering challenges, offering multi disciplinary design, engineering, procurement, construction and project management services. SEPC is focussed on providing turnkey solutions for ferrous & non-ferrous, cement, aluminium, copper and thermal power plants, water treatment & transmission, renewable energy, cooling towers & material handling.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The normal operating cycle of the entity for Construction Contracts is the duration of 2 to 3 years depending on each contract. For all other segments, the normal operating cycle has been considered as a duration of 12 months.

**2 Principles of Consolidation**

The Consolidated Financial Statements relate to Company, its Subsidiary Companies, Joint Ventures and Associates. The Consolidated Financial Statements have been prepared on the following basis:

- 2.1 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.
- 2.2 The assets and liabilities of foreign subsidiaries whose operations are of non-integral nature are translated at the closing exchange rates, the items of income and expense of foreign subsidiaries are translated

at average exchange rate and resulting exchange differences are classified as cumulative translation adjustment and debited / credited to Foreign Currency Translation Reserve.

- 2.3 Investments in associate companies have been accounted for as per Accounting Standard – 23, by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post - acquisition change in the Company's share of net assets of the associate.
- 2.4 Financial Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures. Joint venture interests accounted as above are included in the segments to which they relate.
- 2.5 Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances except as stated in Note 4.3 and 4.7, the impact of which is not quantifiable.
- 2.6 Minority interest in the net assets of consolidated subsidiaries consists of:
  - 2.6.1 The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
  - 2.6.2 The minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.
  - 2.6.3 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.
- 2.7 The excess of cost to the Company and its Subsidiaries, of their investments in their Subsidiaries and Joint Ventures is recognized in the financial statements as Goodwill on Consolidation.

## SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements

### 3 Details of Subsidiaries, Associates and Joint Ventures

#### 3.1 List of Subsidiaries, Associates and Joint Ventures included in the Consolidated Financial Statements

₹in Lakhs

Name of the Company	Status	Country of Incorporation	Share of Ownership and Voting Power Percentage	
			March 31, 2014	June 30, 2013
Shriram EPC ( FZE) Pte Ltd	Subsidiary	Sharjah	100%	0.00%
Shriram EPC (Singapore) Pte Ltd	Subsidiary	Singapore	0.00%	100.00%
Blackstone Group Technologies Private Ltd	Subsidiary	India	0.00%	55.00%
Leitwind Shriram Manufacturing Limited	Joint Venture	India	0.00%	49.48%
Hamon Shriram Cotrell Private Limited	Joint Venture	India	0.00%	49.99%
Shriram SEPL Composites Private Limited	Associate	India	0.00%	49.00%
Haldia Coke and Chemicals Private Limited	Associate	India	48.48%	48.48%
<b>Holdings through Subsidiary and Associate</b>				
Orient Green Power Pte Ltd	Associate	Singapore	0.08%	37.70%
ChemProjects Private Limited	Subsidiary	India	0.00%	60.00%
Shriram Composites Private Limited	Associate	India	0.00%	100.00%

### 4 Significant Accounting Policies:

#### 4.1 Basis of Accounting and Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Companies Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 4.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 4.3 Inventories

Inventories are valued at the lower of cost on FIFO basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes

## SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements

all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

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

Contract Work in Progress represent work in progress on construction contracts which reflects proportionate value of inputs and expenses on contracts yet to be billed.

#### 4.4 Cash and cash equivalents (for the purposes of Cash Flow Statement)

Cash comprises of cash on hand, cheques in transit and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 4.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby Profit / (Loss) before Tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 4.6 Depreciation and amortisation

Depreciation is computed under Straight Line Method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 except for the following:

- Leasehold improvements are written off over the primary period of their lease.
- Certain items of Plant and Machinery used at project sites are depreciated over an estimated useful life of 2 to 4 years.

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

(iv) Software cost are amortised over a period of 5 years based on Management's evaluation of their estimated useful life.

(v) Lease hold Land Using Rights is amortised over the primary period of lease, which is 20 years.

(vi) Individual assets costing ₹5,000/- each or less is depreciated fully in the year of acquisition.

#### 4.7 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 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 when they are established.

Revenue from Joint Venture Contracts : In respect of Jointly Controlled Operations, revenues, expenses, assets and liabilities are accounted for in the Company's books to the extent work is executed by the Company.

Contract Revenue earned in excess of billing has been reflected as 'Unbilled Revenue' under 'Other Current Assets' and 'Other Non Current Assets' as the case may be and billing in excess of Contract Revenue has been reflected as 'Advances Billing' under 'Other Current Liabilities'.

Revenue from the sale of power is recognised on the basis of the number of units of power exported, in accordance with joint meter readings undertaken on

## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

a monthly basis by representatives of the State Electricity Board and the Company, at rates agreed upon with customers.

Dividend Income on Investments is accounted for when the right to receive the payment is established. Interest income is accounted on accrual basis. Interest income is included under the head "other Income" in the Statement of Profit and Loss.

#### 4.8 Fixed Assets

"Fixed Assets are stated at historical cost (net of CENVAT/VAT wherever applicable) less Accumulated Depreciation / Amortisation. Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs till such assets are ready for its intended use.

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest."

#### 4.9 Foreign Currency Transaction

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets & liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognized in the Statement of Profit and Loss.

Integral foreign operations: Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Exchange differences arising on actual payments/realizations and year-end restatements are dealt with in the Statement of Profit and Loss. Investments in Foreign currencies are reported using the exchange rate at the date of the transaction.

Integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's integral foreign operations outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.

#### 4.10 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

#### 4.11 Employee Benefits

##### 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 at the balance sheet date, are recognized as an expense as per the Company's scheme based on expected obligations on undiscounted basis.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

##### Long-term Employee Benefits

###### (i) Defined Contribution Plans:

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### (ii) Defined Benefit Plans:

For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

#### (iii) Long Term Compensated Absences:

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 Statement of Profit and Loss as income or expense.

#### 4.12 Employee Share Based payments

The Company has formulated Employee Stock Option Schemes '2006' and '2007' (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

#### 4.13 Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and

the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

#### 4.14 Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

#### 4.15 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average

## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

#### 4.16 Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available

to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

#### 4.17 Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

#### 4.18 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the 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



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

#### 4.19 Provision for warranty

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

#### 4.20 Derivatives

All derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and

Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence

#### 4.21 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

#### 4.22 Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The normal operating cycle of the entity for Construction Contracts is the duration of 2 to 3 years depending on each contract. For all other segments, the normal operating cycle has been considered as a duration of 12 months.

## 5 Share Capital

The authorized, issued, subscribed and fully paid-up share capital:

₹in Lakhs

Particulars	As at March 31, 2014	As at June 30, 2013
<b>Authorised :-</b>		
85,000,000 Equity Shares of ₹10 each	8,500.00	6,500.00
30,000,000 Convertible Preference shares of ₹100 each	30,000.00	2,000.00
	38,500.00	8,500.00
<b>Issued, Subscribed and fully Paid-up:-</b>		
44,358,184 Equity Shares (previous year - 44,358,184 Equity Shares) of ₹10 each	4,435.82	4,435.82
<b>Preference Share Capital</b>		
(30,000,000 10% Cumulative Redeemable Preference shares of ₹100/- each)	30,000.00	-
Total	34,435.82	4,435.82

## SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements

### 5.1 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period :

Particulars	As at 31 March 2014		As at 30 June 2013	
	In Shares	Amount (in ₹ Lakhs)	In Shares	Amount (in ₹ Lakhs)
<b>Equity Shares</b>				
At the beginning of the period	44,358,184	4,435.82	44,344,284	4,434.43
Issued during the period	-	-	13,900	1.39
Outstanding at the end of the period	44,358,184	4,435.82	44,358,184	4,435.82

Particulars	As at 31 March 2014		As at 30 June 2013	
	In Shares	Amount (in ₹ Lakhs)	In Shares	Amount (in ₹ Lakhs)
<b>Cumulative Redeemable Preference Shares</b>				
At the beginning of the period	-	-	-	-
Issued during the period (Refer Note below)	30,000,000	30,000	-	-
Outstanding at the end of the period	30,000,000	30,000	-	-

#### Note:

During the period, the Company has allotted 30,000,000 10% Cumulative Redeemable Preference Shares of ₹100 each to Shriram Industrial Holdings Limited (Investing Party).

### 5.2 Details of shareholders holding more than 5% shares

Name of Shareholder	As at 31 March 2014		As at 30 June 2013	
	No of Shares	% holding in that class of shares	No of Shares	% holding in that class of shares
<b>Equity Shares</b>				
Shriram Industrial Holdings Limited	18,334,526	41.33%	1,704,807	38.43%
Bessemer Venture Partners	10,481,762	23.63%	10,481,762	23.63%
Unit Trust of India Investment Advisory Services Limited	3,786,779	8.54%	3,786,779	8.54%
<b>Cumulative Redeemable Preference Shares</b>				
Shriram Industrial Holdings Limited	30,000,000	100.00%	-	-



## SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements

### 5.3 Terms/rights attached to the shares

The Company has issued equity shares having a par value of ₹10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting rights.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Preference shares have a face value of ₹100 each, and are entitled to receive a cumulative dividend at the rate of 10%. The preference shares shall have a maximum tenure of 10 years. The preference shares are redeemable before 10 years at the option of the shareholders.

### 6 Reserves and Surplus

Particulars	₹in Lakhs	
	As at March 31, 2014	As at June 30, 2013
<b>a) Capital Reserve</b>	12.92	12.92
<b>b) Securities Premium</b>		
Opening Balance	24,849.88	24,838.97
Add: Transfer from Stock Options Outstanding Account	-	14.01
Less:	-	3.10
<b>Closing Balance</b>	24,849.88	24,849.88
<b>c) Share Options Outstanding Account</b>		
Opening Balance	97.29	109.30
Add: Deferred Stock compensation Expenses	-	2.00
Less: Transfer to Securities Premium on Share Allotment	-	(14.01)
<b>Closing Balance</b>	97.29	97.29
<b>d) General Reserve</b>	464.63	464.63
<b>e) Foreign Currency Translation Reserve</b>	965.31	579.70
Additions during the year	820.51	385.61
Deletions during the year	-	-
	1,785.82	965.31
<b>f) Other Reserves</b>	4,898.58	1,099.72
Additions during the year	-	3,798.86
Deletions during the year	2,053.39	-
	2,845.19	4,898.58
<b>f) Deficit / Surplus in Statement of Profit and Loss</b>		
Opening balance	(7,447.38)	23,895.58
Additions during the year	(50,629.06)	(26,881.60)
Deletions during the year	(1,234.09)	4,461.36
<b>Closing Balance</b>	(56,842.36)	(7,447.38)
<b>Total</b>	(26,786.61)	23,841.24



**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**7 Long Term Borrowings**

₹in Lakhs

Particulars	Long term portion		Current maturities	
	As at 31 March 2014	As at 30 June 2013	As at 31 March 2014	As at 30 June 2013
<b>Secured</b>				
Term Loans				
From Banks	10,000.00	15,942.29	2,520.89	1,793.48
From Others	9.54	35.08	-	-
Finance Lease Obligations	11.46	28.10	66.04	74.72
<b>Unsecured</b>				
From related parties	12,150.77	-	-	-
<b>Total</b>	<b>22,171.77</b>	<b>16,005.47</b>	<b>2,586.93</b>	<b>1,868.20</b>

**8 Other Long-term Liabilities**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Security Deposit Received	16.39	16.39
Deferred Rent Obligations	80.44	53.36
<b>Total</b>	<b>96.83</b>	<b>69.75</b>

**9 Long-term Provisions**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Provision for employee benefits</b>		
Provision for Gratuity (Refer Note 35.1)	258.37	242.34
<b>Total</b>	<b>258.37</b>	<b>242.34</b>

**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**10 Short Term Borrowings**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Loans Repayable on Demand - Secured</b>		
<b>From Banks</b>		
Cash Credit and Overdraft facilities	104,973.76	102,255.44
Working Capital Demand Loan	4,045.03	5,476.26
<b>Short Term Loans</b>		
From Banks	15,475.00	22,520.67
From Other Parties	-	2,500.00
<b>Bills Discounted</b>		
With Banks	3,144.42	3,124.95
With Other Parties	1,136.49	1,250.02
<b>Short Term Loans - Unsecured</b>		
From related parties (Refer Note No. 38)	-	2,840.89
From other parties	21,533.71	-
<b>Total</b>	<b>150,308.41</b>	<b>139,968.23</b>

**11 Trade Payables**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Acceptances	9,995.96	10,167.40
Other than Acceptances (Refer Note 11.1 and 11.2 Below)	24,498.57	30,776.91
<b>Total</b>	<b>34,494.53</b>	<b>40,944.31</b>

**11.1** There are no dues to Micro and Small Enterprises in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 as of 31 March 2014 and 30 June 2013, on the basis of such parties having been identified by the management and relied upon by the auditors.

**11.2** Includes ₹4,134 lakhs being amounts held as retention and payable upon commissioning of the equipment supplied.

**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**12 Other Current Liabilities**

₹ in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Advance from Customers (Refer Note No 12.1 below)	16,866.29	14,844.06
Advance Billing	956.74	229.23
Current Maturities of Long Term Borrowings		
From Banks	2,520.89	1,793.48
Current Maturities of Finance Lease Obligations	66.04	74.72
Payables on Purchase of Fixed Assets	1,858.98	2,132.77
Statutory Remittances	189.25	138.59
Interest accrued but not due on borrowings	410.50	3,401.87
Interest accrued and due on borrowings	518.16	-
<b>Total</b>	<b>23,386.86</b>	<b>22,614.72</b>

12.1 Includes ₹5,407.29 lakhs being amounts adjustable within one year.

**13 Short-term Provisions**

₹ in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Provision for Employee Benefits		
Gratuity (Refer Note 35.1)	11.13	10.62
Compensated Absences	263.15	264.84
Provision for Warranties (Refer Note 11.1 below)	29.39	29.39
Unclaimed Dividend	1.45	0.67
<b>Total</b>	<b>305.12</b>	<b>305.52</b>

**13.1 Movement of Warranty Provision**

₹ in Lakhs

Particulars	Nine Months Ended 31 March 2014	Fifteen Months ended 30 June 2013
Opening Balance	29.39	29.39
Add: Provision created during the period	-	-
Less: Utilized during the period	-	-
Closing Balance	29.39	29.39

**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**14 Fixed Assets**
**14.1 Fixed Assets - Current Year**

S. No	Block of Assets	Gross Block			Accumulated Depreciation and Amortisation			Net Block		
		As at 1 July 2013	Additions	Disposals	As at 31 March 2014	As at 1 July 2013	Depreciation/ Amortisation for the period	Depreciation on disposals	As at 31 March 2014	As at 31 March 2014
	<b>Tangible Assets</b>									
1	Freehold Land	510.97	2.72	272.19	241.50	-	-	-	241.50	
2	Buildings	174.00			174.00	57.45	5.39	62.84	111.16	
3	Leasehold Improvements	612.77	10.31		623.08	59.63	45.97	105.60	517.48	
4	Plant and Equipments									
	Given under Operating Lease	1,301.51			1,301.51	391.62		391.62	909.89	
	Owned	2,220.26	487.98	0.94	2,707.30	665.18	212.57	877.75	1,829.55	
	Taken under Finance Lease	189.91			189.91	33.13		33.13	156.78	
5	Furniture and Fixtures	92.25	4.06		96.31	56.56	2.76	59.32	36.99	
6	Office Equipment	110.49	5.49	1.39	114.59	25.51	8.82	34.17	80.42	
7	Computers	331.72	66.11		397.83	187.47	37.89	225.36	172.47	
8	Vehicle									
	Taken under Finance Lease	235.59	7.77	3.13	240.23	83.18	19.76	101.55	138.68	
	Owned	35.28	1.44		36.72	12.51		12.51	24.21	
	<b>Intangible Assets</b>									
9	Technical Knowhow	1,101.97	-	-	1,101.97	1,074.19	15.95	1,090.14	11.83	
10	Software	418.40			418.40	292.69	85.96	378.65	39.75	
11	Leasehold Right to Use	80.00			80.00	22.10	2.62	24.72	55.28	
	<b>Total</b>	<b>7,415.12</b>	<b>585.88</b>	<b>277.65</b>	<b>7,723.35</b>	<b>2,961.22</b>	<b>437.69</b>	<b>1,493.51</b>	<b>4,325.99</b>	

**14.2 Depreciation and Amortisation expense**

Particulars	For the nine months ended 31 March 2014	For the fifteen months ended 30 June 2013
Tangible Assets	333.16	2,061.95
Intangible Assets	104.53	243.66
<b>Total</b>	<b>437.69</b>	<b>2,305.61</b>

**SHRIRAM EPC LIMITED**  
Notes forming part of Consolidated Financial Statements

**14.3 Fixed Assets - Previous Year**

S. No	Block of Assets	Gross Block				Accumulated Depreciation/Amortisation				Net Block		
		As at April 1, 2012	Additions	Deletions/ Adjustments on account of consolidation	Reclassified as held for Sale	As at Jun 30, 2013	As at April 1, 2012	Depreciation/ Amortisation for the period	Deletions / Adjustments	Reclassified as held for Sale	As at June 30, 2013	As at June 30, 2013
	<b>Tangible Assets</b>											
1	Freehold Land	473.07	37.90	-	-	510.97	-	-	-	-	-	510.97
2	Buildings	171.74	2.26	-	-	174.00	51.29	6.16	-	-	57.45	116.55
3	Leasehold Improvements	520.93	387.84	296.00	-	612.77	6.78	52.88	0.03	-	59.63	553.14
4	Plant and Equipments											
	Given under Operating Lease	1,301.51	-	-	-	1,301.51	310.91	80.71	-	-	391.62	909.89
	Taken under Finance Lease	189.91	-	-	-	189.91	7.28	25.85	-	-	33.13	156.78
	Owned	12,140.31	1,561.78	67.04	11,414.78	2,220.26	2,250.74	926.03	14.14	2,497.46	665.17	1,555.09
5	Furniture and Fixtures	144.69	34.02	86.46	-	92.26	46.20	25.85	15.49	-	56.56	35.70
6	Office Equipment	200.46	43.61	133.58	-	110.49	20.25	5.26	-	-	25.51	84.99
7	Computers	480.58	98.69	247.55	-	331.72	149.86	73.68	36.07	-	187.47	144.25
8	Vehicle											
	Taken under Operating Lease	223.80	52.97	41.18	-	235.59	67.18	16.00	-	-	83.18	152.41
	Owned	41.36	-	6.08	-	35.28	15.77	37.68	40.94	-	12.51	22.77
	Proportionate share in Joint Ventures	8,761.79	2,937.82	11,699.62	-	5,814.76	4,568.50	811.84	2,454.08	-	1,572.24	4,242.53
	<b>Intangible Assets</b>											
9	Technical Knowhow	1,101.97	-	-	-	1,101.97	943.78	130.41	-	-	1,074.19	27.78
10	Software	548.69	42.99	173.28	-	418.40	196.68	96.01	-	-	292.69	125.71
11	Leasehold Right to Use	80.00	-	-	-	80.00	17.73	4.37	-	-	22.10	57.90
	Proportionate share in Joint Venture	771.77	42.99	945.05	-	1,600.37	1,264.70	243.66	119.38	-	1,388.98	211.39
	<b>Total</b>	<b>27,152.59</b>	<b>5,199.88</b>	<b>13,522.55</b>	<b>11,414.78</b>	<b>7,415.13</b>	<b>5,833.20</b>	<b>2,305.61</b>	<b>2,680.13</b>	<b>2,497.46</b>	<b>2,961.22</b>	<b>4,453.92</b>

**Note:** The Company obtained share holders approval vide postal ballot dated August 05, 2013 for transfer of 11 Wind Electric Generators totalling to 16.2 MW capacity to M/s. Hexa Wind Farm Private Limited by way of Slump sale for a consideration of ₹8,917.32 Lakhs. (Refer Note 23 - Other Current Assets)

**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**15 Non Current Investments ( Valued at cost unless otherwise stated)**

₹ in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Investments</b>		
<b>Investments in Associates - Non Trade</b>		
22,239,167 (22,239,167) Equity Shares of ₹10/- each fully paid up in Haldia Coke and Chemicals Private Limited (Refer Note 15.1 below)	4,007.22	4,007.22
Share of Loss	(8,686.51)	(2,052.86)
Share of reserves	5,863.95	5,863.95
<b>Investments in Others - Trade</b>		
661,300 (1,670,000) Equity shares of ₹10/- each fully paid in Hexa Wind Farm Private Limited	66.13	167.00
4,076,474 (4,076,474) Equity Shares of ₹10/- each fully paid up in Leitwind Shriram Manufacturing Limited	407.56	407.56
<b>Total</b>	<b>1,658.35</b>	<b>8,392.87</b>
Aggregate amount of Quoted Investments	-	-
Market Value of Quoted Investments	-	-
Aggregate amount of Unquoted Investments	4,505.17	8,392.87

**15.1** Of the above, 10,092,344 Equity Shares have been pledged with a lender for monies borrowed by the associate.

**16 Long-term Loans and Advances (Unsecured and considered good , unless otherwise stated)**

₹ in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Capital advances	10,740.18	-
Loans and advances	57,563.25	380.75
Advance tax ( Net of Provisions)	2,797.41	2,029.79
Deposits	241.63	160.55
<b>Total</b>	<b>71,342.47</b>	<b>2,571.09</b>

## SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements

### 16.1 Long-term Loans and Advances include due from:

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Private Companies in which directors are interested:</b>		
Hamon Shriram Cottrell Private Limited	387.57	235.20
Haldia Cokes and Chemicals Private Limited	36,338.16	-
Shriram SEPL Composites Private Limited	-	145.55

### 17 Other Non Current Assets

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Long Term Trade Receivables - Retention Monies	14,600.57	13,092.33
Other Receivables (Refer Note 17.1 below)	7,281.12	-
Receivables on sale of Fixed Assets	4,960.91	-
Unbilled Revenue	26,247.00	-
<b>Total</b>	<b>53,089.60</b>	<b>13,092.33</b>

17.1 The amount of ₹7,281.12 Lakhs represents the balance consideration receivable from My Home Industries Limited ("MHIL") towards the value of certain receivables due from Sree Jayajothi Cements Limited ("SJCL") taken over by MHIL pursuant to an agreement dated 11 August 2013 entered into with them. This amount has been deposited in a Joint Escrow Account to be received by the Company after completion of certain formalities of Sree Jayajothi Cements Limited.

### 18 Current Investments (At lower of cost and fair value, unless otherwise stated):

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
386,526 (386,526) Equity Shares of ₹10/- each fully paid up in Orient Green Power Company Limited	44.22	44.22
Nil (98,564,500) Equity Shares of ₹10/- each fully paid Sree Jayajothi Cements Ltd	-	5,925.09
Investment in 12% Optionally Convertible Debentures in Spark Environmental Technology Ltd	-	13,882.32
<b>Total</b>	<b>44.22</b>	<b>19,851.63</b>
Aggregate amount of Quoted Investments	44.22	2,827.50
Market Value of Quoted Investments	35.95	44.22
Aggregate amount of Unquoted Investments	-	36,533.01
Aggregate write down in value of Investments	-	(16,725.60)

## SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements

### 19 Inventories (Lower of Cost and Net Realisable Value)

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Raw Materials and Components for Wind Turbine Generators	695.89	788.15
Contract Work-in-Progress	10,730.19	30,038.28
Stock in Trade	-	1,560.00
<b>Total</b>	<b>11,426.08</b>	<b>32,386.43</b>

### 20 Trade Receivables(Unsecured and considered good, unless otherwise stated)

₹in Lakhs

Particulars	As at June 30, 2013	As at March 31, 2012
Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, Considered Good	8,186.20	43,520.90
Unsecured, Considered Doubtful	4,197.09	-
	12,383.29	43,520.90
Other Trade Receivables		
Unsecured, Considered Good	16,421.02	14,713.80
Unsecured, Considered doubtful	120.70	-
Less: Provision for Doubtful Trade Receivables	(4,317.79)	-
<b>Total</b>	<b>24,607.22</b>	<b>58,234.70</b>

### 20.1 Trade Receivables include due from:

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Private Companies in which directors are interested:</b>		
Hamon Shriram Cottrell Private Limited	-	334.69
Haldia Coke and Chemicals Private Limited	16.92	-

### 21 Cash and Cash Equivalents

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Cash on hand and in imprest accounts</b>	12.84	37.18
<b>Balances with Banks</b>		
Current Account	364.25	449.25
Deposit Account (Original maturity of 3 months or less)	10.48	17.50
Unpaid Dividend Account	18.87	18.86
Margin Money (Original maturity of 3 months or less)	999.51	50.31
<b>Total Cash and Cash Equivalents</b>	<b>1,393.11</b>	<b>535.92</b>
<b>Other Bank Balances</b>		
Deposit Account (Original maturity of more than 3 months)	3,890.63	2,057.26
Margin Money (Original maturity of more than 3 months)	6,614.61	6,407.52
<b>Total Other Bank Balances</b>	<b>10,505.24</b>	<b>8,464.78</b>
<b>Total</b>	<b>11,911.19</b>	<b>9,037.88</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	1,393.11	535.92

**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**22 Short Term Loans and Advances (Unsecured, considered good unless otherwise stated)**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Short-term Loans and Advances	793.44	19,898.73
Security Deposits	2,116.86	2,320.26
Loans and advances to Employees	56.69	100.50
Prepaid Expenses	133.69	421.11
Advances to Suppliers		
- Considered good	15,127.38	9,933.91
- Considered doubtful	644.38	
Provision for doubtful Advances	(644.38)	
	15,127.38	9,933.91
Balance with Government Authorities	386.15	1,208.49
Total	18,614.21	33,883.00

**22.1 Short term Loans and Advances to:**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
<b>Private Companies in which directors are interested:</b>		
Hamon Shriram Cottrell Private Limited	-	334.69

**22.2** Security Deposits include ₹650.00 lakhs (Previous Year - ₹1,132.64 lakhs) being amount paid under protest in respect of civil dispute in Australia. (Refer Note 42 - Contingent liabilities)

**23 Other Current Assets**

₹in Lakhs

Particulars	As at 31 March 2014	As at 30 June 2013
Unbilled Revenue	38,921.81	55,266.15
Receivable on sale of Fixed Assets	-	8,917.32
Interest accrued on Deposits	71.90	14.83
Total	38,993.71	64,198.30

**24 Revenue from Operations**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Revenue from Engineering and Construction Contracts	48,962.14	155,828.27
Revenue from Sale of Traded Goods	-	12,377.61
Revenue from Sale of Wind Turbine Generators	293.00	1,069.61
Service income	-	1,838.84
Other Operating Revenue - Sale of Power	253.99	1,237.47
Proportionate Share of Joint Ventures	-	18,207.29
Total	49,509.13	190,559.09

**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**25 Other Income**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Interest Income	1,215.58	4,194.32
Lease Rentals Received	6.65	69.91
Management Fees Received	22.75	136.32
Liabilities no longer required written back	1,197.61	1,391.21
Miscellaneous Income	235.00	293.79
Proportionate Share of Joint Ventures	-	261.36
Total	2,677.59	6,346.91

**26 Cost of Raw Materials and Components Consumed**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Opening Stock	788.15	990.91
Add: Purchases	395.13	948.76
Less: Closing Stock	695.90	788.15
Proportionate Share of Joint Ventures	-	6,631.59
Total	487.38	7,783.11

**27 Erection, Construction & Operation Expenses**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Cost of Materials and Labour	22,151.29	106,602.83
Other Contract Related Costs	2,307.81	3,956.36
Commercial Taxes	5,730.65	3,781.03
Provision for Contract Losses	8,693.20	-
Proportionate Share of Joint Ventures	-	10,418.43
Total	38,882.95	124,758.65

**28 Purchases of Stock in Trade**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Windmills	-	5,874.94
Coal	-	6,276.80
Total	-	12,151.74

**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**29 Change in Inventories of Contract Work in Progress, Finished Goods and Stock In Trade**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Opening Stock of Contract Work in Progress	30,038.28	21,106.55
Less: Closing Stock of Contract Work in Progress	10,730.19	30,543.90
	19,308.09	(9,437.35)
Opening Stock in Trade	1,560.00	6,236.99
Less: Closing Stock in Trade	-	1,560.00
	1,560.00	4,676.99
Proportionate Share of Joint Ventures	-	(1,449.75)
Total	20,868.09	(6,210.11)

**30 Employee Benefits Expense**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Salaries and Wages	3,594.67	6,569.79
Contribution to Provident and other funds	185.00	298.01
Expense on Employee Stock Option (ESOP) Scheme	-	2.00
Gratuity	41.45	104.69
Staff Welfare Expenses	269.22	409.53
Proportionate Share of Joint Ventures	-	1,807.03
Total	4,090.34	9,191.05

**30.1** Salaries and wages include remuneration paid to Managing director and Joint Managing Director ₹65.27 Lakhs. Owing to inadequacy of profits, the amount paid has exceeded the limit prescribed under schedule XIII to the Companies Act, 1956. Accordingly, the Company has made application to the Ministry of Corporate Affairs, Government of India on 21 March 2014, seeking approval for the quantum of remuneration paid and is awaiting approval.

**31 Finance Costs**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months Period Ended June 30, 2013
Interest on Cash Credits	11,428.86	16,200.32
Interest on Term Loans	3,672.16	3,559.13
Interest - Others	528.63	13,716.10
Bank Charges, Letter of Credit / Guarantee charges	3,445.53	7,651.93
Proportionate Share of Joint Ventures	-	3,677.13
Total	19,075.18	44,804.61

**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**32 Other Expenses**

₹in Lakhs

Particulars	Nine Months Period Ended March 31, 2014	Fifteen Months Period Ended June 30, 2013
Rent including lease rentals (Refer Note 39)	509.80	737.80
Rates and taxes	210.15	87.63
<b>Repairs and Maintenance:</b>		
Building	144.44	159.86
Plant and Machinery and Equipments	105.03	364.87
Others	82.33	321.05
Auditors' Remuneration	35.21	40.10
Printing and stationery	58.83	98.73
Communication expenses	106.31	171.15
Advertisement & Business Promotion	28.82	102.99
Travelling and conveyance	845.02	1,694.66
Electricity & water	67.92	117.25
Legal & Professional Charges	2,454.34	1,857.12
Donation	0.80	2.86
Sitting Fees	8.40	12.65
Insurance premium	902.55	1,345.00
<b>Bad Debts and Advances</b>		
Bad Trade and Other Receivables, Loans and Advances Written off	-	8,173.67
Less: Provision made in the earlier years	-	(9.17)
	-	8,164.50
Add: Provision for doubtful trade and Other receivables and Loans and Advances	4,962.17	-
	4,962.17	8,164.50
Loss on sale of Investments	14,726.92	-
Less: Provision released	(14,726.92)	-
	-	-
Loss on Sales/ Disposal of Fixed Assets	6.20	21.88
Miscellaneous Expenses	419.34	684.06
Proportionate Share of Joint Ventures	-	1,604.91
Total	10,947.66	17,589.08

**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**33 Exceptional items**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Loss on sale of strategic investments/restructuring		
- Sree Jayajothi Cements Ltd	-	4,931.34
- Spark Environmental Technology Ltd	-	11,794.24
- Orient Green Power Company Limited	-	2,783.28
	-	19,508.86
Bad trade receivables written off		
- Sree Jayajothi Cements Ltd	-	6,176.34
Effect on disposal of investments in subsidiaries, joint ventures and associates	-	(20,335.66)
Others-Proportionate share of joint ventures	-	(24.77)
<b>Total</b>	<b>-</b>	<b>5,324.77</b>

**34 Disclosures pursuant to Accounting Standard (AS) 7 (revised) - Construction Contracts**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
<b>Details of Contract revenue and costs</b>		
Contract Revenues recognised	48,962.14	155,828.27
Aggregate amount of Contract costs incurred and recognised profits (less recognised losses) upto the reporting date	59,751.04	118,548.54
Advances received for contracts in progress	16,866.29	14,844.07
Retention money for contracts in progress	53,088.39	13,092.33
Gross amount due from customers for contract work (Asset)	65,168.81	55,266.15
Gross amount due to customers for contract work (Liability)	956.74	229.23

**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**35 Disclosures under Accounting Standard 15 (Revised)**
**35.1 Gratuity**

₹in Lakhs

Particulars	Nine Months Period Ended March 31, 2014	Fifteen Months Period Ended June 30, 2013
<b>Change in Defined Benefit Obligations (DBO) during the period</b>		
Present Value of obligations at the beginning of the period	252.94	180.97
Current Service Cost	45.89	78.87
Interest Cost	15.33	16.46
Actuarial Loss / (Gain)	(19.78)	9.36
Benefits paid	(24.89)	(32.72)
<b>Present Value of obligations at the end of the period</b>	<b>269.50</b>	<b>252.94</b>
Current portion	11.13	10.62
Non-Current portion	258.37	242.32
<b>Components of Employer Expense</b>		
Cost for the period / year		
Current Service Cost	45.89	78.87
Interest Cost	15.33	16.46
Net actuarial Loss / (Gain) recognised in the period / year	(19.78)	9.36
Net Cost	41.45	104.69
<b>Assumptions</b>		
Discount Rate	8.50%	8.00%
Attrition rate per annum	3.00%	3.00%
Expected rate of Salary increases	5.00%	5.00%

**Notes:**

**35.1.1** The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.

**35.1.2** The discount rate is based on the prevailing market rate as applicable for risk free investments as at balance sheet date for the estimated term of the obligation.

**35.1.3 Experience adjustments :**

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen months ended 30 June 2013	Year ended 31 March 2012
Defined benefit obligation	269.50	252.94	180.97
Plan assets	-	-	-
Deficit	269.50	252.94	-
On plan liabilities - Losses / (Gains)	(19.78)	2.22	(28.12)

The details of experience adjustments relating to earlier years have been disclosed to the extent of available information.

## SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements

### 35.2 Compensated absences

#### Actuarial Assumptions for Compensated Absences

₹in Lakhs

Particulars	Nine months ended 31 March 2014	Fifteen Months ended 30 June 2013
Rate of Mortality	Ind (2006-08)	Ind (2006-08)
Discount rate	8.50%	8.00%
Expected rate of Salary increases	5.00%	5.00%

### 36 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.

#### 36.1 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 November 20, 2006 the Company instituted an ESOP Scheme for all its eligible employees including those of its subsidiaries and associate Companies.

In accordance with the 2006 Scheme the Company has granted on November 22, 2006 (Grant date) options to eligible employees at an exercise price of ₹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 January 1, 2001	In respect of employees who have joined the company after January 1, 2001
November 22, 2007	30%	20%
November 22, 2008	30%	20%
November 22, 2009	20%	30%
November 22, 2010	20%	30%

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

#### Modifications 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 March 31, 2008. Those grants have been made as at April 1, 2007 and will vest with the employees in same proportion as in the original scheme.

## SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements

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

Particulars	As at 31 March 2014	As at 30 June 2013
Options at the beginning of the period / year		
Vested	75,424	75,424
Unvested	-	-
Add: Granted during the period / year	-	-
Add: Vested during the period / year	-	-
Less: Lapsed during the peirod / year	72,205	-
Less: Exercised during the period / year	-	-
Options outstanding at the end of the period / year		
Vested	3,219	75,424
Unvested	-	-
Exercisable at the end of the period / year	3,219	75,424

#### Deferred Stock Compensation Expense

During the period , an amount of ₹ Nil (March 31, 2012: ₹ Nil Lakhs) being employee compensation expense to the extent of options vested net off lapses, has been charged to Statement of Profit and Loss.

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.

#### 36.2 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 sharholders at the extra-ordinary general meeting held on September 20, 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 those of its 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 January 1, 2001	In respect of employees who have joined the company after January 1, 2001
At the end of Year 1	30%	20%
At the end of Year 2	30%	20%
At the end of Year 3	20%	30%
At the end of Year 4	20%	30%

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



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### Modification in the Terms of the 2007 Scheme

The company has carried out a modification in "The 2007 scheme" in an earlier 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 :

Particulars	As at 31 March 2014	As at 30 June 2013
Options at the beginning of the period / year		
Vested	52,500	58,400
Unvested	-	11,000
Add: Granted during the period / year	-	-
Add: Vested during the period / year	-	8,000
Less: Lapsed during the period / year	45,650	-
Less: Exercised during the period / year	-	13,900
Options outstanding at the end of the period / year		
Vested	6,850	52,500
Unvested	-	3,000
Exercisable at the end of the period / year	6,850	52,500

#### Deferred Stock Compensation Expense

During the period, an amount of ₹Nil Lakhs (Previous Year ₹2.00 Lakhs) being employee compensation expense to the extent of options vested net off lapses, has been charged to Statement of Profit and Loss.

#### 36.3 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

### SHRIRAM EPC LIMITED Notes forming part of Consolidated Financial Statements 37 Segment Information

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 is not required as more than 98% of the company's sale is in the Domestic Market.

#### A. PRIMARY SEGMENT INFORMATION - BUSINESS SEGMENTS

Particulars	Construction Contracts		Wind Turbine Generators		Trading		Elimination		Unallocated		Total	
	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013
External Sales	49,216.13	1,69,031.64	293.00	17,468.25	-	6,309.98	-	(276.92)	-	-	49,509.13	1,92,532.95
Intersegmental Sales	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	49,216.13	1,69,031.64	293.00	17,468.25	-	6,309.98	-	(276.92)	-	-	49,509.13	1,92,532.95
Result												
Segment Result	(11,345.43)	30,082.27	(30.00)	(1,415.22)	-	33.18	-	-	-	-	(11,375.43)	28,700.23
Less: Inter Segment Margin	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Coporate Expenditure/ (Income)	-	-	-	-	-	-	-	-	(17,426.97)	6,307.09	(17,426.97)	6,307.09
Operating Profit/(Loss)	(11,345.43)	30,082.27	(30.00)	(1,415.22)	-	33.18	-	-	17,426.97	(6,307.09)	(28,802.40)	22,393.14
Finance Costs (Net of amounts identified with 'Construction Contracts' segment)									13,800.17	37,860.88	13,800.17	37,860.88
Exceptional Items										(5,324.77)	-	(5,324.77)
Profit/(Loss) before Tax	(11,345.43)	30,082.27	(30.00)	(1,415.22)	-	33.18	-	-	3,626.80	(38,843.20)	(42,602.57)	(20,792.51)
Tax Expense	-	-	-	-	-	-	-	-	1,392.84	(4,265.63)	1,392.84	(4,265.63)
Profit/(Loss) after Tax	(11,345.43)	30,082.27	(30.00)	(1,415.22)	-	33.18	-	-	2,233.96	(34,577.57)	(43,995.41)	(16,526.88)

₹ in Lakhs

A. PRIMARY SEGMENT INFORMATION - BUSINESS SEGMENTS (contd.)

₹ in Lakhs

Particulars	Construction Contracts		Wind Turbine Generators		Trading		Elimination		Unallocated		Total	
	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013
Minority share of Profit / (Loss)												(20.31)
Share of losses from Associates											(6,633.65)	(10,375.04)
Loss for the period											(50,629.06)	(26,881.61)
Other Information												
Segment Assets	139,127.88	187,093.12	5,812.27	10,787.34	10,357.63	7,438.95	-	-	-	-	155,297.78	205,319.41
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	83,372.10	39,296.90	83,372.10	39,296.90
Total Assets	139,127.88	187,093.12	5,812.27	10,787.34	10,357.63	7,438.95	-	-	83,372.10	39,296.90	238,669.88	244,616.31
Segment Liabilities	191,798.86	147,027.01	5,510.25	980.84	162.01	7,826.16	-	-	-	-	197,471.12	155,834.01
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	33,550.77	64,316.26	33,550.77	64,316.26
Total Liabilities	191,798.86	147,027.01	5,510.25	980.84	162.01	7,826.16	-	-	33,550.77	64,316.26	231,021.89	220,150.27
Capital Expenditure (Gross)	2,311.51	3,145.78	-	-	-	-	-	-	-	-	2,311.51	3,145.78
Depreciation	437.69	2,305.61	-	-	-	-	-	-	-	-	437.69	2,305.61
Non Cash expenses other than Depreciation												
Aggregate write down in value of current Investments												19,508.88

SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements

B. SECONDARY SEGMENT INFORMATION - GEOGRAPHICAL SEGMENTS

₹ in Lakhs

Particulars	For Nine Months ended 31 March 2014	For Fifteen Months ended 30 June 2013
<b>Rest of the World</b>		
Revenue	214.73	10,877.57
Assets	7,314.60	12,487.25
Capital Expenditure	172.44	1.70
<b>India</b>		
Revenue	49,294.40	181,655.38
Assets	231,355.28	244,614.61
Capital Expenditure	2,139.07	3,144.08

38 Related Party Disclosures under Accounting Standard 18

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

₹ in Lakhs

Status of the Related Parties	Name of the Related Parties Nine Months ended 31 March 2014	Name of the Related Parties Fifteen Months ended 30 June 2013
Enterprises which exercise significant influence over the company (Investing parties)	Shriram Industrial Holdings Limited (SIHL) Shriram Venture Limited (Holding Company of SIHL)	Shriram Industrial Holdings Limited (SIHL) Shriram Venture Limited (Holding Company of SIHL)
Jointly Controlled Entities		Hamon Shriram Cottrell (Pvt) Limited (Ceased to be Jointly Controlled Entity with effect from 25 March 2013) Lietwind Shriram Manufacturing Limited (Ceased to be Jointly Controlled Entity with effect from 25 March 2013)
Associates	Haldia Coke and Chemicals Private Limited Ennore Coke Limited (Subsidiary of Haldia Coke and Chemicals Private Limited) Wellman Coke India Limited (Subsidiary of Haldia Coke and Chemicals Private Limited)	Haldia Coke and Chemicals (Pvt) Limited Ennore Coke Limited (Subsidiary of Haldia Coke and Chemicals (Pvt) Limited) Wellman Coke India Limited (Subsidiary of Haldia Coke and Chemicals (Pvt) Limited) Shriram SEPL Composites (Pvt) Limited (Ceased to be Associate with effect from 25 March 2013) Shriram Composites (Pvt) Limited (Ceased to be Associate with effect from 25 March 2013)

## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

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

Status of the Related Parties	Name of the Related Parties Nine Months ended 31 March 2014	Name of the Related Parties Fifteen Months ended 30 June 2013
Companies over which Key Management Personnel exercise Significant Influence (Only where transactions have taken place during the period / year)	Orient Green Power Company Limited	Orient Green Power Company Limited
	Theta Management Consultancy Private Limited	
	<b>Subsidiaries of Orient Green Power Company Limited</b>	<b>Subsidiaries of Orient Green Power Company Limited</b>
	P S R Green Power Projects (Pvt) Limited	P S R Green Power Projects (Pvt) Limited
	Amrit Environmental Technologies (Pvt) Limited	Amrit Environmental Technologies (Pvt) Limited
	SM Environmental Technologies (Pvt) Limited	SM Environmental Technologies (Pvt) Limited
	Orient Bio Power Limited	Orient Bio Power Limited
	Orient Green Power Company (Rajasthan) (Pvt) Limited	Orient Green Power Company (Rajasthan) (Pvt) Limited
	Sanjog Sugars and Eco Power (Pvt) Limited	Sanjog Sugars and Eco Power (Pvt) Limited
	Bharath Wind Farm Limited	Bharath Wind Farm Limited
	Clarion Windfarms (Pvt) Limited	Clarion Windfarms (Pvt) Limited
	Gamma Green Power (Pvt) Limited	Gamma Green Power (Pvt) Limited
	Beta Wind Farm (Pvt) Limited	Beta Wind Farm (Pvt) Limited
Orient Eco Energy (Pvt) Limited	Orient Eco Energy (Pvt) Limited	
Global Power Tech Equipments (Pvt) Limited	Global Power Tech Equipments (Pvt) Limited	
Key Management Personnel	T.Shivaraman - Managing Director	T.Shivaraman - Managing Director
	M.Amjad Shariff - Joint Managing Director	M.Amjad Shariff - Joint Managing Director

Note: Related parties have been identified by the Management.

## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

38.2 Transactions during the period

₹in Lakhs

Particulars	Nine months ended March 31, 2014	Fifteen months ended June 30, 2013
<b>Progressive billings/Revenue</b>		
Ennore Coke Limited	-	6,309.98
Orient Green Power Company Limited	53.09	146.68
Sanjog Sugars and Eco Power (Pvt) Limited	-	20.11
Gamma Green Power (Pvt) Limited	-	75.02
Beta Wind Farm (Pvt) Limited	1,144.41	4,654.41
<b>Sale of Fixed assets</b>		
Hexa Wind farm (Pvt) Limited	9,291.12	-
<b>Lease Rental Income/Others</b>		
Clarion Windfarms (Pvt) Limited	6.65	69.91
Ennore Coke Limited	12.43	
Haldia Cokes & Chemicals (Pvt) Limited	8.80	
Shriram Venture Limited	15.41	
<b>Management Fees Received</b>		
Hamon Shriram Cottrell (Pvt) Limited	22.75	136.32
<b>Purchases of Goods and Services</b>		
Hamon Shriram Cottrell (Pvt) Limited	-	1,681.25
Blackstone Group Technologies (Pvt) Limited	-	291.67
Chemprojects Consulting (Pvt) Limited	-	-
Lietwind Shriram Manufacturing Limited	-	2,562.90
Shriram Composites (Pvt) Limited	-	881.95
<b>Management fees paid</b>		
Shriram Industrial Holdings Limited	1,624.45	-
<b>Transfer of Margins</b>		
Lietwind Shriram Manufacturing Limited	(171.68)	116.54
<b>Expenses incurred on behalf of related party</b>		
Lietwind Shriram Manufacturing Limited	-	19.02
Hamon Shriram Cottrell (Pvt) Limited	-	2.79
Blackstone Group Technologies (Pvt) Limited	-	2.00
Shriram SEPL Composites (Pvt) Limited	-	27.34
Haldia Cokes & Chemicals (Pvt) Limited	0.24	9.05
Ennore Coke Limited	24.87	28.63
Orient Green Power Company Limited	122.59	34.80
Bharat Wind Farm Limited	26.22	9.18
Beta Wind Farm (Pvt) Limited	-	4.50
Hexa Wind farm (Pvt) Limited	10.10	-

**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**38.2 Transactions during the period (Contd.)**

₹in Lakhs

Particulars	Nine months ended March 31, 2014	Fifteen months ended June 30, 2013
<b>Expenses incurred for the Company by the related party</b>		
Orient Green Power Company Limited	81.52	85.00
Clarion Windfarm (Pvt) Limited	-	4.99
Ennore Coke Limited	41.90	4.36
Beta Wind Farm (Pvt) Limited	-	739.38
Theta Management Consultancy Private Limited	50.00	-
Shriram Venture Limited	0.72	-
<b>Interest Income</b>		
Shriram SEPL Composites (Pvt) Limited	-	225.69
Hamon Shriram Cottrell (Pvt) Limited	-	4.53
Haldia Cokes & Chemicals (Pvt) Limited	1,213.26	1,223.33
Ennore Coke Limited	1,202.95	2,909.49
Orient Green Power Company Limited	229.50	17.90
Hexa Wind farm (Pvt) Limited	1,068.05	-
<b>Interest Expense</b>		
Shriram Industrial Holdings Limited	950.44	2,166.46
Shriram Venture Limited	123.54	143.01
<b>Remuneration to Key Management Personnel (Refer Note 28.1)</b>		
T. Shivaraman	30.11	50.96
M. Amjad Shariff	35.16	54.98
<b>Purchase of Investments from</b>		
Hamon Shriram Cottrell (Pvt) Limited	-	399.99
<b>Borrowings from</b>		
Shriram Industrial Holdings Limited	22,774.00	116,194.00
Shriram Venture Limited	-	5,000.00
<b>Repayment of borrowings</b>		
Shriram Industrial Holdings Limited	23,788.47	-
Shriram Venture Limited	-	5,000.00
<b>Sale of Investments to</b>		
Shriram Industrial Holdings Limited	-	26,191.00

**SHRIRAM EPC LIMITED**

Notes forming part of Consolidated Financial Statements

**38.2 Transactions during the period (Contd.)**

₹in Lakhs

Particulars	Nine months ended March 31, 2014	Fifteen months ended June 30, 2013
<b>Transfer of Advances / Receivables</b>		
Shriram Industrial Holdings Limited	5,000.00	38,649.30
Orient Green Power Company Limited	353.09	-
<b>Allotment of Preference Shares</b>		
Shriram Industrial Holdings Limited	30,000.00	-
<b>Advance Given (Gross)</b>		
Haldia Cokes & Chemicals (Pvt) Limited	47,446.71	22,965.00
Orient Green Power Company Limited	722.00	15,827.25
Hamon Shriram Cottrell (Pvt) Limited	-	556.00
Lietwind Shriram Manufacturing Limited	-	21,429.93
Blackstone Group Technologies (Pvt) Limited	-	248.00
Shriram SEPL Composites (Pvt) Limited	-	396.66
Shriram EPC (Singapore) Pte Ltd	-	3,438.60
Ennore Coke Limited	-	7,653.00
Chemprojects Consulting (Pvt) Limited	-	19.56
Bharat Wind Farm Limited	-	1,462.00
Clarion Windfarms (Pvt) Limited	-	-
Beta Wind Farm (Pvt) Limited	-	3,020.00
Gamma Green Power (Pvt) Limited	20.00	272.00
Hexa Wind Farm Private Limited	50.00	-

**38.3 Closing balance as at the period end**

₹in Lakhs

Particulars	Nine months ended March 31, 2014	Fifteen months ended June 30, 2013
<b>Amount outstanding - Dr / (Cr)</b>		
Shriram EPC FZE, Sharjah	18.86	-
Haldia Cokes & Chemicals Pvt Limited	36,355.08	(4,178.00)
Wellman Coke India Ltd	-	78.91
Ennore Coke Limited	14,089.23	-
Orient Green Power Company Limited	99.64	2,271.12
Bharat Wind Farm Limited	13.88	-
Clarion Windfarms (Pvt) Limited	0.28	-
Shriram Industrial Holdings Limited	(11,884.21)	(5,008.60)
Shriram Venture Limited	(263.17)	(143.01)
Beta Wind Farm (Pvt) Limited	(4.31)	-
<b>Corporate Guarantees given by Company</b>		
Orient Green Power Company Limited	1,600.00	3,750.00

## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

38.4 The Company accounts for costs incurred by Related parties based on the actual invoice/debit notes raised and accruals as confirmed by such parties. The related parties have confirmed to the Management that as at 31 March 2014 and as at 30 June 2013, there are no further amounts payable to/receivable from them, other than disclosed above.

### 39 Leases

#### 39.1 Operating Lease

The company has operating lease arrangements primarily for office premises, the lease period of which is about 6 to 8 years. An amount of ₹668.43 Lakhs (previous year ₹412.36) has been debited towards lease rental and other charges. The future expected minimum lease payments under operating leases are given below.

₹in Lakhs

Particulars	As at March 31, 2014	As at June 30, 2013
Not later than One Year	229.81	229.81
Later than One Year and less than Five Years	919.25	919.25
Later than Five Years	1,076.49	767.19
Total	2,225.55	1,916.25

#### 39.2 Finance Leases

₹in Lakhs

Particulars	As at March 31, 2014	As at June 30, 2013
a) Cost of Leased asset	118.93	425.50
b) Net carrying amount	92.78	309.19

#### 39.3 Yearwise future minimum lease rental payments on contracts :

Particulars	As at March 31, 2014		As at June 30, 2013	
	Total Minimum Lease Payments	Present Value of Lease Payments	Total Minimum Lease Payments	Present Value of Lease Payments
Not later than One Year	30.92	27.60	74.72	62.65
Later than One Year and less than Five Years	11.46	10.64	63.18	58.81
Later than Five Years	-	-	-	-
Total	42.38	38.24	137.90	121.46
Less: Future Finance Charges	4.12	-	16.44	-
Present Value of Minimum Lease payments	38.26	38.24	121.46	121.46

## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

### 40 Earnings Per Share

₹in Lakhs

Particulars	Nine months ended March 31, 2014	Fifteen months ended June 30, 2013
<b>Basic</b>		
Continuing operations:		
Profit / (loss) for the year from continuing operations (₹ Lakhs)	(50,629.06)	(26,881.61)
The weighted average number of equity shares outstanding during the Period / year (In Nos.)	44,358,184	44,351,805
Par Value of Share (₹)	10.00	10.00
Earnings per share, from continuing operations - Basic (₹)	(114.14)	(60.61)
<b>Diluted</b>		
The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares. Since, the effect of the conversion of outstanding stock options was anti-dilutive, it has been ignored.		
Profit / (loss) for the year from continuing operations (₹ Lakhs)	(50,629.06)	(26,286.12)
Add: Expense on Employee Stock Option (ESOP) Scheme	-	2.00
Profit / (loss) attributable to equity shareholders from continuing operations (on dilution) (₹ Lakhs)	(50,629.06)	(26,284.12)
The weighted average number of potential equity shares outstanding during the period / year including Stock Options (In Nos.)	44,358,184	44,351,805
Par Value of Share (₹)	10.00	10.00
Earnings per share, from continuing operations - Diluted (₹)	(114.14)	(59.27)

### 41 Taxes on income

#### 41.1 Current Tax

The Current tax has been computed based on the estimated taxable income for the year ended 31 March 2014. However, Company is not liable to current tax in view of losses incurred.

#### 41.2 Deferred Tax - Disclosure Under Accounting Standard 22

₹in Lakhs

Particulars	As at March 31, 2014	As at June 30, 2013
<b>Deferred Tax Liability</b>		
On Depreciation	1,256.23	4.00
Total Liability	1,256.23	4.00
<b>Deferred Tax Asset</b>		
Provision for Gratuity	91.96	86.00
Provision for Compensated absences	112.99	90.04
Carry forward long term capital loss	-	1,206.84
Carry forward unabsorbed depreciation and business loss	-	4.00
Others (Restricted to the extent of liability)	1,051.28	9.96
Total Asset	1,256.23	1,396.84
Net Deferred Tax Asset / (Liability)	-	1,392.84

## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 41.3 International Transactions

The Company has entered into transactions with related parties. The Management is of the opinion that the Company maintains the necessary documents as prescribed by the Income Tax Act, 1961 to prove that these international transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on account of tax expense and provision for taxation.

#### 42 Contingent Liabilities

₹in Lakhs

Particulars	Year	As at 31 March 2014	As at 30 June 2013
Corporate Guarantees issued		1,600.00	6,100.00
Claims against the Company not acknowledged as debts		8,126.60	9,300.14
Disputed Service tax demands contested in Appeals, not provided for *			
<b>Appeal pending before</b>			
Customs Excise and Service Tax Appellate Tribunal - Tamilnadu	2006-07 to 2008-09	207.67	261.73
Commissioner of Service Tax (Appeals)	2008-09 to 2011-12	114.54	114.54
Customs Excise and Service Tax Appellate Tribunal - West Bengal	2006-07 to 2008-09	-	106.61
Disputed VAT/Central Sales Tax demands contested in Appeals, not provided for *			
<b>Appeal pending before</b>			
Supreme Court	2008-09 to 2009-10	223.33	223.33
High court of Madras	2008-09 to 2012-13	1,123.31	-
West Bengal Commercial Taxes Appellate & Revisional Board	2007-08	558.45	558.45
Joint Commissioner (Appeals)	2008-09 to 2010-11	500.39	500.39
Ld. Joint Commissioner (Appeals) of West Bengal Commercial Taxes	2008-09 & 2010-11	408.00	86.63
Deputy Commissioner of Commercial Taxes, Bokaro	2007-08 to 2008-09	-	412.95
Commercial Tax Officer, Ranchi	2007-08 - 2009-10	721.00	-
Appellate Deputy Commissioner (CT), Kurnool	2008-09 & 2011-12	40.17	-
Disputed income tax demands contested in Appeals not provided for*			
<b>Appeal pending before</b>			
Commissioner of Income Tax ( Appeals)	2005-06	76.52	76.52
Commissioner of Income Tax ( Appeals)	2006-07	91.96	91.96
Commissioner of Income Tax ( Appeals)	2007-08	130.19	130.19
Commissioner of Income Tax ( Appeals)	2008-09	519.95	519.95
Commissioner of Income Tax ( Appeals)	2009-10	11.48	11.48
Commissioner of Income Tax ( Appeals)	2010-11	156.12	156.12
Commissioner of Income Tax ( Appeals)	2011-12	312.43	-

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

## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 43 Capital Commitments

43.1 Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹503.87 Lakhs (30 June 2013: ₹1,437.84 lakhs)

#### 44 Sale of WEG Business

Though the Company had obtained its Shareholders' approval through Postal Ballot on August 21, 2008, for transfer of 250 KW Wind Turbine Business to its erstwhile Joint Venture, Leitwind Shriram Manufacturing Limited (LSML) with effect from April 1, 2008, the Company would continue to sell the 250 KW Wind Turbines till the time LSML obtains all statutory approvals to manufacture and sell the same. Consequently, the Company has not recognised the Profit/Loss in the Statement of Profit and Loss for the nine months period ended March 31, 2014

45 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.

46 The Company was in the course of executing project for Governorate of Basra, Government of Iraq ('the customer'). There were some delays in commencement of the project due to regulatory compliances. However the said contract has been cancelled by the Customer during February 2014, and the company has filed a legal suit in the High Court of Madras and with the Higher Judicial Council, Iraq, for stay on the invocation

of the performance bank guarantee. The construction activities have been ceased, and the legal dispute with the customer for the recovery of the amounts so far incurred in respect of the said project, or for re-commencement of the project and its completion thereon, are in progress. The Government of India has also been extremely supportive for revival of the project. The customer has opened a Letter of credit('LC') for a value of USD 235 million (INR 139,590 Lakhs) which is an irrevocable LC backed by 100% margin deposited by the customer. Cancellation of this LC is possible only on settlement being reached with the company. The total amounts due to Company recorded under Trade Receivables, Unbilled revenue representing the actual cost incurred (after excluding the margin which has been written off/not recognized during the year) and Short Term loans and advances, in respect of this project, aggregate to ₹15,696.02 Lakhs. For the above reasons, the management is confident of realizing the monies and do not expect any shortfall in realization.

47 The Company had secured an EPC Contract from M/s Abhijeet Projects Limited (APRL) for execution of a Solar Thermal power project at Rajasthan with technology support from M/s EnerT international limited, Israel. The contract should have been executed by 28th February 2013. But due to the financial encumbrances of APRL, the project came to standstill since March 2013. The amount outstanding under Trade Receivables, Unbilled revenue and Short Term loans and advance net of advance received from APRL aggregates to ₹16,486.69 lakhs. The Company and the client are in negotiations with potential financial and strategic investors which would enable the company to recover its dues. Accordingly, the company is hopeful of recovering all the amounts due to them and does not expect any shortfall in the recovery of the dues.

## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

**48** The Company has over the years made investments in certain companies (Refer Note 15) and has also given advances to them (Refer Note 16). While the aggregate of investment and outstanding loans (including interest accrued thereon) as on 31st March 2014 is within overall limit prescribed under Section 372A of the Companies Act, 1956, read with the resolution passed by the members of the Company on 27 August 2012 by Postal Ballot, the aggregate amounts relating to each of these entities exceed the limit fixed by the shareholders

for the relevant entities. The Company proposes to obtain necessary ratification/approvals in the ensuing Annual General Meeting.

**49** Current and previous period financial statements are for a period of nine months and fifteen months respectively and hence not comparable. Previous period's figures have been regrouped and reclassified wherever necessary to correspond with the current period's classification/disclosure.

For and on behalf of the Board of Directors

T. Shivaraman  
Managing Director

K. Suresh  
Company Secretary

Place : Chennai  
Date : 27<sup>th</sup> May, 2014

R. Sundararajan  
Director

R. S. Chandrasekaran  
Chief Financial Officer

## 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', 'expects', '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.






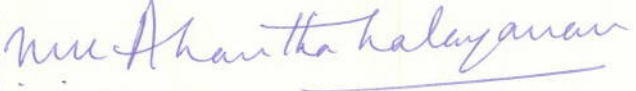
## **Shriram EPC Limited**

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CIN: L74210TN2000PLC045167



**FORM A**

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company:	Shriram EPC Limited
2.	Annual financial statements for the year ended	Period ended 31 March 2014
3.	Type of Audit observation	Matter of Emphasis Audit report
4.	Frequency of observation	Not applicable
5.	To be signed by- <ul style="list-style-type: none"> <li>• CEO/ Managing Director</li> <li>• CFO</li> <li>• Audit Committee Chairman</li> <li>• Auditor of the company</li> </ul>	   <p>Refer our Audit report dated 27 May 2014 on the Standalone financial statements of the Company For DELOITTE HASKINS &amp; SELLS Chartered Accountants (Firm's Registration No.008072S)</p>  <p>M.K.Ananthanarayanan Partner Membership No. 19521 CHENNAI, May 27, 2014</p>

**Shriram EPC Limited**

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E-mail: info@shriramepc.com, website: www.shriramepc.com

CIN: L74210TN2000PLC045167



**FORM A**

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

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4.	Frequency of observation	Not applicable
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