



**Shriram EPC Limited**

*Sixteenth Annual Report 2015-2016*

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. S.R. Ramakrishnan – Chairman  
Mr. T. Shivaraman - Managing Director & CEO  
Mr. M. Amjat 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. Bapu - Director  
Ms. Chandra Ramesh – Director

## CHIEF FINANCIAL OFFICER

Mr. R.S. Chandrasekharan

## COMPANY SECRETARY

Mr. K. Suresh

## REGISTRAR & SHARE TRANSFER AGENT

Cameo Corporate Services Limited  
Unit Shriram EPC Limited  
Subramanian Building, V Floor  
No. 1, Club House Road  
Chennai - 600 002, Tamilnadu, India.

## AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants  
AVSN Ramana Tower, 52, Venkatanarayana Road,  
T Nagar, Chennai - 600 017.

## BANKERS

Oriental Bank of Commerce  
Axis Bank Limited  
Punjab National Bank  
Central Bank of India  
IDBI Bank Limited  
Allahabad Bank  
The South Indian Bank Ltd.  
State Bank of Patiala  
State Bank of Mysore  
State Bank of Travancore  
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.  
IndusInd Bank Ltd.  
Yes Bank Ltd.  
IFCI Factors Ltd.

## REGISTERED OFFICE

Sigappi Achi Building, 4<sup>th</sup> Floor,  
Door No. 18/3, Rukmini Lakshmipathi Road,  
Egmore, Chennai - 600 008, Tamilnadu, India.

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# Chairman's Message

Dear Shareholders,

The past year continued to be tough for the Company due to the slowdown in infrastructure sector and primarily owing to lower revenue generation on account of slowdown in project execution, the procedural formalities which in turn affected the turnover and profitability. The additional banking assistance was received only during the last quarter of 2015-16.

Global growth continued to remain weak, moderating to 2.4% during the year amidst the growing uncertainties in several economies across the world. The outlook remains muted as the World Bank (based on Jan 2016) expects the outlook to remain challenging with global growth projected to reach 2.9% in 2016 on the back of a modest recovery in advanced economies and stabilization amongst major commodity exporters.

India's economic growth is expected to gradually moderate to 7.4% in 2016-17, from 7.6% in 2015-16, with tepid external demand offsetting the pickup in domestic demand. Despite, relative slowdown in the economy, India is expected to remain the fastest growing economy in the world in the near term.

As already informed in our previous report 2014-15, the Company has restructured its debts. During the year,

most of the CDR Lenders opted to convert their Funded Interest Term Loan (FITL) and sacrifice amount into equity. Further, the promoters had infused Rs.389 crores as equity and redeemed the Rs.300 crores of preference equity as well as repaid unsecured loans. By doing so, the Company has strengthened its network.

The outlook for the sector is gradually improving and the Company has bagged new orders during the 2nd half of 2015-16, which has strengthened its order book position. The Company is also targeting newer markets like Middle East and Africa, where the Company is hopeful of bagging large orders with better margins.

Our order backlog is over Rs.2298 crs.

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,

**S R Ramakrishnan** (DIN:00015839)  
**Chairman**



| Statement of Profit and Loss | 2006-07   | 2007-08   | 2008-09   | 2009-10    | 2010-11    | 2011-12    | 2012-13<br>(15 months) | 2013-14<br>(9 months) | 2014-15    | 2015-16    |
|------------------------------|-----------|-----------|-----------|------------|------------|------------|------------------------|-----------------------|------------|------------|
| Gross Sales                  | 29,571.71 | 64,629.93 | 91,876.55 | 111,051.76 | 128,216.76 | 138,220.03 | 170,512.96             | 49,509.13             | 54,765.89  | 54,759.98  |
| Other Income                 | 485.59    | 289.26    | 518.87    | 1,121.47   | 4,304.33   | 2,568.56   | 6,034.80               | 2,677.59              | 1,102.75   | 11,302.86  |
| Interest                     | 411.94    | 1,165.33  | 1,085.33  | 4,171.62   | 8,571.74   | 19,687.19  | 41,093.80              | 19,075.02             | 19,086.66  | 27,172.81  |
| Profit Before Taxation       | 2,166.13  | 5,480.90  | 6,293.11  | 6,712.02   | 9,482.80   | 3,913.32   | -30,512.94             | -42,544.12            | -25,261.56 | -24,403.07 |
| Profit After Taxation        | 1,313.64  | 3,539.86  | 4,001.68  | 4,466.03   | 6,961.29   | 2,550.75   | -26,286.12             | -43,936.96            | -25,285.17 | -24,403.07 |

| Balance Sheet                         | 2006-07   | 2007-08   | 2008-09   | 2009-10    | 2010-11    | 2011-12    | 2012-13    | 2013-14    | 2014-15    | 2015-16     |
|---------------------------------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|-------------|
| Fixed Assets (Net)                    | 1,760.92  | 4,672.14  | 10,655.23 | 14,170.20  | 13,612.79  | 12,625.13  | 5,386.39   | 6,984.05   | 7,040.53   | 6,535.69    |
| Investments (Current and Non current) | 1,720.77  | 10,122.64 | 17,201.22 | 21,064.28  | 26,757.40  | 28,981.59  | 24,433.41  | 4,549.39   | 4,549.39   | 542.17      |
| Net Deferred Tax                      | -90.08    | -567.08   | -1,542.80 | -2,802.13  | -2,893.64  | -3,073.33  | 1,392.84   | -          | -          | -           |
| Net Assets (Current and Non Current)  | 26,144.72 | 64,935.04 | 88,876.75 | 142,355.03 | 193,380.78 | 151,749.91 | 214,796.57 | 229,957.83 | 255,198.02 | 2,88,089.04 |
| Share Capital                         | 3,786.78  | 4,286.78  | 4,334.89  | 4,391.38   | 4,426.24   | 4,434.43   | 4,435.82   | 34,435.82  | 38,635.82  | 33,062.64   |
| Reserves & Surplus                    | 13,238.25 | 29,651.22 | 33,380.25 | 37,619.10  | 44,217.91  | 46,314.34  | 20,030.22  | -23,906.74 | -32,437.77 | 6,132.16    |
| Loan Funds                            | 1,995.26  | 11,550.69 | 26,543.87 | 63,092.12  | 121,223.23 | 179,350.36 | 155,973.70 | 172,420.29 | 212,142.24 | 1,96,394.24 |



# Board's Report

Dear Shareholder,

Your Directors present the Sixteenth Annual Report together with the Audited Financial statements of your Company for the Financial Year ended 31<sup>st</sup> March 2016.

## FINANCIAL RESULTS

₹ in Lakhs

|   | Consolidated<br>(12 months) | Consolidated<br>(12 months) | Standalone<br>(12 months) | Standalone<br>(12 months) |
|---|-----------------------------|-----------------------------|---------------------------|---------------------------|
|   | 2015-16                     | 2014-15                     | 2015-16                   | 2014-15                   |
| Total Income  | 66,062.84                   | 66,900.47                   | 66,062.84                 | 66,900.81                 |
| Profit before Interest, Depreciation, tax and extraordinary items | 14,126.34                   | 5,403.63                    | 14,134.95                 | 5,427.60                  |
| Interest & depreciation   | 27,823.42                   | 30,689.16                   | 27,823.42                 | 30,689.16                 |
| Profit before tax & before extra-ordinary items                   | (13,697.08)                 | (25,285.53)                 | (13,688.47)               | (25,261.56)               |
| Provision for taxation  | –                           | 23.61                       | –                         | 23.61                     |
| Profit after tax & extraordinary items                            | (20,404.46)                 | (25,309.14)                 | (24,403.07)               | (25,285.17)               |
| Balance brought forward from last year                            | (8,3453.18)                 | (56,842.34)                 | (74,662.49)               | (49,331.46)               |
| Profit available for appropriation                                | (20,404.46)                 | (26,519.11)                 | (24,403.07)               | (25,239.31)               |
| Transfer to general reserves                                      | –                           | –                           | –                         | –                         |
| Surplus carried forward   | (1,03,857.64)               | (83453.18)                  | (99,065.56)               | (74,662.49)               |





## OPERATING RESULTS & PERFORMANCE

During the Financial Year ended March 31, 2016 the Company had recorded a total income at Rs.660.62 crores as against Rs. 669 crores in the previous year on a standalone basis. Loss before tax and extraordinary items was at Rs. 136.88 crores.

Loss after tax was at Rs.244.03 crores compared to a loss in the previous year of Rs. 252.85 crores.

## BUSINESS HIGHLIGHTS

During the past year, the operations of the Company continued to be under some stress due to the business environment. Payment and approval delays from customers as well as delays in approval and release of enhanced limits from Banks affected the operations and the cash flows.

## CAPITAL INFUSION

During the year, as a part of the Corporate Debt Restructuring scheme, the lenders had opted to convert their Funded Interest Term Loan and their Sacrifice amount into Equity Shares. Consequently, the Bankers' shareholding in the Company had increased to 42% of the outstanding equity as on 31<sup>st</sup> March, 2016. The promoters have also infused Rs.389 crores as equity into the Company. This was used for redemption of preference shares and repayment of unsecured loan of Rs.89 crores. The promoter's shareholding as on 31<sup>st</sup> March, 2016 was 50.03%.

A few banks converted a part of their WCTL into equity before March 2016 and other bankers are also approaching their sanctioning authorities for approval of the same.

During the year, your Company was awarded orders worth over Rs.1100 crores. Water and Infrastructure division received orders for Rs. 668 crores and Process & Metallurgy division Rs.350 crores. Significant orders include the following:

### Process & Metallurgy

| Rs. in crs   |        |
|--|--------|
| Supply, Erection, Testing and Commissioning of Steel Melt Shop and Continuous Casting Shop to produce 615000 TPA capacity of Steel Billets at New Gummidipoondi, Chennai | 352.00 |

| Water and Infrastructure projects  |        |
|--|--------|
| a. Rehabilitation of Trunk Sewer in Varanasi by Trenchless Technology  | 83.68  |
| b. Supply and installation of the Zero Liquid Discharge Effluent Treatment Plant at Ennore                             | 28.42  |
| c. Providing UGD facilities to further extension of Anjanapura, BDA Layout.  | 14.61  |
| d. Design and Construction of Intake Wells and Water Distribution System for Rural Water Supply in Districts, Jharkand | 137.47 |
| e. Design, Build and Operate Sewerage Network and Sewage Treatment Plant for Byadgi Town, Municipality in Karnataka    | 64.49  |
| f. Road Work of NH-43 Kanker to Bedma Section in the State of Chhattisgarh under NHDP - IV on EPC basis                | 308.77 |

Company's Standalone order book was over Rs.2298 crores as at March 31, 2016.

## BUSINESS RISK MANAGEMENT

Pursuant to the requirement of Regulation 21 of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Company has constituted Business Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

The Company has a robust Business Risk Management (BRM) framework to identify, evaluate, treat and Report business risks. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as well as business segments and its mitigation plans.

The business risks identified by the Company and its mitigation plans are as under:

### Project Risks:

In the context of the projects being executed, the Company reviews the risks associated with a project in all the following aspects, but not restricted to:



- Client related details such as financial closure of the project, creditworthiness and reputation of the client.
- Estimation risks like price and quantity variances, contingency provision, forex fluctuation on a periodic basis.
- Commercial risks like taxes and duties, payment terms, bank guarantee requirements
- Organisational risks like availability of technical and managerial resources, gap funding needs, consortium partners roles and responsibilities.
- Performance risk like achievability of guarantee parameters, time schedule, warranty and defect liability obligations.
- Interfacing risks like coordination with multiple agencies for approvals and clearances.
- Geographic risks like unfavourable weather conditions, earth quake, floods etc.

Above key risks are closely tracked for timely mitigation.

## Competition Risks:

The Infrastructure Industry is becoming intensely competitive with the foray of new entrants and some of the existing players adopting inorganic growth strategies. To mitigate this risk, the Company is leveraging on its expertise, experience to increase market share, enhance brand equity / visibility and enlarge product portfolio and service offerings.

## Occupational Health & Safety (OHS) Risks:

Safety of employees and workers is of utmost importance to the Company. To reinforce the safety culture in the Company, it has identified occupational health & safety as one of its focus areas. Various training programmes have been conducted at the sites such as behaviour based safety training program, visible safety leadership program, logistics safety program etc.

## ECONOMIC SCENARIO AND OUTLOOK

Global growth disappointed again in 2015, slowing to 2.4 percent, and is expected to recover at a slower pace than previously envisioned. The GDP (Gross Domestic Product) growth in India dipped marginally this year as expansion in

public investment weakened under fiscal constraints. Private corporations continuing to deleverage. Private sector capex continued to be very limited. The weak balance sheets of public sector banks hampered lending and growth prospects.

The medium term to long term growth prospects look positive in view of the Government of India taking significant initiatives to boost the infrastructure sector. The Government of India planning to launch the National Infrastructure Investment Fund (NIFF) is a big step forward.

## 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 backlog was over Rs.2298 crores as on March 31, 2016.

## 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 in the current Financial Year. Your Company would like to continue the Green Initiative further and requests all shareholders to opt for electronic documents.

However, on request by any member of the Company/Statutory Authority interested in obtaining full text of the financial statements, these documents will be made available for examination, at its registered office. On personal request by







any shareholder, a physical copy of the Annual Accounts need to be provided. Pursuant to this, a statement summarizing the financial results of the Subsidiary is attached to the Consolidated Financial Statement.

## **SUBSIDIARY**

### **SHRIRAM EPC FZE, SHARJAH**

The Company had formed a 100% subsidiary in the name of Shriram EPC FZE, Sharjah at Sharjah Airport International Free Zone, which will facilitate the Company in procuring overseas contracts in the Middle East & Africa. This is in line with the management's strategy to embark into overseas market.

The Company is hopeful of increasing the business activity in the said subsidiary in the coming years.

## **ASSOCIATES**

### **HALDIA COKE & CHEMICALS PVT. Limited (HCCL)**

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

The last year for HCCL continued to be extremely tough due to the general economic scenario.

During the year 2015-16, HCCL recorded a turnover of Rs 39.66 crores compared to Rs 545.92 crores in 2014-15.

## **DIVIDEND**

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

## **SHARE CAPITAL**

The paid up Equity Share Capital as on March, 31 2016 was Rs.330.62 Crores. During the year under review, M/s SVL Limited. (SVL) formerly M/s Shriram Industrial Holdings Limited, the holding Company infused Rs.389 crores, which was used for redeeming the Preference shares of Rs.300 crores and the balance to repay the unsecured loan in the Company. As per one of the clauses in the CDR scheme, majority of the banks opted to convert their Funded Interest Term Loan (FITL) and Sacrifice amount into equity at Rs.32.98 per share and Rs.40.05

per share respectively. Further, in the later part of the year, some bankers also decided to convert a portion of their Working Capital Term Loan (WCTL) into equity, which was at Rs.32.98 per equity share, allotment of which was completed before March, 31 2016. The shareholding of the Company as on 31<sup>st</sup> March, 2016 is promoters holding at 50.03% and the bankers holding at 42.1%. The total networth of the Company as at 31<sup>st</sup> March, 2016 was Rs.456.88 crores.

## **DETAILS OF DEPOSITS**

The Company has not accepted any Deposits covered under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## **DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

In addition to the Internal Controls on Operations, the Board has laid emphasis on adequate internal financial controls to ensure that the financial affairs of the Company are carried out with due diligence. Apart from Internal Audit function which scrutinizes all the financial transactions, there are also processes laid down, leading to CFO/CEO certification to Board on the adequacy of Internal Financial Controls as well as internal controls over financial reporting.

## **APPOINTMENT OF DIRECTORS**

Mr. R. Sundararajan, Director (DIN: 00498404) will retire by rotation pursuant to Section 152(6) of the Companies Act, 2013 at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## **RESIGNATION OF DIRECTORS**

During the year, Mr. Vishal Vijay Gupta, Director (DIN: 01913013) and Mr. S. Srinivasan, Vice Chairman (DIN: 00014652) had



resigned from the Board of Directors and the same was accepted by the Board with effect from 30<sup>th</sup> July, 2015 and 13<sup>th</sup> January, 2016 respectively.

Your Directors place on record their grateful appreciation of the valuable services rendered and contributions made by Mr. Vishal Vijay Gupta (DIN: 01913013) and Mr.S.Srinivasan (DIN: 00014652), during their tenure of office as Directors of the Company.

## EVALUATION OF BOARD'S PERFORMANCE

As per the provisions of Section 134(3) (p) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee and Risk Management Committee and Stakeholders Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The details of familiarization programmes for Independent Directors of the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the following link: <http://www.shriramepc.com/Companies-Act-2013-Compliance.aspx>

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 (Act) stating that the Independent Directors of the Company met with the criteria of Independence laid down in Section 149(6) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## REMUNERATION POLICY

Pursuant to Section 178(3) of the Companies Act, 2013, the Board on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel and other

employees and their remuneration.

The details of the Remuneration Policy are stated in the Corporate Governance Report.

## NUMBER OF THE MEETINGS OF THE BOARD

The Board had met Thirteen (13) times during the Financial Year ended 31<sup>st</sup> March, 2016 on 10<sup>th</sup> April, 2015, 28<sup>th</sup> May, 2015, 25<sup>th</sup> June, 2015, 26<sup>th</sup> June, 2015, 9<sup>th</sup> July, 2015, 31<sup>st</sup> July, 2015, 11<sup>th</sup> August, 2015, 26<sup>th</sup> August, 2015, 24<sup>th</sup> September, 2015, 30<sup>th</sup> September, 2015, 4<sup>th</sup> November, 2015, 18<sup>th</sup> December, 2015 and 11<sup>th</sup> February, 2016. The Audit Committee had met Four (4) times on 28<sup>th</sup> May, 2015, 11<sup>th</sup> August, 2015, 4<sup>th</sup> November, 2015 and 11<sup>th</sup> February, 2015. The details of the said meetings are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

## DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013.

- a. that in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b. that the Directors had selected such accounting policies as mentioned in Note No : 2 of the Financial Statements and applied them consistently and judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the loss of the Company for the year ended on that date;
- c. that the Directors had taken that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the Directors had prepared the annual accounts on a going concern basis;
- e. that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.





- f. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the Financial Year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with promoters, Directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company other than sitting fees and reimbursement of expenses incurred, if any, for attending the Board meetings.

All related party transactions are placed before the audit committee for review and approval as per terms of the Policy for dealing with related parties. Prior omnibus approval of the audit committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the audit committee and the board of Directors for their approval on a quarterly basis.

The policy on related party transactions as approved by the board is uploaded on the Company's website at the following link, <http://www.shriramepc.com/Companies-Act-2013-Compliance.aspx>

## EXPLANATIONS OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMER MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORT

The explanations/comments made by the Board relating to qualification, reservations or adverse remarks made by the Statutory Auditors and the Practising Company Secretary their respective reports are furnished below:

### QUALIFICATIONS OF STATUTORY AUDITORS

#### Management's response to Statutory Auditors qualification.

The Company has taken recourse for recovery of amount spent on the project through legal, diplomatic and claim under credit

insurance with ECGC, in addition to, injunction in force against invocation of Performance Bank Guarantee issued in favour of Governorate of Basra in Iraqi Court as well as High Court of Chennai, India. Further Company's petition for award of compensation for the quantum of work done is pending with the Appellate Court in Iraq. In view of the above, Company is confident of recovering the amount spent on the project, hence no provision was made.

### QUALIFICATIONS BY THE SECRETARIAL AUDITORS

1. The Company has not filed Form 5 INV and not disclosed the same on the website of the Company as per the provisions of Section 205C of the Companies Act, 1956.

#### Management's response

The Company shall undertake to file Form 5 INV once the new form is made available in the MCA website

2. The Company has not forwarded the Annual General Meeting Proceedings to the stock exchanges for the AGM held on 24.09.2015 and hence Clause 31 of the Listing Agreement has not been complied with.

#### Management's response

The Company has noted the same and shall ensure in future that clause 31 of the listing agreement is complied with.

3. The Company has filed certain PAS-3 forms wrongly mentioning the number of shares, subsequently revised PAS-3 forms were filed by the Company.

#### Management's response

The Company had filed a PAS 3 for allotment of shares and by oversight had mentioned the number of shares wrongly, which was duly rectified immediately by filing the revised form. The Company had also subsequently got the listing & trading approvals for the said allotment.

4. As per Regulation 108(2) of SEBI (Listing Obligations And Disclosure Requirements) Regulation, 2015 the issuer or issuing Company, as the case may be, shall make an application for listing, within twenty days from the date of allotment, but the Company has filed few Listing Applications to stock exchanges beyond the 20 days' time limit.

#### Management response

The Company had filed a particular listing application with the Stock Exchange beyond the statutory limit. However, the Company had provided a proper explanation for the delay in filing the listing application to the Stock Exchanges. The Company had also subsequently got the listing and trading approvals for the said applications.



## **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT**

There are no material changes or commitments affecting the financial position of the Company between the end of the Financial Year and the date of this report.

## **COMPOSITION OF AUDIT COMMITTEE**

Pursuant to Section 177 of the Companies Act, 2013, the Audit Committee was reconstituted by the Board of Directors and consists of the following members:

1. Mr S.R. Ramakrishnan (DIN:00015839) – Chairman
2. Mr R. Sundararajan (DIN: 00498404) – Member
3. Mr. S Krishnamurthy (DIN:00140414) – Member
4. Mr. S Bapu (DIN:02541697) – Member
5. Mr. P D Karandikar (DIN:02142050) – Member
6. Ms. Chandra Ramesh (DIN:00938694) – Member

The Board has accepted the recommendations of the Audit Committee and there were no incidences of deviation from such recommendations during the Financial Year under review.

## **VIGIL MECHANISM**

The Company has devised a vigil mechanism in pursuance of provisions of Section 177(10) of the Companies Act, 2013 for Directors and employees to report genuine concerns or grievances to the Audit Committee in this regard and details whereof are available on the Company's website.

## **NOMINATION AND REMUNERATION COMMITTEE**

Pursuant to Section 178 of the Companies Act, 2013, the Board has constituted a Nomination and Remuneration Committee consisting of the following members:

1. Ms. Chandra Ramesh (DIN:0098694) – Chairman
2. Mr S.R. Ramakrishnan (DIN:00015839) – Member
3. Mr R. Sundararajan (DIN:00498404) – Member

The said committee has been empowered and authorized to exercise powers as entrusted under the provisions of Section 178 of the Companies Act, 2013. The Company had laid out the policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes,

independence of a director and other matters provided under sub section 3 of Section 178 of the Companies Act, 2013.

Policy on Criteria for Board Nomination and Remuneration policy is available in the website of the under the link <http://www.shriramepc.com/Companies-Act-2013-Compliance.aspx>

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company has been incurring losses for the last 3 years. Hence, Corporate Social Responsibility Committee has not been formed and no initiatives have been taken by the Company on CSR as per the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company shall comply with this requirement once the operations improve and the applicability of this provision comes into force.

## **SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS**

The Company has not received any significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## **LISTING AGREEMENT**

The Securities and Exchange Board of India (SEBI), on 2<sup>nd</sup> September, 2015 issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective from 1<sup>st</sup> December, 2015 and accordingly all listed entities were required to enter into the listing agreement within six months from the effective date. The Company entered into Listing Agreement with BSE Limited and National Stock Exchange of India Limited during December, 2015.

## **AUDITORS**

The Company's Auditors, Messrs Deloitte Haskins & Sells, Chartered Accountants, Chennai who retire at the ensuing Annual General Meeting of the Company are eligible for reappointment. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the rules framed thereunder for reappointment as Auditors of the Company. As required under





Regulations 33(1) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the peer review board of the Institute of Chartered Accountants of India.

## **COST AUDITORS**

Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 Companies (Audit and Auditor's Rules) Mr. G Sundaresan, CMA (Membership No:11733) was appointed as Cost Auditor of the Company for the Financial Year 2016-17 on a remuneration of Rs.50000. In terms of the Act and Rules referred above, the remuneration payable to the Cost Auditor is required to be placed before the members in a General Meeting for their ratification.

Accordingly, a resolution seeking member's ratification for the remuneration payable to Mr. G Sundaresan, CMA, Cost Auditor is included at Item No.4 of the notice convening the Annual General Meeting.

## **SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs R Sridharan & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith.

As required under the Companies Act, 2013, the remuneration of Rs.1,00,000 payable to the Secretarial Auditor is required to be placed before the members in a General Meeting for their ratification.

Accordingly, a resolution seeking member's ratification for the remuneration payable to Messrs R Sridharan & Associates, a firm of Company Secretaries in Practice is included at Item No.6 of the Notice convening the Annual General Meeting.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report, highlighting the business details, is attached and forms part of this report.

## **CORPORATE GOVERNANCE**

All material information was circulated to the Directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of Sub- Regulation 7 of Regulation 17 of the Listing Regulations.

In terms of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a Report on Corporate Governance along with a Certificate from the Practicing Company Secretary confirming the compliance with the conditions of Corporate Governance as stipulated under Part E of Schedule V of Sub- Regulation 34(3) of the Listing Regulations is attached to this report.

## **PROTECTION OF WOMEN AT WORKPLACE**

The Company has formulated an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed off during the year 2015-16.

|                                |                  |
|--------------------------------|------------------|
| No. of complaints received     | – Nil            |
| No. of complaints disposed off | – Not Applicable |

## **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014, is given below:

|                                  |                  |
|----------------------------------|------------------|
| Earnings in Foreign Currency:    | Nil              |
| Expenditure in Foreign Currency: | Rs. 735.70 lakhs |



|   | Rs. in lakhs  |
|---|---------------|
| Travelling and Conveyance                   | 41.53         |
| Professional and Consultation Fees          | 508.26        |
| Erection, Construction & Operation Expenses | 28.32         |
| Others                                      | 157.59        |
| <b>Total</b>                                | <b>735.70</b> |

## EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in the prescribed form MGT 9 as per Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed to and forms part of this Report.

## PARTICULARS OF EMPLOYEES

The ratio of remuneration of each Director to the median of employees' remuneration as per Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed to and forms part of this report.

## CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company prepared in accordance with Section 129(3) of the Companies Act, 2013

and relevant Accounting Standards (AS) viz. AS 21, AS 23 and AS 27 issued by the Institute of Chartered Accountants of India form part of this Annual Report. Further, a statement containing the salient features of the financial statement of the subsidiary in the prescribed format AOC-1 is appended to the Directors Report. The statement also provides the details of performance and financial position of the subsidiary.

## 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 during these testing period. Further the Directors also wish to thank the customers and suppliers for their continued cooperation 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

Place: Chennai  
Date: 23<sup>rd</sup> May 2016

S R Ramakrishnan  
(DIN:00015839)  
Chairman





# SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Shriram EPC Limited,  
Sigappi Achi Building, 4th Floor,  
18/3 Rukmani Lakshmipathi Road,  
Egmore, Chennai-600 008.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shriram EPC Limited [Corporate Identification Number: L74210TN2000PLC045167] having its Registered Office at Sigappi Achi Building, 4th Floor, 18/3 Rukmani Lakshmipathi Road, Egmore, Chennai - 600 008 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 to the extent applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Company has not dealt with the matters relating to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings under FEMA and hence, the requirement of complying with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder does not arise;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines 1999. During the year under review the Company has not allotted any shares to its employees;
  - e) The Company has not issued any debentures during the period under review, and hence the requirement of compliance of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 does not arise;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Company has not delisted its Securities from the Stock Exchanges in which it is listed during the period under



review, hence the requirement of complying with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise; and

- h) The Company has not bought back any Securities during the period under review, hence the requirement of compliance with the provision of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 does not arise;

(vi) We have reviewed the systems and mechanisms established by the Company for ensuring compliances under the other applicable Acts, Rules, Regulations and Guidelines prescribed under various laws which are applicable to the Company and categorized under the following major heads/groups:

1. Factories Act, 1948;
2. Industrial Disputes Act, 1947
3. Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution, welfare, provident fund, insurance, compensation etc.;
4. Industries (Development & Regulation) Act, 1951
5. Acts and Rules prescribed under prevention and control of pollution;
6. Acts and Rules relating to Environmental protection and energy conservation;
7. The Shops and Establishment Act, 1953
8. Acts relating to Protection of IPR
9. The Information Technology Act, 2000
10. Indian Stamp Act, 1899
11. Motor Vehicles Act, 1988
12. Employment Exchange Act, 1959 and
13. Other local laws as applicable to various sites and offices.

With respect to Fiscal laws such as Income Tax, Professional Tax, Central Sales Tax & Local Sales Tax, etc., based on the information and explanation provided to us by the management and officers of the Company and also certificates placed before the Board of Directors, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

We have also examined compliance with the applicable clauses / regulations of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India applicable with effect from 1st July, 2015.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and The National Stock Exchange of India Limited and the Uniform Listing Agreement entered with the said stock exchanges pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable with effect from 1st December, 2015).

During the period under review, the Company has complied with the provisions of the Act, Rules, applicable Regulations, Guidelines, Standards, etc. as mentioned above except to the extent as mentioned below:

1. The Company has not filed Form 5 INV and not disclosed the same on the website of the Company as per the provisions of Section 205C of the Companies Act, 1956.
2. The company has not forwarded the Annual General Meeting Proceedings to the stock exchanges for the AGM held on 24.09.2015 and hence Clause 31 of the Listing Agreement has not been complied with.
3. The company has filed certain PAS-3 forms wrongly mentioning the number of shares, subsequently revised PAS-3 forms were filed by the Company.







4. As per Regulation 108(2) of SEBI (Listing Obligations And Disclosure Requirements) Regulation, 2015 the issuer or issuing Company, as the case may be, shall make an application for listing, within twenty days from the date of allotment , but the company has filed few Listing Applications to stock exchanges beyond the 20 days time limit.

## We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors before schedule of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the verification of the records and minutes, the decisions were carried out with the consent of the Board of Directors / Committee Members and no Director / Member dissented on the decisions taken at such Board / Committee Meeting. Further, in the minutes of the General Meeting, the members who voted against the resolution(s) have been recorded.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

We further report that there were no specific events having major bearing on the Company's affairs in pursuance of above referred laws, rules, regulations, guidelines and standards during the period under review.

For R.SRIDHARAN & ASSOCIATES  
COMPANY SECRETARIES

CS R.SRIDHARAN

CP No. 3239

FCS No. 4775

PLACE : CHENNAI

DATE : MAY 23, 2016

Note: This Report is to be read with letter of even date by Secretarial Auditor, which is annexed as Annexure A and Forms an integral part of this report.



## 'Annexure A'

To,  
The Members,  
Shriram EPC Limited,  
Sigappi Achi Building, 4th Floor  
18/3 Rukmani Lakshmi pathi Road  
Egmore, Chennai - 600 008.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For R.SRIDHARAN & ASSOCIATES  
COMPANY SECRETARIES

CS R.SRIDHARAN  
CP No. 3239  
FCS No. 4775

PLACE : CHENNAI  
DATE : MAY 23, 2016





## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

| Sl. No. | Particulars   | Details                  |
|---------|---|--------------------------|
| 1.      | Name of the subsidiary  | Shriram EPC FZE, Sharjah |
| 2.      | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | NA                       |
| 3.      | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | AED                      |
| 4.      | Share capital   | Rs 24,25,939             |
| 5.      | Reserves & surplus  | Rs (91,34,277)           |
| 6.      | Total assets  | Rs 7,49,891              |
| 7.      | Total Liabilities   | Rs 79,88,182             |
| 8.      | Investments   | Nil                      |
| 9.      | Turnover  | Nil                      |
| 10.     | Profit before taxation  | Rs (8,60,681)            |
| 11.     | Provision for taxation  | Nil                      |
| 12.     | Profit after taxation   | Rs (8,60,681)            |
| 13.     | Proposed Dividend   | -                        |
| 14.     | % of shareholding   | 100%                     |

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations - NIL
- Names of subsidiaries which have been liquidated or sold during the year. - NIL



## Part "B": Associates and Joint Ventures

### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of associates/Joint Ventures  | Haldia Coke and Chemicals Private Limited   |
|--|---|
| Latest audited Balance Sheet Date  | 31.03.2016  |
| Shares of Associate/Joint Ventures held by the company on the year end     | Reporting period for the subsidiary concerned, if different from the holding company's reporting period   |
| Amount of Investment in Associates/Joint Venture                           | Rs 4007.22 lakhs  |
| Extend of Holding%   | 48.48%  |
| Description of how there is significant influence                          | NA  |
| Reason why the associate/joint venture is not consolidated                 | The carrying value of the investment as at 31st March 2015, after recognizing the group's share of loss in the Associate up to that date was NIL. Considering the erosion of net worth and continuing losses being incurred by it, the group's share of losses in the associate for the current year has not been recognized in these consolidated financial statements |
| Net worth attributable to shareholding as per latest audited Balance Sheet | Nil   |
| Profit/Loss for the year   |   |
| Considered in Consolidation  | NA  |
| Not Considered in Consolidation  | Nil   |

1. Names of associates or joint ventures which are yet to commence operations - NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year - NIL





## FORM MGT - 9

**Extract of Annual Return as on the Financial Year ended on 31<sup>st</sup> March, 2016**  
**[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies**  
**(Management and Administration) Rules, 2014]**

### I. REGISTRATION AND OTHER DETAILS:

|     |   |  |
|-----|---|--|
| i   | CIN   | L74210TN2000PLC045167  |
| ii  | Registration Date   | 12 <sup>th</sup> June 2000   |
| iii | Name of the Company   | Shriram EPC Limited  |
| iv  | Category / Sub-Category of the Company                                    | Company Limited by Shares / Indian Non-Govt Company  |
| v   | Address of the Registered office and Contact Details                      | No.18/3, Sigappi Achi Building, 4 <sup>th</sup> Floor,<br>Rukmani Lakshmipathi Salai, Egmore<br>Chennai-600 008  |
| vi  | Whether Listed Company Yes / No   | Yes  |
| vii | Name, Address and Contact details of Registrar and Transfer Agent, if any | Cameo Corporate Services Limited<br>Subramanian Building, V Floor,<br>No. 1, Club House Road, Chennai 600 002. India<br>Tel: (91 44) 2846 0390<br>Fax: (91 44) 2846 0129<br>Email: shriramepc@cameoindia.com<br>Website: www.cameoindia.com<br>Contact Person: Mr. R.D. Ramasamy |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

| SI No. | Name and description of main products/ services | NIC code of the product/ service | % to total turnover of the Company |
|--------|---|----------------------------------|------------------------------------|
| 1      | EPC   | 4220                             | 100%                               |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SI No. | Name and address of the Company  | CIN/GLN               | Holding/ Subsidiary/ Associate | % of shares held | Applicable section |
|--------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1      | SVL Limited 123, Angappa Naicken Street, Chennai- 600001   | U74900TN1986PLC013431 | Holding                        | 50.03%           | 2(46)              |
| 2      | Shriram EPC FZE, Sharjah Airport International Free Zone (SAIF-Zone)   | NA                    | Subsidiary                     | 100%             | 2(87)              |
| 3      | Haldia Coke & Chemicals Pvt Limited. Sigapi Achi Building, 4 <sup>th</sup> Floor No.18/3, Rukmani Lakshmipathi Road, Egmore, Chennai-600 008 | U15541TN2004PTC054260 | Associate                      | 48.48%           | 2(6)               |

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

|                                 |                                |
|---------------------------------|--------------------------------|
| Name of the Company             | : SHRIRAM EPC LIMITED          |
| Face Value                      | : 10 /-                        |
| Paidup Shares as on 01-Apr-2015 | : 86358184                     |
| Paidup Shares as on 31-Mar-2016 | : 330626422                    |
| For the Period From             | : 01-Apr-2015 To : 31-Mar-2016 |

| Category code | Category of Shareholder                                    | No. of shares held at the beginning of the year |          |          | No. of shares held at the end of the year |       |           | % Change during the year |          |
|---------------|--|---|----------|----------|---|-------|-----------|--------------------------|----------|
|               |  | Demat   | Physical | Total    | % of Total Shares                         | Demat | Physical  |                          | Total    |
| <b>A.</b>     | <b>Shareholding of Promoter and Promoter Group</b>         |   |          |          |   |       |           |                          |          |
| <b>1.</b>     | <b>Indian</b>  |   |          |          |   |       |           |                          |          |
| a.            | Individuals/Hindu Undivided Family                         | 0   | 0        | 0        | 0   | 0     | 0         | 0.0000                   | 0.0000   |
| b.            | Central Government/State Government(s)                     | 0   | 0        | 0        | 0   | 0     | 0         | 0.0000                   | 0.0000   |
| c.            | Bodies Corporate   | 60334526  | 0        | 60334526 | 165412862                                 | 0     | 165412862 | 50.0301                  | -19.8353 |
| d.            | Financial Institutions/Banks                               | 0   | 0        | 0        | 0   | 0     | 0         | 0.0000                   | 0.0000   |
| e.            | Any Other  |   |          |          |   |       |           |                          |          |
|               | Sub - Total (A)(1)   | 60334526  | 0        | 60334526 | 165412862                                 | 0     | 165412862 | 50.0301                  | -19.8353 |
| <b>2.</b>     | <b>Foreign</b>   |   |          |          |   |       |           |                          |          |
| a.            | Individuals (Non-Resident Individuals/Foreign Individuals) | 0   | 0        | 0        | 0   | 0     | 0         | 0.0000                   | 0.0000   |
| b.            | Bodies Corporate   | 0   | 0        | 0        | 0   | 0     | 0         | 0.0000                   | 0.0000   |
| c.            | Institutions   | 0   | 0        | 0        | 0   | 0     | 0         | 0.0000                   | 0.0000   |
| d.            | Qualified Foreign Investor                                 | 0   | 0        | 0        | 0   | 0     | 0         | 0.0000                   | 0.0000   |

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (contd...)

| Category code | Category of Shareholder  | No. of shares held at the beginning of the year |          |          |                   | No. of shares held at the end of the year |          |           |                   | % Change during the year |
|---------------|--|---|----------|----------|-------------------|---|----------|-----------|-------------------|--------------------------|
|               |  | Demat   | Physical | Total    | % of Total Shares | Demat                                     | Physical | Total     | % of Total Shares |                          |
| e.            | Any Other  |   |          |          |                   |   |          |           |                   |                          |
|               | Sub - Total (A)(2)   | 0   | 0        | 0        | 0.0000            | 0   | 0        | 0         | 0.0000            | 0.0000                   |
|               | Total Share Holding of Promoter and Promoter Group (A) = (A)(1) + (A)(2) | 60334526  | 0        | 60334526 | 69.8654           | 165412862                                 | 0        | 165412862 | 50.0301           | -19.8353                 |
| <b>B.</b>     | <b>Public Shareholding</b>   |   |          |          |                   |   |          |           |                   |                          |
| <b>1.</b>     | <b>Institutions</b>  |   |          |          |                   |   |          |           |                   |                          |
| a.            | Mutual Funds/UTI   | 0   | 0        | 0        | 0.0000            | 0   | 0        | 0         | 0.0000            | 0.0000                   |
| b.            | Financial Institutions/Banks   | 322646  | 0        | 322646   | 0.3736            | 139507548                                 | 0        | 139507548 | 42.1949           | 41.8213                  |
| c.            | Central Government/State Government(s)                                   | 0   | 0        | 0        | 0.0000            | 0   | 0        | 0         | 0.0000            | 0.0000                   |
| d.            | Venture Capital Funds  | 0   | 0        | 0        | 0.0000            | 0   | 0        | 0         | 0.0000            | 0.0000                   |
| e.            | Insurance Companies  | 0   | 0        | 0        | 0.0000            | 0   | 0        | 0         | 0.0000            | 0.0000                   |
| f.            | Foreign Institutional Investors  | 1128530   | 0        | 1128530  | 1.3068            | 0   | 0        | 0         | 0.0000            | -1.3068                  |
| g.            | Foreign Venture Capital Investors  | 0   | 0        | 0        | 0.0000            | 0   | 0        | 0         | 0.0000            | 0.0000                   |
| h.            | Qualified Foreign Investor   | 0   | 0        | 0        | 0.0000            | 0   | 0        | 0         | 0.0000            | 0.0000                   |
| i.            | Any Other  |   |          |          |                   |   |          |           |                   |                          |
|               | Foreign Portfolio Investor (Corporate) Category III                      | 0   | 0        | 0        | 0.0000            | 1123364                                   | 0        | 1123364   | 0.3398            | 0.3398                   |
|               | Sub - Total (B)(1)   | 1451176   | 0        | 1451176  | 1.6804            | 140630912                                 | 0        | 140630912 | 42.5347           | 40.8543                  |
| <b>2.</b>     | <b>Non-Institutions</b>  |   |          |          |                   |   |          |           |                   |                          |
| a.            | Bodies Corporate   | 3960308   | 0        | 3960308  | 4.5859            | 4315566                                   | 0        | 4315566   | 1.3053            | -3.2806                  |
| b.            | Individuals -  |   |          |          |                   |   |          |           |                   |                          |
|               | Individual Shareholders Holding Nominal Share Capital Upto ₹1 Lakh       | 3033274   | 1171     | 3034445  | 3.5138            | 3781799                                   | 1216     | 3783015   | 1.1442            | -2.3696                  |

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (contd...)

| Category code | Category of Shareholder  | No. of shares held at the beginning of the year |          |          |                   | No. of shares held at the end of the year |          |           |                   | % Change during the year |
|---------------|--|---|----------|----------|-------------------|---|----------|-----------|-------------------|--------------------------|
|               |  | Demat   | Physical | Total    | % of Total Shares | Demat                                     | Physical | Total     | % of Total Shares |                          |
|               | Individual Shareholders Holding Nominal Share Capital In Excess of ₹1 Lakh       | 1702026   | 0        | 1702026  | 1.9709            | 2430314                                   | 0        | 2430314   | 0.7351            | -1.2358                  |
| c.            | Qualified Foreign Investor   | 0   | 0        | 0        | 0.0000            | 0   | 0        | 0         | 0.0000            | 0.0000                   |
| d.            | Any Other  |   |          |          |                   |   |          |           |                   |                          |
|               | Clearing Members   | 44718   | 0        | 44718    | 0.0518            | 30267                                     | 0        | 30267     | 0.0092            | -0.0426                  |
|               | Directors And Their Relatives  | 14100   | 20       | 14120    | 0.0164            | 14100                                     | 20       | 14120     | 0.0043            | -0.0121                  |
|               | Foreign Corporate Bodies   | 11731762  | 0        | 11731762 | 13.5850           | 10919343                                  | 0        | 10919343  | 3.3026            | -10.2824                 |
|               | Hindu Undivided Families   | 233514  | 0        | 233514   | 0.2704            | 265860                                    | 0        | 265860    | 0.0804            | -0.1900                  |
|               | Non Resident Indians   | 64810   | 0        | 64810    | 0.0750            | 61384                                     | 0        | 61384     | 0.0186            | -0.0565                  |
|               | Trusts   | 3786779   | 0        | 3786779  | 4.3850            | 2762779                                   | 0        | 2762779   | 0.8356            | -3.5493                  |
|               |  | 15875683  | 20       | 15875703 | 18.3836           | 14053733                                  | 20       | 14053753  | 4.2506            | -14.1329                 |
|               | Sub - Total (B)(2)   | 24571291  | 1191     | 24572482 | 28.4541           | 24581412                                  | 1236     | 24582648  | 7.4352            | -21.0190                 |
|               | Total Public Shareholding (B) = (B)(1) + (B)(2)                                  | 26022467  | 1191     | 26023658 | 30.1346           | 165212324                                 | 1236     | 165213560 | 8.5794            | -21.5552                 |
|               | Total (A) + (B)  | 86356993  | 1191     | 86358184 | 100.0000          | 330625186                                 | 1236     | 330626422 | 100.0000          | 0.0000                   |
| C.            | Shares Held By Custodians And Against Which Depository Receipts Have Been Issued |   |          |          |                   |   |          |           |                   |                          |
|               | Promoter And Promoter Group  | 0   | 0        | 0        | 0.0000            | 0   | 0        | 0         | 0.0000            | 0.0000                   |
|               | Public   | 0   | 0        | 0        | 0.0000            | 0   | 0        | 0         | 0.0000            | 0.0000                   |
|               | Total Custodian (C)  | 0   | 0        | 0        | 0.0000            | 0   | 0        | 0         | 0.0000            | 0.0000                   |
|               | Grand Total (A) + (B) + (C)  | 86356993  | 1191     | 86358184 | 100.0000          | 330625186                                 | 1236     | 330626422 | 100.0000          | 0.0000                   |



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

##### (ii) Shareholding of promoters

Name of the Company : SHIRIRAM EPC LIMITED

| Sl No | Shareholder's Name | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | FOLIO/DP_CL_ID | PAN              | Pledged Shares at beginning of the Year | Pledged Shares at end of the Year |   |
|-------|--------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|----------------|------------------|---|-----------------------------------|---|
|       |                    | No of shares                              | % of total shares of the Company | % of shares pledged / encumbered to total shares | No of shares                        | % of total shares of the Company | % of shares pledged / encumbered to total shares |                |                  |   |                                   | % change in share-holding during the year |
| 1     | SVL Limited        | 60334526                                  | 69.87                            | 64.54459259                                      | 165412862                           | 50.03                            | 29.59  | -19.84         | IN30002011730413 | AAACS7696D                              | 38942674                          | 48942674                                  |

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

##### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Name of the Company : SHIRIRAM EPC LIMITED

| Sl No | Name of the Share holder   | Shareholding at the beginning of the year |                                  | Shareholding during the year |                                  | FOLIO/DP_CL_ID   | PAN        |
|-------|--|---|----------------------------------|------------------------------|----------------------------------|------------------|------------|
|       |  | No of shares                              | % of total shares of the Company | No of shares                 | % of total shares of the Company |                  |            |
| 1     | SVL Limited (formerly known as Shiriram Industrial Holdings Limited) |   |                                  |                              |                                  |                  |            |
|       | At the beginning of the year 01-Apr-2015                             | 44460123                                  | 51.48                            | 44460123                     | 51.48                            | IN30002011730413 | AAACS7696D |
|       | Purchase 01-May-2015   | 10000000                                  | 11.58                            | 54460123                     | 63.06                            |                  |            |
|       | Pref allotment 26-June-2015  | 105078336                                 | 44.27                            | 159538459                    | 67.22                            |                  |            |
|       | At the end of the Year 31-Mar-2016                                   | 159538459                                 | 48.25                            | 159538459                    | 48.25                            |                  |            |
|       | Having Same Pan  |   |                                  |                              |                                  |                  |            |



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**

(iii) Change in Promoters' Shareholding (please specify, if there is no change) (contd.)

Name of the Company : SHRIRAM EPC LIMITED

| Sl No | Name of the Share holder   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  | FOLIO/DP_CL_ID    | PAN        |
|-------|--|---|----------------------------------|---|----------------------------------|-------------------|------------|
|       |  | No of shares                              | % of total shares of the Company | No of shares                            | % of total shares of the Company |                   |            |
| 1     | SVL Limited (formerly known as Shiram Industrial Holdings Limited) |   |                                  |   |                                  |                   |            |
|       | At the beginning of the year 01 -Apr-2015                          | 10000000                                  | 11.58                            | 10000000                                | 11.58                            | '1203840001372810 | AAACS7696D |
|       | Sale 01-May-2015   | -10000000                                 | -11.58                           | 0                                       | 0.00                             |                   |            |
|       | At the end of the Year 31-Mar-2016                                 | 0   | 0.0000                           | 0                                       | 0.0000                           |                   |            |
|       | Having Same Pan  |   |                                  |   |                                  |                   |            |
| 1     | SVL Limited (formerly known as Shiram Industrial Holdings Limited) |   |                                  |   |                                  |                   |            |
|       | At the beginning of the year 01 -Apr-2015                          | 5874403                                   | 6.80                             | 5874403                                 | 6.80                             | '1301490000019372 | AAACS7696D |
|       | At the end of the Year 31-Mar-2016                                 | 5874403                                   | 1.78                             | 5874403                                 | 1.78                             |                   |            |



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Name of the Company : SHRIRAM EPC LIMITED

| Sl No | Name of the Share holder   | Shareholding at the beginning of the year |                                  | Shareholding during the year |                                  | FOLIO/DP_CL_ID   | PAN        |
|-------|--|---|----------------------------------|------------------------------|----------------------------------|------------------|------------|
|       |  | No of shares                              | % of total shares of the Company | No of shares                 | % of total shares of the Company |                  |            |
| 1     | <b>Bessemer Venture Partners Trust</b>   |   |                                  |                              |                                  |                  |            |
|       | At the beginning of the year 01-Apr-2015   | 10481762                                  | 12.1375                          | 10481762                     | 12.1375                          | IN30016710018200 | AABTB1675K |
|       | Sale 08-Jan-2016   | -493176                                   | -0.1701                          | 9988586                      | 3.4444                           |                  |            |
|       | Sale 15-Jan-2016   | -270243                                   | -0.0932                          | 9718343                      | 3.3512                           |                  |            |
|       | Sale 22-Jan-2016   | -49000                                    | -0.0169                          | 9669343                      | 3.3343                           |                  |            |
|       | At the end of the Year 31-Mar-2016   | 9669343                                   | 2.9246                           | 9669343                      | 2.9246                           |                  |            |
| 2     | <b>Unit Trust Of India Investment Advisory Services Limited- A/C Ascent India Fund</b> |   |                                  |                              |                                  |                  |            |
|       | At the beginning of the year 01-Apr-2015   | 3786779                                   | 4.3850                           | 3786779                      | 4.3850                           | IN30134820008125 | AABTA4725B |
|       | Sale 25-Mar-2016   | -1024000                                  | -0.3337                          | 2762779                      | 0.9004                           |                  |            |
|       | At the end of the Year 31-Mar-2016   | 2762779                                   | 0.8356                           | 2762779                      | 0.8356                           |                  |            |
| 3     | <b>GKFF Ventures</b>   |   |                                  |                              |                                  |                  |            |
|       | At the beginning of the year 01-Apr-2015   | 1250000                                   | 1.4475                           | 1250000                      | 1.4475                           | IN30005410063610 | AAFCA9520K |
|       | At the end of the Year 31-Mar-2016   | 1250000                                   | 0.3781                           | 1250000                      | 0.3781                           |                  |            |
|       | HAVING SAME PAN  |   |                                  |                              |                                  |                  |            |
| 3     | <b>GKFF Ventures</b>   |   |                                  |                              |                                  |                  |            |
|       | At the beginning of the year 01-Apr-2015   | 1123364                                   | 1.3008                           | 1123364                      | 1.3008                           | IN30005410060834 | AAFCA9520K |
|       | At the end of the Year 31-Mar-2016   | 1123364                                   | 0.3398                           | 1123364                      | 0.3398                           |                  |            |

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (contd.)

Name of the Company : SHRIRAM EPC LIMITED

| Sl No | Name of the Share holder                              | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  | FOLIO/DP_CL_ID    | PAN        |
|-------|---|---|----------------------------------|---|----------------------------------|-------------------|------------|
|       |   | No of shares                              | % of total shares of the Company | No of shares                            | % of total shares of the Company |                   |            |
| 4     | <b>ASTS Management Consultancy Lip</b>                |   |                                  |   |                                  |                   |            |
|       | At the beginning of the year 01-Apr-2015              | 875000                                    | 1.0132                           | 875000                                  | 1.0132                           | '1203840001335643 | AATFA4963H |
|       | At the end of the Year 31-Mar-2016                    | 875000                                    | 0.2646                           | 875000                                  | 0.2646                           |                   |            |
| 5     | <b>Mani N J1 : Sankar R</b>                           |   |                                  |   |                                  |                   |            |
|       | At the beginning of the year 01-Apr-2015              | 658436                                    | 0.7624                           | 658436                                  | 0.7624                           | 'IN30136410234758 | ABNFS8467R |
|       | Purchase 26-Jun-2015                                  | 400000                                    | 0.1521                           | 1058436                                 | 0.4026                           |                   |            |
|       | At the end of the Year 31-Mar-2016                    | 1058436                                   | 0.3201                           | 1058436                                 | 0.3201                           |                   |            |
| 6     | <b>Inspire Management Consultants Private Limited</b> |   |                                  |   |                                  |                   |            |
|       | At the beginning of the year 01-Apr-2015              | 400000                                    | 0.4632                           | 400000                                  | 0.4632                           | 'IN30136410068566 | AACCI1852K |
|       | Sale 26-Jun-2015                                      | -400000                                   | 0.1521                           | 0                                       | 0.0000                           |                   |            |
|       | At the end of the Year 31-Mar-2016                    | 0   | 0.0000                           | 0                                       | 0.0000                           |                   |            |
| 7     | <b>Nissan Management Consultants Private Limited</b>  |   |                                  |   |                                  |                   |            |
|       | At the beginning of the year 01-Apr-2015              | 400000                                    | 0.4632                           | 400000                                  | 0.4632                           | 'IN30136410068574 | AADCN1382N |
|       | Sale 03-Jul-2015                                      | -400000                                   | -0.1685                          | 0                                       | 0.0000                           |                   |            |
|       | At the end of the Year 31-Mar-2016                    | 0   | 0.0000                           | 0                                       | 0.0000                           |                   |            |
| 8     | <b>Canola Consultancy Private Limited</b>             |   |                                  |   |                                  |                   |            |
|       | At the beginning of the year 01-Apr-2015              | 392416                                    | 0.4544                           | 392416                                  | 0.4544                           | 'IN30131321105715 | AACCC8370Q |
|       | At the end of the Year 31-Mar-2016                    | 392416                                    | 0.1187                           | 392416                                  | 0.1187                           |                   |            |
| 9     | <b>SMA Professional Services Pvt Limited</b>          |   |                                  |   |                                  |                   |            |
|       | At the beginning of the year 01-Apr-2015              | 356958                                    | 0.4133                           | 356958                                  | 0.4133                           | 'IN30136410000316 | AAMCS2340C |
|       | At the end of the Year 31-Mar-2016                    | 356958                                    | 0.1080                           | 356958                                  | 0.1080                           |                   |            |
| 10    | <b>Mayur Consultancy Private Limited</b>              |   |                                  |   |                                  |                   |            |
|       | At the beginning of the year 01-Apr-2015              | 354681                                    | 0.4107                           | 354681                                  | 0.4107                           | 'IN30131321105707 | AAECM6823E |
|       | At the end of the Year 31-Mar-2016                    | 354681                                    | 0.1073                           | 354681                                  | 0.1073                           |                   |            |

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (contd.)

Name of the Company : SHRIRAM EPC LIMITED

| Sl No     | Name of the Share holder                          | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  | FOLIO/DP_CL_ID   | PAN        |
|-----------|---|---|----------------------------------|---|----------------------------------|------------------|------------|
|           |   | No of shares                              | % of total shares of the Company | No of shares                            | % of total shares of the Company |                  |            |
| <b>11</b> | <b>Central Bank Of India Cp Allotment Account</b> |   |                                  |   |                                  |                  |            |
|           | At the beginning of the year 01-Apr-2015          | 0   | 0.0000                           | 0                                       | 0.0000                           | IN30108022286142 | AAACC2498P |
|           | Purchase 12-Feb-2016                              | 13675072                                  | 5.2019                           | 13675072                                | 5.2019                           |                  |            |
|           | At the end of the Year 31-Mar-2016                | 13675072                                  | 5.2019                           | 13675072                                | 5.2019                           |                  |            |
| <b>12</b> | <b>Oriental Bank of Commerce</b>                  |   |                                  |   |                                  |                  |            |
|           | At the beginning of the year 01-Apr-2015          | 0   | 0.0000                           | 0                                       | 0.0000                           | IN30002010060150 | AAACO0191M |
|           | Purchase 16-Oct-2015                              | 8388338                                   | 3.1908                           | 8388338                                 | 3.1908                           |                  |            |
|           | Purchase 30-Oct-2015                              | 1270467                                   | 0.4832                           | 9658805                                 | 3.6741                           |                  |            |
|           | At the end of the Year 31-Mar-2016                | 9658805                                   | 3.6741                           | 9658805                                 | 3.6741                           |                  |            |
| <b>13</b> | <b>Punjab National Bank</b>                       |   |                                  |   |                                  |                  |            |
|           | At the beginning of the year 01-Apr-2015          | 0   | 0.0000                           | 0                                       | 0.0000                           | IN30070810609099 | AAACP0165G |
|           | Purchase 16-Oct-2015                              | 6980445                                   | 2.6553                           | 6980445                                 | 2.6553                           |                  |            |
|           | Purchase 30-Oct-2015                              | 924803                                    | 0.3517                           | 7905248                                 | 3.0071                           |                  |            |
|           | At the end of the Year 31-Mar-2016                | 7905248                                   | 3.0071                           | 7905248                                 | 3.0071                           |                  |            |
| <b>14</b> | <b>State Bank of Patiala</b>                      |   |                                  |   |                                  |                  |            |
|           | At the beginning of the year 01-Apr-2015          | 0   | 0.0000                           | 0                                       | 0.0000                           | IN30378610000279 | AACCS0143D |
|           | Purchase 16-Oct-2015                              | 6669385                                   | 2.5370                           | 6669385                                 | 2.5370                           |                  |            |
|           | Purchase 30-Oct-2015                              | 1055185                                   | 0.4013                           | 7724570                                 | 2.9384                           |                  |            |
|           | At the end of the Year 31-Mar-2016                | 7724570                                   | 2.9384                           | 7724570                                 | 2.9384                           |                  |            |
| <b>15</b> | <b>The South Indian Bank Limited.</b>             |   |                                  |   |                                  |                  |            |
|           | At the beginning of the year 01-Apr-2015          | 0   | 0.0000                           | 0                                       | 0.0000                           | IN30009511274987 | AABCT0022F |
|           | Purchase 16-Oct-2015                              | 3819834                                   | 1.4530                           | 3819834                                 | 1.4530                           |                  |            |
|           | Purchase 30-Oct-2015                              | 657975                                    | 0.2502                           | 4477809                                 | 1.7033                           |                  |            |
|           | At the end of the Year 31-Mar-2016                | 4477809                                   | 1.7033                           | 4477809                                 | 1.7033                           |                  |            |



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (contd.)

Name of the Company : SHRIRAM EPC LIMITED

| Sl No | Name of the Share holder                 | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  | FOLIO/DP_CL_ID    | PAN        |
|-------|--|---|----------------------------------|---|----------------------------------|-------------------|------------|
|       |  | No of shares                              | % of total shares of the Company | No of shares                            | % of total shares of the Company |                   |            |
| 16    | <b>Bank of Maharashtra</b>               |   |                                  |   |                                  |                   |            |
|       | At the beginning of the year 01-Apr-2015 | 0   | 0.0000                           | 0                                       | 0.0000                           | IN30038610000287  | AACCB0774B |
|       | Purchase 16-Oct-2015                     | 3534254                                   | 1.3444                           | 3534254                                 | 1.3444                           |                   |            |
|       | Purchase 30-Oct-2015                     | 385082                                    | 0.1464                           | 3919336                                 | 1.4909                           |                   |            |
|       | At the end of the Year 31-Mar-2016       | 3919336                                   | 1.4909                           | 3919336                                 | 1.4909                           |                   |            |
|       | HAVING SAME PAN                          |   |                                  |   |                                  |                   |            |
| 17    | <b>IDBI Bank Limited.</b>                |   |                                  |   |                                  |                   |            |
|       | At the beginning of the year 01-Apr-2015 | 0   | 0.0000                           | 0                                       | 0.0000                           | '1302860000092629 | AABC18842G |
|       | Purchase 16-Oct-2015                     | 3696180                                   | 1.4060                           | 3696180                                 | 1.4060                           |                   |            |
|       | At the end of the Year 31-Mar-2016       | 3696180                                   | 1.4060                           | 3696180                                 | 1.4060                           |                   |            |
| 18    | <b>The Lakshmi Vilas Bank Limited</b>    |   |                                  |   |                                  |                   |            |
|       | At the beginning of the year 01-Apr-2015 | 0   | 0.0000                           | 0                                       | 0.0000                           | IN30012611204350  | AAACT4291P |
|       | Purchase 16-Oct-2015                     | 3241061                                   | 1.2328                           | 3241061                                 | 1.2328                           |                   |            |
|       | Purchase 30-Oct-2015                     | 466950                                    | 0.1776                           | 3708011                                 | 1.4105                           |                   |            |
|       | At the end of the Year 31-Mar-2016       | 3708011                                   | 1.4105                           | 3708011                                 | 1.4105                           |                   |            |



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

##### (v) Shareholding of Directors and Key Managerial Personnel:

| Name of the Company |  | : SHRIRAM EPC LIMITED                     |                                  |                              |                                  |                   |             |  |
|---------------------|--|---|----------------------------------|------------------------------|----------------------------------|-------------------|-------------|--|
| Sl No               | Name of the Share holder                 | Shareholding at the beginning of the year |                                  | Shareholding during the year |                                  | FOLIO/DP_CL_ID    | PAN         |  |
|                     |  | No of shares                              | % of total shares of the Company | No of shares                 | % of total shares of the Company |                   |             |  |
| 1                   | <b>Rangaswamy Sundara Rajan</b>          |   |                                  |                              |                                  |                   |             |  |
|                     | At the beginning of the year 01-Apr-2015 | 9800                                      | 0.011                            | 9800                         | 0.011                            | '1203840000800556 | AACPR1580Q  |  |
|                     | At the end of the Year 31-Mar-2016       | 9800                                      | 0.003                            | 9800                         | 0.003                            |                   |             |  |
| 2                   | <b>T Shivaraman</b>                      |   |                                  |                              |                                  |                   |             |  |
|                     | At the beginning of the year 01-Apr-2015 | 3000                                      | 0.003                            | 3000                         | 0.003                            | 'IN30036022465056 | AACPS3488G  |  |
|                     | At the end of the Year 31-Mar-2016       | 3000                                      | 0.001                            | 3000                         | 0.001                            |                   |             |  |
| 3                   | <b>T Shivaraman</b>                      |   |                                  |                              |                                  |                   |             |  |
|                     | At the beginning of the year 01-Apr-2015 | 1000                                      | 0.001                            | 1000                         | 0.001                            | 'IN30036022567986 | AAAHT0053L  |  |
|                     | At the end of the Year 31-Mar-2016       | 1000                                      | 0.000                            | 1000                         | 0.000                            |                   |             |  |
| 4                   | <b>Amijat Shariff M</b>                  |   |                                  |                              |                                  |                   |             |  |
|                     | At the beginning of the year 01-Apr-2015 | 300                                       | 0.000                            | 300                          | 0.000                            | 'IN30131320668989 | AAQPS9393A  |  |
|                     | At the end of the Year 31-Mar-2016       | 300                                       | 0.000                            | 300                          | 0.000                            |                   |             |  |
| 5                   | <b>Krishnan Suresh</b>                   |   |                                  |                              |                                  |                   |             |  |
|                     | At the beginning of the year 01-Apr-2015 | 50  | 0.000                            | 50                           | 0.000                            | 'IN30177414854843 | AAAMPS5523L |  |
|                     | At the end of the Year 31-Mar-2016       | 50  | 0.000                            | 50                           | 0.000                            |                   |             |  |
| 6                   | <b>Amijat Shariff M</b>                  |   |                                  |                              |                                  |                   |             |  |
|                     | At the beginning of the year 01-Apr-2015 | 10  | 0.000                            | 10                           | 0.000                            | '000000006        |             |  |
|                     | At the end of the Year 31-Mar-2016       | 10  | 0.000                            | 10                           | 0.000                            |                   |             |  |
| 7                   | <b>T Shivaraman</b>                      |   |                                  |                              |                                  |                   |             |  |
|                     | At the beginning of the year 01-Apr-2015 | 10  | 0.000                            | 10                           | 0.000                            | '000000040        |             |  |
|                     | At the end of the Year 31-Mar-2016       | 10  | 0.000                            | 10                           | 0.000                            |                   |             |  |



## V. INDEBTEDNESS

The Company has loan funds outstanding as at March 31, 2016 of Rs.1966.75 crore

Indebtedness of the Company including interest outstanding/accrued but not due for payment

|   | Secured Loans<br>excluding deposits | Unsecured Loans | Deposits | Total<br>Indebtedness |
|---|-------------------------------------|-----------------|----------|-----------------------|
| statement being scanned for<br>inserting the figs   |                                     |                 |          |                       |
| i) Principal Amount                                 | 2,069.69                            | 51.74           | –        | 2,121.42              |
| ii) Interest due but not paid                       | –                                   | 34.93           | –        | 34.93                 |
| iii) Interest accrued but not due                   | 0.51                                | –               | –        | 0.51                  |
| <b>Total(i+ii+iii)</b>                              | <b>2,070.19</b>                     | <b>86.67</b>    | <b>–</b> | <b>2,156.86</b>       |
| Change in Indebtedness during<br>the Financial Year |                                     |                 |          |                       |
| – Addition  | 316.30                              | 27.79           | –        | 344.09                |
| – Reduction   | 445.20                              | 89.00           | –        | 534.20                |
| Net Change  | -128.90                             | -61.21          | –        | -190.11               |
| Indebtedness at the end of the<br>Financial Year    |                                     |                 |          |                       |
| i) Principal Amount                                 | 1,938.48                            | 25.46           | –        | 1,963.94              |
| ii) Interest due but not paid                       | 0.53                                | –               | –        | 0.53                  |
| iii) Interest accrued but not due                   | 2.29                                | –               | –        | 2.29                  |
| <b>Total (i+ii+iii)</b>                             | <b>1,941.30</b>                     | <b>25.46</b>    | <b>–</b> | <b>1,966.75</b>       |







## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, whole time Directors and/or/Manager:

₹ in Lakhs

| Sl no | Particulars of Remuneration   | Name of the MD/WTD |                 | Total amount |
|-------|---|--------------------|-----------------|--------------|
|       |   | T Shivaraman       | M Amjat Shariff |              |
| 1     | Gross salary  |                    |                 |              |
|       | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 40.15              | 43.99           | 84.14        |
|       | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 0.87               | 1.29            | 2.16         |
|       | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | –                  | –               | –            |
| 2     | Stock option  | –                  | –               | –            |
| 3     | Sweat Equity  | –                  | –               | –            |
| 4     | Commission  | –                  | –               | –            |
| 5     | Others (Contribution to PF & Superannuation)  | –                  | –               | –            |
|       | <b>Total (A)</b>  | <b>41.02</b>       | <b>45.28</b>    | <b>86.3</b>  |
|       | <b>Ceiling as per the Act</b>   | <b>60.00</b>       | <b>60.00</b>    | –            |

**B. Remuneration to other Directors:**

| Particulars of Remuneration      | Names of other Directors                                  |   |   |   |   |   |   |   |   |
|----------------------------------|---|---|---|---|---|---|---|---|---|
|                                  | S R Ramakrishnan  | S Srinivasan  | R Sundararajan  | S Krishnamurthy   | S Bapu  | Sunil Kolangara   | Vishal Gupta  | P D Karandikar  | Chandra Ramesh  |
|                                  | Chairman-Independent                                      | Vice Chairman*  | Independent   | Independent   | Independent   | Nominee   | Nominee   | Independent   | Independent   |
| Fee for attending Board meetings | 1,62,000  | -   | 1,62,000  | 17,550  | 17,550  | 13,500  | 13,500  | 121,500   | 1,48,500  |
| Committee meetings               | 1,08,000  | -   | 1,08,000  | 90,000  | 90,000  | -   | -   | 36,000  | 9,000   |
| Total                            | 2,70,000  | -   | 2,70,000  | 2,65,500  | 2,65,500  | 13,500  | 13,500  | 1,57,500  | 1,57,500  |
| Ceiling as per the Act           | -   | -   | -   | -   | -   | -   | -   | -   | -   |
| Total Managerial                 | -   | -   | -   | -   | -   | -   | -   | -   | -   |
| Remuneration =(A+B)              | -   | -   | -   | -   | -   | -   | -   | -   | -   |
| Overall Ceiling as per the Act   | Max of Rs.1 lac per each meeting of the board / committee | Max of Rs.1 lac per each meeting of the board / committee | Max of Rs.1 lac per each meeting of the board / committee | Max of Rs.1 lac per each meeting of the board / committee | Max of Rs.1 lac per each meeting of the board / committee | Max of Rs.1 lac per each meeting of the board / committee | Max of Rs.1 lac per each meeting of the board / committee | Max of Rs.1 lac per each meeting of the board / committee | Max of Rs.1 lac per each meeting of the board / committee |

\* Non-Executive Non-Independent Director



**C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD:**

| Sl no | Particulars of Remuneration   | Name of the KMP     |          | Total amount<br>(Rs. in Lakhs) |
|-------|---|---------------------|----------|--------------------------------|
|       |   | R S Chandrasekharan | K Suresh |                                |
| 1     | Gross salary  |                     |          |                                |
|       | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 37.44               | 30.79    | 68.23                          |
|       | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                   | -        | -                              |
|       | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                   | -        | -                              |
| 2     | Stock option  | -                   | -        | -                              |
| 3     | Sweat Equity  | -                   | -        | -                              |
| 4     | Commission  | -                   | -        | -                              |
| 5     | Others (Contribution to PF & Superannuation)  | 2.60                | 2.21     | 4.81                           |
|       | Total (A)   | 40.04               | 33.00    | 73.04                          |



## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

### Annexure to the Directors' Report

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the Financial Year 2014-15, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the Financial Year 2014-15.

| Sl no | Name of Director/KMP     | Designation                        | Remuneration (Rs. in Lakhs) | Ratio of remuneration of each Director to median remuneration of Employees | Percentage increase in Remuneration |
|-------|--------------------------|------------------------------------|-----------------------------|--|-------------------------------------|
| I     | Non-Executive Directors  |                                    | 12.13                       | 2.8  | NIL                                 |
| II    | Executive Directors      |                                    |                             |  |                                     |
| 1     | T Shivaraman             | Managing Director & CEO            | 41.02                       | 10.26  | NIL                                 |
| 2     | M Amjat Shariff          | Joint Managing Director            | 45.28                       | 11.33  | NIL                                 |
| III   | Key Managerial Personnel |                                    |                             |  |                                     |
| 3     | R S Chandrasekharan      | Chief Financial Officer            | 40.04                       | 9.37   | NIL                                 |
| 4     | K Suresh                 | Vice President & Company Secretary | 33.00                       | 7.71   | NIL                                 |

\* Governed under remuneration structure.

**Note: a)** The Non-Executive Directors of the Company are entitled for sitting fee as per the statutory provisions. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report.

The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the above purpose.

b) Percentage increase in remuneration indicates annual target total compensation increase, as approved by the Nomination and Remuneration Committee of the Company during the Financial Year 2015-16

- ii. The percentage increase in the median remuneration of Employees for the Financial Year was NIL.
- iii. The Company has 457 permanent Employees on the rolls of Company as on 31<sup>st</sup> March, 2016
- iv. Relationship between average increase in remuneration and Company's performance: The reward philosophy of the Company is to provide market competitive total reward opportunity that has a strong linkage to and drives performance culture. Every year, the salary increase for the Company are decided on the basis of a benchmarking exercise that is undertaken with similar profile organizations. The final salary increases given are a function of Company's market competitiveness in this comparator group as well as overall business affordability. However, during the year there was no salary increase due to the Company's performance.





- v. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

In line with Company's reward philosophy, merit increases of its Employees including Key Managerial Personnel are directly linked to individual performance as well as that of the Company business. Given the present economic scenario and the sluggish market condition and the performance of the Company it has been decided not to increase the remuneration of the Key Managerial Personnel for the current year.

- vi. The Market Capitalisation of the Company as on 31<sup>st</sup> March, 2016 was Rs.783.58 crore.as compared to Rs.276.35 crore as on 31<sup>st</sup> March, 2015. The price earnings ratio of the Company was -0.43 as at 31<sup>st</sup> March, 2016 and was -0.76 as at 31<sup>st</sup> March, 2015.

- vii. Average percentage increase made in the salaries of Employees other than the managerial personnel in the Financial Year was NIL whereas the increase in the managerial remuneration was NIL.

- viii. The key parameters for any variable component of remuneration:

Variable compensation is an integral part of our total reward package for all Employees including Executive Directors. At the start of the year, every Employee (including Executive Directors), have the KRAs fixed and their roles assigned for the year in addition to their job fundamentals. These are drawn from the organizational strategic plan and are then reviewed for consistency and stretch. The Company's targets are a combination of goals such as Sales Growth, Operating Margin etc.

- ix. The ratio of the remuneration of the highest paid Director to that of the Employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:

Not Applicable

- x. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.



# Management Discussion and Analysis FY - 2015-16

## COMPANY OVERVIEW

Headquartered in Chennai, Tamil Nadu, Shriram EPC Limited (SEPC) is one of the country's foremost 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, mines and mineral processing, water and wastewater treatment plants, water and sewer infrastructure and pipe rehabilitation.

SEPC has a proven track record of having executed some of the most complex and technically challenging projects across the country as well as in overseas markets. Further, strategic and technical tie-ups with some of the well-known and well regarded global brands for project execution has enabled the Company to widen its capabilities and strengthen its presence in the international market. Its global track record includes projects executed in Zambia. In a bid to further widen its reach, the Company is also gearing towards scaling up its operations for sourcing projects in South Asia, Africa and the Middle East.

## ECONOMIC OVERVIEW

Global growth continued to remain weak, moderating to 2.4% during the year amidst the growing uncertainties in several economies across the world. The outlook remains muted as the World Bank (based on Jan 2016) expects the outlook to remain challenging with global growth projected to reach 2.9% in 2016 on the back of a modest recovery in advanced economies and stabilization amongst major commodity exporters. Global growth faces downside risks as a protracted slowdown across large emerging markets could have substantial spillovers to other developing economies as well, and eventually hold back the recovery in advanced economies.

In the near term, the benefits from reforms to governance and business conditions are potentially large and could help offset the effects of slow growth in larger economies.

India's economic growth is expected to gradually moderate to 7.4% in 2016-17, from 7.6% in 2015-16, with tepid external demand offsetting the pickup in domestic demand. The Economic Survey pegged the economy's growth at 7-7.75% in 2016-17, indicating a greater chance of deceleration from the previous year's GDP estimate of 7.6%. The decline in GDP growth is expected on the back of slowing advanced economies, lower commodity prices and weakness in currencies of some major trading partners, vis-à-vis the Indian Rupee, are likely to hit merchandise exports and financial, telecom, business and other tradable services.

The growth is expected to pick up to 7.8% in 2017-18, owing to Government's strengthening of public sector banks' capital and operations, private investment benefiting from corporate deleveraging, the financing of stalled projects, and an uptick in bank credit.

Despite, relative slowdown in the economy, India is expected to remain the fastest growing economy in the world in the near term. Despite emerging as the fastest growing global economy, there is dissatisfaction with the rate of growth in the country as there remains significant potential to raise it even further. The country's growth potential can be raised even further if the Government can successfully implement necessary reforms including unifying the tax regime, improving the labour market regulations, as well as open up Foreign Direct Investment and trade further.

## OVERVIEW OF KEY SECTORS OF OPERATIONS

### Mining & Minerals

After years of turmoil, the Indian mining sector is displaying initial signs of recovery. Production of metallic minerals growing by nearly 20% in the first eleven months of 2015-16 and total mineral output rising by 8.2%. In monetary terms though, the mineral output is lower this year compared to that of the previous year, down by 11.4% between April 2015 and February 2016 as compared to the same period a year ago, primarily due to falling international prices.

Iron ore output rose significantly following reopening of mines in states like Goa and Odisha which had earlier been shut. The output is likely to increase even further following commencement of operations from new mines auctioned by the Government.

To further strengthen the segment, the Government has permitted 100 % Foreign Direct Investment (FDI) in the mining sector under the automatic route. Mining leases are being granted for a long duration of minimum 20 years and up to 30 years. Further, it has also approved the MMDR Bill (2011) to provide a better legislative environment for investment and technology. There is significant scope for new mining capacities in iron ore, bauxite, and coal.

### Power

Power remains one of the most critical components of infrastructure, crucial for the economic growth and welfare of nations.

India's power sector is one of the most diversified in the world. Sources of power generation range from conventional sources





such as coal, lignite, natural gas, oil, hydro and nuclear power to viable non-conventional sources such as wind, solar, and agricultural and domestic waste. Electricity demand in the country has been increasing rapidly and is expected to rise further in the years to come, in line with growing economy. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required.

India's installed capacity as of March 31, 2016 stood at 298 GW. Thermal power with a share of 61% continues to dominate the country's overall energy mix, followed by hydro and renewable with share of 15% and 13% respectively. India plans to add a total of 88.5 GW of conventional power capacity under the 12<sup>th</sup> Five Year Plan. Of the total, 72.3 GW is planned under thermal power, while 10.8GW and 5.3 GW are planned for hydro power and nuclear power respectively.

## Market Size

As of March 2016, total thermal installed capacity stood at 185.2 gigawatt (GW), while hydro and renewable energy installed capacity totalled 42.7 GW and 38.8 GW, respectively.

India's wind power capacity installed in FY2016, is estimated to increase 20 percent over last year to 2,800 MW. Further, India's wind energy market is expected to attract investments amounting to Rs.1,00,000 crore (US\$ 15.7 billion) by 2020, while capacities are estimated to almost double by 2020 from over 23,000 MW in June 2015, with an addition of about 4,000 MW per annum in the next five years.

## Investment Scenario

Around 293 global and domestic companies have committed to generate 266 GW of solar, wind, mini-hydel and biomass-based power in India over the next 5-10 years. The initiative would entail an investment of about US\$ 310-350 billion. Between April 2000 and September 2015, the industry had attracted US\$ 9.97 billion in Foreign Direct Investment (FDI).

## Investment Opportunities

- From barely 20 MW in 2011, India's installed solar capacity has increased to 3.74 GW as on 31.03.2015 with an estimated potential of 7.48 GW.
- India has vast untapped renewable energy resources — wind energy has installed capacity of 23.44 GW and an estimated potential of 102.8 GW.
- Small hydro has installed capacity of 4 GW and an estimated potential of 19.7 GW.

- Bio-power (including biomass and bagasse co-generation) has an installed capacity of 4.4GW as opposed to an estimated potential of 22.5 GW.

## Metallurgy

India is presently the world's third-largest producer of crude steel and is tipped to become the second-largest producer by 2016. Key growth driver for the industry have been availability of raw materials such as iron ore and cost-effective labor. However, despite the impressive performance, the domestic steel industry is presently under stress owing to low demand growth, depressed international prices and massive overcapacity in China.

However, the Indian Railways' massive Rs. 8.5 lakh crore of investment over the next five years in new capacity and lines is expected to offer huge growth opportunity for Indian steel industry. Seventy-seven new projects have been announced which will cover 9,400 kms doubling / tripling / quadrupling of railway tracks and other capacity building adding to improved steel consumption.

Further, the Government has also announced to lay 1 lakh km of new roads across the country, a major step which will spur steel demand. Lastly, allocation of Rs.2,46,726 crore, an increase of 9.87% over last year owing to Government's 'Make in India' focus for quick manufacturing of Defence equipment is also likely to spur steel demand apart from general focus on manufacturing sector

On the direct front, Government has hiked import tariff rate from 10 % to 15 % on iron and steel as well as articles of iron and steel to stem a flow of cheap supplies particularly from China and Russia. Limiting steel imports would lead to a level playing ground to domestic steel producers, much in line with the anti-dumping duty of US.

## Water & Municipal Services

Indian market for waste water treatment plants is largely fragmented, with almost half of the market share being captured by small and mid-sized domestic players. According to the Central Pollution Control Board of India, despite available municipal sewage treatment capacity in the respective states to treat the sewage generated in those particular regions. The players in the organized sector through their technological competence and skilled manpower can better design plants with proper operation & maintenance to meet the increased demand for optimum treatment capacity.

India is the second largest water consuming country across the globe and is presently witnessing desperate shortage of



water resources. The country's depleting water resources are finding it difficult to meet the growing demand for water from various sectors of the economy. As the growing population in India continues to exert pressure on depleting water resources, the process of wastewater treatment is becoming increasingly indispensable. Treatment of wastewater is imperative for solving the country's growing water crisis.

The waste water treatment and management industry in India is booming and presents several opportunities to the players who wish to enter the market. Release of untreated sewage in water courses, both surface and ground, is the major water polluting source in India. There is a huge gap between generation and treatment of domestic sewage in India. Hence, there is an immediate need for installation of effectual treatment plants equipped with latest technologies which help in reducing BOD levels in the wastewater generated.

The Indian waste water treatment equipment market grew at a CAGR of 10.9% during the period of 2007-2013. The sector has also seen participation from some of the leading foreign players and their internal treatment procedures.

The market has also observed increasing trend in favor of sustainable waste water treatment technologies such as MBRs for water reuse and recycling, and Up flow Anaerobic Sludge Blanket (UASB) for biogas generation from industrial wastewater treatment.

Adoption of advanced technologies such as the Zero Liquid Discharge (ZLD) is low in India at present when compared to the global scenario. This is mainly because setting up a ZLD system involves high capital investment. The market size of other industrial equipment such as mixers, filters, sequence batch reactors is expected to decline at a CAGR of 3.0% during 2013-2018.

The Indian wastewater treatment industry is estimated to expand at a CAGR of 12.7% during 2013-2018. Over the period of next five years the wastewater business is projected to present sufficient scope for services such as Operations and Maintenance (O&M), Annual Maintenance Contracts (AMC) and others.

## SWOT ANALYSIS

### Strengths

Strong Promoter Support -the support provided by our promoter SVL has been extremely valuable and has aided the Company to sustain its business during extremely challenging periods in recent times.

Technical Expertise - SEPC's efficiency in providing high-end designing and engineering solutions have enabled it to carve out a niche for itself in domestic and international market. The

Company's ability in providing cost effective solutions to its clients facilitates them to improve their competitive positioning, and increase long term business success. Further, SEPC's capability in offering customized solutions helps it to differentiate itself from the rest. The confluence of such factors result in securing repeat orders from its clients.

Well established in sectors with high potential- SEPC has developed strong expertise and offerings catering to sectors such as renewable energy including biomass power plants, thermal power plants; coal gasification, mines & mineral processing, water and waste water distribution and water treatment plants. The water sector especially enjoys high potential and provides the Company significant opportunity for further growth in India and overseas market.

Professional Management Team - A strong management is a backbone of any successful organization. SEPC's management team comprises of well qualified personnel who have been instrumental in guiding the Company through some of the most challenging and difficult times for the EPC Industry. Also, the management is guided by its Board of Directors, towards ensuring growth and development of the business of the Company.

### Weakness

Cyclical nature of business- Despite offering solutions and services across various sectors, the Company's success is to a large extent dependent upon the business climate and health of the overall economy. Any slowdown in domestic or global business environment might result in clients delaying or curtailing their expansion plan in turn affecting the growth of our business.

Financial Position - SEPC's financial strength remains subdued at present primarily owing to lower revenue generation on account of slowdown in project execution, the procedural formalities for completing its plan for restructuring the debts and delay in fresh limits release by the bankers. While the promoter has infused additional fund in the Company, it is now focused on the necessary revival in operations to resurrect the financial position.

### Opportunities

#### Domestic Market

The Government of India is taking every possible initiative to boost the infrastructure sector. Some of the key steps are:

- Government has accelerated slow moving projects worth Rs.4 lakh crore (US\$ 60 billion), and continue to accord top priority to infrastructure development to improve economic growth.
- The Union Cabinet has approved several reforms such as allowing National Highways Authority of India (NHAI) to







extend the concession period for current incomplete projects in Build-Operate-Transfer (BOT) mode to accelerate growth.

- Government of India plans to launch the National Infrastructure Investment Fund (NIFF) with an initial corpus of at least Rs 40,000 crore (US\$ 6 billion).
- India and the US have signed a Memorandum of Understanding (MoU) in order to establish Infrastructure Collaboration Platform. The MoU envisages efforts in the areas of Urban Development, Commerce and Industry, Railways, Road Transport and Highways, Micro Small and Medium Enterprises, Power, New & Renewable Energy, among others, which will provide impetus for additional investments in these sectors.

SEPC is well geared for meeting the imminent increase in demand arising from these initiatives.

## International Market

The Company is taking effective steps in entering the international market especially in the Middle East and Africa. The initial focus will be to enter into an alliance or collaboration with a global player for executing complex and large sized orders. Going forward, the Company will look to increase the proportion of international projects with better margins, which will help balance the business mix which is currently skewed towards domestic orders.

## Diversification of Business

SEPC has broadened its offerings over the years by not only becoming horizontally integrated but by also venturing into newer verticals. Expertise across multiple verticals has not only enabled the Company to lower its concentration risk but the same has also enabled SEPC accrue synergetic benefits for its existing core business.

## Threats

### Regulatory & Political Risk

The Company functions in a dynamic and ever changing business environment, wherein any sudden withdrawal / cancellation Changes in policy could have significant impact on the businesses and overall operations. In addition, higher level of regulations can adversely impact the Company's movement of men and materials and also profitability.

### Increasing Competition

Increased competition can have an impact on profitability owing to lower revenue generation and reduced margins.

## SEPC OUTLOOK

The Company has gone through difficult time owing to the cyclical nature of the Industry during the last couple of years. However, it is optimistic that it will improve its performance in the coming years which stems from the positive outlook of the Industry, Governments encouragement to the Infra sector, recent measures undertaken by the Company towards strengthening its net worth and sharpening its focus on improving efficiencies in project execution. Further, the Company has identified profitable opportunities across geographies to diversify its product portfolio and geographical presence.

The last couple of years has toughened the Company to realign its strategy in terms of sustenance and growth. The Company is expected to be a strong EPC player in the coming years with the experienced & skilled professionals at the helm of the affairs.

## CORPORATE DEBT RE-STRUCTURING

As already informed in our previous report 2014-15, the Company has restructured its debts. During the year, most of the CDR Lenders opted to convert their Funded Interest Term Loan (FITL) and sacrifice amount into equity. Further, the promoters had redeemed their preference capital by infusion of Rs.300 crore equity and infused a further Rs.89 crore to repay unsecured loans. In addition few lenders opted for converting their Working Capital Term Loan (WCTL) into equity. The promoters holding as of 31<sup>st</sup> March 2016 is 50.03% and that of the bankers is 42.10%.

Steps taken by the Company in realigning their activities to the present circumstances

- The Company has taken necessary steps towards reducing down its high cost debt.
- The Company's efforts towards recovering pending dues from clients to help it meet working capital requirements has slowly started paying dividends. Consistent follow up on its target of recuperating arbitration awards, final bills and retention money has helped the Company in reducing the receivables period.
- The Company has worked towards lowering its operational expenditures in the last year by optimizing manpower and improving efficiencies in operational activities to generate better margins. The permanent manpower has been reduced from 590 to 457 during the year.
- Bidding for Newer Projects - The outlook for the sector is gradually improving and the Company has bagged new orders during the 2<sup>nd</sup> half of 2015-16, which provides it



the confidence in strengthening its order book position in the coming years. The Company is also targeting newer markets like Middle East & Africa, where the Company expects large orders shortly with attractive margins.

## Financials

### Profit and Loss

**Revenue** - Total revenue income during the year stood at Rs.547.60 crore, when compared with Rs.547.66 crore during corresponding period last year. The muted growth is due to challenging business environment and slower progress in projects under execution.

**Other Income** - Other income comprising mainly of interest income for the period stood at Rs.113.03 crore as against Rs.121.35 crore during corresponding period of last year.

### Operating Cost

Erection, Construction and Operating expenses for the year stood at Rs 398.36 crores lower when compared to last year at Rs.500.97 crs of revenue on account of factors like project mix, efficient cost and contract management in current year and higher provisioning of contract losses in previous year. Employee Cost for the year 2015-16 was Rs.45.44 crores which is lower compared to previous year of Rs.54.77 crs, due to restructuring the manpower deployment and reduction in manpower strength by nearly 25%.

**Other Expenses** for the year 2015-16 stood at Rs.75.47 cr which is higher compared to previous year of Rs.58.99 crs mainly due to provision for doubtful debts and advances.

**Interest** - Interest expense for the year stood at Rs.271.73 crore as against Rs.301.18 crore. The decrease has been primarily on account of reduction in rate of interest and conversion of FITL into Equity by lenders.

**Depreciation** - Depreciation expense for the year stood at Rs.6.51 crore as against Rs.5.70 crore on account of increased capital expenditure, which was driven by facility expansions.

### Exceptional items

Exceptional items in Statement of Profit and Loss Account represents provision for diminution in value of investments and provision for net exposure of a project, which has come to a standstill on account of financial difficulties of the customer.

**Provision for Taxation**- There are no provision for taxation during this year (Previous Year NIL) on account of losses.

**Loss after Tax** - The Company reported a Loss after tax of Rs.244.03 crore for the year as against Rs.252.61 crore during the previous year.

## Balance Sheet

### Sources of Funds

**Equity Funds**-The Company's Share Capital increased during 2015-16 mainly on account of conversion of FITL into Equity, issue of equity to bankers for sacrifice and equity infusion by the promoters. Reserves & Surplus increased during the year mainly due to increase in Share Premium which is on account of fresh infusion by Promoters and conversion of loan into equity by bankers.

**Loan Funds** - The Company borrowed additional funds worth Rs.37 crore against retention receivable and converted interest into funded interest term loan to the tune of Rs.124 crores. Reduction in loan to the tune of Rs.260 crores is on account of conversion of FITL into equity, and the balance loan outstanding is Rs.1966.75 crore as at March 31, 2016.

### Application of Funds

**Fixed Assets**-Gross Block at the end of FY 2016 stood at Rs.100.07 crore as against Rs.101.32 crore.

**Investments**-The Companies total investments for the year stood at Rs.5.42 crore as against Rs.45.49 crore during last year. Reduction is on account of provision for diminution in value of investments made during the year.

### Net Working Capital

Net Working Capital as at March 31, 2016 is at Rs.456.80 crores as compared to Rs.61.98 crores as on March 31, 2015.

## COMPANY OVERVIEW

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

### Process & Metallurgy

SEPC provides turnkey contracting solutions which entails designing, engineering and construction for Ferrous & Non Ferrous Industries, Cement Plants, Coke Oven & By-product Plants, Process Plants and material handling.

The Company's broad range of metallurgical process design options helps it lower risk, enhance value and maximize return.





Our list of customers for Process & Metallurgy includes Grasim, MALCO, SAIL, RINL, NMDC, Hindustan Copper, Kerala Feeds etc.

During the year the Company has received the following orders: Supply, Erection, Testing and Commissioning of Steel Melt Shop and Continuous Casting Shop to produce 615000 TPA capacity of Steel Billets at New Gummidipoondi, Chennai for Rs.352 cr.

### Power Projects

SEPC is amongst the handful of players in the country that are actively involved in building broad range of energy projects. With significant expertise and experience in executing complex power projects across conventional and renewable projects the Company is more than just a contractor.

### Municipal services and Infrastructure

SEPC provides turnkey design - build environmental projects related to water and waste water treatment, management and water distribution system and is amongst the leading player to offer technologies and services that help municipal and industrial customers meet their waste water treatment requirements.

The Company undertakes municipal services projects and is involved in EPC projects for water treatment plants, underground drainage systems, wells and pump houses and pipe rehabilitation systems.

| Orders for the year  | Rs. in crores |
|--|---------------|
| a. Execution of the Project "Condition Assessment and Rehabilitation of the Old Trunk Sewer in Varanasi by Trenchless Technology under JICA Loan ID-P164 (Package-04)  | 83.68         |
| b. Supply, Installation and commissioning and operation of 1 year of the Zero Liquid Discharge Effluent Treatment Plant at Ennore  | 28.42         |
| c. Providing UGD Facilities to further extension of Anjanapura, BDA Layout.  | 14.61         |
| d. Rural Water Supply Scheme: for Baliyapur Group of Villages, Mohildih Group of Villages, Tundi-Kolhar-Jatakhunti Group of Villages   | 137.47        |
| e. Design, Build and Operate (i) Comprehensive Sewerage System (Sewerage Network), (ii) 5 MLD Sequential Batch Reactor Type Sewage Treatment Plant AND (iii) Operation and Maintenance of the Sewerage Network & Sewage Treatment Plant for a period of six (6) years for Byadgi Town, Municipality in Karnataka | 64.49         |

### Roadways

During the year, the Company has received the following order:

Road Work of NH-43 from Km 130 to Km 180 (Kanker to Bedma Section) two lane with paved shoulder in the State of Chhattisgarh under NHDP - IV on Engineering, Procurement & Construction (EPC) basis- Rs.308.77cr

## RISK MANAGEMENT AND INTERNAL CONTROLS

### Risk Management

Your Company has a well-defined Risk Management Policy in place. Approved by the Board of Directors, the Policy is designed to support business endurance and help achieve strategic goals. The objective of the policy is to identify and analyse risks that could affect achievement of specified targets, and to identify measures to reduce risks.

### Project Risks

The Infrastructure Industry is going through tough times and the Compound Annual Growth Rate (CAGR) for the next five years is expected to be ~6.5 %. There is a possibility of overshooting time and cost estimates while executing large and complex projects. To mitigate these risks, the project management team and the project accounting and governance framework has been strengthened further. The Company has developed a separate structure at Project sites with defined roles and accountability of individuals especially for large projects.

### Competition Risks

The Infrastructure Industry is intensely competitive given emergence of new entrants and with heightened inorganic growth strategy being deployed by some of the existing players. To mitigate this risk, the Company is leveraging on its expertise, experience and it's created opportunities to enlarge product portfolio and service offerings.

### OH & S Risks

Safety of employees and workers is of utmost importance to the Company. To reinforce the safety culture in the Company, it has identified Occupational Health & Safety as one of its focus areas. Various training programmes have been conducted at the sites such as behaviour based safety training program, Visible Safety Leadership program, Logistics Safety program etc. The accountability structure has also been strengthened by integrating OH&S competencies into the job descriptions of all Line Management and Safety Professionals.



## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an adequate Internal Control System, commensurate with the size, scale and complexity of its operations. These are regularly tested for their effectiveness by Statutory as well as Internal Auditors.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all project sites of the Company. Based on the report of Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

## **HUMAN RESOURCES**

SEPC recognizes that its employees are amongst its key assets and that the Company's eventual performance is dependent on its ability to motivate and retain quality people.

Many initiatives have been taken to support business through organizational efficiency, process change and various employee engagement programmes. A significant effort has also been undertaken to develop leadership as well as technical/functional capabilities in order to meet future talent requirement.

During the year under review, a significant rationalisation of manpower was undertaken keeping in view the current and projected order book and execution methodology.

## **LEADERSHIP DEVELOPMENT**

As a part of leadership development, selected senior, middle and other employees are sent for leadership development and training programmes.

The Company also imparts necessary training and education on its employees in the area of Health, Safety and environment.

As of March 2016, the Company's total human capital comprising of experienced and well skilled employees stood at 457.





# CORPORATE GOVERNANCE REPORT

Your Directors have great pleasure in presenting the Corporate Governance Report for the year ended 31<sup>st</sup> March, 2016.

Corporate Governance is the systematic process by which the affairs of the Company are directed and controlled by the Board in the best interest of all the stakeholders. The interest of various stakeholders like the shareholders, management, employees, customers, suppliers and service providers, regulators and the community at large is sought to be aligned through the process of Corporate Governance. Corporate Governance ensures fairness, transparency and integrity in dealings by the Company.

It is an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities towards business orientation, objectivity, accountability and integrity.

## 1. Corporate Governance in Shriram EPC Limited (SEPC)

Shriram EPC Limited adheres to good corporate practices and constantly strives to improve them and adopt the best practices.

SEPC is committed to the spirit by holding the core values of integrity, passion, responsibility, quality and respect in dealing with all stakeholders of the Company.

### SEPC's Corporate Governance Policy includes

- An Independent and effective Board of Directors
- Good audit process and reporting
- Transparency
- Maximizing shareholder value
- Meeting social obligations

Key elements in corporate governance are transparency, internal control, risk management, internal and external communications and high standards of safety & health. The Board has empowered responsible officers to implement broad policies and guidelines and has set up adequate review processes.

The Corporate Governance philosophy of the Company has been further strengthened with the adoption of SEPC's Code of Conduct. In compliance with the disclosure requirements of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter "Listing Regulations"), the details are set out below:

## 2. Board of Directors

### a) Composition

The Board consisted of 9 (Nine) members as at 31<sup>st</sup> March, 2016 with knowledge and experience in different fields viz., Mechanical Engineering, Procurement, Construction, Corporate Planning, Corporate Finance, Fund Management, Finance and Business Management etc. The Board comprises of Non-Executive Directors.

|   |   |
|---|---|
| Independent Non Executive Chairman                | 1 |
| Executive Directors                               | 2 |
| Non Executive and Non-Independent Directors       | 1 |
| Non Executive and Independent Directors           | 4 |
| Nominee Director of Ascent Capital, Non Executive | 1 |

All Independent Directors possess the requisite qualifications and are very experienced in their own fields. Directors other than Independent Directors are liable to retire by rotation. None of the Directors are members of more than ten committees or Chairman of more than five committees in public limited companies in which they are Directors. Necessary disclosures have been obtained from all the Directors regarding their Directorships/ committee memberships and have been taken on record by the Board.

None of the Directors of the Company are related to each other.



The names of the Directors and the details of other Chairmanship / Directorship / Committee Membership of each Director as on 31<sup>st</sup> March, 2016 are given below:

| Name of Director                             | Category                               | Number of Directorships in other Companies | Number of Committee Chairmanship in other Companies | Number of Committee Memberships in other Companies |
|--|--|--|---|--|
| Mr. S.R.Ramakrishnan<br>(DIN : 00015839)     | Independent Non Executive Chairman     | 3  | -   | 2  |
| Mr.T.Shivaraman<br>(DIN : 01312018)          | Managing Director & CEO                | 5  | -   | -  |
| Mr.M.Amjat Shariff<br>(DIN : 00009562)       | Joint Managing Director                | 4  | -   | -  |
| Mr.Sunil Kumar Kolangara<br>(DIN : 00022480) | Nominee Director                       | 9  | -   | 3  |
| Mr.R.Sundararajan<br>(DIN : 00498404)        | Non Executive Non Independent Director | 9  | 2   | 3  |
| Mr.S.Krishnamurthy<br>(DIN : 00140414)       | Non Executive Independent Director     | 4  | 2   | 3  |
| Mr.P.D.Karandikar<br>(DIN : 02142050)        | Non Executive Independent Director     | 10   | 1   | 7  |
| Mr.S.Bapu*<br>(DIN : 02541697)               | Non Executive Independent Director     | -  | -   | -  |
| Ms.Chandra Ramesh<br>(DIN : 00938694)        | Non Executive Independent Director     | 4  | -   | -  |

#### Notes:

- Other Directorships exclude Directorships in foreign companies.
- Only membership in Audit Committee and Stakeholders' Relationship Committee have been reckoned for committee memberships
  - \* Mr. S.Bapu (DIN: 02541697) became a Non Executive and Non Independent Director w.e.f 23.05.2016
  - \* Mr. Vishal Vijay Gupta (DIN:01913013) and Mr.S. Srinivasan (DIN:00014652) resigned from the Board w.e.f. 30.07.2015 and 13.01.2016 respectively.

#### b) Board Meetings

The Board has formal schedule of matters reserved for its consideration and decision. The agenda is circulated well in advance to the Board members. The items in the agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In addition to the information required under Part A of Schedule II of

Sub- Regulation 7 of Regulation 17 of the Listing Regulations, the Board is also kept informed of major events/items and approvals are taken wherever necessary for ensuring adequate availability of financial resources and periodically consider the report on compliance of applicable laws and gives appropriate directions.

The Board also reviews the Board Meeting minutes and financial statements and also takes on record the Committee meeting minutes.





The Board of Directors met Thirteen (13) times during the Financial Year ended 31<sup>st</sup> March, 2016 on 10<sup>th</sup> April, 2015, 28<sup>th</sup> May, 2015, 25<sup>th</sup> June, 2015, 26<sup>th</sup> June, 2015, 9<sup>th</sup> July, 2015, 31<sup>st</sup> July, 2015, 11<sup>th</sup> August, 2015, 26<sup>th</sup> August, 2015, 24<sup>th</sup> September, 2015, 30<sup>th</sup> September, 2015, 4<sup>th</sup> November, 2015, 18<sup>th</sup> December, 2015 and 11<sup>th</sup> February, 2016. The maximum gap between any two meetings was less than one hundred and twenty days. During the year, separate meeting of the Independent Directors was held on 24<sup>th</sup> September, 2015 without the attendance of Non-Independent Directors and members of the management.

Details of Board members as on 31<sup>st</sup> March, 2016 and Attendance at Board & General Meetings

| Sl. No. | Date       | Board Strength | No. of Directors present |
|---------|------------|----------------|--------------------------|
| 1       | 10.04.2015 | 11             | 6                        |
| 2       | 28.05.2015 | 11             | 7                        |
| 3       | 25.06.2015 | 11             | 7                        |
| 4       | 26.06.2015 | 11             | 7                        |
| 5       | 09.07.2015 | 11             | 9                        |
| 6       | 31.07.2015 | 11             | 7                        |
| 7       | 11.08.2015 | 10             | 9                        |
| 8       | 26.08.2015 | 10             | 7                        |
| 9       | 24.09.2015 | 10             | 8                        |
| 10      | 30.09.2015 | 10             | 7                        |
| 11      | 04.11.2015 | 10             | 9                        |
| 12      | 18.12.2015 | 10             | 7                        |
| 13      | 11.02.2016 | 10             | 8                        |

The Company places before the Board all those details as required under Part A of Schedule II of Sub- Regulation 7 of Regulation 17 of the Listing Regulations. The dates for the Board Meetings are fixed well in advance after taking into account the convenience of all the Directors and sufficient notice is given to them. Detailed agenda notes are sent to the Directors. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The management appraises the Board on the overall performance of the Company at every Board Meeting. Legal issues, write-offs, provisions, purchase and disposal of capital assets are all brought to the notice of the Board. The Board reviews the performance, approves capital expenditures, sets the strategy that the Company should follow and ensures financial stability. The Board reviews and takes on record the actions taken by the Company on all its decisions periodically.

Attendance of each Director at Board Meetings and at the previous Annual General Meeting (AGM).

| Sl. No. | Name  | No. of Board Meetings Held | No. of Board Meetings attended | Attendance at the last AGM |
|---------|---|----------------------------|--------------------------------|----------------------------|
| 1.      | Mr.S.R.Ramakrishnan<br>(DIN : 00015839)         | 13                         | 12                             | Yes                        |
| 2.      | Mr.S.Srinivasan *                               | 13                         | 8                              | -                          |
| 3.      | Mr.T.Shivaraman<br>(DIN : 01312018)             | 13                         | 11                             | Yes                        |
| 4.      | Mr.M.Amijat Shariff<br>(DIN : 00009562)         | 13                         | 9                              | Yes                        |
| 5.      | Mr.S.Krishnamurthy<br>(DIN : 00140414)          | 13                         | 13                             | Yes                        |
| 6.      | Mr.S.Bapu<br>(DIN : 02541697)                   | 13                         | 13                             | Yes                        |
| 7.      | Mr.PD.Karandikar<br>(DIN : 02142050)            | 13                         | 9                              | -                          |
| 8       | Mr.R.Sundararajan<br>(DIN : 00498404)           | 13                         | 12                             | Yes                        |
| 9       | Mr.Sunil Kumar<br>Kolangara<br>(DIN : 00022480) | 13                         | 1                              | -                          |
| 10      | Mr.Vishal Vijay Gupta *                         | 5                          | NIL                            | -                          |
| 11      | Mrs.Chandra Ramesh<br>(DIN : 00938694)          | 13                         | 11                             | Yes                        |

\* Mr.S.Srinivasan (DIN: 00014652) resigned from the Board w.e.f. 13.01.2016

\* Mr. Vishal Vijay Gupta (DIN:01913013) resigned from the Board w.e.f. 30.07.2015

## Board Procedure

The Directors are elected based on their qualifications and experience in varied fields as well as Company's business needs. The Nomination and Remuneration Committee recommends the appointment of Directors to the Board. At the time of induction on the Board of the Company, an invitation to join the Board of the Company is sent and a Directors' handbook comprising a compendium of the role, powers and duties to be performed by a Director is given to the new Director. Presentation is also made to the new Director regarding the business and other details of the Company.

## Details of Director seeking appointment / re-appointment

Mr. R Sundararajan (DIN:00498404), Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment. A brief Resume



of the said Director proposed to be reappointed, along with the particulars of Directorships held by him, has been appended to the Notice for the Annual General Meeting which is being circulated to the members along with this Report.

### 3. Board Committees

#### A. Audit Committee - Overall purpose/ objective

The role of Audit Committee in brief is to review the financial statements, internal controls, accounting policies and internal audit reports.

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls which management and the Board have established, appointing, retaining and reviewing the performance of statutory Auditors and overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements.

#### Composition

Pursuant to Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations, the Company has in place an Audit Committee with Mr. S.R.Ramakrishnan, Independent Director (DIN: 00015839) as the Chairman. The Committee consists of 5 Independent Non Executive Directors and One Non-Independent Non Executive Director. All the members of the Committee have excellent financial & accounting knowledge. Managing Director & CEO, Joint Managing Director, Group Financial Controller, Chief Financial Officer, Chief Financial Officer of SVL Limited, General Manager-Accounts, Internal Auditor and Statutory Auditor are the invitees to the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

The Chairman of the Audit Committee was present at the previous Annual General Meeting of the Company held on 24<sup>th</sup> September, 2015.

#### Terms of Reference

The terms of reference of the Audit Committee covers all matters specified in Part C of Schedule II of Sub- Regulation 3 of Regulation 18 of the Listing Regulations and also those specified in section 177 of the Companies Act, 2013. The terms of reference broadly include review of Internal Audit reports and action taken reports, assessment of the efficacy of the internal control systems/ financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the Company. The Audit Committee reviews the compliance

with legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of Statutory Auditors and Cost Auditor.

As a good Corporate Governance practice, the Company has put in place a system for a separate discussion of the Audit Committee with the Statutory Auditor without the presence of the management team.

#### Meetings

The Committee met Four (4) times during the Financial Year ended 31<sup>st</sup> March, 2016 on 28<sup>th</sup> May 2015, 11<sup>th</sup> August, 2015, 4<sup>th</sup> November, 2015 and 11<sup>th</sup> February, 2016 and the time gap between the two meetings did not exceed one hundred and twenty days.

The composition of the Audit Committee and particulars of meetings attended by the members of the Committee are given below:

| Name of the Member                      | Chairman / Member | No. of Meetings Attended |
|---|-------------------|--------------------------|
| Mr.S.R.Ramakrishnan<br>(DIN : 00015839) | Chairman          | 4                        |
| Mr.S.Krishnamurthy<br>(DIN : 00140414)  | Member            | 4                        |
| Mr.S.Bapu<br>(DIN : 02541697)           | Member            | 4                        |
| Mr.R.Sundararajan<br>(DIN : 00498404)   | Member            | 4                        |
| Mr.P.D.Karandikar*<br>(DIN : 02142050)  | Member            | -                        |
| Ms.Chandra Ramesh*<br>(DIN : 00938694)  | Member            | -                        |

Audit Committee has been reconstituted on 11<sup>th</sup> February, 2016.

\* Mr.P.D. Karandikar (DIN : 02142050) & Ms. Chandra Ramesh (DIN : 00938694) co-opted as Members of the Committee on 11<sup>th</sup> February, 2016.

#### B.Stakeholders Relationship Committee

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, the Company has constituted a Stakeholders Relationship Committee with Mr. R.Sundararajan (DIN: 00498404), Director as the Chairman. The Stakeholders Relationship Committee of the Board looks into the redressal of the investors' complaints like non receipt of annual reports, dividend payments, change or deletion







of name, issue of duplicate share certificates, dematerialization, rematerialisation, transfer, transmission, transposition, subdivision, consolidation and other allied transactions. The Board has also delegated to certain executives of the Company, powers to accomplish aforesaid objectives. The Committee also looks into all the communications received from the shareholders and complaints received from the stock exchanges.

## Composition & Meetings

- a) Four Committee meetings were held during the Financial Year 2015-2016. The dates on which the said meetings were held are 28<sup>th</sup> May 2015, 11<sup>th</sup> August, 2015, 4<sup>th</sup> November, 2015 and 11<sup>th</sup> February, 2016.
- b) The composition of the Stakeholders Relationship Committee and particulars of meetings attended by the members of the Committee are given below:

| Name of the Member                      | Chairman / Member | No. of Meetings Attended |
|---|-------------------|--------------------------|
| Mr. R.Sundararajan<br>(DIN : 00498404)  | Chairman          | 4                        |
| Mr.S.R.Ramakrishnan<br>(DIN : 00015839) | Member            | 4                        |
| Mr.P.D.Karandikar<br>(DIN : 02142050)   | Member            | 3                        |

- ♦ Mr.K. Suresh, Company Secretary is the Compliance Officer of the Company.
- ♦ Details of number of complaints received during the year and Status of Investor Complaints as on March 31, 2016 and reported to BSE Limited. and National Stock Exchange of India Limited under Clause 41 of the Listing agreement & Regulation 13 of the Listing Regulations are as follows:

|                                 |     |
|---------------------------------|-----|
| Complaints' as on April 1, 2015 | Nil |
| Received during the year        | Nil |
| Resolved during the year        | NA  |
| Pending as on March 31, 2016    | Nil |

## C. Nomination and Remuneration Committee

Nomination and Remuneration Committee was constituted pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations for identifying the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

The Nomination and Remuneration Committee has framed the criteria for determining qualifications, positive attributes and independence of a Director and recommended to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

## Terms of reference

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity; and
4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. Formulation of criteria for evaluation of Independent Directors on Board and to carry out evaluation of every Director's performance.
6. Recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
7. Recommend the remuneration package of the Executive Directors at the time of initial appointment.
8. Determine the increments in the remuneration of Executive Directors.
9. Determine the annual incentive of the Executive Directors.
10. Determine the minimum remuneration of Executive Directors in the event of inadequacy of profits.
11. Recommend to the Board, the remuneration including commission payable to Non-Executive Directors subject to the limits laid down in the Act.
12. Exercise all powers and authority as is necessary for implementation, administration and superintendence of the Employees Stock Option Schemes, if applicable shall frame suitable policies and systems to ensure that there is no violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 by any employee.



13. Any other terms of reference as may be required by the Committee to exercise pursuant to any law or changes thereof.

### Composition & Meetings

- a. Two Committee meetings were held during the Financial Year 2015-2016. The dates on which the said meetings were held are as follows: 28<sup>th</sup> May, 2015 and 11<sup>th</sup> August, 2015.
- b. The composition of Nomination and Remuneration Committee and particulars of meetings attended by the members of the Committee are given below:

| Name of the Member                      | Chairman / Member | No. of Meetings Attended |
|---|-------------------|--------------------------|
| Ms.Chandra Ramesh*<br>(DIN : 00938694)  | Chairman          | -                        |
| Mr.S.R.Ramakrishnan<br>(DIN : 00015839) | Member            | 2                        |
| Mr.R.Sundararajan<br>(DIN : 00498404)   | Member            | 2                        |
| Mr.T.Shivaraman#<br>(DIN : 01312018)    | Member            | 1                        |
| Mr.Vishal Vijay Gupta#                  | Member            | 0                        |

Nomination and Remuneration Committee was reconstituted on 11<sup>th</sup> February, 2016.

\* Ms.Chandra Ramesh was co-opted as Chairman of the Committee on 11<sup>th</sup> February, 2016.

# During the year Mr.T.Shivaraman (DIN : 01312018) (on 11<sup>th</sup> February 2016) and Mr.Vishal Vijay Gupta (DIN : 01913013) (on 30<sup>th</sup> July 2015) had stepped down from the Committee.

### Criteria for Performance Evaluation

Section 178 of the Companies Act, 2013 read with Clause VII (3 a & b) & Clause VIII of Schedule IV of the Companies Act, 2013 lays down specific requirements on performance evaluation of Board/Chairperson/Independent Directors. As per Part D of Schedule II of Listing Regulations, the Nomination and Remuneration Committee has to lay down the criteria for the above. The Committee had discussed in detail about the criteria to be adopted and process/format to be followed for evaluation of performance of Board/Committees and Directors. Based on the same, the evaluation process was completed for the year.

### Parameters adopted as criteria for evaluation were as follows:

- 1) Attendance and active participation at the meetings
- 2) Staying updated on developments and understanding of the Company's business, industry and goals of the Company.

- 3) Engaging with and challenging the Management Team without being confrontational or abstractionist.
- 4) Proactive to discussions and providing unbiased and independent recommendations.
- 5) Upholds the brand image of the Company in dealing with Stakeholders.

### Performance Evaluation

Pursuant to the Companies Act, 2013 and the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of Individual Directors including Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment and safe guarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

### Remuneration Policy

The Board through the Nomination and Remuneration Committee adopted a Remuneration policy pursuant to Section 178 of the Companies Act, 2013. This Remuneration Policy provides the framework for remuneration of members of the Board of Directors, Key Managerial Personnel and other employees of the Company.

The Non-Executive Directors are entitled for sitting fees for every Board / Committee meeting attended by them.

The Company's total compensation for Key Managerial Personnel/other employees consists of:

- ♦ fixed compensation
- ♦ variable compensation in the form of annual incentive
- ♦ benefits
- ♦ work related facilities and perquisites

The remuneration policy applicable to the members of the Board and Key Managerial Personnel / Other employees is available in the Company's website <https://www.shriramepc.com>





## Directors' Remuneration during the Financial Year 2015-16

| Directors               | Remuneration during the year ended 31st March, 2016 (Salary & Perks ) (Rupees in Lakhs) | Sitting Fees (Rupees) | Commission (paid during the year and pertains to previous Financial Year) | Business Relationship with the Company, if any | Severance/ Notice period |
|-------------------------|---|-----------------------|---|--|--------------------------|
| Mr. S.R. Ramakrishnan   | –   | 270000                | –   | Director                                       | –                        |
| Mr. T. Shivaraman       | 41.02   | –                     | –   | –  | –                        |
| Mr. M. Amjat Shariff    | 45.28   | –                     | –   | –  | –                        |
| Mr. R. Sundararajan     | –   | 270000                | –   | Director                                       | –                        |
| Mr. S. Krishnamurthy    | –   | 265500                | –   | Director                                       | –                        |
| Mr. P.D. Karandikar     | –   | 157500                | –   | Director                                       | –                        |
| Mr. S. Babu             | –   | 265500                | –   | Director                                       | –                        |
| Ms. Chandra Ramesh      | –   | 157500                | –   | Director                                       | –                        |
| Mr. Sunil K Kolangara   | –   | 13500                 | –   | Director                                       | –                        |
| Mr. S. Srinivasan*      | –   | –                     | –   | –  | –                        |
| Mr. Vishal Vijay Gupta* | –   | 13500                 | –   | Director                                       | –                        |

\* Mr. S. Srinivasan (DIN: 00014652) resigned from the Board w.e.f. 13.01.2016

\* Mr. Vishal Vijay Gupta (DIN:01913013) resigned from the Board w.e.f. 30.07.2015

There was no other pecuniary relationship or transaction of Non Executive Independent Directors vis-à-vis the Company.

The Company does not have any stock option scheme.

### D. Risk Management Committee

Risk Management Committee was constituted in pursuance of erstwhile Clause 49 of the Listing Agreement, comprising of certain members of the Board of Directors and Senior Executives of the Company.

#### Purpose and Object

The Company shall lay down procedures to inform Board members about the risk identification, assessment and mitigation and corrective measures. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

#### Composition & Meetings

- Two Committee meetings were held on 7<sup>th</sup> September, 2015 and 22<sup>nd</sup> March 2016.
- The composition of Risk Management Committee and particulars of the meeting attended by the members of the Committee are given below:



| Name of the Member     | Chairman / Member                  | No. of Meetings attended during the year 2015-16 |
|------------------------|------------------------------------|--|
| Mr.T.Shivaraman        | Member                             | 2  |
| Mr.M.Amjat Shariff     | Member                             | 2  |
| Mr.V.Jayanarayanan     | Group Financial Controller         | 2  |
| Mr.R.Sriram            | Executive Director                 | 2  |
| Mr.R.S.Chandrasekharan | Chief Financial Officer            | 2  |
| Mr.K.Suresh            | Vice President & Company Secretary | 2  |
| Mr.K.P.Ramakrishnan    | Chief Risk Officer                 | 2  |
| Mr.K P Mishra          | Executive Director                 | 2  |

### Corporate Social Responsibility Committee

The Company has been incurring losses for the last 3 years. Hence, Corporate Social Responsibility Committee has not been formed and no initiatives have been taken by the Company on CSR as per the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company shall comply with this requirement once the operations improve and the applicability of this provision comes into force.

### Meeting Of Independent Directors:

The Independent Directors of the Company had met once during the year on 24<sup>th</sup> September, 2015 to review the performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and had assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

The Company had also during the year, conducted familiarization programme for Independent Directors of the Company. This was done through regular presentation to the Directors and also discussions with management team. Any fresh induction into the Board of Directors is followed up with detailed briefing on the background of the Company, industry segments where the Company is present and other business details. The details of the familiarisation programme is uploaded in the website of the Company,

<http://www.shriramepc.com/Companies-Act-2013-Compliance.aspx>

### Details of shareholding of Non-Executive Directors as on 31<sup>st</sup> March 2016

Mr. R Sundararajan (DIN: 00498404 ) has 9800 Equity Shares and no Convertible Instruments

### General Body Meetings

The venue, date and time of General Meetings held during the last 3 years are given below:

### Annual General Meeting (AGM):

| For the year ended 31st March | Venue  | Day and Date         | Time      |
|-------------------------------|--|----------------------|-----------|
| 2015                          | Sri Krishna Gana Sabha, Dr. Nalli Gana Vihar, 20, Maharajapuram Santhanam Road, T.Nagar, Chennai - 600017  | Thursday 24.09.2015  | 10.00 A.M |
| 2014                          | Sri Krishna Gana Sabha, Dr. Nalli Gana Vihar, 20, Maharajapuram Santhanam Road, T.Nagar, Chennai - 600017  | Wednesday 10.09.2014 | 3.00 P.M  |
| 2013                          | Sri Krishna Gana Sabha, Dr. Nalli Gana Vihar, 20, Maharajapuram Santhanam Road, T.Nagar, Chennai - 600 017 | Thursday, 12.12.2013 | 11.30 A.M |

### Details of Special Resolutions passed during the previous three Annual General Meetings:

| Date of AGM | Whether any Special Resolution was passed | Particulars  |
|-------------|---|--|
| 24.09.2015  | Yes                                       | Mr.T.Shivaraman re-appointed as Managing Director.   |
| 24.09.2015  | Yes                                       | Mr. M. Amjat Shariff re-appointed as Joint Managing Director   |
| 24.09.2015  | Yes                                       | Issue of Equity Shares on Preferential basis to IndusInd Bank in terms of ICDR Regulations in lieu of Sacrifice Amount |
| 10.09.2014  | No  | –  |
| 12.12.2013  | No  | –  |





## Details of Special Resolutions passed through Postal Ballot during the last year

Pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the Board of Directors of the Company had accorded its approval at its meeting held on 10<sup>th</sup> April, 2015, 26<sup>th</sup> June, 2015 and 18<sup>th</sup> December, 2015 to conduct a Postal Ballot to seek the consent of the Company's members vide Special Resolution as specified in the Notice dated 5<sup>th</sup> May, 2015, 9<sup>th</sup> July, 2015 and 11<sup>th</sup> January, 2016 respectively read with the Explanatory Statement attached thereto. The members of the Company were given option of voting either through Postal Ballot forms or participating through e-voting.

Mr.R.Sridharan of Messrs. R.Sridharan & Associates, Company Secretaries, Chennai was appointed as the Scrutiniser for conducting the Postal Ballot process in fair and transparent manner. His duty also included receiving and scrutinising the completed postal ballot forms from the members.

On submission of the report on the voting through Postal Ballot by scrutiniser, the special resolutions was declared by Mr.T.Shivaraman - Managing Director & CEO and Mr.K Suresh - Vice President & Company Secretary on 6<sup>th</sup> June, 2015, 10<sup>th</sup> August, 2015 and 11<sup>th</sup> February 2016 as duly passed by the requisite majority of the members of the Company voted by Postal Ballot.

Particulars of the Special Resolutions passed through Postal Ballot during the Financial Year 2015-16 are as follows:-

| Date of Passing Special Resolution | Item No | Section of the Companies Act, 2013 | Particulars  |
|------------------------------------|---------|------------------------------------|--|
| 06-06-2015                         | 1       | 62(1)(c)                           | Equity Shares on preferential basis in terms of ICDR Regulations on conversion of the Funded interest Term Loan to CDR Lenders   |
|                                    | 2       | 62(1)(c)                           | Issue of Equity Shares on preferential basis in terms of ICDR Regulations for Sacrifice by CDR Lenders   |
|                                    | 3       | 62(1)(c)                           | Issue of Equity Shares on preferential basis to Shriram Industrial Holdings Limited  |
|                                    | 4       | 61                                 | Re-classification of Authorized Share Capital of the Company   |
|                                    | 5       | 13                                 | Amendment of the Memorandum of Association of the Company  |
|                                    | 6       | 14                                 | Amendment of the Articles of Association of the Company  |
|                                    | 7       | 13                                 | Amendment of Object clause of the Memorandum of Association of the Company   |
| 10-8-2015                          | 1       | 13                                 | Amendment of main objects of the Memorandum of Association   |
|                                    | 2       | 14                                 | Adoption and substitution of new set of Articles of Association  |
|                                    | 3       | -                                  | Disclosure of Ultimate Beneficiary Owners of the allottees   |
|                                    | 4       | -                                  | Disclosure of correct post issue Shareholding Pattern  |
|                                    | 5       | 186                                | Increase in the limit of loans and advances /investments   |
| 11-2-2016                          | 1       | 62(1)(c)                           | Issue of Equity Shares on preferential basis in terms of ICDR Regulations on conversion of the Working Capital Term Loan (WCTL) to CDR Lenders in terms of the CDR Package |
|                                    | 2       | 62(1)(c)                           | Issue of Equity Shares on preferential basis to SVL Limited, the promoter of the Company   |
|                                    | 3       | 13                                 | Amendment of Clause V of the Memorandum of Association of the Company  |



**The details of the Voting Pattern are as under:**

**Postal Ballot Result declared on 6<sup>th</sup> June, 2015**

Resolution No:1 - Equity Shares on preferential basis in terms of ICDR Regulations on conversion of the Funded Interest Term Loan to CDR Lenders

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 85                         | 3870181                             | 15             | 70816841                | 100  | 74687022                    | 99.997                             |
| Dissent      | 9                          | 1600                                | 3              | 417                     | 12   | 2017                        | 0.003                              |
| <b>Total</b> | <b>94</b>                  | <b>3871781</b>                      | <b>18</b>      | <b>70817258</b>         | <b>112</b>                                   | <b>74689039</b>             | <b>100%</b>                        |

Resolution No:2 - Issue of Equity Shares on preferential basis in terms of ICDR Regulations for Sacrifice by CDR Lenders

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 79                         | 3869921                             | 15             | 70816841                | 94   | 74686762                    | 99.997%                            |
| Dissent      | 15                         | 1860                                | 3              | 417                     | 18   | 2277                        | 0.003%                             |
| <b>Total</b> | <b>94</b>                  | <b>3871781</b>                      | <b>18</b>      | <b>70817258</b>         | <b>112</b>                                   | <b>74689039</b>             | <b>100%</b>                        |

Resolution No:3 - Issue of Equity Shares on preferential basis to Shriram Industrial Holdings Limited

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 76                         | 3869636                             | 15             | 70816841                | 91   | 74686477                    | 99.997%                            |
| Dissent      | 18                         | 2145                                | 3              | 417                     | 21   | 2562                        | 0.003%                             |
| <b>Total</b> | <b>94</b>                  | <b>3871781</b>                      | <b>18</b>      | <b>70817258</b>         | <b>112</b>                                   | <b>74689039</b>             | <b>100%</b>                        |

Resolution No:4 - Re-classification of Authorized Share Capital of the Company

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 84                         | 3869991                             | 17             | 70817171                | 101  | 74687162                    | 99.997%                            |
| Dissent      | 10                         | 1790                                | 1              | 87                      | 11   | 1877                        | 0.003%                             |
| <b>Total</b> | <b>94</b>                  | <b>3871781</b>                      | <b>18</b>      | <b>70817258</b>         | <b>112</b>                                   | <b>74689039</b>             | <b>100%</b>                        |





Resolution No:5 - Amendment of the Memorandum of Association of the Company

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 85                         | 3870091                             | 16             | 70817151                | 101  | 74687242                    | 99.998%                            |
| Dissent      | 9                          | 1690                                | 2              | 107                     | 11   | 1797                        | 0.002%                             |
| <b>Total</b> | <b>94</b>                  | <b>3871781</b>                      | <b>18</b>      | <b>70817258</b>         | <b>112</b>                                   | <b>74689039</b>             | <b>100%</b>                        |

Resolution No:6 - Amendment of the Articles of Association of the Company

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 83                         | 3869971                             | 17             | 70817171                | 100  | 74687142                    | 99.997%                            |
| Dissent      | 11                         | 1810                                | 1              | 87                      | 12   | 1897                        | 0.003%                             |
| <b>Total</b> | <b>94</b>                  | <b>3871781</b>                      | <b>18</b>      | <b>70817258</b>         | <b>112</b>                                   | <b>74689039</b>             | <b>100%</b>                        |

Resolution No:7 Amendment of Object clause of the Memorandum of Association of the Company

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 82                         | 3869931                             | 15             | 70816841                | 97   | 74686772                    | 99.997%                            |
| Dissent      | 12                         | 1850                                | 3              | 417                     | 15   | 2267                        | 0.003%                             |
| <b>Total</b> | <b>94</b>                  | <b>3871781</b>                      | <b>18</b>      | <b>70817258</b>         | <b>112</b>                                   | <b>74689039</b>             | <b>100%</b>                        |

**Postal Ballot Result declared on 10<sup>th</sup> August, 2015**

Resolution No:1 - Amendment of Main Objects of the Memorandum of Association.

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 82                         | 74742                               | 22             | 70817482                | 104  | 70892224                    | 99.9995                            |
| Dissent      | 4                          | 360                                 | 0              | 0                       | 4  | 360                         | 0.0005                             |
| <b>Total</b> | <b>86</b>                  | <b>75102</b>                        | <b>22</b>      | <b>70817482</b>         | <b>108</b>                                   | <b>70892584</b>             | <b>100</b>                         |



Resolution No:2 - Adoption and substitution of new set of Articles of Association

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 82                         | 74742                               | 21             | 70817432                | 103  | 70892174                    | 99.9994                            |
| Dissent      | 4                          | 360                                 | 1              | 50                      | 5  | 410                         | 0.0006                             |
| <b>Total</b> | <b>86</b>                  | <b>75102</b>                        | <b>22</b>      | <b>70817482</b>         | <b>108</b>                                   | <b>70892584</b>             | <b>100</b>                         |

Resolution No:3 Disclosure of Ultimate Beneficiary Owners of the allottees

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 82                         | 74742                               | 20             | 70817252                | 102  | 70891994                    | 99.9992                            |
| Dissent      | 4                          | 360                                 | 2              | 230                     | 6  | 590                         | 0.0008                             |
| <b>Total</b> | <b>86</b>                  | <b>75102</b>                        | <b>22</b>      | <b>70817482</b>         | <b>108</b>                                   | <b>70892584</b>             | <b>100</b>                         |

Resolution No:4 Disclosure of correct post issue Shareholding Pattern

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 82                         | 74742                               | 20             | 70817252                | 102  | 70891994                    | 99.9992                            |
| Dissent      | 4                          | 360                                 | 2              | 230                     | 6  | 590                         | 0.0008                             |
| <b>Total</b> | <b>86</b>                  | <b>75102</b>                        | <b>22</b>      | <b>70817482</b>         | <b>108</b>                                   | <b>70892584</b>             | <b>100</b>                         |

Resolution No:5 Increase in the limit of loans and advances/investments

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 79                         | 74279                               | 18             | 70817142                | 97   | 70891421                    | 99.9984                            |
| Dissent      | 7                          | 823                                 | 4              | 340                     | 11   | 1163                        | 0.0016                             |
| <b>Total</b> | <b>86</b>                  | <b>75102</b>                        | <b>22</b>      | <b>70817482</b>         | <b>108</b>                                   | <b>70892584</b>             | <b>100</b>                         |







## Postal Ballot Result declared on 11<sup>th</sup> February, 2016

Resolution No:1 - Issue of Equity Shares on preferential basis in terms of ICDR Regulations on conversion of the Working Capital Term Loan (WCTL) to CDR Lenders in terms of the CDR Package

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 64                         | 84871                               | 12             | 175897604               | 76   | 175982475                   | 99.9997%                           |
| Dissent      | 2                          | 425                                 | 1              | 100                     | 3  | 525                         | 0.0003%                            |
| <b>Total</b> | <b>66</b>                  | <b>85296</b>                        | <b>13</b>      | <b>175897704</b>        | <b>79</b>                                    | <b>175983000</b>            | <b>100%</b>                        |

Resolution No:2 - Issue of Equity Shares on preferential basis to SVL Limited, the promoter of the Company

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 63                         | 84771                               | 12             | 175897604               | 75   | 175982375                   | 99.9996%                           |
| Dissent      | 3                          | 525                                 | 1              | 100                     | 4  | 625                         | 0.0004%                            |
| <b>Total</b> | <b>66</b>                  | <b>85296</b>                        | <b>13</b>      | <b>175897704</b>        | <b>79</b>                                    | <b>175983000</b>            | <b>100%</b>                        |

Resolution No:3 - Amendment of Clause V of the Memorandum of Association of the Company

| Particulars  | No. of Postal Ballot Forms | No. of shares (Postal Ballot votes) | No of E-Voting | No of shares (E-Voting) | Total No of Postal Ballot Forms and E-Voting | Total No. of shares (Votes) | % on Total Shares (Votes) Received |
|--------------|----------------------------|-------------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|
| Assent       | 63                         | 83368                               | 13             | 175897704               | 76   | 175981072                   | 99.9989%                           |
| Dissent      | 3                          | 1928                                | 0              | 0                       | 3  | 1928                        | 0.0011%                            |
| <b>Total</b> | <b>66</b>                  | <b>85296</b>                        | <b>13</b>      | <b>175897704</b>        | <b>79</b>                                    | <b>175983000</b>            | <b>100%</b>                        |

The following resolutions are proposed to be carried on through Postal Ballot in August 2016.

| Proposed Date of Postal Ballot Notice | Item No | Section of the Companies Act 2013 | Particulars  |
|---------------------------------------|---------|-----------------------------------|--|
| 26.07.2016                            | 1       | 62(1)(c)                          | Issue of Equity Shares on preferential basis in terms of ICDR Regulations on conversion of the Working Capital Term Loan (WCTL) to CDR Lenders in terms of the CDR Package |
|                                       | 2       | 62                                | Issue of Equity Shares on preferential basis to SVL Limited (formerly Shriram Industrial Holdings Limited), the Promoter of the Company                                    |
|                                       | 3       | 61 & 13                           | Increase of the Authorised Share Capital of the Company and approval for alteration to the Memorandum of Association of the Company  |

The procedure has been followed as per Rule 22 of Companies (Management & Administration Rules) 2014 for conducting business through Postal Ballot.



## Code of Conduct

The Board had laid down a 'Code of Conduct', for all the Board members and the Senior Management of the Company, and the code is posted on the website of the Company <http://www.shriramepc.com/investors-code-of-conduct.aspx>

Annual declaration regarding compliance with the code is obtained from every person covered by the code of conduct and a certificate to this effect, signed by Mr. T. Shivaraman - Managing Director & CEO forms part of this report.

## CEO and CFO Certification

In terms of Regulation 17(8) of the Listing Regulations, the Managing Director & CEO and Chief Financial Officer have given the annual certification on financial reporting and internal controls to the Board.

The Managing Director & CEO and Chief Financial Officer have also given quarterly certification on Financial Results, while placing the Financial Results before the Board, in terms of Clause 41 of the Listing Agreement and Regulation 33 of SEBI (LODR) Regulations, 2015. Accordingly, they have certified to the Board, inter alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose, for the year ended March 31, 2016.

## Prevention of Insider Trading

The Company has framed a code of conduct for prevention of insider trading based on SEBI (Insider Trading) Regulations, 2015. This code is applicable to all Directors / Officers / Designated Employees. The code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed. All the Directors and Senior Management Personnel have confirmed compliance with the code.

## Vigil Mechanism / Whistle Blower Policy

The Company has adopted the whistle blower mechanism, a mandatory requirement of the Listing Regulations and the Companies Act, 2013 with the objective to provide employees, customers and vendors, an avenue to raise concerns, in line with the Company's commitment to the highest possible standards of ethical, moral and legal conduct of business, its commitment to open communication and to provide necessary safeguards for protection of employees from reprisals or victimization of whistle blowing in good faith. The Audit Committee reviews periodically

the functioning of whistle blower mechanism. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairman of the Audit Committee. The details of establishment of such mechanism is disclosed by the Company on its website and in the Board's Report.

It is hereby affirmed that no person has been denied access to the Audit Committee.

Mr. S.R. Ramakrishnan - Chairman of the Audit Committee has been appointed as the Ombudsperson for Directors and Mr. G. Ramesh - Vice President & Head (HR, Admn & IMS) has been appointed as the Ombudsperson for employees, customers and vendors, who will deal with the complaints received.

## DISCLOSURES

### Related Party Transactions

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and the Listing Regulations during the Financial Year were in the ordinary course of business and on an arm's length pricing basis. There were no materially significant related party transactions with Directors/ promoters/ management, which had potential conflict with the interests of the Company at large.

Periodical disclosures from Senior Management relating to all material, financial and commercial transactions, where they had or were deemed to have had personal interests, that might have a potential conflict with the interest of the Company at large, are placed before the Board. The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the audit committee and Board of Directors were taken wherever required in accordance with the Policy. The details of such policies for dealing with Related Parties and the Related Party Transactions are disseminated in the website of the Company <http://www.shriramepc.com/Companies-Act-2013-Compliance.aspx>

The Company has formulated a policy on determining 'Material' Subsidiaries is disseminated in the website of the Company <http://www.shriramepc.com/pdf/Policy-on-Material-Subsidiaries.pdf>

Transactions with the related parties are disclosed in Note No.34.

### Statutory Compliances, Penalties and Strictures

The Company has complied with the requirements of the Stock Exchanges / SEBI and Statutory Authorities on all matters related to capital markets during the last three years. No strictures or





penalties have been imposed on the Company either by Stock Exchanges or by SEBI or any statutory authority.

## Compliance with Corporate Governance Norms

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in the Listing Regulations. The Company has submitted the compliance reports in the prescribed format to the stock exchanges for every quarter during the year ended 31<sup>st</sup> March, 2016. The certificate of compliance with the conditions of corporate governance as stipulated in Regulation 34(3) of the Listing Regulations forms part of the Annual Report.

The other non-mandatory requirements of the Listing Regulations to certain extent have been adopted by the Company.

## Means of Communication

The quarterly Unaudited Financial Results and major announcements like notice of Board Meetings, Book Closure etc. are normally published in daily newspapers viz., Business Line (English) and Maalai Tamizhagam (Tamil). The Annual Audited Financial Results are published in Business Line (English) and Maalai Tamizhagam (Tamil). The Company's Website [www.shriramepc.com](http://www.shriramepc.com) is regularly updated with Financial Results.

The website contains basic information about the Company, news releases, presentations made to investors and such other details as are required under the listing regulations. The Company ensures periodical updation of its website. The Company has designated the email-id [info@shriramepc.com](mailto:info@shriramepc.com) to enable the shareholders to register their grievances.

The Disclosures of the compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:

| Regulation | Particulars of Regulation             | Compliance Status (Yes/No/NA) |
|------------|---------------------------------------|-------------------------------|
| 17         | Board of Directors                    | Yes                           |
| 18         | Audit Committee                       | Yes                           |
| 19         | Nomination and Remuneration Committee | Yes                           |
| 20         | Stakeholders Relationship Committee   | Yes                           |

|                   |   |     |
|-------------------|---|-----|
| 21                | Risk Management Committee   | NA  |
| 22                | Vigil Mechanism   | Yes |
| 23                | Related Party Transactions  | Yes |
| 24                | Corporate Governance Requirements with respect to subsidiaries of listed entity | NA  |
| 25                | Obligations with respect to Independent Directors                               | Yes |
| 26                | Obligations with respect to Directors and Senior Management Personnel           | Yes |
| 27                | Other Corporate Governance Requirements   | Yes |
| 46 (2) (b) to (i) | Disclosures on website  | Yes |

## The Company has fulfilled the following non-mandatory requirements

The Company maintain an office for the non-executive Chairman of the Company at the Company's expense and allows reimbursement of expenses incurred in performance of his duties.

## PART E: DISCRETIONARY REQUIREMENTS

### A. Separate posts of Chairperson and Chief Executive Officer

The Company has appointed separate persons to the post of Chairperson and Managing Director & CEO.

### B. Reporting of Internal Auditor

The Internal Auditor may report directly to the Audit Committee`.

### Management Discussion and Analysis Report

Management Discussion and Analysis Report forms part of the Annual Report.

### General Shareholder Information

A separate section has been annexed to the Annual Report, furnishing various details viz., AGM venue, distribution of shareholding, means of communication etc., for the general information of the shareholders.



## Annual General Meeting:

(i) **Date, time and Venue:** Thursday, 15<sup>th</sup> September, 2016 at 10.20 A.M. KAMAKOTI HALL, SRI KRISHNA GANA SABHA, DR. NALLI GANA VIHAR, 20, MAHARAJAPURAM SANTHANAM ROAD, T.NAGAR, CHENNAI - 600 017.

(ii) **Financial Year:** 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016.

(iii) **Date of Book Closure:** Monday, 12<sup>th</sup> September, 2016 to Thursday, 14<sup>th</sup> September, 2016 (both days inclusive).

### (iv) Listing

The Stock Exchanges on which the Company's shares are listed:

- BSE Limited (Stock Code : 532945)  
Address: 25 th Floor, P. J. Towers, Dalal Street, Fort, Mumbai - 400 001
- National Stock Exchange of India Limited  
Stock Code: SHRIRAMEPC  
Address: Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai-400051.

The details of Listing Fee paid to the Stock Exchanges for the year 2016-17 are as follows:-

BSE : Rs.317419.00 Paid via RTGS on 02-05-2016

NSE: Rs.433675.00 Paid vide Oriental Bank of Commerce Cheque No: 019934 dated: 30.04.2016

### (v) Stock Code

BSE Limited:532945

National Stock Exchange of India Limited:SHRIRAMEPC

The ISIN of the Company for its shares:ISIN INE-964H01014

### (vi) Market price information

The reported high and low closing prices during the year ended 31 March, 2016 on the National Stock Exchange and the BSE, where your Company's shares are frequently traded vis-à-vis the Share Index, are given below:

| Month  | High Price (Rs.) | BSE PRICE       | NSE PRICE        | Low Price (Rs.) |
|--------|------------------|-----------------|------------------|-----------------|
|        |                  | Low Price (Rs.) | High Price (Rs.) |                 |
| Apr-15 | 47               | 32.35           | 46.9             | 32.15           |
| May-15 | 39.35            | 34              | 39.8             | 34.1            |
| Jun-15 | 35.85            | 28.65           | 36.4             | 28.25           |
| Jul-15 | 32.45            | 29.1            | 33.95            | 31              |
| Aug-15 | 32.15            | 27              | 39.45            | 27.25           |
| Sep-15 | 30.2             | 27              | 32.65            | 27.05           |
| Oct-15 | 32.9             | 31              | 36.75            | 29.8            |

|        |       |      |       |       |
|--------|-------|------|-------|-------|
| Nov-15 | 33.45 | 28   | 34.65 | 27.5  |
| Dec-15 | 31.8  | 31   | 36.35 | 31.3  |
| Jan-16 | 35    | 23.9 | 38.35 | 24.1  |
| Feb-16 | 27.85 | 23   | 29.95 | 22.95 |
| Mar-16 | 23.8  | 23.8 | 27.15 | 23.6  |

### (vii) Registrars and Share Transfer Agents

The Members are requested to correspond to the Company's Registrars & Share Transfer Agents -

M/s. 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

M/s Cameo Corporate Services Limited, Chennai is Registrar and Transfer Agent for the Company providing connectivity with the NSDL and CDSL for demat services. They also process the share transfer and related services. The share transfer and other requests are processed within 15 days from the date of receipt subject to documents being complete in all respects.

### (viii) Shareholding as on 31<sup>st</sup> March, 2016

(a) Distribution of shareholding as on 31<sup>st</sup> March, 2016

| Category (Amount) | No. of Cases | % of Cases | Total Shares | Amount   | % of Amount |
|-------------------|--------------|------------|--------------|----------|-------------|
| 1 - 5000          | 9732         | 84.3693    | 1157419      | 11574190 | 0.35        |
| 5001 - 10000      | 835          | 7.2388     | 715347       | 7153470  | 0.22        |
| 10001 - 20000     | 441          | 3.8231     | 684272       | 6842720  | 0.21        |
| 20001 - 30000     | 165          | 1.4304     | 423442       | 4234420  | 0.13        |
| 30001 - 40000     | 68           | 0.5895     | 245060       | 2450600  | 0.07        |
| 40001 - 50000     | 78           | 0.6762     | 371941       | 3719410  | 0.11        |





|                   |              |               |                  |                   |               |
|-------------------|--------------|---------------|------------------|-------------------|---------------|
| 50001 - 100000    | 105          | 0.9103        | 795322           | 7953220           | 0.24          |
| 100001- And Above | 111          | 0.9623        | 326233619        | 3262336190        | 98.67         |
| <b>Total :</b>    | <b>11535</b> | <b>100.00</b> | <b>330626422</b> | <b>3306264220</b> | <b>100.00</b> |

(b) Shareholding pattern as on 31<sup>st</sup> March, 2016

| CLIENT TYPE            | NO.OF HOLDERS | TOTAL POSITIONS  | % OF HOLDINGS |
|------------------------|---------------|------------------|---------------|
| Promoters              | 1             | 165412862        | 50.03         |
| Directors & Relatives  | 6             | 14120            | 0.00          |
| Residents              | 11061         | 6200266          | 1.88          |
| FI                     | 1             | 317646           | 0.10          |
| FPI                    | 1             | 1123364          | 0.34          |
| NRI - Repatriable      | 61            | 27008            | 0.01          |
| NRI - Non Repatriable  | 18            | 34376            | 0.01          |
| Corporate Body         | 266           | 4315566          | 1.31          |
| Foreign Corporate Body | 2             | 10919343         | 3.30          |
| Clearing Member        | 33            | 30267            | 0.01          |
| Trusts                 | 1             | 2762779          | 0.84          |
| Banks                  | 16            | 139189902        | 42.10         |
| EMPLOYEES              | 65            | 278923           | 0.08          |
| <b>TOTAL</b>           | <b>11532</b>  | <b>330626422</b> | <b>100.00</b> |

(c) Capital of the Company

The Authorized and Paid-up capital of your Company is Rs.550 crores and Rs.330.20 crores respectively.

(d) Top ten Shareholders as on 31<sup>st</sup> March, 2016

| Names                           | No. of Shares | % of holding |
|---------------------------------|---------------|--------------|
| SVL LIMITED                     | 165412862     | 50.03        |
| ORIENTAL BANK OF COMMERCE       | 32026835      | 9.69         |
| CENTRAL BANK OF INDIA           | 17506860      | 5.30         |
| STATE BANK OF PATIALA           | 11940459      | 3.61         |
| PUNJAB NATIONAL BANK            | 10531423      | 3.19         |
| THE LAKSHMI VILAS BANK LIMITED  | 10061475      | 3.04         |
| BESSEMER VENTURE PARTNERS TRUST | 9669343       | 2.92         |
| THE SOUTH INDIAN BANK LIMITED   | 6978192       | 2.11         |
| AXIS BANK LIMITED               | 5916845       | 1.79         |
| IDBI BANK LIMITED               | 5683709       | 1.72         |

## (ix) Dematerialisation of shares and liquidity

| Category     | No. of Holders | Total Positions  | % Of Holdings |
|--------------|----------------|------------------|---------------|
| PHYSICAL     | 83             | 1236             | 0.0004        |
| NSDL         | 7053           | 316720594        | 95.7941       |
| CDSL         | 4396           | 13904592         | 4.2055        |
| <b>TOTAL</b> | <b>11532</b>   | <b>330626422</b> | <b>100.00</b> |

The Company's shares can be traded only in dematerialised form as per SEBI notification. The Company has entered into an Agreement with NSDL and CDSL whereby shareholders have the option to dematerialise their shares with either of the depositories. Equity Shares are traded in BSE and NSE.

The Code number (ISIN) allotted by National Securities Depository Limited(NSDL) and Central Depository Services (India) Limited (CDSL) to the Company is INE-964H01014.

## Global Depository Receipts or American Depository Receipts

The Company has no outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date which is likely to impact the Equity;

## (x) Plant Locations

The Company is not a manufacturing unit and thus does not have any Plant for its activities.

## (xi) Address for correspondence

The Company Secretary  
Shriram EPC Limited.  
Sigappi Achi Building, 4<sup>th</sup> Floor,  
Door no.18/3, Rukmini Lakshmi pathi Salai (Marshalls Road)  
Egmore, Chennai- 600 008, Tamilnadu, India.  
Tel: (91 44) 4901 5678  
Fax: (91 44) 4901 5655  
Email: suresh@shriramepc.com  
Website: www.shriramepc.com

## (xii) Electronic Clearing Service (ECS)

The Company is availing of the ECS facility to distribute dividend in main cities to those Members who have opted for it.



## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identification No.: L74210TN2000PLC045167

To,  
The Members

### **MESSRS. SHRIRAM EPC LIMITED**

Sigappi Achi Building,  
4th Floor, 18/3 Rukmani Lakshmi pathi Road,  
Egmore, Chennai - 600 008

We have examined all relevant records of M/s. Shriram EPC Limited, having its Registered Office at Sigappi Achi Building, 4<sup>th</sup> Floor, 18/3 Rukmani Lakshmi pathi Road, Chennai - 600 008, for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement till 30<sup>th</sup> November, 2015 and Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made applicable with effect from 1<sup>st</sup> December, 2015 for the Financial Year ended March 31, 2016. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied regarding the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement till 30<sup>th</sup> November, 2015 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 1<sup>st</sup> December, 2015 for the Financial Year ended 31<sup>st</sup> March, 2016.

**For R Sridharan & Associates**  
**Company Secretaries**

**CS R. Sridharan**  
FCS No. 4775  
CP No. 3239

**Place: Chennai**  
**Date : 23<sup>rd</sup> May 2016**





## DECLARATION ON CODE OF CONDUCT

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 the Directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company for the year ended 31st March 2016, as envisaged in Part D of Schedule V to the Listing Regulations.

**Place: Chennai**

**Date: 23<sup>rd</sup> May, 2016**

**T. Shivaraman** (DIN : 01312018)

**Managing Director & CEO**



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHRIRAM EPC LIMITED

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Shriram EPC Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements

in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 qualified audit opinion on the standalone financial statements.

## Basis for Qualified Opinion:

We draw attention to the Note No. 48 of the financial statements regarding the dues aggregating to Rs.12,208.22 Lakhs in respect of an overseas project. As mentioned in the Note, the Court of Cassation in Iraq has finally decided the matter against the Company. The Company continues to pursue the matter with the Iraqi Government for compensation, and has also filed appropriate claims with Export Credit and Guarantee Corporation (ECGC). However in the absence of any positive development still date either from Iraqi Government or from ECGC, there is uncertainty on the amount that would be ultimately realizable by the Company. In view of the uncertainty involved, we are unable to comment on the carrying value of the said receivable.

## Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for qualified opinion paragraph







above, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 49 to the financial statements regarding the dues of Rs. 8,300.19 Lakhs in respect of a project which is not progressing due to statutory delays faced by the customer. The dues are considered fully realisable by the management at this stage in view of the steps taken by the Company for their realization.

Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

### 1. As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) Except for the possible effects of the matter described in the Basis of Qualified 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) Except for the possible effects of the matter described in the Basis of Qualified Opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.

e) The matter described in the Basis of Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the Directors as on March 31, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

### 2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No.: 008072S)

M K Ananthanarayanan  
Partner

Chennai, 23<sup>rd</sup> May 2016

(Membership No.: 19521)



## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Shriram EPC Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.





## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March, 2016 relating to internal financial controls over financial reporting in respect of recoverability of dues relating to an overseas project, which could potentially result in the Company not recognising a provision for overdue receivables.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 31st March 2016, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of 31st March 2016.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended 31st March 2016, and this material weakness affects our opinion on the said standalone financial statements of the Company.

**For DELOITTE HASKINS & SELLS**  
**Chartered Accountants**  
**(Firm's Registration No.: 008072S)**

**M K Ananthanarayanan**  
**Partner**  
**(Membership No.: 19521)**

**Chennai, 23<sup>rd</sup> May 2016**



## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds / transfer deeds / conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date,.
  - (d) Immovable properties of land and buildings whose title deeds have been pledged with a bank as security for term loans, are held in the name of the Company based on the Mortgage deed executed between the bank and the Company for which confirmations have been obtained from the bank.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which :
  - a) The schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the repayments or receipts of principal amounts and interest.
  - b) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, 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.
- (vii) 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, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax, Service Tax and Value added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:





| Name of the Statute                             | Nature of Dues                   | Forum where Dispute is pending                            | Period to which the amount relates (Financial Year) | Amount involved (Rs. In lakhs) | Amount Unpaid (Rs. In lakhs) |
|---|----------------------------------|---|---|--------------------------------|------------------------------|
| Income Tax Act, 1961                            | Income Tax, interest and penalty | Commissioner of Income Tax (Appeals)                      | 2005-06 to 2013-14                                  | 817.69                         | 795.52                       |
| Income Tax Act, 1961                            | Income Tax, interest and penalty | Income Tax Appellate Tribunal                             | 2005-06, 2007-08 & 2008-09                          | 60.22                          | 60.22                        |
| 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                                  | 314.28                         | 314.28                       |
| 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                         | 114.54                       |
| Andhra Pradesh Value Added Tax Act              | Value Added Tax                  | Supreme Court   | 2008-2009 and 2009-2010                             | 223.33                         | 223.33                       |
| Tamil Nadu Value added Tax Act                  | Value Added Tax                  | High Court  | 2008-09 to 2012-13                                  | 1,123.31                       | 1,123.31                     |
| West Bengal Value Added Tax Act                 | Value Added Tax                  | West Bengal Commercial Taxes Appellate & Revisional Board | 2007-08   | 558.45                         | 558.45                       |
| West Bengal Value Added Tax Act                 | Value Added Tax                  | Joint Commissioner (Appeals)                              | 2008-09 to 2011-2012                                | 871.20                         | 871.20                       |
| Jharkhand Value Added Tax Act                   | Value Added Tax                  | Commercial Tax Officer                                    | 2007-08 to 2008-09                                  | 661.82                         | 661.82                       |
| Andhra Pradesh Value Added Tax Act              | Value Added Tax                  | Deputy Commissioner (Appeals)                             | 2008-08 to 2011-12                                  | 40.17                          | 40.17                        |
| Orissa Value added Tax                          | Value added Tax                  | High Court  | 2011-12 and 2012-13                                 | 6,700.75                       | 6,700.75                     |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and Government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or

term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.



- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has made preferential allotment of Equity Shares during the year under review.
- In respect of the above issue, we further report that:
- a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
- b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS**  
**Chartered Accountants**  
**(Firm's Registration No.: 008072S)**

**M K Ananthanarayanan**  
**Partner**

**Chennai, 23<sup>rd</sup> May 2016**

**(Membership No.: 19521)**





## Qualified Opinion

According to the information and explanations given to us and based on our audit, material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31<sup>st</sup> March, 2016 in the Company, relating to internal financial controls over financial reporting in respect of recoverability of receivables from a customer, which could potentially result in the Company not recognising a provision for overdue receivables.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has, maintained in all material respects, internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31<sup>st</sup> March 2016, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.



**SHRIRAM EPC LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2016**

₹ in Lakhs

| Particulars |   | Note | As at<br>31 March 2016 | As at<br>31 March 2015 |
|-------------|---|------|------------------------|------------------------|
| <b>A</b>    | <b>EQUITY AND LIABILITIES</b>   |      |                        |                        |
| 1           | Shareholders' funds   |      |                        |                        |
|             | Share Capital   | 3    | 33,062.64              | 38,635.82              |
|             | Share Application Money   | 3.6  | 6,493.00               | -                      |
|             | Reserves and Surplus  | 4    | 6,132.16               | (32,437.77)            |
|             |   |      | 45,687.80              | 6,198.05               |
| 2           | <b>Non-Current Liabilities</b>  |      |                        |                        |
|             | Long Term Borrowings  | 5    | 150,922.69             | 170,369.55             |
|             | Other Long Term Liabilities   | 6    | 17,312.09              | 19,096.14              |
|             | Long Term Provisions  | 7    | 6,991.03               | 308.89                 |
|             |   |      | 175,225.81             | 189,774.58             |
| 3           | <b>Current Liabilities</b>  |      |                        |                        |
|             | Short Term Borrowings   | 8    | 45,471.55              | 41,772.69              |
|             | Trade Payables  |      |                        |                        |
|             | a) Total outstanding dues of micro enterprises and small enterprises            | 9a   | -                      | -                      |
|             | b) Total outstanding dues of other than micro enterprises and small enterprises | 9b   | 20,428.06              | 22,953.98              |
|             | Other Current Liabilities   | 10   | 7,928.71               | 4,985.13               |
|             | Short Term Provisions   | 11   | 424.98                 | 392.39                 |
|             |   |      | 74,253.30              | 70,104.19              |
|             | TOTAL   |      | 295,166.91             | 266,076.82             |
| <b>B</b>    | <b>ASSETS</b>   |      |                        |                        |
| 1           | <b>Non-Current Assets</b>   |      |                        |                        |
|             | <b>Fixed Assets</b>   | 12   |                        |                        |
|             | Tangible Assets   |      | 5,475.74               | 3,971.08               |
|             | Intangible Assets   |      | 45.55                  | 135.82                 |
|             | Capital Work-in-Progress  |      | 1,014.40               | 2,933.65               |
|             |   |      | 6,535.69               | 7,040.55               |
|             | Non-Current Investments   | 13   | 542.17                 | 4,549.39               |
|             | Long-term Loans and Advances  | 14   | 121,561.08             | 103,676.22             |
|             | Other Non-Current Assets  | 15   | 36,315.88              | 33,392.83              |
|             |   |      | 164,954.82             | 148,658.99             |
| 2           | <b>Current Assets</b>   |      |                        |                        |
|             | Inventories   | 16   | 4,544.01               | 8,486.27               |
|             | Trade Receivables   | 17   | 29,119.66              | 25,861.61              |
|             | Cash and Cash Equivalents   | 18   | 5,101.60               | 10,784.17              |
|             | Short Term Loans and Advances   | 19   | 16,165.19              | 11,393.92              |
|             | Other Current Assets  | 20   | 75,281.63              | 60,891.86              |
|             |   |      | 130,212.09             | 117,417.83             |
|             | TOTAL   |      | 295,166.91             | 266,076.82             |
|             | 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 : 23<sup>rd</sup> May, 2016

For and on behalf of the Board of Directors

T. Shivaraman  
Managing Director

K. Suresh  
Company Secretary

S. Krishnamurthy  
Director

R. S. Chandrasekharan  
Chief Financial Officer





**SHRIRAM EPC LIMITED****STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016**

₹ in Lakhs

| Particulars |   | Note | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
|-------------|---|------|-----------------------------|-----------------------------|
| I           | Revenue from Operations   | 21   | 54,759.98                   | 54,765.89                   |
| II          | Other Income  | 22   | 11,302.86                   | 12,134.92                   |
| III         | Total Revenue (I+II)  |      | 66,062.84                   | 66,900.81                   |
| IV          | Expenditure :   |      |                             |                             |
|             | Cost of Raw Materials and Components Consumed                   | 23   | 195.00                      | 603.90                      |
|             | Erection, Construction & Operation Expenses                     | 24   | 35,893.57                   | 45,538.69                   |
|             | Purchases of Stock in Trade                                     | 25   | –                           | 1,296.00                    |
|             | Change in Inventories of Contract Work in Progress              | 26   | 3,747.26                    | 2,658.92                    |
|             | Employee Benefits Expense                                       | 27   | 4,544.25                    | 5,476.92                    |
|             | Finance Costs   | 28   | 27,172.81                   | 30,118.83                   |
|             | Depreciation and Amortisation Expense                           | 12   | 650.61                      | 570.33                      |
|             | Other Expenses  | 29   | 7,547.81                    | 5,898.78                    |
|             | Total Expenses  |      | 79,751.31                   | 92,162.37                   |
| V           | Profit / Loss Before Exceptional Items and Tax (III-IV)         |      | (13,688.47)                 | (25,261.56)                 |
| VI          | Exceptional Items - (Refer Note 46 and 47)                      |      | 10,714.60                   | –                           |
| VII         | Loss Before Tax (V+VI)  |      | (24,403.07)                 | (25,261.56)                 |
| VIII        | Tax expense / (benefit):  |      |                             |                             |
|             | (i) Current tax   |      |                             | –                           |
|             | (ii) Deferred tax (Net)   |      |                             | 23.61                       |
|             | (iii) Net tax expense / (benefit)                               |      | –                           | 23.61                       |
| IX          | Loss After Tax for the year / period                            |      | (24,403.07)                 | (25,285.17)                 |
| X           | Earnings per Share:( Face value of ₹10/- per share)             |      |                             |                             |
|             | Basic   |      | (10.70)                     | (42.22)                     |
|             | Diluted   |      | (10.70)                     | (42.22)                     |
|             | 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 : 23<sup>rd</sup> May, 2016

For and on behalf of the Board of Directors

T. Shivaraman  
Managing Director

K. Suresh  
Company Secretary

S. Krishnamurthy  
Director

R. S. Chandrasekharan  
Chief Financial Officer

**SHRIRAM EPC LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

₹ in Lakhs

| Particulars |   | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
|-------------|---|-----------------------------|-----------------------------|
| <b>A.</b>   | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                |                             |                             |
|             | <b>Net Loss before Tax and exceptional items</b>                          | (13,688.47)                 | (25,261.56)                 |
|             | Depreciation and amortization expense                                     | 650.61                      | 570.33                      |
|             | Provision for Gratuity  | (17.85)                     | 88.24                       |
|             | Provision for Compensated Absences  | 25.20                       | 80.39                       |
|             | Provision for Warranty written back                                       | –                           | (29.39)                     |
|             | (Profit) / Loss on disposal of Fixed Assets (Net)                         | (0.90)                      | 39.06                       |
|             | Bad Trade Debts/Advances Written off                                      | 205.01                      | 139.20                      |
|             | Provision for doubtful trade and Other receivables and Loans and Advances | 4,044.75                    | 319.35                      |
|             | Liabilities / provisions no longer required written back                  | (22.00)                     | (156.95)                    |
|             | Interest Income   | (11,088.76)                 | (11,738.04)                 |
|             | Interest and Finance Charges  | 27,172.81                   | 30,118.83                   |
|             | Provision for Contract losses   | 545.20                      | 6,320.12                    |
|             | Deferred rent   | 15.72                       | 11.21                       |
|             |   | 21,529.79                   | 25,762.35                   |
|             | <b>Operating Profit before working capital changes</b>                    | 7,841.32                    | 500.79                      |
|             | <b>Working capital changes :</b>  |                             |                             |
|             | <b>Adjustments for (increase) / decrease in operating assets:</b>         |                             |                             |
|             | Inventories   | 3,942.26                    | 2,939.81                    |
|             | Trade Receivables   | (3,652.81)                  | (1,001.76)                  |
|             | Short Term Loans and Advances   | (4,771.27)                  | 4,325.57                    |
|             | Long Term Loans and Advances  | (11,341.77)                 | (18,921.20)                 |
|             | Other Current Assets  | (13,030.76)                 | (14,096.87)                 |
|             | Other Non-Current Assets  | 7,964.31                    | 5,811.65                    |
|             |   | (20,890.04)                 | (20,942.80)                 |
|             | <b>Adjustments for increase / (decrease) in operating liabilities:</b>    |                             |                             |
|             | Trade Payables  | (2,503.92)                  | (6,820.18)                  |
|             | Other Current Liabilities   | 2,617.14                    | (1,699.61)                  |
|             | Long term provisions  | (25.24)                     | –                           |
|             | Other Long Term Liabilities   | (1,799.77)                  | 2.51                        |
|             | Short term provisions   | 32.59                       |                             |
|             |   | (1,679.20)                  | (8,517.28)                  |
|             | Cash generated from /(used in) operations                                 | (14,727.92)                 | (28,959.29)                 |
|             | Net income tax paid   | (353.45)                    | (885.57)                    |
|             | <b>Net Cash flow (used in) / from Operating Activities (A)</b>            | <b>(15,081.37)</b>          | <b>(29,844.86)</b>          |



**SHRIRAM EPC LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016 (contd.)**

₹ in Lakhs

| Particulars |  | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
|-------------|--|-----------------------------|-----------------------------|
| <b>B</b>    | <b>CASH FLOW FROM INVESTING ACTIVITIES</b>   |                             |                             |
|             | Capital expenditure (including Capital Work in progress)                                       | (168.10)                    | (2,375.54)                  |
|             | Proceeds from sale of fixed assets   | 23.25                       | 14.85                       |
|             | Bank balances not considered as Cash and cash equivalents (Net)                                |                             |                             |
|             | – Placed   | (3,717.67)                  | (7,239.11)                  |
|             | – Matured  | 7,239.11                    | 10,505.24                   |
|             | Interest Received  | 1,318.17                    | 469.63                      |
|             | <b>Net Cash from Investing Activities (B)</b>  | <b>4,694.76</b>             | <b>1,375.07</b>             |
| <b>C</b>    | <b>CASH FLOW FROM FINANCING ACTIVITIES</b>   |                             |                             |
|             | Proceeds from issue of Equity Shares (Including Securities Premium)                            | 38,900.00                   | 21,000.00                   |
|             | Receipt of Share application money   | 6,493.00                    | –                           |
|             | Proceeds from Short term borrowings(net)   | 3,698.86                    | 59,879.18                   |
|             | Repayment of long term borrowings  | –                           | (12,500.00)                 |
|             | Repayment of Long term borrowings from a related party(Net)                                    | –                           | (4,251.70)                  |
|             | Repayment of Short Term borrowings( net)   | –                           | (13,267.00)                 |
|             | Redemption of Preference shares  | (30,000.00)                 |                             |
|             | Dividend paid  | –                           | (0.18)                      |
|             | Movement in current maturities of long term borrowings   | 326.44                      | (2,574.59)                  |
|             | Interest and Finance Charges Paid  | (11,192.81)                 | (17,641.58)                 |
|             | <b>Net Cash from Financing Activities (C)</b>  | <b>8,225.49</b>             | <b>30,644.13</b>            |
| <b>D</b>    | <b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR / PERIOD ( A + B + C )</b>        | <b>(2,161.13)</b>           | <b>2,174.34</b>             |
|             | Cash and Cash equivalents as at the beginning of the year / period                             | 3,545.06                    | 1,370.72                    |
|             | Effect of exchange differences on restatement of foreign currency<br>Cash and cash equivalents |                             |                             |
|             | <b>Cash and Cash equivalents as at the end of the year / period</b>                            | <b>1,383.93</b>             | <b>3,545.06</b>             |

**SHRIRAM EPC LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016 (contd.)**

₹ in Lakhs

| Particulars  | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| <b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>                                     |                             |                             |
| <b>Cash and cash equivalents as per Balance Sheet</b>  | 5,101.60                    | 10,784.17                   |
| <b>Less:</b> 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   | (3,717.67)                  | (7,239.11)                  |
| <b>Cash and cash equivalents at the end of the year / period *</b>   | 1,383.93                    | 3,545.06                    |
| <b>* Comprises:</b>  |                             |                             |
| (a) Cash on hand   | 24.04                       | 26.42                       |
| (b) Balances with banks  |                             |                             |
| (i) In current accounts  | 143.27                      | 3,485.24                    |
| (ii) In deposit accounts with original maturity of less than 3 months  | 1,197.93                    | 14.71                       |
| (iii) In earmarked accounts (Unpaid Dividend Account)  | 18.69                       | 18.69                       |
|  | 1,359.89                    | 3,518.64                    |
|  | 1,383.93                    | 3,545.06                    |
| See Accompanying notes forming part of the financial statements  |                             |                             |

**Note:**

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

2. Significant Non cash items

|  |           |
|--|-----------|
| Conversion of FITL into equity               | 25,959.81 |
| Conversion of WCTL into equity               | 7,840.00  |
| Conversion of Interest sacrifice into equity | 14,700.00 |

In terms of our report attached

For Deloitte Haskins and Sells

Chartered Accountants

For and on behalf of the Board of Directors

M. K. Ananthanarayanan  
Partner

T. Shivaraman  
Managing Director

S. Krishnamurthy  
Director

Place : Chennai  
Date : 23<sup>rd</sup> May, 2016

K. Suresh  
Company Secretary

R. S. Chandrasekharan  
Chief Financial Officer





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 1A 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, aluminum, copper and thermal power plants, water treatment & transmission, renewable energy, cooling towers & material handling.

#### 1B Going Concern

The financial statements have been prepared on principles applicable to a going concern despite substantial erosion of net worth, considering

- a) the committed orders on hand and in pipeline
- b) expected higher cash flows based on future business projections
- c) the Company's debts have been restructured under Corporate Debt Restructuring (CDR) proposal which was approved by CDR Empowered group on 20th August 2014. The details regarding the restructured debt is as specified in the Master Restructuring Agreement between the Company and the lenders are given in Note 5 (i) and
- d) the continued operational and financial support given by the Holding Company.

#### 2 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.1 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 recognized in the periods in which the results are known / materialize.

#### 2.2 Inventories

Inventories are valued at the lower of cost on FIFO basis and the net realizable 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.

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.

#### 2.3 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.

#### 2.4 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.



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 2.5 Depreciation and amortization

“Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset. “

- (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 amortized over the period of 5 to 10 years based on estimated useful life of the asset.
- (iv) Software cost are amortized over a period of 5 years based on Management’s evaluation of their estimated useful life.
- (v) Lease hold Land Using Rights is amortized over the primary period of lease, which is 20 years.
- (vi) Individual assets costing Rs. 5,000/- each or less is depreciated in fully in the year of acquisition.

#### 2.6 Revenue Recognition

##### Sale of goods

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales are inclusive of all taxes.

##### Revenue from Construction contracts

“When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized as revenue and expenses respectively by reference to the percentage of completion of the contract activity at

the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs. “

For the purposes of recognizing revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognized in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred of which recovery is probable and the related contract costs are recognized as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

“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 is 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’.

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.





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 2.7 Fixed Assets

Fixed Assets are stated at historical cost (net of CENVAT/VAT wherever applicable) less Accumulated Depreciation / Amortization. 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.

#### 2.8 Foreign Currency Transaction / Translations

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

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.

##### 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.

###### (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 recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### (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 recognized 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 amortized 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 organization 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 capitalized 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 recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### 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."

#### 2.16 Taxation

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







## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

“Minimum Alternate Tax (MAT) paid in accordance with the tax 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 recognized 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 recognized 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 substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets. 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 realizability.

#### 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 following intangible assets are tested for impairment each Financial Year even if there is no indication that the asset is impaired: (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such

excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

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 recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.”

#### 2.18 Provisions and Contingencies

A provision is recognized 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 recognized 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.

#### Provision for Liquidated Damages

Liquidated damages are provided based on contractual terms and negotiations with the customer when the delivery/



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

commissioning dates of an individual project have exceeded or are likely to exceed the delivery/ commissioning dates as per the respective contracts. This expenditure is expected to be incurred over the respective contractual terms upto closure of the contract. (including defect liability period).

#### Provision for losses on contracts

“A provision for expected loss on construction contracts is recognized when it is probable that the contract costs will exceed total contract revenue. For all other contracts loss order provisions are made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.”

#### 2.20 Share issue expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilization in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

#### 2.21 Derivatives

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

#### 2.22 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 / utilizing the credits.

#### 2.23 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<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| <b>Authorised :-</b>   |                        |                        |
| 410,000,000 (previous year - 110,000,000 Equity Shares)<br>Equity Shares of Rs. 10 each                      | 41,000.00              | 8,500.00               |
| 30,000,000 Convertible Preference shares of Rs.100 each  |                        | 30,000.00              |
|  | 41,000.00              | 38,500.00              |
| <b>Issued, Subscribed and fully Paid-up:-</b>  |                        |                        |
| 33,06,26,422 Equity Shares (previous year - 8,63,58,184<br>Equity Shares) of Rs. 10 each                     | 33,062.64              | 8,635.82               |
| <b>Preference Share Capital</b><br>(30,000,000 10% Cumulative Redeemable Preference shares of Rs 100/- each) | –                      | 30,000.00              |
| Total  | 33,062.64              | 38,635.82              |

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

| Particulars  | As at 31 March 2016 |                        | As at 31 March 2015 |                        |
|--|---------------------|------------------------|---------------------|------------------------|
|  | In Shares           | Amount<br>(in ₹ Lakhs) | In Shares           | Amount<br>(in ₹ Lakhs) |
| <b>Equity Shares</b>                                   |                     |                        |                     |                        |
| At the beginning of the year / period                  | 86,358,184          | 8,635.82               | 44,358,184          | 4,435.82               |
| Issued during the year / period (Refer Note 3.4 below) | 244,268,238         | 24,426.82              | 42,000,000          | 4,200.00               |
| Outstanding at the end of the year / period            | 330,626,422         | 33,062.64              | 86,358,184          | 8,635.82               |

| Particulars                                    | As at 31 March 2016 |                        | As at 31 March 2015 |                        |
|--|---------------------|------------------------|---------------------|------------------------|
|  | In Shares           | Amount<br>(in ₹ Lakhs) | In Shares           | Amount<br>(in ₹ Lakhs) |
| <b>Cumulative Redeemable Preference Shares</b> |                     |                        |                     |                        |
| At the beginning of the year / period          | 30,000,000          | 30,000.00              | 30,000,000          | 30,000.00              |
| Issued / (Redeemed) during the year / period   | (30,000,000)        | (30,000.00)            | –                   | –                      |
| Outstanding at the end of the year / period    | –                   | –                      | 30,000,000          | 30,000.00              |



## 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 2016 |                                   | As at 31 March 2015 |                                   |
|--|---------------------|-----------------------------------|---------------------|-----------------------------------|
|  | No of Shares        | % holding in that class of shares | No of Shares        | % holding in that class of shares |
| <b>Equity Shares</b>                           |                     |                                   |                     |                                   |
| SVL Limited                                    | 165,412,862         | 50.03%                            | 60,334,526          | 69.87%                            |
| Oriental Bank of Commerce                      | 32,026,835.00       | 9.69%                             | –                   | –                                 |
| Central Bank of India                          | 17,506,860.00       | 5.30%                             | –                   | –                                 |
| Bessemer Venture Partners                      | –                   | –                                 | 10,481,762          | 12.14%                            |
| <b>Cumulative Redeemable Preference Shares</b> |                     |                                   |                     |                                   |
| SVL Limited                                    | –                   | –                                 | 30,000,000          | 100.00%                           |

#### 3.3 Details of shares held by Holding Company and Ultimate Holding Company

| Name of Shareholder                            | As at 31 March 2016 |                                   | As at 31 March 2015 |                                   |
|--|---------------------|-----------------------------------|---------------------|-----------------------------------|
|  | No of Shares        | % holding in that class of shares | No of Shares        | % holding in that class of shares |
| SVL Limited                                    | 165,412,862.00      | 50.03%                            | 60,334,526.00       | 69.87%                            |
| <b>Cumulative Redeemable Preference Shares</b> |                     |                                   |                     |                                   |
| SVL Limited                                    | –                   | –                                 | 30,000,000.00       | 100.00%                           |

#### 3.4 Preferential issue of Equity during the year

| Particulars   | No of Shares       | Face value of Rs 10/- | Premium       | Total         |
|---|--------------------|-----------------------|---------------|---------------|
| Promoters - SVL Limited Holding Company                       | 105,078,336        | 10,508                | 28,392        | 38,900        |
| Lender Banks - Conversion of Funded Interest Term Loan (FITL) | 78,713,800         | 7,871                 | 18,088        | 25,960        |
| Lender Banks - Conversion of Interest Sacrifice               | 36,704,119         | 3,670                 | 11,030        | 14,700        |
| Lender Banks - Conversion of Working Capital Term Loan( WCTL) | 23,771,983         | 2,377                 | 5,463         | 7,840         |
| <b>Total</b>  | <b>244,268,238</b> | <b>24,427</b>         | <b>62,973</b> | <b>87,400</b> |





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 3.5 Terms/rights attached to the shares

The Company has issued Equity Shares having a par value of Rs. 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 Rs.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.

#### 3.6 Share Application Money Pending Allotment

During the year the Company received Rs 6,493 lakhs from its promoter and holding Company, SVL limited towards subscription of Equity on Preferential basis. The approval of shareholders for this proposed preferential issue was obtained by the Company through a postal ballot on 11th February 2016. The shares will be allotted after receipt of regulatory approvals.

#### 4 Reserves and Surplus

₹ in Lakhs

| Particulars   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| a) Capital Reserve  | 12.92                  | 12.92                  |
| b) Securities Premium Account   |                        |                        |
| Opening Balance   | 41,649.88              | 24,849.88              |
| Add: Receipts during the year ( Refer Note 3.4 above)   | 62,973.00              | 16,800.00              |
| Closing Balance   | 104,622.88             | 41,649.88              |
| c) Share Options Outstanding Account  |                        |                        |
| Opening Balance   | 0.17                   | 97.29                  |
| Less: Transfer to General Reserve   | –                      | 97.12                  |
| Closing Balance   | 0.17                   | 0.17                   |
| d) General Reserve  |                        |                        |
| Opening Balance   | 561.75                 | 464.63                 |
| Add: Transfer from Stock Options Outstanding Account  | –                      | 97.12                  |
| Closing Balance   | 561.75                 | 561.75                 |
| e) (Deficit) in Statement of Profit and Loss  |                        |                        |
| Opening balance   | (74,662.49)            | (49,331.46)            |
| Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax ₹23.61 lakhs) | –                      | 45.86                  |
| Add: Loss for the year / period   | (24,403.07)            | (25,285.17)            |
| Closing Balance   | (99,065.56)            | (74,662.49)            |
| Total   | 6,132.16               | (32,437.77)            |



# SHRIRAM EPC LIMITED

## Notes forming part of Financial Statements

### 5 Long Term Borrowings

₹ in Lakhs

| Particulars                             | Long term portion      |                        | Current maturities     |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | As at<br>31 March 2016 | As at<br>31 March 2015 | As at<br>31 March 2016 | As at<br>31 March 2015 |
| <b>Secured</b>                          |                        |                        |                        |                        |
| From Banks                              |                        |                        |                        |                        |
| – Term Loans                            | 15,134.13              | 15,472.89              | 309.59                 | –                      |
| – Working Capital Term Loans            | 126,445.66             | 135,412.62             | –                      | –                      |
| – Funded Interest Term Loans            | 4,573.17               | 13,553.32              | –                      | –                      |
| From Others                             |                        |                        |                        |                        |
| – Working Capital Term Loans            | 4,358.00               | 671.00                 | 13.00                  | –                      |
| – Funded Interest Term Loans            | 140.61                 | 75.49                  | 8.00                   | –                      |
| Finance Lease Obligations               | 8.82                   | 10.52                  | 8.19                   | 12.34                  |
| <b>Unsecured</b>                        |                        |                        |                        |                        |
| From Related Parties ( Holding Company) | 262.30                 | 5,173.71               | –                      | –                      |
| <b>Total</b>                            | <b>150,922.69</b>      | <b>170,369.55</b>      | <b>338.78</b>          | <b>12.34</b>           |

#### 5.1 Terms of Repayment and Security details

₹ in Lakhs

| Particulars                                | As at<br>31 March 2016 | Interest Rate | Terms of Repayment   | Secured by  |
|--|------------------------|---------------|--|---|
| Central Bank of India                      | 2,943.72               | 10.70%        | 32 structured quarterly instalments, commencing from June 2016 and ending with March 2024. | Primary- Exclusive charge on 5 Wind Energy Generator of 1.5 MW from Leitwind Shriram Manufacturing Limited.                                       |
| Central Bank of India                      | 12,500.00              | 10.70%        | 32 structured quarterly instalments, commencing from June 2016 and ending with March 2024. | First PariPassu Charge over the pooled assets i.e, all moveable (both fixed ,current and non current assets) and immovable assets of the Company. |
| Term Loans from Banks                      | 131,838.44             | 10.70%        | Refer Note 5.1 (i) above   | First PariPassu Charge over the pooled assets i.e, all moveable (both fixed, current and non current assets) and immovable assets of the Company. |
| HDFC Bank                                  | 17.01                  | 13.50%        | 36 to 60 Months  | Secured by Vehicles purchased under Hire Purchase Scheme  |
| K P R Investments Private Limited          | 2,500.00               | 12.00%        | Against collection of retention debtors  | Secured by specific charge on retention debtors   |
| Shaswatha Renewable Energy Private Limited | 1,200.00               | 12.00%        | Against collection of retention debtors  | Secured by specific charge on retention debtors   |
| <b>Total</b>                               | <b>150,999.17</b>      |               |  |   |

#### Unsecured Loans

Loan from Holding Company carries the interest rate of 9% pa and repayable after settlement of CDR dues.





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 5.2 Corporate Debt Restructuring

During the previous year, at the request of the Company, the Corporate Debt Restructuring Proposal (CDR Proposal) of the Company was referred to Corporate Restructuring Cell (CDR Cell) by the consortium of bankers( CDR Bankers) led by Oriental Bank of Commerce (OBC). The CDR Proposal as recommended by OBC and other lenders was approved by CDR Empowered Group (CDR EG) on 20 August 2014 and communicated to the Company vide Letter of Approval dated 11 September 2014. The Master Restructuring Agreement ( MRA) between the Company and the CDR lenders was executed on 20 September 2014, by virtue of which the restructured facilities are governed by the provisions specified in the MRA with cut off date as 01 April, 2014.

#### The key features of the MRA are as follows :

- Term loans(TL) are repayable after moratorium of 2 years from cut off date in 32 structured quarterly instalments commencing from June 2016 upto March 2024.
- Conversion of various irregular / outstanding / devolved financial facilities into Working Capital Term Loan ( WCTL) repayable after moratorium of 2 year from cut off date in 32 structured quarterly instalments commencing from June 2016 upto March 2024.
- The interest payable on Term Loans and WCTL during moratorium period of 2 years from cut off date shall be converted into Funded Interest Term Loan (FITL) and repayable over 20 structured quarterly instalments commencing from June 2016 upto March 2021.
- Restructuring of existing fund based and non fund based financial facilities, subject to renewal and reassessment every year.
- The rate of interest on Term Loan(TL), WCTL, FITL and fund based working capital facilities shall be ( linked to OBC base rate ) increased in a stepped up manner :

| Particulars            | FY15 to FY16 | FY17 to FY19 | FY20 to FY24 |
|------------------------|--------------|--------------|--------------|
| Interest rate ( p.a)   | BR + 1%      | BR + 1.75%   | BR + 3.50%   |
| Present Effective Rate | 11.25%       | 12.00%       | 0.14         |

- Waiver of existing events of defaults, penal interest and charges etc, in accordance with MRA.
- Right to Recompense to CDR Lenders for the relief and sacrifice extended subject to provisions of CDR Guidelines and MRA.
- The Company to operate Trust and Retention account ( TRA ) with OBC and entire cash flow should be routed through said TRA .
- The MRA as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve bank of India, give a right to the CDR Lenders to get a recompense of their waivers and sacrifices made as part of the CDR proposal. The total amount of recompense payable to CDR lenders at the time of exit of the CDR, as contained in the MRA is Rs 109,617 lakhs. The present value of such recompense as at 31st March 2015 was Rs 18,417 lakhs. During the year, certain CDR lenders agreed to take equity in the Company in lieu of recompense of Rs 14,699 lakhs payable to them and the Company has allotted Equity Shares in full settlement of the recompense amount. Accordingly the Company has no further liability towards recompense.
- As per the CDR, the Company requires to repay Rs 1,331 lakhs towards first instalment of WCTL. However, the Company on 30th April 2016, submitted a proposal to OBC and all other CDR lenders for conversion of the entire amount of WCTL reflected above into equity effective 01st April 2016 at a price to be determined in accordance with SEBI( Issue of Capital and Disclosure) Regulations, 1999. The Company is hopeful of getting the acceptance of the CDR lenders and accordingly the current maturities of WCTL has not been disclosed separately in Note no 10(“ Other Current Liabilities”).

5.3 All amounts due under CDR are covered by Corporate Guarantee of SVL Limited ( Holding Company).

5.4 48,942,674 Equity Shares of the Company have been pledged with the CDR lenders. By SVL Limited(Holding Company).



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 6 Other Long-term Liabilities

₹ in Lakhs

| Particulars   | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Advance from Customers                                | 13,236.36           | 11,637.49           |
| Security Deposit Received                             | 9.80                | 18.90               |
| Deferred Rent Obligations                             | 96.39               | 80.67               |
| Sundry Creditors- Retention                           | 3,969.54            | 3,866.16            |
| Interest accrued and due to Loan from related parties | –                   | 3,492.92            |
| <b>Total</b>  | <b>17,312.09</b>    | <b>19,096.14</b>    |

#### 7 Long-term Provisions

₹ in Lakhs

| Particulars                                       | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Provision for Gratuity                            | <b>283.65</b>       | <b>308.89</b>       |
| Provision for Contract Losses( Refer Note No. 46) | 6,707.38            |                     |
| <b>Total</b>                                      | <b>6,991.03</b>     | <b>308.89</b>       |

#### 8 Short Term Borrowings

₹ in Lakhs

| Particulars                          | As at 31 March 2016 | As at 31 March 2015 |
|--------------------------------------|---------------------|---------------------|
| Loans Repayable on Demand - Secured  |                     |                     |
| <b>From Banks</b>                    |                     |                     |
| Cash Credit and Overdraft facilities | 42,731.70           | 41,279.26           |
| Buyers credit                        | 2,283.42            | –                   |
| <b>From Others - Unsecured</b>       |                     |                     |
| Cash Credit and Overdraft facilities | 456.43              | 493.43              |
| <b>Total</b>                         | <b>45,471.55</b>    | <b>41,772.69</b>    |

#### 8.1 Details of Borrowings

₹ in Lakhs

| Particulars  | As at 31 March 2015 | As at 31 March 2016 | Nature of security  |
|--------------|---------------------|---------------------|---|
| CDR Lenders  | 42,731.70           | 41,279.26           | First PariPassu Charge over the pooled assets i.e, all moveable (both fixed ,current and non current assets) and immovable assets of the Company. |
| IFCI Factors | 456.43              | 493.43              |   |
| <b>Total</b> | <b>42,731.70</b>    | <b>41,279.26</b>    |   |







## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 9 Trade Payables

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| a) Total outstanding dues of micro enterprises and small enterprises                   | –                   | –                   |
| <b>b) Total outstanding dues of other than micro enterprises and small enterprises</b> |                     |                     |
| <b>Acceptances</b>   | <b>5,320.25</b>     | <b>9,258.92</b>     |
| <b>Other than Acceptances (Refer Note 9.1 and 35)</b>                                  | <b>15,107.81</b>    | <b>13,695.06</b>    |
| Total  | 20,428.06           | 22,953.98           |

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 2016 and 31 March 2015, on the basis of such parties having been identified by the management and relied upon by the Auditors.

#### 10 Other Current Liabilities

₹ in Lakhs

| Particulars                                     | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Advance from customers                          | 6,912.00            | 4,086.00            |
| Advance Billing                                 | 236.89              | 510.82              |
| Deferred Rent Obligations                       | 6.24                | 10.98               |
| Current Maturities of Bank Term Loans           | 330.59              | –                   |
| Current Maturities of Finance Lease Obligations | 8.19                | 12.34               |
| Payables on Purchase of Fixed Assets            | –                   | 233.64              |
| Statutory remittances                           | 151.97              | 79.43               |
| Interest accrued but not due on borrowings      | 228.66              | 50.65               |
| Interest accrued and due on borrowings          | 52.90               | –                   |
| Unclaimed Dividend                              | 1.27                | 1.27                |
| Total   | 7,928.71            | 4,985.13            |

#### 11 Short-term Provisions

₹ in Lakhs

| Particulars                     | As at 31 March 2016 | As at 31 March 2015 |
|---------------------------------|---------------------|---------------------|
| Provision for Employee Benefits |                     |                     |
| Gratuity                        | 56.24               | 48.85               |
| Compensated Absences            | 368.74              | 343.54              |
| Total                           | 424.98              | 392.39              |



# SHRIRAM EPC LIMITED

## Notes forming part of Financial Statements

### 12 Fixed Assets

#### 12.1 Fixed Assets - Current Year

₹ in Lakhs

| S. No | Block of Assets                              | Gross Block        |                 |               |                   | Accumulated Depreciation and Amortisation |  |                           |                   | Net Block         |
|-------|--|--------------------|-----------------|---------------|-------------------|---|--|---------------------------|-------------------|-------------------|
|       |  | As at 1 April 2015 | Additions       | Disposals     | As at 31 Mar 2016 | As at 1 April 2015                        | Depreciation/Amortization for the year | Depreciation on disposals | As at 31 Mar 2016 | As at 31 Mar 2016 |
|       | <b>Tangible Assets</b>                       |                    |                 |               |                   |   |  |                           |                   |                   |
| 1     | Freehold Land                                | 241.50             | –               |               | 241.50            | –   | –                                      |                           | –                 | 241.50            |
| 2     | Leasehold Land                               | 80.00              |                 |               | 80.00             | 28.19                                     | 3.48                                   | –                         | 31.67             | 48.33             |
| 3     | Buildings                                    | 177.32             | –               |               | 177.32            | 69.15                                     | 4.95                                   |                           | 74.10             | 103.22            |
| 4     | Leasehold Improvements                       | 546.26             | –               |               | 546.26            | 149.19                                    | 59.52                                  |                           | 208.71            | 337.55            |
| 5     | Plant and Equipments (Refer Note 12.2 below) | 4,572.10           | 2,020.85        | 0.03          | 6,592.92          | 1,625.89                                  | 413.86                                 | 0.03                      | 2,039.72          | 4,553.20          |
| 6     | Furniture and Fixtures                       | 109.97             | 22.85           | 4.93          | 127.89            | 67.31                                     | 9.33                                   | 2.72                      | 73.92             | 53.97             |
| 7     | Office Equipment                             | 120.31             | 2.80            | 0.85          | 122.26            | 75.62                                     | 18.83                                  | 0.64                      | 93.81             | 28.45             |
| 8     | Computers                                    | 410.95             | 17.36           | 81.10         | 347.21            | 338.92                                    | 55.52                                  | 80.71                     | 313.73            | 33.48             |
| 9     | Vehicle (Refer Note 12.2 below)              | 279.87             | 17.68           | 101.00        | 196.55            | 161.12                                    | 40.85                                  | 81.46                     | 120.51            | 76.04             |
|       |  | <b>6,538.28</b>    | <b>2,081.54</b> | <b>187.91</b> | <b>8,431.91</b>   | <b>2,515.39</b>                           | <b>606.34</b>                          | <b>165.56</b>             | <b>2,956.17</b>   | <b>5,475.74</b>   |
|       | <b>Intangible Assets</b>                     |                    |                 |               |                   |   |  |                           |                   |                   |
| 10    | Technical Knowhow                            | 1,101.97           |                 |               | 1,101.97          | 1,094.70                                  | 4.84                                   | –                         | 1,099.54          | 2.43              |
| 11    | Software                                     | 468.16             | 5.81            |               | 473.97            | 391.42                                    | 39.43                                  | –                         | 430.85            | 43.12             |
|       |  | 1,570.13           | 5.81            | –             | 1,575.94          | 1,486.12                                  | 44.27                                  | –                         | 1,530.39          | 45.55             |
|       | <b>Total</b>                                 | <b>8,108.41</b>    | <b>2,087.35</b> | <b>187.91</b> | <b>10,007.85</b>  | <b>4,001.51</b>                           | <b>650.61</b>                          | <b>165.56</b>             | <b>4,486.56</b>   | <b>5,521.29</b>   |

#### 12.2 Details of assets taken under finance lease

₹ in Lakhs

| Block of Assets          | As at 31st March 2016 | As at 31st March 2015 |
|--------------------------|-----------------------|-----------------------|
| Plant and Machinery      |                       |                       |
| Gross Block              | 189.91                | 189.91                |
| Accumulated Depreciation | 58.32                 | 45.44                 |
| Net Book value           | 131.59                | 144.47                |





# SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

₹ in Lakhs

| Block of Assets          | As at 31st March 2016 | As at 31st March 2015 |
|--------------------------|-----------------------|-----------------------|
| <b>Vehicles</b>          |                       |                       |
| Gross Block              | 78.35                 | 61.17                 |
| Accumulated Depreciation | 24.21                 | 15.5                  |
| Net Book value           | 54.14                 | 45.67                 |

## 12 Fixed Assets

### 12.1 Fixed Assets - Previous Year

₹ in Lakhs

| S. No | Block of Assets                              | Gross Block        |               |              | Accumulated Depreciation and Amortisation |                    |   |  |                               |                     | Net Block           |
|-------|--|--------------------|---------------|--------------|---|--------------------|---|--|-------------------------------|---------------------|---------------------|
|       |  | As at 1 April 2014 | Additions     | Disposals    | As at 31 March 2015                       | As at 1 April 2014 | Depre- ciation/ Amor- tization for the year | Transition adjustment recorded against Deficit balance in Statement of Profit and Loss (Refer Note 12.3 below) | Depre- ciation on dis- posals | As at 31 March 2014 | As at 31 March 2015 |
|       | <b>Tangible Assets</b>                       |                    |               |              |   |                    |   |  |                               |                     |                     |
| 1     | Freehold Land                                | 241.50             | –             | –            | 241.50                                    | –                  | –   | –  | –                             | –                   | 241.50              |
| 2     | Buildings                                    | 174.00             | 3.32          | –            | 177.32                                    | 62.84              | 6.31  | –  | –                             | 69.15               | 108.17              |
| 3     | Leasehold Improvements                       | 623.08             | 2.59          | 79.41        | 546.26                                    | 105.60             | 75.00                                       | –  | 31.41                         | 149.19              | 397.07              |
| 4     | Plant and Equipments (Refer Note 12.4 below) | 4,198.72           | 375.35        | 1.97         | 4,572.10                                  | 1,302.50           | 302.66                                      | 21.55  | 0.82                          | 1,625.89            | 2,946.21            |
| 5     | Furniture and Fixtures                       | 96.31              | 13.74         | 0.08         | 109.97                                    | 59.32              | 8.00  | –  | 0.01                          | 67.31               | 42.66               |
| 6     | Office Equipment                             | 114.59             | 6.34          | 0.62         | 120.31                                    | 34.17              | 22.94                                       | 18.60  | 0.09                          | 75.62               | 44.69               |
| 7     | Computers                                    | 397.83             | 14.60         | 1.48         | 410.95                                    | 225.36             | 87.66                                       | 27.12  | 1.22                          | 338.92              | 72.03               |
| 8     | Vehicles (Refer Note 12.4 below)             | 276.95             | 8.90          | 5.98         | 279.87                                    | 114.06             | 46.95                                       | 2.20   | 2.09                          | 161.12              | 118.75              |
|       |  | 6,122.98           | 424.84        | 89.54        | 6,458.28                                  | 1,903.85           | 549.52                                      | 69.47  | 35.64                         | 2,487.20            | 3,971.08            |
|       | <b>Intangible Assets</b>                     |                    |               |              |   |                    |   |  |                               |                     |                     |
| 9     | Technical Knowhow                            | 1,101.97           | –             | –            | 1,101.97                                  | 1,090.14           | 4.56  | –  | –                             | 1,094.70            | 7.27                |
| 10    | Software                                     | 418.40             | 49.76         | –            | 468.16                                    | 378.65             | 12.77                                       | –  | –                             | 391.42              | 76.74               |
| 11    | Leasehold Right to Use                       | 80.00              | –             | –            | 80.00                                     | 24.71              | 3.48  | –  | –                             | 28.19               | 51.81               |
|       |  | 1,600.37           | 49.76         | –            | 1,650.13                                  | 1,493.50           | 20.81                                       | –  | –                             | 1,514.31            | 135.82              |
|       | <b>Total</b>                                 | <b>7,723.35</b>    | <b>474.60</b> | <b>89.54</b> | <b>8,108.41</b>                           | <b>3,397.35</b>    | <b>570.33</b>                               | <b>69.47</b>   | <b>35.64</b>                  | <b>4,001.51</b>     | <b>4,106.90</b>     |



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 12.2 Depreciation and Amortization expenses:

₹in Lakhs

| Block of Assets   | For the Year ended<br>31 March 2015 | For the Year ended<br>31 March 2014 |
|-------------------|-------------------------------------|-------------------------------------|
| Tangible Assets   | 549.52                              | 333.16                              |
| Intangible Assets | 20.81                               | 104.53                              |
| Total             | 570.33                              | 437.69                              |

12.3 During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has changed its estimated useful life of certain categories of assets to align the useful life with those prescribed in Schedule II. The details of previously applied and currently adopted depreciation method, rates / useful life are as follows:

| Asset                    | Basis                 | Previous depreciation<br>rate / useful life | Useful life as<br>per Schedule II | Useful Life Adopted |
|--------------------------|-----------------------|---|-----------------------------------|---------------------|
| <b>Tangible Assets</b>   |                       |   |                                   |                     |
| Buildings                | Schedule - II         | 1.63% / 61 years                            | 30 years                          | 30 years            |
| Plant & Equipments       | Schedule - II         | 4.75% / 21 years                            | 15 years                          | 15 years            |
| Furniture & Fixtures     | Schedule - II         | 20.00% / 5 years                            | 10 years                          | 10 Years            |
| Office Equipment         | Schedule - II         | 33.33% / 3 years                            | 5 Years                           | 5 Years             |
| Vehicles                 | Schedule - II         | 9.50% / 11 years                            | 8 Years                           | 8 Years             |
| <b>Intangible Assets</b> |                       |   |                                   |                     |
| Technical Knowhow        | Technical Assessment  | 10% -20% / 5 to 10 years                    |                                   | 5 to 10 years       |
| Software                 | Technical Assessment  | 5 years                                     |                                   | 5 years             |
| Leasehold Improvements   | Technical Assessment  | 5 years                                     |                                   | 5 years             |
| Leasehold Right to Use   | Over the lease period | 20 years                                    |                                   | 20 years            |

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on 01 April, 2014, and has adjusted an amount of Rs. 45.86 lakhs (net of deferred tax of Rs. 23.61 lakhs) against the opening deficit balance in the Statement of Profit and Loss.

The increase in depreciation expense in the Statement of Profit and Loss for the year consequent to the change in the useful life of the assets is not material.





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 12.4 Details of Assets taken under finance lease:

₹ in Lakhs

| Block of Assets            | 31-Mar-15 | 31-Mar-14 |
|----------------------------|-----------|-----------|
| <b>Plant and Machinery</b> |           |           |
| Gross Block                | 189.91    | 189.91    |
| Accumulated Depreciation   | 45.44     | 33.13     |
| Net Book value             | 144.47    | 156.78    |
| <b>Vehicles</b>            |           |           |
| Gross Block                | 61.17     | 240.23    |
| Accumulated Depreciation   | 15.50     | 101.55    |
| Net Book value             | 45.67     | 138.68    |

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

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| <b>Investments</b>   |                     |                     |
| <b>Investments in Associates - Non Trade - Unquoted</b>  |                     |                     |
| "22,239,167 Equity Shares (Previous year: 22,239,167 Equity Shares) of Rs 10/- each fully paid up in Haldia Coke and Chemicals Private Limited " | 4,007.22            | 4,007.22            |
| Less: Provision for Diminution in value of Investments (Refer Note No. 47)   | (4,007.22)          | -                   |
| <b>Investments in Others - Trade</b>   |                     |                     |
| 661,300 Equity Shares (Previous year: 661,300 Equity Shares) of Rs 10/- each fully paid in Hexa Wind Farm Private Limited                        | 66.13               | 66.13               |
| "4,076,474 Equity Shares (Previous year: 4,076,474 Equity Shares) of Rs 10/- each fully paid up in Leitwind Shriram Manufacturing Limited "      | 407.56              | 407.56              |
| <b>Investments in Others - Trade- Quoted</b>   |                     |                     |
| 386,526 (386,526) Equity Shares of Rs 10/- each fully paid up in Orient Green Power Company Limited  | 44.22               | 44.22               |
| <b>Investment in a Wholly owned Subsidiary</b>   |                     |                     |
| 1 Equity share (Previous year: 1 Equity share) of 150,000 DHS in Shriram EPC (FZE)   | 24.26               | 24.26               |
| <b>Total</b>   | <b>542.17</b>       | <b>4,549.39</b>     |



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

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

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Capital advances   | 3,605.00            | 3,605.00            |
| Loans and advances :   |                     |                     |
| Considered Good  | 101,161.00          | 94,691.12           |
| Considered doubtful  | 3,855.00            |                     |
| Less: Provision for doubtful advances  | (3,855.00)          | 241.63              |
|  | 101,161.00          | 94,691.12           |
| Advance tax ( Net of Provisions Rs 7,260.29 lakhs<br>( Previous Year Rs 7260.29 lakhs) | 4,036.43            | 3,682.98            |
| Deposits   | 1,326.09            | 1,697.12            |
| Prepaid expenses ( Ref Note 14.2 )   | 11,432.56           | -                   |
| Total  | 121,561.08          | 103,676.22          |

#### 14.1 Long term loans and Advances include due from:

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Private Companies in which Directors are interested: |                     |                     |
| Hamon Shriram Cottrell Private Limited               | 360.74              | 432.18              |
| Haldia Cokes and Chemicals Private Limited           | 48,833.58           | 43,755.73           |

**14.2** Pursuant to the Master Restructuring Agreement dated 20th September 2014 (CDR package), the CDR lenders are entitled to receive interest sacrifice ( recompense) at the time of exit from CDR. The total amount of recompense payable to CDR lenders at the time of exit of CDR was determined to be Rs 109,617 lakhs. The present value of such recompense as at 31st March 2015 was Rs 18,417 lakhs. During the year, certain CDR lenders agreed to take equity in the Company in lieu of recompense of Rs 14,699 lakhs payable to them, and accordingly the Company has allotted Equity Shares in full settlement of the recompense amount. The total amount of interest sacrifice settled to the Bankers, is being amortized over CDR term. The unamortized portion of interest sacrifice as at the year end is reflected above.





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 15 Other Non Current Assets

₹in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Long Term Trade Receivables - Retention Monies - Considered good     | 11,314.69           | 8,005.45            |
| Long Term Trade Receivables - Retention Monies - Considered Doubtful | 349.52              | 303.65              |
| Less: Provision for doubtful debts                                   | (349.52)            | (303.65)            |
|  | 11,314.69           | 8,005.45            |
| Other Long Term Trade Receivables - Considered good                  | 1,260.93            | 2,297.63            |
| Other Long Term Trade Receivables - Considered doubtful              | 301.79              | 301.79              |
| Less: Provision for doubtful debts                                   | (301.79)            | (301.79)            |
|  | 1,260.93            | 2,297.63            |
| Other receivables ( Refer Note 15.1 below)                           | 4,527.66            | 3,877.15            |
| Receivables on sale of Fixed Assets                                  | 2,460.00            | 2,460.00            |
| Unbilled Revenue ( Refer Note Nos 46, 48 and 49)                     | 16,752.60           | 16,752.60           |
| Total  | 36,315.88           | 33,392.83           |

**15.1** The amount of Rs.4,527.66 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 Inventories (Lower of Cost and Net Realizable Value)

₹in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Raw Materials and Components for Wind Turbine Generators | 220.00              | 415.00              |
| Contract Work-in-Progress                                | 4,324.01            | 8,071.27            |
| Total  | 4,544.01            | 8,486.27            |
|  |                     | 3,942.26            |



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

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

₹ in Lakhs

| Particulars   | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Outstanding for a period exceeding six months from the date they were due for payment |                     |                     |
| Unsecured, Considered Good  | 18,203.82           | 12,282.09           |
| Unsecured, Considered Doubtful  | 4,175.58            | 4,031.72            |
|   | 22,379.40           | 16,313.81           |
| Other Trade Receivables   |                     |                     |
| Unsecured, Considered Good  | 10,915.84           | 12,868.32           |
| Unsecured, Considered doubtful  | –                   | –                   |
| Less: Provision for Doubtful Trade Receivables  | (4,175.58)          | (3,320.52)          |
| <b>Total</b>  | <b>29,119.66</b>    | <b>25,861.61</b>    |

#### 18 Cash and Cash Equivalents

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Cash on hand and in imprest accounts   | 24.04               | 26.42               |
| <b>Balances with Banks</b>   |                     |                     |
| Current Account  | 143.27              | 3,485.24            |
| Deposit Account (Original maturity of 3 months or less)  | 809.13              | –                   |
| Unpaid Dividend Account  | 18.69               | 18.69               |
| Margin Money (Original maturity of 3 months or less)   | 388.80              | 14.71               |
| <b>Total Cash and Cash Equivalents</b>   | <b>1,359.89</b>     | <b>3,518.64</b>     |
| <b>Other Bank Balances</b>   |                     |                     |
| Deposit Account (Original maturity of more than 3 months)  | 1,020.31            | 1,817.92            |
| Margin Money (Original maturity of more than 3 months)   | 2,697.36            | 5,421.19            |
| <b>Total Other Bank Balances</b>   | <b>3,717.67</b>     | <b>7,239.11</b>     |
| <b>Total</b>   | <b>5,101.60</b>     | <b>10,784.17</b>    |
| Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is | 1,383.93            | 3,545.06            |
| Balances with banks include deposits with remaining maturity of more than 12 months from the balance sheet date      | 645.82              | –                   |







## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 19 Short Term Loans and Advances (Unsecured, considered good unless otherwise stated)

₹ in Lakhs

| Particulars                         | As at 31 March 2016 | As at 31 March 2015 |
|-------------------------------------|---------------------|---------------------|
| Security Deposits                   | 486.85              | 401.26              |
| Loans and advances to Employees     | 41.57               | 40.29               |
| Prepaid Expenses                    | 1,904.40            | 90.15               |
| <b>Advances to Suppliers</b>        |                     |                     |
| – Considered good                   | 13,215.65           | 10,082.27           |
| – Considered doubtful               | 1,355.56            | 1,355.56            |
| Provision for doubtful Advances     | (1,355.56)          | (1,355.56)          |
|                                     | 13,215.65           | 10,082.27           |
| Balance with Government Authorities | 479.88              | 437.48              |
| Other Advances                      | 36.84               | 342.47              |
| <b>Total</b>                        | <b>16,165.19</b>    | <b>11,393.92</b>    |

#### 20 Other Current Assets

₹ in Lakhs

| Particulars                           | As at 31 March 2016 | As at 31 March 2015 |
|---------------------------------------|---------------------|---------------------|
| Unbilled Revenue                      | 63,201.93           | 53,018.68           |
| Trade Receivable – Retention monies   | 10,768.00           | 7,565.00            |
| Interest accrued on Deposits          | 34.09               | 308.14              |
| Interest recoverable from CDR lenders | 1,277.73            | –                   |
| <b>Total</b>                          | <b>75,281.75</b>    | <b>60,891.82</b>    |

#### 21 Revenue from Operations

₹ in Lakhs

| Particulars   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| Revenue from Engineering and Construction Contracts | 54,564.98                   | 53,020.40                   |
| Revenue from Sale of Traded Goods - Windmills       | –                           | 1,422.49                    |
| Revenue from Sale of Wind Turbine Generators        | 195.00                      | 323.00                      |
| <b>Total</b>  | <b>54,759.98</b>            | <b>54,765.89</b>            |



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 22 Other Income

₹ in Lakhs

| Particulars                                 | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| Interest Income :                           |                             |                             |
| – Bank deposits / Margin Money deposits     | 1,044.12                    | 705.87                      |
| – Loans and Advances                        | 10,044.64                   | 11,032.17                   |
| Liabilities no longer required written back | 22.00                       | 156.95                      |
| Profit on sale of fixed assets              | 0.90                        |                             |
| Miscellaneous Income                        | 191.20                      | 239.93                      |
| <b>Total</b>                                | <b>11,302.86</b>            | <b>12,134.92</b>            |

#### 23 Cost of Raw Materials and Components Consumed

₹ in Lakhs

| Particulars         | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---------------------|-----------------------------|-----------------------------|
| Opening Stock       | 415.00                      | 695.90                      |
| Add: Purchases      | –                           | 323.00                      |
| Less: Closing Stock | 220.00                      | 415.00                      |
| <b>Total</b>        | <b>195.00</b>               | <b>603.90</b>               |

#### 24 Erection, Construction & Operation Expenses

₹ in Lakhs

| Particulars                   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|-------------------------------|-----------------------------|-----------------------------|
| Cost of Materials and Labour  | 33,073.07                   | 34,423.74                   |
| Other Contract Related Costs  | 511.28                      | 2,282.73                    |
| Commercial Taxes              | 1,764.02                    | 2,512.10                    |
| Provision for Contract Losses | 545.20                      | 6,320.12                    |
| <b>Total</b>                  | <b>35,893.57</b>            | <b>45,538.69</b>            |
|                               |                             | <b>9,645.12</b>             |

#### 25 Purchases of Stock in Trade

₹ in Lakhs

| Particulars  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--------------|-----------------------------|-----------------------------|
| Windmills    | –                           | 1,296.00                    |
| <b>Total</b> | <b>–</b>                    | <b>1,296.00</b>             |





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 26 Change in Inventories of Contract Work in Progress, Finished Goods and Stock In Trade

₹ in Lakhs

| Particulars                                      | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| Opening Stock of Contract Work in Progress       | 8,071.27                    | 10,730.19                   |
| Less: Closing Stock of Contract Work in Progress | 4,324.01                    | 8,071.27                    |
| Total  | 3,747.26                    | 2,658.92                    |

#### 27 Employee Benefits Expense

₹ in Lakhs

| Particulars                               | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| Salaries and Wages                        | 4,029.97                    | 4,870.89                    |
| Contribution to Provident and other funds | 227.61                      | 243.75                      |
| Gratuity                                  | 52.11                       | 101.96                      |
| Staff Welfare Expenses                    | 234.56                      | 260.32                      |
| Total                                     | 4,544.25                    | 5,476.92                    |

#### 28 Finance Costs

₹ in Lakhs

| Particulars  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| Interest on Cash Credits                           | 4,983.95                    | 4,677.51                    |
| Interest on Term Loans                             | 17,482.80                   | 16,312.31                   |
| Interest - Others                                  | 3,916.30                    | 7,163.40                    |
| Bank Charges, Letter of Credit / Guarantee charges | 789.76                      | 1,965.61                    |
| Total  | 27,172.81                   | 30,118.83                   |



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 29 Other Expenses

₹ in Lakhs

| Particulars   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| Rent including lease rentals  | 402.00                      | 524.71                      |
| Rates and taxes   | 43.39                       | 164.26                      |
| <b>Repairs and Maintenance:</b>   |                             |                             |
| Building  | 55.03                       | 162.77                      |
| Plant and Machinery and Equipments  | 59.96                       | 84.45                       |
| Others  | 33.47                       | 48.51                       |
| Auditors' Remuneration  | 35.00                       | 35.00                       |
| Printing and stationery   | 43.39                       | 59.52                       |
| Communication expenses  | 82.47                       | 120.20                      |
| Advertisement & Business Promotion  | 17.00                       | 29.69                       |
| Travelling and conveyance   | 665.55                      | 913.38                      |
| Electricity & water   | 208.71                      | 97.31                       |
| Legal & Professional Charges  | 852.04                      | 2,299.65                    |
| Donation  | 0.12                        | 1.26                        |
| Sitting Fees  | 15.95                       | 10.70                       |
| Insurance premium   | 220.20                      | 377.90                      |
| Bad Trade and Other Receivables Written off (Net)                         | 205.01                      | 139.20                      |
| Provision for doubtful trade and Other receivables and Loans and Advances | 4,044.75                    | 319.35                      |
| Loss on Sales/ Disposal of Fixed Assets                                   | –                           | 39.06                       |
| Miscellaneous Expenses  | 563.77                      | 471.86                      |
| <b>Total</b>  | <b>7,547.81</b>             | <b>5,898.78</b>             |





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 30 Disclosures pursuant to Accounting Standard (AS) 7 (revised) - Construction Contracts

₹ in Lakhs

| Particulars   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| Details of Contract revenue and costs   |                             |                             |
| Contract Revenues recognized  | 54,564.98                   | 53,020.40                   |
| Aggregate amount of Contract costs incurred and recognized profits (less recognized losses) upto the reporting date | 39,640.83                   | 48,197.61                   |
| Advances received for contracts in progress   | 20,148.36                   | 15,723.49                   |
| Retention money for contracts in progress   | 22,082.69                   | 15,570.45                   |
| Gross amount due from customers for contract work (Asset)   | 79,954.53                   | 69,771.28                   |
| Gross amount due to customers for contract work (Liability)   | 236.89                      | 510.82                      |

#### 31 Disclosures under Accounting Standard 15 (Revised)

##### 31.1 Gratuity

₹ in Lakhs

| Particulars   | Year ended<br>31 March 2016                | Year ended<br>31 March 2015                |
|---|--|--|
| <b>Change in Defined Benefit Obligations (DBO) during the year / period</b> |  |  |
| Present Value of obligations at the beginning of the year / period          | 357.74                                     | 269.49                                     |
| Current Service Cost  | 56.24                                      | 103.91                                     |
| Interest Cost   | 25.17                                      | 24.91                                      |
| Actuarial (Gain )   | (29.30)                                    | (26.86)                                    |
| Benefits paid   | (69.96)                                    | (13.71)                                    |
| <b>Present Value of obligations at the end of the year / period</b>         | <b>339.89</b>                              | <b>357.74</b>                              |
| Current portion   | 56.24                                      | 48.85                                      |
| Non Current portion   | 283.65                                     | 308.89                                     |
| <b>Components of Employer Expense</b>                                       |  |  |
| Cost for the year / period  |  |  |
| Current Service Cost  | 56.24                                      | 103.91                                     |
| Interest Cost   | 25.17                                      | 24.91                                      |
| Net actuarial Loss / (Gain) recognized in the year / period                 | (29.30)                                    | (26.86)                                    |
| <b>Net Cost</b>   | <b>52.11</b>                               | <b>101.96</b>                              |
| Assumptions   |  |  |
| Discount Rate   | 7.80%                                      | 7.80%                                      |
| Attrition rate per annum  | 3.00%                                      | 3.00%                                      |
| Expected rate of Salary increases   | 5.00%                                      | 5.00%                                      |
| Rate of Mortality   | Ind Assured Lives<br>(2006-08)<br>Ultimate | Ind Assured Lives<br>(2006-08)<br>Ultimate |



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### Notes:

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

#### c Experience adjustments :

₹ in Lakhs

| Particulars                           | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 | Year ended<br>31 March 2014 |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Defined benefit obligation            | 339.89                      | 357.74                      | 269.5                       |
| Plan assets                           | –                           | –                           |                             |
| Deficit                               | 339.89                      | 357.74                      | 269.50                      |
| On plan liabilities - Losses /(Gains) | (29.30)                     | (26.86)                     | (19.78)                     |

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

### 31.2 Compensated absences

#### Actuarial Assumptions for Compensated Absences

₹ in Lakhs

| Particulars                       | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|-----------------------------------|-----------------------------|-----------------------------|
| Rate of Mortality                 | Ind (2006-08)               | Ind (2006-08)               |
| Discount rate                     | 7.80%                       | 7.80%                       |
| Expected rate of Salary increases | 5.00%                       | 5.00%                       |

### 32 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.

#### 32.1 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 associates Companies.

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





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

| 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 to 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.

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

₹ in Lakhs

| Particulars   | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Options at the beginning of the year / period       |                     |                     |
| Vested  | —                   | 3,219               |
| Unvested  | —                   | —                   |
| Add: Granted during the year / period               | —                   | —                   |
| Add: Vested during the year / period                | —                   | —                   |
| Less: Lapsed during the year / period               | —                   | 3,219               |
| Less: Exercised during the year / period            | —                   | —                   |
| Options outstanding at the end of the year / period |                     |                     |
| Vested  | —                   | —                   |
| Unvested  | —                   | —                   |
| Exercisable at the end of the year / period         | —                   | —                   |

#### Deferred Stock Compensation Expense

During the period, an amount of ₹ Nil (Previous period: ₹ Nil) 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.



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 32.2 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.

#### 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 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Options at the beginning of the year / period       |                     |                     |
| Vested  | 250                 | 6,850               |
| Unvested  |                     |                     |
| Add: Granted during the year / period               | –                   |                     |
| Add: Vested during the year / period                |                     |                     |
| Less: Lapsed during the year / period               | 250                 | 6,600               |
| Less: Exercised during the year / period            |                     |                     |
| Options outstanding at the end of the year / period |                     |                     |
| Vested  | –                   | 250                 |
| Unvested  | –                   | –                   |
| Exercisable at the end of the year / period         | –                   | 250                 |

#### Deferred Stock Compensation Expense

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







## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 32.3 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                |



**33 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**

₹ in Lakhs

| Particulars   | Construction Contracts |               | Wind Turbine Generators |               | Trading       |               | Elimination   |               | Unallocated   |               | Total         |               |
|---|------------------------|---------------|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 31 March 2016          | 31 March 2015 | 31 March 2016           | 31 March 2015 | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| External Sales  | 54,586.98              | 53,020.40     | 195.00                  | 323.00        | -             | 1,422.49      | -             | -             | -             | -             | 54,781.98     | 54,765.89     |
| Intersegmental Sales  | -                      | -             | -                       | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Total Revenue   | 54,586.98              | 53,020.40     | 195.00                  | 323.00        | -             | 1,422.49      | -             | -             | -             | -             | 54,781.98     | 54,765.89     |
| Result  |                        |               |                         |               |               |               |               |               |               |               |               |               |
| Segment Result  | 27,988.26              | (3,095.36)    | -                       | -             | -             | 127.95        | -             | -             | -             | -             | 27,988.26     | (2,967.41)    |
| Less: Inter Segment Margin  | -                      | -             | -                       | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Unallocated Corporate Expenditure   | -                      | -             | -                       | -             | -             | -             | -             | -             | (16,067.05)   | (5,153.90)    | (16,067.05)   | (5,153.90)    |
| Operating Loss  | 27,988.26              | (3,095.36)    | -                       | -             | -             | 127.95        | -             | -             | 16,067.05     | 5,153.90      | 11,921.21     | (5,153.90)    |
| Finance Costs (Net of amounts identified with 'Construction Contracts' segment) |                        |               |                         |               |               |               |               |               |               |               |               |               |
| Exceptional Items   |                        |               |                         |               |               |               |               |               |               |               | 10,714.60     | -             |
| (Loss) before Tax   | 27,988.26              | (3,095.36)    | -                       | -             | -             | 127.95        | -             | -             | 41,676.73     | 22,294.15     | (24,403.07)   | (25,261.56)   |
| Tax Expense   | -                      | -             | -                       | -             | -             | -             | -             | -             | -             | 23.61         | -             | 23.61         |
| Loss after Tax  | 27,988.26              | (3,095.36)    | -                       | -             | -             | 127.95        | -             | -             | 41,676.73     | 22,317.76     | (24,403.07)   | (25,285.17)   |



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

₹ in Lakhs

| Particulars                               | Construction Contracts |               | Wind Turbine Generators |               | Trading       |               | Elimination   |               | Unallocated   |               | Total         |               |
|---|------------------------|---------------|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 31 March 2016          | 31 March 2015 | 31 March 2016           | 31 March 2015 | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| Other Information                         |                        |               |                         |               |               |               |               |               |               |               |               |               |
| Segment Assets                            | 180,104.48             | 153,547.36    | 986.69                  | 2,450.41      | 1,348.48      | 1,529.53      |               |               |               |               | 182,439.65    | 157,527.30    |
| Unallocated Corporate Assets              | -                      | -             | -                       | -             | -             | -             | 112,727.26    | -             | 109,260.64    | 112,727.26    |               | 109,260.64    |
| Total Assets                              | 180,104.48             | 153,547.36    | 986.69                  | 2,450.41      | 1,348.48      | 1,529.53      |               |               | 109,260.64    | 112,727.26    | 295,166.91    | 266,787.94    |
| Segment Liabilities                       | 249,366.30             | 251,784.16    | (32.05)                 | (29.35)       | 144.86        | 168.45        |               |               |               |               | 249,479.11    | 251,923.26    |
| Unallocated Corporate Liabilities         | -                      | -             | -                       | -             | -             | -             |               |               |               |               |               | 8,666.63      |
| Total Liabilities                         | 249,366.30             | 251,784.16    | (32.05)                 | (29.35)       | 144.86        | 168.45        |               |               | 8,666.63      | 249,479.11    | 260,589.89    | 260,589.89    |
| Capital Expenditure (Gross)               | 168.10                 | 750.19        | -                       | -             | -             | -             |               |               |               | 168.10        |               | 750.19        |
| Depreciation                              | 650.61                 | 570.33        | -                       | -             | -             | -             |               |               |               | 650.61        |               | 570.33        |
| Non Cash expenses other than Depreciation |                        |               |                         |               |               |               |               |               |               |               |               |               |
| Provision for doubtful debts              | 4,044.75               | 319.35        | -                       | -             | -             | -             |               |               |               | 4,044.75      |               | 319.35        |
| Provision for Contract losses             | 545.20                 | 6,320.12      | -                       | -             | -             | -             |               |               |               | 545.20        |               | 6,320.12      |



## SHRIRAM EPC LIMITED

Notes forming part of Financial Statements

### B. SECONDARY SEGMENT INFORMATION - GEOGRAPHICAL SEGMENTS

₹ in Lakhs

| Particulars              | As at 31 March 2016 | As at 31 March 2015 |
|--------------------------|---------------------|---------------------|
| <b>Rest of the World</b> |                     |                     |
| Revenue                  | –                   | 10.35               |
| Assets                   |                     | 9,074.74            |
| Capital Expenditure      | –                   | 172.44              |
| <b>India</b>             |                     |                     |
| Revenue                  | 54,781.98           | 54,755.54           |
| Assets                   | 295,166.91          | 257,713.20          |
| Capital Expenditure      | 168.10              | 750.19              |

### 34 Related Party Disclosures under Accounting Standard 18

34.1 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.

| Description of Relationship   | Name of the Related Parties<br>Year ended 31 March 2016  | Name of the Related Parties<br>Year ended 31 March 2015   |
|---|--|---|
| Holding Company   | SVL Limited (Formerly known as Shriram Industrial Holdings Limited (SIHL))   | Shriram Industrial Holdings Limited (SIHL)  |
| Ultimate Holding Company  | SVL Limited (Formerly known as Shriram Industrial Holdings Limited (SIHL))   | Shriram Venture Limited (Holding Company of SIHL)   |
| Enterprises which exercise significant influence over the Company (Investing parties) |  |   |
| Subsidiaries  | Shriram EPC FZE, Sharjah   | Shriram EPC FZE, Sharjah  |
| Fellow Subsidiaries   | Shriram SEPL Composites Private Limited<br>Blackstone Consulting Technologies Private Limited<br>ChemProject consulting Private Limited<br>Shriram EPC (Singapore) Pte Limited | Shriram SEPL Composites Private Limited<br>Blackstone Consulting Technologies Private Limited<br>Chem Project Consulting Private Limited<br>Shriram EPC (Singapore) Pte Limited |





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

|  |   |   |
|--|---|---|
| Associates   | Haldia Coke and Chemicals Private Limited<br>"Ennore Coke Limited<br>(Subsidiary of Haldia Coke and Chemicals Private Limited)"<br>"Wellman Coke India Limited<br>(Subsidiary of Haldia Coke and Chemicals Private Limited)"      | Haldia Coke and Chemicals Private Limited<br>"Ennore Coke Limited<br>(Subsidiary of Haldia Coke and Chemicals Private Limited)"<br>"Wellman Coke India Limited<br>(Subsidiary of Haldia Coke and Chemicals Private Limited)"      |
| Companies over which Key Management Personnel exercise Significant Influence (Only where transactions have taken place during the year/period) | Orient Green Power Company Limited<br>Subsidiaries of Orient Green Power Company Limited<br>Bharath Wind Farm Limited<br>Clarion Windfarms Private Limited<br>Beta Wind Farm Private Limited<br>Orient Eco Energy Private Limited | Orient Green Power Company Limited<br>Subsidiaries of Orient Green Power Company Limited<br>Bharath Wind Farm Limited<br>Clarion Windfarms Private Limited<br>Beta Wind Farm Private Limited<br>Orient Eco Energy Private Limited |
| Key Management Personnel   | T.Shivaraman - Managing Director<br>M.Amjad Shariff - Joint Managing Director   | T.Shivaraman - Managing Director<br>M.Amjad Shariff - Joint Managing Director   |
| Associate of Holding Company   |   | Prosperity Shop India P Limited ( Associate of Shriram Industrial Holding Limited)  |
| Joint Venture of Holding Company   | Leitwind Shriram Manufacturing Limited<br>Hamon Shriram Cottrell Private Limited  | Leitwind Shriram Manufacturing Limited<br>Hamon Shriram Cottrell Private Limited  |

**Note:** Related parties have been identified by the Management.



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 34.2 Transactions during the year / period

₹in Lakhs

| Particulars   | Year ended March 31,<br>2016 | Year ended March 31,<br>2015 |
|---|------------------------------|------------------------------|
| <b>Progressive billings/Revenue</b>                 |                              |                              |
| Beta Wind Farm Private Limited                      | –                            | 1,422.48                     |
| Shriram SEPL Composites Private Limited             | 212.68                       |                              |
| <b>Lease Rental Income</b>                          |                              |                              |
| Ennore Coke Limited                                 | 32.82                        | 29.72                        |
| Shriram Venture Limited                             | 40.21                        | 41.23                        |
| Shriram SEPL Composites Private Limited             | 27.57                        | 24.96                        |
| Leitwind Shriram Manufacturing Limited              | –                            | 11.23                        |
| <b>Purchases of goods and Services</b>              |                              |                              |
| Hamon Shriram Cottrell Private Limited              | 252.63                       | 77.66                        |
| Shriram SEPL Composites Private Limited             | 5.51                         | 53.68                        |
| Blackstone Group Technology Private Limited         | 0.66                         | 26.36                        |
| Leitwind Shriram Manufacturing Limited              |                              | 1,544.11                     |
| <b>Transfer of Margins</b>                          |                              |                              |
| Leitwind Shriram Manufacturing Limited              | –                            | 368.12                       |
| <b>Expenses incurred on behalf of related party</b> |                              |                              |
| Shriram EPC FZE, Sharjah                            |                              | 13.91                        |
| Ennore Coke Limited                                 | 10.96                        | 39.46                        |
| Orient Green Power Company Limited                  | 28.88                        | 42.67                        |
| Bharat Wind Farm Limited                            | 0.81                         | 8.41                         |
| Shriram Venture Limited                             |                              | 1.01                         |
| Blackstone Consulting Technologies Private Limited  |                              | 4.62                         |
| Shriram SEPL Composites Private Limited             | 6.08                         | 16.81                        |
| Leitwind Shriram Manufacturing Limited              | 30.45                        | 51.92                        |
| Hamon Shriram Cottrell Private Limited              |                              | 1.19                         |
| <b>Expenses incurred on behalf of related party</b> |                              |                              |
| Orient Green Power Company Limited                  |                              | 24.44                        |
| Shriram Venture Limited                             | 0.31                         | 0.58                         |





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 34.2 Transactions during the year / period (Contd.)

₹ in Lakhs

| Particulars   | Year ended March 31,<br>2016 | Year ended March 31,<br>2015 |
|---|------------------------------|------------------------------|
| <b>Interest Income</b>                                  |                              |                              |
| Haldia Cokes & Chemicals Private Limited                | 5,144.33                     | 5,785.49                     |
| Ennore Coke Limited                                     | 3,070.85                     | 2,813.81                     |
| Leitwind Shriram Manufacturing Limited                  | 1,087.50                     | 1,402.08                     |
| Hamon Shriram Cottrell Private Limited                  | 21.25                        | 29.09                        |
| <b>Interest Expense</b>                                 |                              |                              |
| SVL Limited   | 200.97                       | 767.55                       |
| <b>Remuneration to Key Management Personnel</b>         |                              |                              |
| T. Shivaraman   | 41.02                        | 42.99                        |
| M. Amjad Shariff  | 45.28                        | 47.99                        |
| <b>Borrowings from</b>                                  |                              |                              |
| SVL Limited   | 4,749.00                     | 29,358.93                    |
| Prosperity Shop India Private Limited                   |                              | 300.00                       |
| <b>Repayment of borrowings</b>                          |                              |                              |
| SVL Limited   | 13,351.20                    | 15,683.00                    |
| Prosperity Shop India Private Limited                   |                              | 300.00                       |
| <b>Redemption of Preference Shares</b>                  |                              |                              |
| SVL Limited   | 30,000.00                    |                              |
| <b>Transfer of Advances / Receivables to</b>            |                              |                              |
| SVL Limited   | –                            | 14,400.00                    |
| <b>Investments in Equity Shares (including premium)</b> |                              |                              |
| SVL Limited   | 38,900.00                    | 21,000.00                    |
| <b>Share Application Money Received – SVL Limited</b>   | 6,493.00                     |                              |
| <b>Advance Given / (Received) - (Gross)</b>             |                              |                              |
| Haldia Cokes & Chemicals Private Limited                | –                            | 14,427.69                    |
| Beta Wind Farm Private Limited                          |                              | (1,272.33)                   |



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 34.3 Closing balance as at the year end / period end

₹ in Lakhs

| Particulars                                      | As at March 31, 2016 | As at March 31, 2015 |
|--|----------------------|----------------------|
| <b>Amount outstanding - Dr / (Cr)</b>            |                      |                      |
| Shriram EPC FZE, Sharjah                         | 45.54                | 32.76                |
| Haldia Cokes & Chemicals Private Limited         | 48,850.50            | 43,755.73            |
| Ennore Coke Limited                              | 29,198.20            | 26,092.82            |
| Orient Green Power Company Limited               | 51.97                | 64.26                |
| Bharat Wind Farm Limited                         | 23.02                | 22.22                |
| Clarion Windfarms Private Limited                | (0.32)               | (0.32)               |
| SVL Limited                                      | 262.30               | (8,666.62)           |
| Beta Wind Farm Private Limited                   | 1,403.40             | 1,403.40             |
| Shriram SEPL Composites Private Limited          | 133.10               | (134.80)             |
| Shriram EPC (Singapore) Pte Limited              | 4,406.62             | 4,449.64             |
| Leitwind Shriram Manufacturing Limited           | 12,626.79            | 11,146.93            |
| Hamon Shriram Cottrell Private Limited           | 877.80               | 1,035.40             |
| BlackStone Group Technologies Private Limited    | (0.70)               | (49.04)              |
| <b>Corporate Guarantees given by the Company</b> |                      |                      |
| Orient Green Power Company Limited               | 1,600.00             | 1,600.00             |

**34.4** 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 2015 and as at 31 March 2014, there are no further amounts payable to/receivable from them, other than disclosed above.







## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 35 Leases

##### 35.1 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 ₹402 Lakhs (Previous period - ₹524.71 lakhs) 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, 2016 | As at March 31, 2015 |
|--|----------------------|----------------------|
| Not later than One Year                      | 194.06               | 194.06               |
| Later than One Year and less than Five Years | 776.25               | 776.25               |
| Later than Five Years                        | 170.96               | 365.02               |
| <b>TOTAL</b>                                 | <b>1,141.27</b>      | <b>1,335.33</b>      |

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

₹in Lakhs

| Particulars                                    | As at March 31, 2016         |                                 | As at March 31, 2015         |                                 |
|--|------------------------------|---------------------------------|------------------------------|---------------------------------|
|  | Total Minimum Lease Payments | Present Value of Lease Payments | Total Minimum Lease Payments | Present Value of Lease Payments |
| Not later than One Year                        | 8.19                         | 6.92                            | 18.67                        | 17.39                           |
| Later than One Year and less than Five Years   | 8.82                         | 8.23                            | 4.18                         | 3.92                            |
| Later than Five Years                          | –                            | –                               | –                            | –                               |
| <b>Total</b>                                   | <b>17.01</b>                 | <b>15.15</b>                    | <b>22.85</b>                 | <b>21.31</b>                    |
| Less: Future Finance Charges                   | 1.86                         | –                               | 1.54                         | –                               |
| <b>Present Value of Minimum Lease payments</b> | <b>15.15</b>                 | <b>15.15</b>                    | <b>21.31</b>                 | <b>21.31</b>                    |



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 36 Earnings Per Share

₹ in Lakhs

| Particulars   | Year ended<br>March 31, 2016 | Year ended<br>March 31, 2015 |
|---|------------------------------|------------------------------|
| <b>Basic &amp; Diluted</b>  |                              |                              |
| Continuing operations:  |                              |                              |
| Loss for the year / period from continuing operations (Rs. Lakhs)   | (24,403.07)                  | (25,285.17)                  |
| Weighted average number of Equity Shares outstanding during the year / period (In Nos.)   | 228,059,560                  | 59,892,431                   |
| Par Value of Share (Rs)   | 10.00                        | 10.00                        |
| Earnings per share from continuing operations - Basic & Diluted (Rs.)   | (10.70)                      | (42.22)                      |
| The weighted average number of Equity Shares used for computing Basic and Diluted EPS are same since the outstanding potential Equity Shares as at 31 March 2016 and 31 March 2015 are anti dilutive in nature. |                              |                              |

#### 37 Taxes on income

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

₹ in Lakhs

| Particulars                                    | As at March 31, 2016 | As at March 31, 2015 |
|--|----------------------|----------------------|
| Deferred Tax Liability                         |                      |                      |
| On Depreciation                                | 327.33               | 265.75               |
| Total Liability                                | 327.33               | 265.75               |
| <b>Deferred Tax Asset</b>                      |                      |                      |
| Provision for Gratuity                         | 117.63               | 123.81               |
| Provision for Compensated absences             | 108.06               | 118.89               |
| Others (Restricted to the extent of liability) | 327.33               | 23.05                |
| Total Asset                                    | 553.02               | 265.75               |
| Net Deferred Tax Asset / (Liability)           | 225.69               | -                    |

##### 37.2 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.





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 38 Contingent Liabilities

₹ in Lakhs

| Particulars   | As at March 31, 2016 | As at March 31, 2015 |
|---|----------------------|----------------------|
| Arrears of Fixed Cumulative Dividend  | –                    | 3,780.82             |
| Compensation payable in lieu of bank sacrifice  | –                    | 18,500.00            |
| Corporate Guarantees issued   | 1,640.11             | 1,600.00             |
| Claims against the Company not acknowledged as debts  | 15,177.79            | 12,482.32            |
| Central Excise, Service Tax and customs Duties demands contested in Appeals, not provided for | 428.82               | 428.82               |
| Disputed VAT/ Central Sales tax demands contested in Appeals, not provided for                | 10,179.02            | 10,179.02            |
| Income tax demands contested in Appeals, not provided for                                     | 1,039.99             | 1,732.88             |

Management is of the opinion that the Appeals preferred by the Company will be decided in its favour. Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.

#### 39 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (Net of advances) and not provided for Rs.309.52 lakhs (31 March 2015: Rs Nil lakhs )

#### 40 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 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 recognized the Profit/Loss in the Statement of Profit and Loss for the year ended 31 March 2016.

#### 41 Dues from Subsidiaries and Associates - Disclosure under clause 32 of the listing agreement

##### 41.1 Maximum amount outstanding at any time during the year:

₹ in Lakhs

| Particulars                              | As at March 31, 2016 | As at March 31, 2015 |
|--|----------------------|----------------------|
| <b>Subsidiaries</b>                      |                      |                      |
| Shriram EPC FZE, Sharjah                 | 42.55                | 32.76                |
| <b>Associates</b>                        |                      |                      |
| Haldia Cokes & Chemicals Private Limited | 48,850.50            | 53,567.08            |
| Orient Green Power Company Limited       | 117.35               | 86.34                |
| Ennore Coke Limited                      | 29,174.65            | 24,503.44            |
| Bharat Wind Farm Limited                 | 23.03                | 22.29                |
| Total                                    | 78,208.08            | 78,211.91            |



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

#### 42 CIF value of Imports

₹ in Lakhs

| Particulars  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| Materials consumed in execution of Engineering Contracts | 5,230.62                    | 245.28                      |

#### 43 Expenditure in Foreign Currency

₹ in Lakhs

| Particulars  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| Materials consumed in execution of Engineering Contracts | 5,230.62                    | 245.28                      |
| Travelling and conveyance                                | 41.53                       | 25.23                       |
| Professional and consultation fees                       | 508.26                      | 151.93                      |
| Erection, Construction & Operation Expenses              | 28.32                       | 294.44                      |
| Others   | 157.59                      | 725.67                      |
| Total  | 5,966.32                    | 1,442.55                    |

#### 44 Earnings in Foreign Currency

₹ in Lakhs

| Particulars          | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|----------------------|-----------------------------|-----------------------------|
| FOB Value of Exports | –                           | 10.35                       |

#### 45 Details on derivative instruments and unhedged foreign currency exposures

(i) Outstanding forward exchange contracts entered into by the Company and outstanding as on 31 March 2016 - Nil (PY - USD 979,943)

(ii) Unhedged foreign currency exposure

₹ in Lakhs

| Particulars   | Currency | As at 31 March 2016                         |            |
|---|----------|---|------------|
|   |          | Amount in<br>Foreign Currency<br>(in Lakhs) | ₹ in Lakhs |
| Bank balance  | IQD      | 318.11                                      | 16.83      |
| Trade Payables (including Payables on purchase of fixed assets) | USD      | 34.76                                       | 1,817.94   |
|   | AUD      | 0.36  | 19.92      |
|   | EURO     | 25.21                                       | 1,808.06   |
|   | SGD      | 0.03  | 0.33       |
|   | GBP      | 0.03  | 3.03       |
| Trade and other receivables                                     | USD      | 70.00                                       | 4,621.01   |
|   | AUD      | 10.00                                       | 600.10     |





## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

| Particulars   | Currency | As at 31 March 2015        |            |
|---|----------|----------------------------|------------|
|   |          | Amount in Foreign Currency | ₹ in Lakhs |
| Bank balance  | IQD      | 318.11                     | 16.83      |
| Trade Payables (including Payables on purchase of fixed assets) | USD      | 37.26                      | 2,328.36   |
|   | AUD      | 0.36                       | 17.01      |
|   | EURO     | 5.88                       | 395.13     |
|   | SGD      | 0.40                       | 18.18      |
|   | GBP      | 0.22                       | 20.71      |
| Trade and other receivables                                     | USD      | 84.99                      | 5,155.95   |
|   | EURO     | 5.92                       | 397.67     |

- 46** 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 Rs.9,867.91 lakhs. The Company and the client have been in negotiations with potential financial and strategic investors which would enable the Company to recover its dues. However, there has been no progress in these negotiations. Consequently, considering the increasing uncertainty in the ultimate realization of the said dues, the Company as a matter of abundant caution has made a provision of Rs. 6,707.38 lakhs (after adjusting the value of trade liabilities in respect of this project), which has been disclosed under exceptional items in the statement of Profit and Loss.
- 47** The Company's investment in its associate, Haldia Coke and Chemicals Private Limited is Rs. 4,007.22 lakhs. Considering the erosion of net worth and continuing losses being incurred by it, the Management is of the opinion that the diminution in carrying value of the investment in the associate is other than temporary in nature. Consequently the Company has made a provision for diminution, for the said amount and disclosed the same under exceptional item in the statement of Profit and Loss.
- 48** 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. The construction activities has 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. Further, Company has also filed a claim with concerned authorities and insurers towards compensation for cancellation of contract.



## SHRIRAM EPC LIMITED

### Notes forming part of Financial Statements

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 Rs. 12,208.22 Lakhs. For the above reasons, the management is confident of realizing the monies and do not expect any shortfall in realization.

49 The Company entered into a contract to construct Ammonia plant for Bharath Coal and Chemicals Limited (BCCL, Fellow subsidiary). The project is stalled due to delay in statutory approvals. The total exposure in this project recorded under Unbilled Revenue and Contract Work In Progress is Rs 8,300.19 lakhs. Apart from various options/plans considered by BCCL to commence the project, BCCL has submitted proposal to set up a Coal gasification based plant to a third party and also parallelly considering the option of re-export of the equipments. In addition BCCL has received a letter from Industrial Promotion and Investment Corporation of Odisha Limited , dated 06th November 2015, offering land for setting up the project in Odisha and the matter is under negotiation. Considering these developments, management is of the view that BCCL will be in a position to complete the Ammonia Plant project and thereby the Company will be able to realize these amounts in full.

50 Previous period figures have been regrouped / reclassified to be in conformity with current year classification/disclosure, wherever necessary.

51 The Board of Directors of the Company has reviewed the realizable value of all the current assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. In addition, the Board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on 23 May 2016.

#### For and on behalf of the Board of Directors

T. Shivaraman  
Managing Director

S. Krishnamurthy  
Director

K. Suresh  
Company Secretary

R. S. Chandrasekaran  
Chief Financial Officer

Place : Chennai  
Date : 23<sup>rd</sup> May, 2016





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

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SHRIRAM EPC LIMITED (hereinafter referred to as "the Holding Company") its subsidiary and its associate (the Holding Company its subsidiary and associate together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its subsidiary and associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its subsidiary and associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other Auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

## Basis for Qualified Opinion

We draw attention to the Note No. 43 of the consolidated financial statements regarding the dues aggregating to Rs.12,2908.22 Lakhs in respect of an overseas project. As mentioned in the Note, the Court of Cassation in Iraq has finally decided



the matter against the Holding Company. The Holding Company continues to pursue the matter with the Iraqi Government for compensation, and has also filed appropriate claims with Export Credit and Guarantee Corporation (ECGC). However in the absence of any positive development still date either from Iraqi Government or from ECGC, there is uncertainty on the amount that would be ultimately realizable by the Company. In view of the uncertainty involved, we are unable to comment on the carrying value of the said receivable.

## Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note No. 42 in the consolidated financial statements regarding erosion of net worth and continuing losses being incurred by the Associate, and accordingly the group's share of losses in the associate for the current year has not been recognized in these consolidated financial statements.

We draw attention to Note No. 44 in the consolidated financial statements regarding the dues of

Rs.8,300.19 Lakhs in respect of one project which is not progressing due to statutory delays faced by the customer. The dues are considered fully realisable by the management at this stage in view of the steps taken by the Holding Company for their realization.

Our opinion is not qualified in respect of these matters.

## Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs.7.50 lakhs as at 31<sup>st</sup> March, 2016, total revenues of Rs. NIL and net cash flows amounting to Rs.4.66 Lakhs for the year ended on that date,

as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our

opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on the financial statements certified by the Management.

## Report on Other Legal and Regulatory Requirements

1. **As required by Section 143(3) of the Act, we report, to the extent applicable, that:**
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other Auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - e) The matters described in the Basis for Qualified Opinion







paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.

- f) On the basis of the written representations received from the Directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company, and the reports of the other statutory Auditors of its Associate Company incorporated in India, none of the Directors of the Holding Company and its Associate Company incorporated in India, are disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- h) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the Auditors' reports of the Holding Company and Associate Company incorporated in India. Our report expresses a qualified opinion on the operating effectiveness of the Holding Company's and Associate Company's internal financial controls over financial reporting.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of

the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. Except for the possible effect of the matter described in the Basis of Qualified Opinion above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate.
- ii. Except for the possible effect of the matter described in the Basis of Qualified Opinion above, the Group, did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and Associate Company incorporated in India.

**For DELOITTE HASKINS & SELLS**  
**Chartered Accountants**  
**(Firm's Registration No.: 008072S)**

**M K Ananthanarayanan**  
**Partner**

**Chennai, 23<sup>rd</sup> May 2016**

**(Membership No.: 19521)**



## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Shriram EPC Limited (hereinafter referred to as "the Holding Company") and its associate Company which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, and its associate Company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other Auditors of the Associate Company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.





## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Qualified Opinion

According to the information and explanations given to us and based on our audit, material weakness has been identified as at 31st March, 2016 in the Holding Company relating to inadequate internal financial controls over financial reporting in respect of recoverability of dues relating to an overseas project, which could potentially result in the Holding Company not recognising a provision for overdue receivables.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria in respect the Holding

Company, the Holding Company has, maintained in all material respects, internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2016, based on the internal controls over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Group for the year ended 31st March 2016, and this material weakness affects our opinion on the said Consolidated financial statements of the Company.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the Associate Company which is incorporated in India, is based on the corresponding report of the Auditors of such Company incorporated in India.

**For DELOITTE HASKINS & SELLS**  
**Chartered Accountants**  
**(Firm's Registration No.: 008072S)**

**M K Ananthanarayanan**  
**Partner**

**Chennai, 23<sup>rd</sup> May 2016**

**(Membership No.: 19521)**



**SHRIRAM EPC LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016**

₹ in Lakhs

| Particulars |   | Note | As at<br>31 March 2016 | As at<br>31 March 2015 |
|-------------|---|------|------------------------|------------------------|
| <b>A</b>    | <b>EQUITY AND LIABILITIES</b>   |      |                        |                        |
| 1           | Shareholders' funds   |      |                        |                        |
|             | Share Capital   | 3    | 33,062.64              | 38,635.82              |
|             | Share Application Money   | 3.6  | 6,493.00               | –                      |
|             | Reserves and Surplus  | 4    | 6,035.49               | (36,527.46)            |
|             |   |      | 45,591.13              | 2,108.36               |
| 2           | <b>Non-Current Liabilities</b>  |      |                        |                        |
|             | Long Term Borrowings  | 5    | 150,922.69             | 170,369.55             |
|             | Other Long Term Liabilities   | 6    | 17,312.09              | 19,096.08              |
|             | Long Term Provisions  | 7    | 6,991.03               | 308.89                 |
|             |   |      | 175,225.81             | 189,774.52             |
| 3           | <b>Current Liabilities</b>  |      |                        |                        |
|             | Short Term Borrowings   | 8    | 45,471.55              | 41,801.00              |
|             | Trade Payables  |      |                        |                        |
|             | a) Total outstanding dues of micro enterprises and small enterprises            | 9a   | –                      | –                      |
|             | b) Total outstanding dues of other than micro enterprises and small enterprises | 9b   | 20,458.79              | 23,665.16              |
|             | Other Current Liabilities   | 10   | 7,928.71               | 4,985.13               |
|             | Short Term Provisions   | 11   | 424.98                 | 392.39                 |
|             |   |      | 74,284.03              | 70,843.68              |
|             | TOTAL   |      | 295,100.97             | 262,726.56             |
| <b>B</b>    | <b>ASSETS</b>   |      |                        |                        |
| 1           | <b>Non-Current Assets</b>   |      |                        |                        |
|             | <b>Fixed Assets</b>   | 12   |                        |                        |
|             | Tangible Assets   |      | 5,475.74               | 3,971.08               |
|             | Intangible Assets   |      | 45.55                  | 135.82                 |
|             | Capital Work-in-Progress  |      | 1,014.40               | 2,933.64               |
|             |   |      | 6,535.69               | 7,040.54               |
|             | Non-Current Investments   | 13   | 517.91                 | 517.91                 |
|             | Long-term Loans and Advances  | 14   | 121,511.90             | 103,643.46             |
|             | Other Non-Current Assets  | 15   | 36,315.88              | 33,392.79              |
|             |   |      | 164,881.38             | 144,594.70             |
| 2           | <b>Current Assets</b>   |      |                        |                        |
|             | Inventories   | 16   | 4,544.01               | 8,486.27               |
|             | Trade Receivables   | 17   | 29,119.66              | 25,150.43              |
|             | Cash and Cash Equivalents   | 18   | 5,109.10               | 10,787.01              |
|             | Short Term Loans and Advances   | 19   | 16,165.19              | 12,816.29              |
|             | Other Current Assets  | 20   | 75,281.63              | 60,891.86              |
|             |   |      | 130,219.59             | 118,131.86             |
|             | TOTAL   |      | 295,100.97             | 262,726.56             |
|             | See Accompanying notes forming part of the financial statements                 |      |                        |                        |

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

For and on behalf of the Board of Directors

M. K. Ananthanarayanan  
Partner

T. Shivaraman  
Managing Director

S. Krishnamurthy  
Director

Place : Chennai

K. Suresh  
Company Secretary

R. S. Chandrasekharan  
Chief Financial Officer

Date : 23<sup>rd</sup> May, 2016



**SHRIRAM EPC LIMITED****CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016**

₹ in Lakhs

| Particulars |   | Note | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
|-------------|---|------|-----------------------------|-----------------------------|
| I           | Revenue from Operations   | 21   | 54,759.98                   | 54,765.89                   |
| II          | Other Income  | 22   | 11,302.86                   | 12,134.58                   |
| III         | Total Revenue (I+II)  |      | 66,062.84                   | 66,900.47                   |
| IV          | Expenditure :   |      |                             |                             |
|             | Cost of Raw Materials and Components Consumed                   | 23   | 195.00                      | 603.90                      |
|             | Erection, Construction & Operation Expenses                     | 24   | 35,893.57                   | 45,538.69                   |
|             | Purchases of Stock in Trade                                     | 25   | –                           | 1,296.00                    |
|             | Change in Inventories of Contract Work in Progress              | 26   | 3,747.26                    | 2,658.92                    |
|             | Employee Benefits Expense                                       | 27   | 4,544.25                    | 5,476.92                    |
|             | Finance Costs   | 28   | 27,172.81                   | 30,118.83                   |
|             | Depreciation and Amortization Expense                           | 12   | 650.61                      | 570.33                      |
|             | Other Expenses  | 29   | 7,556.42                    | 5,922.41                    |
|             | Total Expenses  |      | 79,759.92                   | 92,186.00                   |
| V           | Profit /Loss Before Exceptional Items and Tax (III-IV)          |      | (13,697.08)                 | (25,285.53)                 |
| VI          | Exceptional Items (Refer Note Nos. 41 and 42)                   | 41   | 6,707.38                    | –                           |
| VII         | Loss Before Tax (V+VI)  |      | (20,404.46)                 | (25,285.53)                 |
| VIII        | Tax expense / (benefit):  |      |                             |                             |
|             | (1) Current tax   |      | –                           | –                           |
|             | (2) Deferred tax (Net)  |      | –                           | 23.61                       |
|             | (3) Net tax expense / (benefit)                                 |      | –                           | 23.61                       |
| IX          | Loss After Tax for the year                                     |      | (20,404.46)                 | (25,309.14)                 |
| X           | Add : Share of loss from an Associate (Refer Note No. 42)       |      | –                           | (1,255.84)                  |
| XI          | Loss for the year   |      | (20,404.46)                 | (26,564.98)                 |
| XII         | Earnings per Share:( Face value of Rs 10/- per share)           | 36   |                             |                             |
|             | Basic   |      | (8.95)                      | (42.26)                     |
|             | Diluted   |      | (8.95)                      | (42.26)                     |
|             | 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 : 23<sup>rd</sup> May, 2016

For and on behalf of the Board of Directors

T. Shivaraman  
Managing Director

K. Suresh  
Company Secretary

S. Krishnamurthy  
Director

R. S. Chandrasekharan  
Chief Financial Officer

**SHRIRAM EPC LIMITED****CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

₹ in Lakhs

| Particulars |  | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
|-------------|--|-----------------------------|-----------------------------|
| <b>A.</b>   | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                   |                             |                             |
|             | <b>Net Loss before Tax and exceptional item</b>                              | (13,697.08)                 | (25,285.53)                 |
|             | Depreciation and amortization expense  | 650.61                      | 570.33                      |
|             | Provision for Gratuity   | (17.85)                     | 88.23                       |
|             | Provision for Compensated Absences   | 25.20                       | 80.39                       |
|             | Provision for Warranty   | –                           | (29.39)                     |
|             | Loss on disposal of Fixed Assets (Net)                                       | (0.90)                      | 39.06                       |
|             | Bad Trade Debts/Advances Written off   | 205.01                      | 139.20                      |
|             | Provision for doubtful trade and Other receivables and<br>Loans and Advances | 4,044.75                    |                             |
|             | Liabilities / provisions no longer required written back                     | (22.00)                     | (156.95)                    |
|             | Interest Income  | (11,088.76)                 | (11,738.04)                 |
|             | Interest and Finance Charges   | 27,172.81                   | 30,119.17                   |
|             | Provision for Unbilled Revenue   | 545.20                      | 6,320.12                    |
|             | Deferred rent  | 15.72                       | 11.21                       |
|             |  | 21,529.79                   | 25,443.33                   |
|             | <b>Operating Profit before working capital changes</b>                       | 7,832.71                    | 157.80                      |
|             | <b>Working capital changes :</b>   |                             |                             |
|             | Adjustments for (increase) / decrease in operating assets:                   |                             |                             |
|             | Inventories  | 3,942.26                    | 2,939.81                    |
|             | Trade Receivables  | (3,652.81)                  | (682.41)                    |
|             | Short Term Loans and Advances  | (4,771.27)                  | 4,283.89                    |
|             | Long Term Loans and Advances   | (11,341.77)                 | (18,888.43)                 |
|             | Other Current Assets   | (13,030.76)                 | (14,096.88)                 |
|             | Other Non-Current Assets   | 7,964.31                    | 5,811.65                    |
|             |  | (20,890.04)                 | (20,632.37)                 |
|             | <b>Adjustments for increase / (decrease) in operating liabilities:</b>       |                             |                             |
|             | Trade Payables   | (2,503.92)                  | (6,820.14)                  |
|             | Other Current Liabilities  | 2,630.39                    | (1,664.24)                  |
|             | Long term provisions   | (25.24)                     | 2.51                        |
|             | Other Long Term Liabilities  | (1,799.77)                  | –                           |
|             | Short term provisions  | 32.59                       | –                           |
|             |  | (1,665.95)                  | (8,481.87)                  |
|             | Cash generated from /(used in) operations                                    | (14,723.27)                 | (28,956.45)                 |
|             | Net income tax paid  | (353.45)                    | (885.57)                    |
|             | <b>Net Cash flow (used in) / from Operating Activities (A)</b>               | <b>(15,076.72)</b>          | <b>(29,842.02)</b>          |





# SHRIRAM EPC LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016 (contd.)

₹ in Lakhs

| Particulars |   | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
|-------------|---|-----------------------------|-----------------------------|
| <b>B</b>    | <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |                             |                             |
|             | Capital expenditure (including Capital Work in progress)                                    | (168.10)                    | (2,375.53)                  |
|             | Proceeds from sale of fixed assets  | 23.25                       | 14.84                       |
|             | Bank balances not considered as Cash and cash equivalents (Net)                             |                             |                             |
|             | – Placed  | (3,717.67)                  | (7,239.11)                  |
|             | – Matured   | 7,239.11                    | 10,505.24                   |
|             | Interest Received   | 1,318.17                    | 469.66                      |
|             | <b>Net Cash from Investing Activities (B)</b>   | <b>4,694.76</b>             | <b>1,375.11</b>             |
| <b>C</b>    | <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |                             |                             |
|             | Proceeds from issue of Equity Shares (Including Securities Premium) / Preference shares     | 38,900.00                   | 21,000.00                   |
|             | Receipt of Share application money  | 6,493.00                    |                             |
|             | Proceeds from long term borrowings (Refer Note 5.1)   | –                           | 59,879.18                   |
|             | Repayment of long term borrowings   | –                           | (12,500.00)                 |
|             | Repayment of Long term borrowings from a related party (Net)                                | –                           | (4,251.70)                  |
|             | Proceeds from Short Term borrowings( net)   | 3,698.86                    | (13,267.00)                 |
|             | Redemption of Preference shares   | (30,000.00)                 |                             |
|             | Dividend paid   |                             | (0.18)                      |
|             | Movement in current maturities of long term borrowings                                      | 326.44                      | (2,574.63)                  |
|             | Interest and Finance Charges Paid   | (11,192.81)                 | (17,641.58)                 |
|             | Interest recovery   |                             | –                           |
|             | <b>Net Cash from Financing Activities (C)</b>   | <b>8,225.49</b>             | <b>30,644.09</b>            |
| <b>D</b>    | <b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR / PERIOD ( A + B + C )</b>     | <b>(2,156.47)</b>           | <b>2,177.18</b>             |
|             | Cash and Cash equivalents as at the beginning of the year / period                          | 3,547.90                    | 1,370.72                    |
|             | Effect of exchange differences on restatement of foreign currency Cash and cash equivalents |                             |                             |
|             | <b>Cash and Cash equivalents as at the end of the year / period</b>                         | <b>1,391.43</b>             | <b>3,547.90</b>             |

**SHRIRAM EPC LIMITED****CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016 (contd.)**

₹ in Lakhs

| Particulars   |  | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
|---|--|-----------------------------|-----------------------------|
| <b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>                              |  |                             |                             |
| Cash and cash equivalents as per Balance Sheet  |  | 5,109.10                    | 10,787.01                   |
| 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  |  | (3,717.67)                  | (7,239.11)                  |
| <b>Cash and cash equivalents at the end of the year / period *</b>                                      |  | <b>1,391.43</b>             | <b>3,547.90</b>             |
| <b>* Comprises:</b>   |  |                             |                             |
| (a) Cash on hand  |  | 24.04                       | 26.42                       |
| (b) Balances with banks   |  |                             |                             |
| (i) In current accounts   |  | 150.77                      | 3,488.08                    |
| (ii) In deposit accounts with original maturity of less than 3 months                                   |  | 1,197.93                    | 14.71                       |
| (iii) In earmarked accounts (Unpaid Dividend Account)   |  | 18.69                       | 18.69                       |
|   |  | 1,367.39                    | 3,521.48                    |
|   |  | 1,391.43                    | 3,547.90                    |
| See Accompanying notes forming part of the financial statements   |  |                             |                             |
| <b>Note:</b>  |  |                             |                             |
| 1   | Capital expenditure includes adjustments for current liabilities relating to acquisition of fixed assets to the extent identified. |                             |                             |
| 2   | Significant Non cash items   |                             |                             |
|   | Conversion of FITL into equity   | 25,959.81                   | –                           |
|   | Conversion of WCTL into equity   | 7,840.00                    | –                           |
|   | Conversion of Interest sacrifice into equity   | 14,700.00                   | –                           |

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

For and on behalf of the Board of Directors

M. K. Ananthanarayanan  
Partner

Place : Chennai

Date : 23<sup>rd</sup> May, 2016

T. Shivaraman  
Managing Director

K. Suresh  
Company Secretary

S. Krishnamurthy  
Director

R. S. Chandrasekharan  
Chief Financial Officer







## SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2016

### 1A 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.

### 1B Going Concern

The financial statements have been prepared on principles applicable to a going concern despite substantial erosion of net worth, considering

- a) the committed orders on hand and under negotiation.
- b) expected higher cash flows based on future business projections
- c) Restructuring of Company's debts under Corporate Debt Restructuring (CDR) proposal which was approved by CDR Empowered group on 20 August 2014. The details regarding the restructured debt is as specified in the Master Restructuring Agreement between the Company and the lenders are given in Note 5 (i) and
- d) the continued operational and financial support given by the Holding Company.

### 1C Principles of consolidation

The consolidated financial statements relate to Shriram EPC Limited (the 'Company'), and its Subsidiary Company. The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Subsidiary Company in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2015.
- (ii) The financial statements of the Company and its Subsidiary Company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses, unless cost cannot be recovered.
- (iii) The consolidated financial statements include the share of profit / loss of the Associate Company which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/ loss of each of the associate companies ( the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments. For the reasons stated in Note No. 42, the Group's share of losses in its associate for the year have not been considered in these consolidated financial statements.
- (iv) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be.



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements for the year ended March 31, 2016

(v) Following Subsidiary Company and associate have been considered in the preparation of the consolidated financial statements:

| Name of the entity   | Relationship | Country of Incorporation | % of Holding and voting power |                |
|--|--------------|--------------------------|-------------------------------|----------------|
|  |              |                          | 31 March, 2016                | 31 March, 2015 |
| Shriram EPC (FZE) Pte Limited                                      | Subsidiary   | United Arab Emirates     | 100%                          | 100%           |
| Haldia Coke and Chemicals Private Limited (Refer Note (iii) above) | Associate    | India                    | 48.48%                        | 48.48%         |

#### Subsidiaries of Associate

| Name of the entity                       | Relationship            | Country of Incorporation | % of Holding and voting power either directly or indirectly |                |
|--|-------------------------|--------------------------|---|----------------|
|  |                         |                          | 31 March, 2016  | 31 March, 2015 |
| Ennore Coke Limited                      | Subsidiary of Associate | India                    | 48.48%  | 48.48%         |
| Wellman Coke India Limited               | Subsidiary of Associate | India                    | 48.48%  | 48.48%         |
| Asia Coke Limited                        | Subsidiary of Associate | India                    | 48.48%  | 48.48%         |
| Aditya Coke Private Limited              | Subsidiary of Associate | India                    | 48.48%  | 48.48%         |
| Mahala Coke Products Private Limited     | Subsidiary of Associate | India                    | 48.48%  | 48.48%         |
| laeger Minerals Inc, & Subsidiaries      | Subsidiary of Associate | USA                      | 48.48%  | 48.48%         |
| Mississippi Minerals, Inc & Subsidiaries | Subsidiary of Associate | USA                      | 48.48%  | 48.48%         |





## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements for the year ended March 31, 2016

#### 2 Significant Accounting Policies:

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

The financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. 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 recognized in the periods in which the results are known / materialize.

##### 2.3 Inventories

Inventories are valued at the lower of cost on FIFO basis and the net realizable 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.

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 Group are segregated based on the available information.

##### 2.6 Depreciation and amortization

"Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset. "

- (i) Leasehold improvements are written off over the primary period of their lease.
- (ii) Technical Know-how fees are amortized over the period of 5 to 10 years based on estimated useful life of the asset.
- (iii) Software cost are amortized over a period of 5 years based on Management's evaluation of their estimated useful life.
- (iv) Right to use Lease hold Land is amortized over the primary period of lease, which is 20 years.
- (v) Individual assets costing Rs. 5,000/- each or less is depreciated fully in the year of acquisition.

##### 2.7 Revenue Recognition

###### Sale of goods

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements for the year ended March 31, 2016

to the buyer, which generally coincides with the delivery of goods to customers. Sales are inclusive of all taxes.

#### Revenue from Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.

For the purposes of recognizing revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognized in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred of which recovery is probable and the related contract costs are recognized as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

Contract Revenue earned in excess of billing is 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'.

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 / Amortization. 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.

#### Capital work-in-progress

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 / Translations

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 Group'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 Group's integral foreign operations outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Group'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





## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements for the year ended March 31, 2016

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

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.

##### 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 Group'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 Group'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 recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance

Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized 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 recognized in the Statement of Profit and Loss as income or expense.

#### 2.12 Employee Share Based payments

The Group 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 Group to acquire Equity Shares of the Group 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 amortized on a straight-line basis over the vesting period.

#### 2.13 Segment Reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization 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 Group. 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 Group as a whole and are not allocable to segments on



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements for the year ended March 31, 2016

reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities.”

#### 2.14 Leases

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. Such leases are capitalized 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 recognized as operating leases. Lease rentals under operating leases are recognized 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.

#### 2.16 Taxation

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

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 Group will

pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

Deferred tax is recognized 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 recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation, carry forward of losses and items relating to capital losses are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized 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 realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realizability.

#### 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 following intangible assets are tested for impairment each Financial Year even if there is no indication that the asset is impaired: (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset. 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





## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements for the year ended March 31, 2016

present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.

#### 2.18 Provisions and Contingencies

A provision is recognized when the Group 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 recognized in the financial statements.

#### 2.19 Provision for warranty

As per the terms of the contracts, the Group provides post-contract services / warranty support to some of its customers. The Group 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.

##### Provision for Liquidated Damages

Liquidated damages are provided based on contractual terms and negotiations with the customer when the delivery/ commissioning dates of an individual project have exceeded or are likely to exceed the delivery/ commissioning dates as per the respective contracts. This expenditure is expected to be incurred over the respective contractual terms upto closure of the contract. (including defect liability period).

##### Provision for losses on contracts

A provision for expected loss on construction contracts is recognized when it is probable that the contract costs will exceed total contract revenue. For all other contracts loss order provisions are made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

#### 2.20 Share issue expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilization in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

#### 2.21 Derivative Contracts

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

#### 2.22 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 / utilizing the credits.

#### 2.23 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 Consolidated Financial Statements

#### 3 Share Capital

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

₹in Lakhs

| Particulars   | As at         |               |
|---|---------------|---------------|
|   | 31 March 2016 | 31 March 2015 |
| <b>Authorised :-</b>  |               |               |
| 410,000,000 (previous year - 110,000,000 Equity Shares)<br>Equity Shares of Rs. 10 each                             | 41,000.00     | 11,000.00     |
| 30,000,000 Convertible Preference shares of Rs.100 each   | –             | 30,000.00     |
|   | 41,000.00     | 41,000.00     |
| <b>Issued, Subscribed and fully Paid-up:-</b>   |               |               |
| 330,626,422 Equity Shares (previous year - 86,358,184 Equity Shares)<br>of Rs. 10 each                              | 33,062.64     | 8,635.82      |
| <b>Preference Share Capital</b>   |               |               |
| NIL Preference Shares (previous year - 30,000,000, 10% Cumulative Redeemable<br>Preference shares) of Rs 100/- each | –             | 30,000.00     |
| Total   | 33,062.64     | 38,635.82     |

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

| Particulars  | As at 31 March 2016 |                        | As at 31 March 2015 |                        |
|--|---------------------|------------------------|---------------------|------------------------|
|  | In Shares           | Amount<br>(in ₹ Lakhs) | In Shares           | Amount<br>(in ₹ Lakhs) |
| <b>Equity Shares</b>                                   |                     |                        |                     |                        |
| At the beginning of the year / period                  | 86,358,184.00       | 8,635.82               | 44,358,184          | 4,435.82               |
| Issued during the year / period (Refer Note 3.4 below) | 244,268,238.00      | 24,426.82              | 42,000,000          | 4,200.00               |
| Outstanding at the end of the year / period            | 330,626,422.00      | 33,062.64              | 86,358,184          | 8,635.82               |

| Particulars                                    | As at 31 March 2016 |                        | As at 31 March 2015 |                        |
|--|---------------------|------------------------|---------------------|------------------------|
|  | In Shares           | Amount<br>(in ₹ Lakhs) | In Shares           | Amount<br>(in ₹ Lakhs) |
| <b>Cumulative Redeemable Preference Shares</b> |                     |                        |                     |                        |
| At the beginning of the year / period          | 30,000,000.00       | 30,000.00              | 30,000,000          | 30,000.00              |
| Issued / (Redeemed) during the year / period   | (30,000,000.00)     | (30,000.00)            | –                   | –                      |
| Outstanding at the end of the year / period    | –                   | –                      | 30,000,000          | 30,000.00              |







## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

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

| Name of Shareholder                            | As at 31 March 2016 |                                   | As at 31 March 2015 |                                   |
|--|---------------------|-----------------------------------|---------------------|-----------------------------------|
|  | No of Shares        | % holding in that class of shares | No of Shares        | % holding in that class of shares |
| <b>Equity Shares</b>                           |                     |                                   |                     |                                   |
| SVL Limited                                    | 165,412,862.00      | 50.03%                            | 60,334,526          | 69.87%                            |
| Oriental Bank of Commerce                      | 32,026,835.00       | 9.69%                             | –                   | –                                 |
| Central Bank of India                          | 17,506,860.00       | 5.30%                             | –                   | –                                 |
| Bessemer Venture Partners                      | –                   | –                                 | 10,481,762          | 12.14%                            |
| <b>Cumulative Redeemable Preference Shares</b> |                     |                                   |                     |                                   |
| SVL Limited                                    | –                   | –                                 | 30,000,000          | 100.00%                           |

#### 3.3 Details of shares held by Holding Company and Ultimate Holding Company

| Name of Shareholder                            | As at 31 March 2016 |                                   | As at 31 March 2015 |                                   |
|--|---------------------|-----------------------------------|---------------------|-----------------------------------|
|  | No of Shares        | % holding in that class of shares | No of Shares        | % holding in that class of shares |
| <b>Equity Shares</b>                           |                     |                                   |                     |                                   |
| SVL Limited                                    | 165,412,862.00      | 50.03%                            | 60,334,526          | 69.87%                            |
| <b>Cumulative Redeemable Preference Shares</b> |                     |                                   |                     |                                   |
| SVL Limited                                    | –                   | –                                 | 30,000,000          | 100.00%                           |

#### 3.4 Terms/rights attached to the shares

| Particulars   | Amount (in Rs. Lakhs) |                       |               |               |
|---|-----------------------|-----------------------|---------------|---------------|
|   | No of Shares          | Face value of Rs 10/- | Premium       | Total         |
| Promoters - SVL Limited (Holding Company)                     | 105,078,336.00        | 10,507.83             | 28,392        | 38,900        |
| Lender Banks - Conversion of Funded Interest Term Loan (FITL) | 78,713,800.00         | 7,871.38              | 18,088        | 25,960        |
| Lender Banks - Conversion of Interest Sacrifice               | 36,704,119.00         | 3,670.41              | 11,030        | 14,700        |
| Lender Banks - Conversion of Working Capital Term Loan( WCTL) | 23,771,983.00         | 2,377.20              | 5,463         | 7,840         |
| <b>Total</b>  | <b>244,268,238.00</b> | <b>24,426.82</b>      | <b>62,973</b> | <b>87,400</b> |

#### 3.5 Terms/rights attached to the shares

The Holding Company has issued Equity Shares having a par value of Rs.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 Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

#### 3.6 Share Application Money Pending Allotment

During the year the Company received Rs 6,493 lakhs from its promoter and Holding Company, SVL limited towards subscription of Equity on Preferential basis. The approval of shareholders for this proposed preferential issue was obtained by the Company through a postal ballot on 11th February 2016. The shares will be allotted after receipt of regulatory approvals.



# SHRIRAM EPC LIMITED

## Notes forming part of Consolidated Financial Statements

### 4 Reserves and Surplus

₹ in Lakhs

| Particulars   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| a) Capital Reserve  | 12.92                  | 12.92                  |
| b) Securities Premium Account   |                        |                        |
| Opening Balance   | 41,649.88              | 24,849.88              |
| Add: Receipts during the year ( Refer Note 3.4 above)   | 62,973.00              | 16,800.00              |
| Closing Balance   | 104,622.88             | 41,649.88              |
| c) Share Options Outstanding Account  |                        |                        |
| Opening Balance   | 0.17                   | 97.29                  |
| Less: Transfer to General Reserve   | –                      | 97.12                  |
| Closing Balance   | 0.17                   | 0.17                   |
| d) General Reserve  |                        |                        |
| Opening Balance   | 561.75                 | 464.63                 |
| Add: Transfer from Stock Options Outstanding Account  | –                      | 97.12                  |
| Closing Balance   | 561.75                 | 561.75                 |
| e) Foreign Currency Translation Reserve   | 0.01                   | –                      |
| Additions during the year   | (5.59)                 | 0.01                   |
| Deletions during the year   | –                      | –                      |
| Closing Balance   | (5.58)                 | 0.01                   |
| f) (Deficit) in Statement of Profit and Loss  |                        |                        |
| Opening balance   | (83,453.18)            | (56,842.34)            |
| Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax Rs 23.61 lakhs) | –                      | 45.86                  |
| Add: Loss for the year / period   | (20,404.46)            | (26,564.98)            |
| Closing Balance   | (103,857.64)           | (83,453.18)            |
| g) Share of Reserves from Associate   | 4,700.99               | 4,700.99               |
| Total   | 6,035.49               | (36,527.46)            |





# SHRIRAM EPC LIMITED

## Notes forming part of Consolidated Financial Statements

### 5 Long Term Borrowings

₹ in Lakhs

| Particulars                             | Long term portion   |                     | Current maturities  |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2016 | As at 31 March 2015 |
| <b>Secured</b>                          |                     |                     |                     |                     |
| From Banks                              |                     |                     |                     |                     |
| – Term Loans                            | 15,134.13           | 15,472.89           | 309.59              |                     |
| – Working Capital Term Loans            | 126,445.66          | 135,412.62          |                     |                     |
| – Funded Interest Term Loans            | 4,573.17            | 13,553.32           |                     |                     |
| From Others                             |                     |                     |                     |                     |
| – Working Capital Term Loans            | 4,358.00            | 671.00              | 13.00               |                     |
| – Funded Interest Term Loans            | 140.61              | 75.49               | 8.00                |                     |
| Finance Lease Obligations               | 8.82                | 10.52               | 8.19                | 12.34               |
| Unsecured                               |                     |                     |                     |                     |
| From Related Parties ( Holding Company) | 262.30              | 5,173.71            |                     |                     |
| <b>Total</b>                            | <b>150,922.69</b>   | <b>170,369.55</b>   | <b>338.78</b>       | <b>12.34</b>        |

#### 5.1 Terms of Repayment and Security details

₹ in Lakhs

| Particulars                                | As at 31 March 2016 | Interest Rate | Terms of Repayment   | Secured by  |
|--|---------------------|---------------|--|---|
| Central Bank of India                      | 2,943.72            | 10.70%        | 32 structured quarterly instalments, commencing from June 2016 and ending with March 2024. | Primary- Exclusive charge on 5 Wind Energy Generator of 1.5 MW from Lietwind Shriram Manufacturing Limited.                                       |
| Central Bank of India                      | 12,500.00           | 10.70%        | 32 structured quarterly instalments, commencing from June 2016 and ending with March 2024. | First PariPassu Charge over the pooled assets i.e, all moveable (both fixed, current and non current assets) and immovable assets of the Company. |
| <b>Term Loans from Banks</b>               | <b>131,838.44</b>   | 10.70%        | 32 structured quarterly instalments, commencing from June 2016 and ending with March 2024. | First PariPassu Charge over the pooled assets i.e, all moveable (both fixed, current and non current assets) and immovable assets of the Company. |
| HDFC Bank                                  | 17.01               | 13.50%        | 36 to 60 Months  | Secured by Vehicles purchased under Hire Purchase Scheme  |
| K P R Investments Private Limited          | 2,500.00            | 12.00%        | Against collection of retention debtors  | Secured by specific charge on retention debtors   |
| Shaswatha Renewable Energy Private Limited | 1,200.00            | 12.00%        | Against collection of retention debtors  | Secured by specific charge on retention debtors   |
| <b>Total</b>                               | <b>150,999.17</b>   |               |  |   |

#### Unsecured Loans

Loan from Holding Company carries the interest rate of 9% pa and repayable after settlement of CDR dues.



## 5.2 Corporate Debt Restructuring

During the previous year, at the request of the Company, the Corporate Debt Restructuring Proposal (CDR Proposal) of the Company was referred to Corporate Restructuring Cell (CDR Cell) by the consortium of bankers (CDR Bankers) led by Oriental Bank of Commerce (OBC). The CDR Proposal as recommended by OBC and other lenders was approved by CDR Empowered Group (CDR EG) on 20 August 2014 and communicated to the Company vide Letter of Approval dated 11 September 2014. The Master Restructuring Agreement (MRA) between the Company and the CDR lenders was executed on 20 September 2014, by virtue of which the restructured facilities are governed by the provisions specified in the MRA with cut off date as 01 April, 2014.

### The key features of the MRA are as follows :

- (i) Term loans(TL) are repayable after moratorium of 2 years from cut off date in 32 structured quarterly instalments commencing from June 2016 upto March 2024.
- (ii) Conversion of various irregular / outstanding / devolved financial facilities into Working Capital Term Loan ( WCTL) repayable after moratorium of 2 year from cut off date in 32 structured quarterly instalments commencing from June 2016 upto March 2024.
- (iii) The interest payable on Term Loans and WCTL during moratorium period of 2 years from cut off date shall be converted into Funded Interest Term Loan (FITL) and repayable over 20 structured quarterly instalments commencing from June 2016 upto March 2021.
- (iv) Restructuring of existing fund based and non fund based financial facilities, subject to renewal and reassessment every year.
- (v) The rate of interest on Term Loan(TL), WCTL, FITL and fund based working capital facilities shall be ( linked to OBC base rate ) increased in a stepped up manner :

| Particulars            | FY15 to FY16 | FY17 to FY19 | FY20 to FY24 |
|------------------------|--------------|--------------|--------------|
| Interest rate ( p.a)   | BR + 1%      | BR + 1.75%   | BR + 3.50%   |
| Present Effective Rate | 11.25%       | 12.00%       | 0.14         |

- (vi) Waiver of existing events of defaults, penal interest and charges etc, in accordance with MRA.
- (vii) Right to Recompense to CDR Lenders for the relief and sacrifice extended subject to provisions of CDR Guidelines and MRA.
- (viii) The Company to operate Trust and Retention account ( TRA ) with OBC and entire cash flow should be routed through said TRA.
- (ix) The MRA as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve bank of India, give a right to the CDR Lenders to get a recompense of their waivers and sacrifices made as part of the CDR proposal. The total amount of recompense payable to CDR lenders at the time of exit of the CDR, as contained in the MRA is Rs 109,617 lakhs. The present value of such recompense as at 31st March 2015 was Rs 18,417 lakhs. During the year, certain CDR lenders agreed to take equity in the Company in lieu of recompense of Rs 14,699 lakhs payable to them and the Company has allotted Equity Shares in full settlement of the recompense amount. Accordingly the Company has no further liability towards recompense.
- (x) As per the CDR, the Company requires to repay Rs.1,331 lakhs towards first instalment of WCTL. However, the Company on 30<sup>th</sup> April 2016, submitted a proposal to OBC and all other CDR lenders for conversion of the entire amount of WCTL reflected above into equity effective 01<sup>st</sup> April 2016 at a price to be determined in accordance with SEBI( Issue of Capital and Disclosure) Regulations, 1999. The Company is hopeful of getting the acceptance of the CDR lenders and accordingly the current maturities of WCTL has not been disclosed separately in Note No.10 (" Other Current Liabilities").

### 5.3 All amounts due under CDR are covered by Corporate Guarantee of SVL Limited ( Holding Company).

### 5.4 48,942,674 Equity Shares of the Company have been pledged with the CDR lenders by SVL Limited(Holding Company).





## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 6 Other Long-term Liabilities

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Advance from Customers   | 13,236.36           | 11,637.43           |
| Security Deposit Received  | 9.80                | 18.90               |
| Deferred Rent Obligations  | 96.39               | 80.67               |
| Sundry Creditors- Retention  | 3,969.54            | 3,866.16            |
| Interest accrued and due to Loan from related parties<br>(Refer Note 34) | –                   | 3,492.92            |
| <b>Total</b>   | <b>17,312.09</b>    | <b>19,096.08</b>    |

#### 7 Long-term Provisions

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| "Provision for Employee Benefits - Gratuity (Refer Note 31.1)" | <b>283.65</b>       | <b>308.89</b>       |
| Provision for Contract Losses (Refer Note 41)                  | 6,707.38            |                     |
| <b>Total</b>   | <b>6,991.03</b>     | <b>308.89</b>       |

#### 8 Short Term Borrowings

₹ in Lakhs

| Particulars                          | As at 31 March 2016 | As at 31 March 2015 |
|--------------------------------------|---------------------|---------------------|
| Loans Repayable on Demand - Secured  |                     |                     |
| <b>From Banks</b>                    |                     |                     |
| Cash Credit and Overdraft facilities | 45,015.12           | 41,279.26           |
| <b>From Others</b>                   |                     |                     |
| Cash Credit and Overdraft facilities | 456.43              | 493.43              |
| <b>Total</b>                         | <b>45,471.55</b>    | <b>41,772.69</b>    |

#### 8.1 Details of Borrowings

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 | Nature of security  |
|--------------|---------------------|---------------------|---|
| CDR Lenders  | 45,015.12           | 41,279.26           | First PariPassu Charge over the pooled assets i.e, all moveable (both fixed, current and non current assets) and immovable assets of the Company. |
| IFCI Factors | 456.43              | 493.43              |   |
| <b>Total</b> | <b>45,471.55</b>    | <b>41,772.69</b>    |   |



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 9 Trade Payables

₹ in Lakhs

| Particulars   | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| a) Total outstanding dues of micro enterprises and small enterprises            | –                   | –                   |
| b) Total outstanding dues of other than micro enterprises and small enterprises |                     |                     |
| Acceptances   | 5,320.25            | 9,258.92            |
| Other than Acceptances (Refer Note 9.1 and 34)                                  | 15,107.81           | 14,406.24           |
| <b>Total</b>  | <b>20,428.06</b>    | <b>23,665.16</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 2016 and 31 March 2015, on the basis of such parties having been identified by the management and relied upon by the Auditors.

#### 10 Other Current Liabilities

₹ in Lakhs

| Particulars                                     | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Advance from customers                          | 6,912.00            | 4,086.00            |
| Advance Billing                                 | 236.89              | 510.82              |
| Deferred Rent Obligations                       | 6.24                | 10.98               |
| Current Maturities of Bank Term Loans           | 330.59              |                     |
| Current Maturities of Finance Lease Obligations | 8.19                | 12.34               |
| Payables on Purchase of Fixed Assets            | –                   | 233.64              |
| Statutory remittances                           | 151.97              | 79.43               |
| Interest accrued but not due on borrowings      | 228.66              | 50.65               |
| Interest accrued and due on borrowings          | 52.90               | –                   |
| Unclaimed Dividend                              | 1.27                | 1.27                |
| <b>Total</b>                                    | <b>7,928.71</b>     | <b>4,985.13</b>     |

#### 11 Short-term Provisions

₹ in Lakhs

| Particulars                            | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Provision for Employee Benefits        |                     |                     |
| Gratuity (Refer Note 31.1)             | 56.24               | 48.85               |
| Compensated Absences (Refer Note 31.2) | 368.74              | 343.54              |
| <b>Total</b>                           | <b>424.98</b>       | <b>392.39</b>       |



## 12 Fixed Assets

## 12.1 Fixed Assets - Current Year

₹ in Lakhs

| S. No | Block of Assets                                 | Gross Block              |                 |               |                           | Accumulated Depreciation and Amortisation |   |                              |                           | Net Block<br>As at<br>31 March<br>2016 |
|-------|---|--------------------------|-----------------|---------------|---------------------------|---|---|------------------------------|---------------------------|--|
|       |   | As at<br>1 April<br>2015 | Additions       | Disposals     | As at<br>31 March<br>2016 | As at<br>1 April<br>2015                  | Depreciation/<br>Amortisation<br>for the year | Depreciation<br>on disposals | As at<br>31 March<br>2016 |  |
|       | <b>Tangible Assets</b>                          |                          |                 |               |                           |   |   |                              |                           |  |
| 1     | Freehold Land                                   | 241.50                   | -               | -             | 241.50                    | -   | -   | -                            | -                         | 241.50                                 |
| 2     | Leasehold Land                                  | 80.00                    |                 |               | 80.00                     | 28.19                                     | 3.48  | -                            | 31.67                     | 48.33                                  |
| 3     | Buildings                                       | 177.32                   | -               | -             | 177.32                    | 69.15                                     | 4.95  |                              | 74.10                     | 103.22                                 |
| 4     | Leasehold Improvements                          | 546.26                   | -               | -             | 546.26                    | 149.19                                    | 59.52   |                              | 208.71                    | 337.55                                 |
| 5     | Plant and Equipments<br>(Refer Note 12.2 below) | 4,572.10                 | 2,020.85        | 0.03          | 6,592.92                  | 1,625.89                                  | 413.86  | 0.03                         | 2,039.72                  | 4,553.20                               |
| 6     | Furniture and Fixtures                          | 109.97                   | 22.85           | 4.93          | 127.89                    | 67.31                                     | 9.33  | 2.72                         | 73.92                     | 53.97                                  |
| 7     | Office Equipment                                | 120.31                   | 2.80            | 0.85          | 122.26                    | 75.62                                     | 18.83   | 0.64                         | 93.81                     | 28.45                                  |
| 8     | Computers                                       | 410.95                   | 17.36           | 81.10         | 347.21                    | 338.92                                    | 55.52   | 80.71                        | 313.73                    | 33.48                                  |
| 9     | Vehicle (Refer Note 12.2 below)                 | 279.87                   | 17.68           | 101.00        | 196.55                    | 161.12                                    | 40.85   | 81.46                        | 120.51                    | 76.04                                  |
|       |   | <b>6,538.28</b>          | <b>2,081.54</b> | <b>187.91</b> | <b>8,431.91</b>           | <b>2,515.39</b>                           | <b>606.34</b>                                 | <b>165.56</b>                | <b>2,956.17</b>           | <b>5,475.74</b>                        |
|       | <b>Intangible Assets</b>                        |                          |                 |               |                           |   |   |                              |                           |  |
| 10    | Technical Knowhow                               | 1,101.97                 |                 |               | 1,101.97                  | 1,094.70                                  | 4.84  | -                            | 1,099.54                  | 2.43                                   |
| 11    | Software  | 468.16                   | 5.81            |               | 473.97                    | 391.42                                    | 39.43   | -                            | 430.85                    | 43.12                                  |
|       |   | <b>1,570.13</b>          | <b>5.81</b>     | <b>-</b>      | <b>1,575.94</b>           | <b>1,486.12</b>                           | <b>44.27</b>                                  | <b>-</b>                     | <b>1,530.39</b>           | <b>45.55</b>                           |
|       | <b>Total</b>                                    | <b>8,108.41</b>          | <b>2,087.35</b> | <b>187.91</b> | <b>10,007.85</b>          | <b>4,001.51</b>                           | <b>650.61</b>                                 | <b>165.56</b>                | <b>4,486.56</b>           | <b>5,521.29</b>                        |



## SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements

### 12.2 Details of Assets taken under finance lease:

₹ in Lakhs

| Block of Assets          | As at 31st March 2016 | As at 31st March 2015 |
|--------------------------|-----------------------|-----------------------|
| Plant and Machinery      |                       |                       |
| Gross Block              | 189.91                | 189.91                |
| Accumulated Depreciation | 58.32                 | 45.44                 |
| Net Book value           | 131.59                | 144.47                |

| Block of Assets          | As at 31st March 2016 | As at 31st March 2015 |
|--------------------------|-----------------------|-----------------------|
| Vehicles                 |                       |                       |
| Gross Block              | 78.35                 | 61.17                 |
| Accumulated Depreciation | 24.21                 | 15.5                  |
| Net Book value           | 54.14                 | 45.67                 |





# SHRIRAM EPC LIMITED

## Notes forming part of Consolidated Financial Statements

### 12 Fixed Assets

#### 12.1 Fixed Assets - Previous Year

₹ in Lakhs

| S. No | Block of Assets                              | Gross Block        |               |              | Accumulated Depreciation and Amortisation |                    |  |  | Net Block       |                           |
|-------|--|--------------------|---------------|--------------|---|--------------------|--|--|-----------------|---------------------------|
|       |  | As at 1 April 2014 | Additions     | Disposals    | As at 31 March 2015                       | As at 1 April 2014 | Depreciation/Amortisation for the year | Transition adjustment recorded against Deficit balance in Statement of Profit and Loss (Refer Note 12.3 below) |                 | Depreciation on disposals |
|       | <b>Tangible Assets</b>                       |                    |               |              |   |                    |  |  |                 |                           |
| 1     | Freehold Land                                | 241.50             | -             | -            | 241.50                                    | -                  | -                                      | -  | -               | 241.50                    |
| 2     | Buildings                                    | 174.00             | 3.32          | -            | 177.32                                    | 62.84              | -                                      | 6.31   | 69.15           | 108.17                    |
| 3     | Leasehold Improvements                       | 623.08             | 2.59          | 79.41        | 546.26                                    | 105.60             | -                                      | 75.00  | 149.19          | 397.07                    |
| 4     | Plant and Equipments (Refer Note 12.4 below) | 4,198.72           | 375.35        | 1.97         | 4,572.10                                  | 1,302.50           | 21.55                                  | 302.66   | 1,625.89        | 2,946.21                  |
| 5     | Furniture and Fixtures                       | 96.31              | 13.74         | 0.08         | 109.97                                    | 59.32              | -                                      | 8.00   | 67.31           | 42.66                     |
| 6     | Office Equipment                             | 114.59             | 6.34          | 0.62         | 120.31                                    | 34.17              | 18.60                                  | 22.94  | 75.62           | 44.69                     |
| 7     | Computers                                    | 397.83             | 14.60         | 1.48         | 410.95                                    | 225.36             | 27.12                                  | 87.66  | 338.92          | 72.03                     |
| 8     | Vehicles (Refer Note 12.4 below)             | 276.95             | 8.90          | 5.98         | 279.87                                    | 114.06             | 2.20                                   | 46.95  | 161.12          | 118.75                    |
|       |  | <b>6,122.98</b>    | <b>424.84</b> | <b>89.54</b> | <b>6,458.28</b>                           | <b>1,903.85</b>    | <b>69.47</b>                           | <b>549.52</b>  | <b>2,487.20</b> | <b>3,971.08</b>           |
|       | <b>Intangible Assets</b>                     |                    |               |              |   |                    |  |  |                 |                           |
| 9     | Technical Knowhow                            | 1,101.97           | -             | -            | 1,101.97                                  | 1,090.14           | -                                      | 4.56   | 1,094.70        | 7.27                      |
| 10    | Software                                     | 418.40             | 49.76         | -            | 468.16                                    | 378.65             | -                                      | 12.77  | 391.42          | 76.74                     |
| 11    | Leasehold Right to Use                       | 80.00              | -             | -            | 80.00                                     | 24.71              | -                                      | 3.48   | 28.19           | 51.81                     |
|       |  | <b>1,600.37</b>    | <b>49.76</b>  | <b>-</b>     | <b>1,650.13</b>                           | <b>1,493.50</b>    | <b>-</b>                               | <b>20.81</b>   | <b>1,514.31</b> | <b>135.82</b>             |
|       | <b>Total</b>                                 | <b>7,723.35</b>    | <b>474.60</b> | <b>89.54</b> | <b>8,108.41</b>                           | <b>3,397.35</b>    | <b>69.47</b>                           | <b>570.33</b>  | <b>4,001.51</b> | <b>4,106.90</b>           |



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 12.2 Depreciation and Amortization expense

₹ in Lakhs

| Particulars       | For the Year ended<br>31 March 2015 | For the Year ended<br>31 March 2014 |
|-------------------|-------------------------------------|-------------------------------------|
| Tangible Assets   | 549.52                              | 333.16                              |
| Intangible Assets | 20.81                               | 104.53                              |
| <b>Total</b>      | <b>570.33</b>                       | <b>437.69</b>                       |

12.2 During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has changed its estimated useful life of certain categories of assets to align the useful life with those prescribed in Schedule II. The details of previously applied and currently adopted depreciation method, rates / useful life are as follows:

| Asset                    | Basis                 | Previous depreciation<br>rate / useful life | Useful life as<br>per Schedule II | Useful Life Adopted |
|--------------------------|-----------------------|---|-----------------------------------|---------------------|
| <b>Tangible Assets</b>   |                       |   |                                   |                     |
| Buildings                | Schedule - II         | 1.63% / 61 years                            | 30 years                          | 30 years            |
| Plant & Equipments       | Schedule - II         | 4.75% / 21 years                            | 15 years                          | 15 years            |
| Furniture & Fixtures     | Schedule - II         | 20.00% / 5 years                            | 10 years                          | 10 Years            |
| Office Equipment         | Schedule - II         | 33.33% / 3 years                            | 5 Years                           | 5 Years             |
| Vehicles                 | Schedule - II         | 9.50% / 11 years                            | 8 Years                           | 8 Years             |
| <b>Intangible Assets</b> |                       |   |                                   |                     |
| Technical Knowhow        | Technical Assessment  | 10% -20% / 5 to 10 years                    |                                   | 5 to 10 years       |
| Software                 | Technical Assessment  | 5 years                                     |                                   | 5 years             |
| Leasehold Improvements   | Technical Assessment  | 5 years                                     |                                   | 5 years             |
| Leasehold Right to Use   | Over the lease period | 20 years                                    |                                   | 20 years            |

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on 01 April, 2014, and has adjusted an amount of Rs. 45.86 lakhs (net of deferred tax of Rs. 23.61 lakhs) against the opening deficit balance in the Statement of Profit and Loss.

The increase in depreciation expense in the Statement of Profit and Loss for the year consequent to the change in the useful life of the assets is not material.



**12.4 Details of Assets taken under finance lease:**

₹ in Lakhs

| Block of Assets            | 31-Mar-16 | 31-Mar-15 |
|----------------------------|-----------|-----------|
| <b>Plant and Machinery</b> |           |           |
| Gross Block                | 189.91    | 189.91    |
| Accumulated Depreciation   | 45.44     | 33.13     |
| Net Book value             | 144.47    | 156.78    |
| <b>Vehicles</b>            |           |           |
| Gross Block                | 61.17     | 240.23    |
| Accumulated Depreciation   | 15.50     | 101.55    |
| Net Book value             | 45.67     | 138.68    |

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

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| <b>Investments</b>   |                     |                     |
| <b>Investments in Associates - Non Trade - Unquoted</b>  |                     |                     |
| "22,239,167 Equity Shares (Previous year: 22,239,167 Equity Shares) of Rs 10/- each fully paid up in Haldia Coke and Chemicals Private Limited " | 4,007.22            | 4,007.22            |
| Share of Loss (Refer Note No. 42)  | (9,942.35)          | (9,942.35)          |
| Share of Reserves  | 5,935.13            | 5,935.13            |
| Total Share of Net Worth   | (4,007.22)          | (4,007.22)          |
| Net Investment in Associate  | -                   | -                   |
| <b>Investments in Others - Trade</b>   |                     |                     |
| 661,300 Equity Shares (Previous year: 661,300 Equity Shares) of Rs.10/- each fully paid in Hexa Wind Farm Private Limited                        | 66.13               | 66.13               |
| "4,076,474 Equity Shares (Previous year: 4,076,474 Equity Shares) of Rs 10/- each fully paid up in Leitwind Shriram Manufacturing Limited "      | 407.56              | 407.56              |
| <b>Investments in Others - Trade- Quoted</b>   |                     |                     |
| 386,526 (Previous Year : 386,526 Equity Shares) Equity Shares of Rs.10/- each fully paid up in Orient Green Power Company Limited                | 44.22               | 44.22               |
| Total  | 517.91              | 517.91              |
| Aggregate amount of Quoted Investments - Cost  | 2,827.50            | 2,827.50            |
| Market Value of Quoted Investments   | 45.76               | 56.24               |
| Aggregate amount of Unquoted Investments   | 473.69              | 473.69              |

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



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

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

₹ in Lakhs

| Particulars   | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| <b>Capital advances</b>   | 3,605.00            | 3,605.00            |
| Loans and advances (Refer Note 34) :  |                     |                     |
| Considered Good   | 101,111.82          | 94,658.36           |
| Considered doubtful   | 3,855.00            | -                   |
| Less: Provision for doubtful advances   | (3,855.00)          | -                   |
|   | 101,111.82          | 94,658.36           |
| Advance tax [Net of Provisions Rs 7,260.29 lakhs<br>(Previous Year Rs 7260.29 lakhs)] | 4,036.43            | 3,682.98            |
| Deposits  | 1,326.09            | 1,697.12            |
| Prepaid expenses (Refer Note 14.2)  | 11,432.56           | -                   |
| <b>Total</b>  | <b>121,511.90</b>   | <b>103,643.46</b>   |

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

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Private Companies in which Directors are interested: |                     |                     |
| Hamon Shriram Cottrell Private Limited               | 360.74              | 416.48              |
| Haldia Cokes and Chemicals Private Limited           | 48,833.58           | 43,755.73           |

**14.2** Pursuant to the Master Restructuring Agreement dated 20<sup>th</sup> September 2014 ( CDR package), the CDR lenders are entitled to receive interest sacrifice ( recompense) at the time of exit from CDR. The total amount of recompense payable to CDR lenders at the time of exit of CDR was determined to be Rs.109,617 lakhs. The present value of such recompense as at 31<sup>st</sup> March 2015 was Rs.18,417 lakhs. During the year, certain CDR lenders agreed to take equity in the company in lieu of recompense of Rs.14,699 lakhs payable to them, and accordingly the company has allotted Equity Shares in full settlement of the recompense amount. The total amount of interest sacrifice settled to the Bankers, is being amortized over CDR term. The unamortized portion of interest sacrifice as at the year end is reflected above.





## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 15 Other Non Current Assets

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Long Term Trade Receivables - Retention Monies - Considered good     | 11,314.69           | 8,005.41            |
| Long Term Trade Receivables - Retention Monies - Considered Doubtful | 349.52              | 303.65              |
| Less: Provision for doubtful debts                                   | (349.52)            | (303.65)            |
|  | 11,314.69           | 8,005.41            |
| Other Long Term Trade Receivables - Considered good                  | 1,260.93            | 2,297.63            |
| Other Long Term Trade Receivables - Considered doubtful              | 301.79              | 301.79              |
| Less: Provision for doubtful debts                                   | (301.79)            | (301.79)            |
|  | 1,260.93            | 2,297.63            |
| Other receivables ( Refer Note 15.1 below)                           | 4,527.66            | 3,877.15            |
| Receivables on sale of Fixed Assets                                  | 2,460.00            | 2,460.00            |
| Unbilled Revenue ( Refer Note Nos 46, 48 and 49)                     | 16,752.60           | 16,752.60           |
| Total  | 36,315.88           | 33,392.79           |

**15.1** The amount of Rs.4,527.66 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 Holding Company after completion of certain formalities of Sree Jayajothi Cements Limited.

#### 16 Inventories (Lower of Cost and Net Realizable Value)

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Raw Materials and Components for Wind Turbine Generators | 220.00              | 415.00              |
| Contract Work-in-Progress                                | 4,324.01            | 8,071.27            |
| Total  | 4,544.01            | 8,486.27            |

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

₹ in Lakhs

| Particulars   | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Outstanding for a period exceeding six months from the date they were due for payment |                     |                     |
| Unsecured, Considered Good  | 18,039.07           | 12,282.11           |
| Unsecured, Considered Doubtful  | 4,175.58            | 4,031.70            |
|   | <b>22,214.65</b>    | <b>16,313.81</b>    |
| <b>Other Trade Receivables</b>  |                     |                     |
| Unsecured, Considered Good  | 11,080.59           | 12,868.32           |
| Unsecured, Considered doubtful  |                     |                     |
| Less: Provision for Doubtful Trade Receivables  | (4,175.58)          | (4,031.70)          |
| Total   | 29,119.66           | 25,150.43           |



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 18 Cash and Cash Equivalents

₹ in Lakhs

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Cash on hand and in imprest accounts   | 24.04               | 26.42               |
| <b>Balances with Banks</b>   |                     |                     |
| Current Account  | 150.77              | 3,488.08            |
| Deposit Account (Original maturity of 3 months or less)  | 809.13              | –                   |
| Unpaid Dividend Account  | 18.69               | 18.69               |
| Margin Money (Original maturity of 3 months or less)   | 388.80              | 14.71               |
| Total Cash and Cash Equivalents  | 1,367.39            | 3,521.48            |
| <b>Other Bank Balances</b>   |                     |                     |
| Deposit Account (Original maturity of more than 3 months)  | 1,020.31            | 1,817.92            |
| Margin Money (Original maturity of more than 3 months)   | 2,697.36            | 5,421.19            |
| Total Other Bank Balances  | 3,717.67            | 7,239.11            |
| Total  | 5,109.10            | 10,787.01           |
| Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is | 1,391.43            | 3,547.90            |
| Balances with banks include deposits with remaining maturity of more than 12 months from the balance sheet date      | 645.82              | –                   |

#### 19 Short Term Loans and Advances (Unsecured, considered good unless otherwise stated)

₹ in Lakhs

| Particulars                         | As at 31 March 2016 | As at 31 March 2015 |
|-------------------------------------|---------------------|---------------------|
| Security Deposits                   | 486.85              | 401.26              |
| Loans and advances to Employees     | 41.57               | 40.29               |
| Prepaid Expenses                    | 1,904.40            | 90.15               |
| Advances to Suppliers               |                     |                     |
| – Considered good                   | 13,215.65           | 11,504.63           |
| – Considered doubtful               | 1,355.56            | 644.38              |
| Provision for doubtful Advances     | (1,355.56)          | (644.38)            |
|                                     | 13,215.65           | 11,504.63           |
| Balance with Government Authorities | 479.88              | 437.48              |
| Other Advances                      | 36.84               | 342.48              |
| Total                               | 16,165.19           | 12,816.29           |





## SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements

### 20 Other Current Assets

₹in Lakhs

| Particulars                           | As at 31 March 2016 | As at 31 March 2015 |
|---------------------------------------|---------------------|---------------------|
| Unbilled Revenue                      | 63,201.93           | 53,018.68           |
| Trade Receivable - Retention monies   | 10,768.00           | 7,565.04            |
| Interest accrued on Deposits          | 33.97               | 308.14              |
| Interest recoverable from CDR lenders | 1,277.73            |                     |
| Total                                 | 75,281.63           | 60,891.86           |

### 21 Revenue from Operations

₹in Lakhs

| Particulars   | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Revenue from Engineering and Construction Contracts | 54,564.98           | 53,020.40           |
| Revenue from Sale of Traded Goods - Windmills       | –                   | 1,422.49            |
| Revenue from Sale of Wind Turbine Generators        | 195.00              | 323.00              |
| Total   | 54,759.98           | 54,765.89           |

### 22 Other Income

₹in Lakhs

| Particulars                                 | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| Interest Income :                           |                             |                             |
| – Bank deposits / Margin Money deposits     | 1,044.12                    | 705.87                      |
| – Loans and Advances                        | 10,044.64                   | 11,031.83                   |
| Liabilities no longer required written back | 22.00                       | 156.95                      |
| Profit on sale of fixed assets              | 0.90                        |                             |
| Miscellaneous Income                        | 191.20                      | 239.93                      |
| Total                                       | 11,302.86                   | 12,134.58                   |



## SHRIRAM EPC LIMITED

Notes forming part of Consolidated Financial Statements

### 23 Cost of Raw Materials and Components Consumed

₹ in Lakhs

| Particulars         | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---------------------|-----------------------------|-----------------------------|
| Opening Stock       | 415.00                      | 695.90                      |
| Add: Purchases      | –                           | 323.00                      |
| Less: Closing Stock | 220.00                      | 415.00                      |
| <b>Total</b>        | <b>195.00</b>               | <b>603.90</b>               |

### 24 Erection, Construction & Operation Expenses

₹ in Lakhs

| Particulars                   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|-------------------------------|-----------------------------|-----------------------------|
| Cost of Materials and Labour  | 33,073.07                   | 34,423.74                   |
| Other Contract Related Costs  | 511.28                      | 2,282.73                    |
| Commercial Taxes              | 1,764.02                    | 2,512.10                    |
| Provision for Contract Losses | 545.20                      | 6,320.12                    |
| <b>Total</b>                  | <b>35,893.57</b>            | <b>45,538.69</b>            |

### 25 Purchases of Stock in Trade

₹ in Lakhs

| Particulars  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--------------|-----------------------------|-----------------------------|
| Windmills    | –                           | 1,296.00                    |
| <b>Total</b> | <b>–</b>                    | <b>1,296.00</b>             |

### 26 Change in Inventories of Contract Work in Progress, Finished Goods and Stock In Trade

₹ in Lakhs

| Particulars                                      | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| Opening Stock of Contract Work in Progress       | 8,071.27                    | 10,730.19                   |
| Less: Closing Stock of Contract Work in Progress | <b>4,324.01</b>             | <b>8,071.27</b>             |
| <b>Total</b>                                     | <b>3,747.26</b>             | <b>2,658.92</b>             |

### 27 Employee Benefits Expense

₹ in Lakhs

| Particulars                               | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| Salaries and Wages                        | 4,029.97                    | 4,870.89                    |
| Contribution to Provident and other funds | 227.61                      | 243.75                      |
| <b>Gratuity</b>                           | <b>52.11</b>                | <b>101.96</b>               |
| <b>Staff Welfare Expenses</b>             | <b>234.56</b>               | <b>260.32</b>               |
| <b>Total</b>                              | <b>4,544.25</b>             | <b>5,476.92</b>             |







## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 28 Finance Costs

₹in Lakhs

| Particulars  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| Interest on Cash Credits                           | 4,983.95                    | 4,677.51                    |
| Interest on Term Loans                             | 17,482.80                   | 16,312.31                   |
| Interest - Others                                  | 3,916.30                    | 7,163.40                    |
| Bank Charges, Letter of Credit / Guarantee charges | 789.76                      | 1,965.61                    |
| Total  | 27,172.81                   | 30,118.83                   |

#### 29 Other Expenses

₹in Lakhs

| Particulars   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| Rent including lease rentals  | 402.00                      | 524.71                      |
| Rates and taxes   | 43.39                       | 175.38                      |
| Repairs and Maintenance:  |                             |                             |
| Building  | 55.03                       | 162.77                      |
| Plant and Machinery and Equipments  | 59.96                       | 84.45                       |
| Others  | 33.47                       | 48.51                       |
| Auditors' Remuneration (Refer Note 29.1 below)                              | 35.00                       | 35.00                       |
| Printing and stationery   | 43.39                       | 59.52                       |
| Communication expenses  | 82.60                       | 120.20                      |
| Advertisement & Business Promotion  | 17.00                       | 29.69                       |
| Travelling and conveyance   | 665.55                      | 913.38                      |
| Electricity & water   | 208.71                      | 97.31                       |
| Legal & Professional Charges  | 860.07                      | 2,312.16                    |
| Donation  | 0.12                        | 1.26                        |
| Sitting Fees  | 15.95                       | 10.70                       |
| Insurance premium   | 220.20                      | 377.90                      |
| Bad Debts and Advances  |                             |                             |
| Bad Trade and Other Receivables Written off (Net)                           | 205.01                      | 139.20                      |
| Provision for doubtful trade and Other receivables and Loans and Advances " | 4,044.75                    | 319.35                      |
| Loss on Sales/ Disposal of Fixed Assets                                     |                             | 39.06                       |
| Miscellaneous Expenses  | 564.22                      | 471.86                      |
| Total   | 7,556.42                    | 5,922.41                    |



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 29.1 Auditors Remuneration

₹ in Lakhs

| Particulars                                  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| Payments to the Statutory Auditors comprise: |                             |                             |
| For audit                                    | 25.00                       | 25.00                       |
| <b>For other services</b>                    | <b>10.00</b>                | <b>10.00</b>                |
| Total  | 35.00                       | 35.00                       |

#### 30 Disclosures pursuant to Accounting Standard (AS) 7 (revised) - Construction Contracts

₹ in Lakhs

| Particulars   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| Details of Contract revenue and costs   |                             |                             |
| Contract Revenues recognized  | 54,564.98                   | 53,020.40                   |
| Aggregate amount of Contract costs incurred and recognized profits (less recognized losses) upto the reporting date | 45,899.81                   | 51,413.25                   |
| Advances received for contracts in progress   | 20,148.36                   | 15,723.43                   |
| Retention money for contracts in progress   | 22,082.69                   | 15,570.45                   |
| Gross amount due from customers for contract work (Asset)   | 79,954.53                   | 69,771.28                   |
| Gross amount due to customers for contract work (Liability)   | 236.89                      | 510.82                      |

#### 31 Disclosures under Accounting Standard 15 (Revised)

##### 31.1 Gratuity

₹ in Lakhs

| Particulars  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| Change in Defined Benefit Obligations (DBO) during the year / period |                             |                             |
| Present Value of obligations at the beginning of the year / period   | 357.74                      | 269.49                      |
| Current Service Cost   | 56.24                       | 103.91                      |
| Interest Cost  | 25.17                       | 24.91                       |
| Actuarial (Gain )  | (29.30)                     | (26.86)                     |
| Benefits paid  | (69.96)                     | (13.71)                     |
| <b>Present Value of obligations at the end of the year / period</b>  | <b>339.89</b>               | <b>357.74</b>               |
| Current portion  | 56.24                       | 48.85                       |
| Non Current portion  | 283.65                      | 308.89                      |





## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

|   |  |  |
|---|--|--|
| Components of Employer Expense                              |  |  |
| Cost for the year / period                                  |  |  |
| Current Service Cost  | 56.24  | 103.91                                       |
| Interest Cost   | 25.17  | 24.91  |
| Net actuarial Loss / (Gain) recognized in the year / period | (29.30)                                      | (26.86)                                      |
| <b>Net Cost</b>   | <b>52.11</b>                                 | <b>101.96</b>                                |
| <b>Assumptions</b>  |  |  |
| Discount Rate   | 7.80%  | 7.80%  |
| Attrition rate per annum                                    | 3.00%  | 3.00%  |
| Expected rate of Salary increases                           | 5.00%  | 5.00%  |
| Rate of Mortality   | "Ind Assured Lives<br>(2006-08)<br>Ultimate" | "Ind Assured Lives<br>(2006-08)<br>Ultimate" |

#### Notes:

- The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.
- 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.
- Experience adjustments :

| Particulars                           | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 | Year ended<br>31 March 2014 |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Defined benefit obligation            | 339.89                      | 357.74                      | 269.50                      |
| Plan assets                           | -                           | -                           |                             |
| Deficit                               | 339.89                      | 357.74                      | 269.50                      |
| On plan liabilities - Losses /(Gains) | (29.30)                     | -26.86                      | (19.78)                     |

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

### 31.2 Compensated absences

#### Actuarial Assumptions for Compensated Absences

₹ in Lakhs

| Particulars                       | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|-----------------------------------|-----------------------------|-----------------------------|
| Rate of Mortality                 | Ind (2006-08)               | Ind (2006-08)               |
| Discount rate                     | 7.80%                       | 7.80%                       |
| Expected rate of Salary increases | 5.00%                       | 5.00%                       |



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 32 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.

##### 32.1 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 associates Companies.

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

| Vesting Schedule  | In respect of employees who are in employment with the Company prior to January 1, 2001 | In respect of employees who have joined the Company after to 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 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Options at the beginning of the year / period       |                     |                     |
| Vested  | —                   | 3,219               |
| Unvested  | —                   | —                   |
| Add: Granted during the year / period               | —                   | —                   |
| Add: Vested during the year / period                | —                   | —                   |
| Less: Lapsed during the year / period               | —                   | 3,219               |
| Less: Exercised during the year / period            | —                   | —                   |
| Options outstanding at the end of the year / period |                     |                     |
| Vested  | —                   | —                   |
| Unvested  | —                   | —                   |
| Exercisable at the end of the year / period         | —                   | —                   |

#### Deferred Stock Compensation Expense

During the period , an amount of ₹ Nil (Previous period: ₹ Nil ) 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.

### 32.2 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 :



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

| 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.

#### 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 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Options at the beginning of the year / period       |                     |                     |
| Vested  | 250                 | 6,850               |
| Unvested  |                     |                     |
| Add: Granted during the year / period               | –                   |                     |
| Add: Vested during the year / period                |                     |                     |
| Less: Lapsed during the year / period               | 250                 | 6,600               |
| Less: Exercised during the year / period            |                     |                     |
| Options outstanding at the end of the year / period |                     |                     |
| Vested  | –                   | 250                 |
| Unvested  | –                   | –                   |
| Exercisable at the end of the year / period         | –                   | 250                 |

#### Deferred Stock Compensation Expense

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





## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 32 .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 Capitalization method                  | 71.10           | 2                |
| Value per transaction between willing parties | 122.98          | 2                |



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

**33 Segment Information**

The Group has considered business segment as the primary segment for disclosure. The Group'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** ₹ in Lakhs

| Particulars   | Construction Contracts |               | Wind Turbine Generators |               | Trading       |               | Elimination   |               | Unallocated   |               | Total         |               |
|---|------------------------|---------------|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 31 March 2016          | 31 March 2015 | 31 March 2016           | 31 March 2015 | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| External Sales  | 54,586.98              | 53,020.40     | 195.00                  | 323.00        | -             | 1,422.49      | -             | -             | -             | -             | 54,781.98     | 54,765.89     |
| Intersegmental Sales  | -                      | -             | -                       | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Total Revenue   | 54,586.98              | 53,020.40     | 195.00                  | 323.00        | -             | 1,422.49      | -             | -             | -             | -             | 54,781.98     | 54,765.89     |
| Result  |                        |               |                         |               |               |               |               |               |               |               |               |               |
| Segment Result  | 21,272.27              | (3,095.36)    | -                       | -             | -             | 127.95        | -             | -             | -             | -             | 21,272.27     | (2,967.41)    |
| Less: Inter Segment Margin  | -                      | -             | -                       | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Unallocated Corporate Expenditure   | -                      | -             | -                       | -             | -             | -             | -             | -             | (9,359.67)    | (5,153.90)    | (9,359.67)    | (5,153.90)    |
| Operating Profit / (Loss)   | 21,272.27              | (3,095.36)    | -                       | -             | -             | 127.95        | -             | -             | 9,359.67      | 5,153.90      | 11,912.60     | (5,153.90)    |
| Finance Costs (Net of amounts identified with 'Construction Contracts' segment) |                        |               |                         |               |               |               |               |               | 25,609.68     | 17,140.25     | 25,609.68     | 17,140.25     |
| Exceptional Items   |                        |               |                         |               |               |               |               |               |               |               | 6,707.38      | -             |
| Profit / (Loss) before Tax  | 21,272.27              | (3,095.36)    | -                       | -             | -             | 127.95        | -             | -             | 34,969.35     | 22,294.15     | (20,404.46)   | (25,261.56)   |
| Tax Expense   | -                      | -             | -                       | -             | -             | -             | -             | -             | -             | 23.61         | -             | 23.61         |
| Profit / (Loss) after Tax   | 21,272.27              | (3,095.36)    | -                       | -             | -             | 127.95        | -             | -             | 34,969.35     | 22,317.76     | (20,404.46)   | (25,285.17)   |









## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 34 Related Party Disclosures under Accounting Standard 18

34.1 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<br>Year ended 31 March 2016   | Name of the Related Parties<br>Year ended 31 March 2015   |
|--|---|---|
| Holding Company*   | SVL Limited (Formerly known as Shriram Industrial Holdings Limited (SIHL))  | Shriram Industrial Holdings Limited (SIHL)  |
| Ultimate Holding Company   |   | Shriram Venture Limited (Holding Company of SIHL)   |
| Subsidiaries*  | Shriram EPC FZE, Sharjah  | Shriram EPC FZE, Sharjah  |
| Fellow Subsidiaries  | Shriram SEPL Composites Private Limited<br>Blackstone Consulting Technologies Private Limited<br>Chem Project Consulting Private Limited<br>Shriram EPC' (Singapore) Pte Limited  | Shriram SEPL Composites Private Limited\<br>Blackstone Consulting Technologies Private Limited<br>Chem Project Consulting Private Limited<br>Shriram EPC' (Singapore) Pte Limited   |
| Associates   | Haldia Coke and Chemicals Private Limited<br>Ennore Coke Limited<br>(Subsidiary of Haldia Coke and Chemicals Private Limited)<br>Wellman Coke India Limited<br>(Subsidiary of Haldia Coke and Chemicals Private Limited)          | Haldia Coke and Chemicals Private Limited<br>Ennore Coke Limited<br>(Subsidiary of Haldia Coke and Chemicals Private Limited)<br>Wellman Coke India Limited<br>(Subsidiary of Haldia Coke and Chemicals Private Limited)          |
| Companies over which Key Management Personnel exercise Significant Influence (Only where transactions have taken place during the year/period) | Orient Green Power Company Limited<br>Subsidiaries of Orient Green Power Company Limited<br>Bharath Wind Farm Limited<br>Clarion Windfarms Private Limited<br>Beta Wind Farm Private Limited<br>Orient Eco Energy Private Limited | Orient Green Power Company Limited<br>Subsidiaries of Orient Green Power Company Limited<br>Bharath Wind Farm Limited<br>Clarion Windfarms Private Limited<br>Beta Wind Farm Private Limited<br>Orient Eco Energy Private Limited |
| Key Management Personnel   | T.Shivaraman - Managing Director<br>M.Amjad Shariff - Joint Managing Director   | T.Shivaraman - Managing Director<br>M.Amjad Shariff - Joint Managing Director   |
| Associate of Holding Company   |   | Prosperity Shop India Private Limited ( Associate of Shriram Industrial Holding Limited)  |
| Joint Venture of Holding Company   | Leitwind Shriram Manufacturing Limited<br>Hamon Shriram Cottrell Private Limited  | Leitwind Shriram Manufacturing Limited<br>Hamon Shriram Cottrell Private Limited  |

Note: Related parties are as identified by the Management and relied upon by the Auditors.





## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 34.2 Transactions during the year / period

₹ in Lakhs

| Particulars   | Year ended March 31,<br>2016 | Year ended March 31,<br>2015 |
|---|------------------------------|------------------------------|
| <b>Progressive billings/Revenue</b>                           |                              |                              |
| Beta Wind Farm Private Limited                                | –                            | 1,422.48                     |
| Shriram SEPL Composites Private Limited                       | 212.68                       |                              |
| <b>Lease Rental Income</b>                                    |                              |                              |
| Ennore Coke Limited   | 32.82                        | 29.72                        |
| Shriram Venture Limited                                       | 40.21                        | 41.23                        |
| Shriram SEPL Composites Private Limited                       | 27.57                        | 24.96                        |
| Leitwind Shriram Manufacturing Limited                        | –                            | 11.23                        |
| <b>Purchases of goods and Services</b>                        |                              |                              |
| Hamon Shriram Cottrell Private Limited                        | 252.63                       | 77.66                        |
| Shriram SEPL Composites Private Limited                       | 5.51                         | 53.68                        |
| Blackstone Group Technology Private Limited                   | 0.66                         | 26.36                        |
| Leitwind Shriram Manufacturing Limited                        |                              | 1,544.11                     |
| <b>Transfer of Margins</b>                                    |                              |                              |
| Leitwind Shriram Manufacturing Limited                        | –                            | 368.12                       |
| <b>Expenses incurred on behalf of related party</b>           |                              |                              |
| Shriram EPC FZE, Sharjah                                      |                              | 13.91                        |
| Ennore Coke Limited   | 10.96                        | 39.46                        |
| Orient Green Power Company Limited                            | 28.88                        | 42.67                        |
| Bharat Wind Farm Limited                                      | 0.81                         | 8.41                         |
| Shriram Venture Limited                                       |                              | 1.01                         |
| Blackstone Consulting Technologies Private Limited            |                              | 4.62                         |
| Shriram SEPL Composites Private Limited                       | 6.08                         | 26.01                        |
| Leitwind Shriram Manufacturing Limited                        | 30.45                        | 51.92                        |
| Hamon Shriram Cottrell Private Limited                        |                              | 1.19                         |
| <b>Expenses incurred for the Company by the related party</b> |                              |                              |
| Orient Green Power Company Limited                            |                              | 24.44                        |
| Shriram Venture Limited                                       | 0.31                         | 0.58                         |



## Transactions during the year / period (Contd.)

| Particulars   | Year ended March 31,<br>2016 | Year ended March 31,<br>2015 |
|---|------------------------------|------------------------------|
| <b>Interest Income</b>                                  |                              |                              |
| Haldia Cokes & Chemicals Private Limited                | 5,144.33                     | 5,785.49                     |
| Ennore Coke Limited                                     | 3,070.85                     | 2,813.81                     |
| Leitwind Shriram Manufacturing Limited                  | 1,087.50                     | 1,402.08                     |
| Hamon Shriram Cottrell Private Limited                  | 21.25                        | 29.09                        |
| <b>Interest Expense</b>                                 |                              |                              |
| Shriram Industrial Holding Limited                      | 200.97                       | 767.55                       |
| <b>Remuneration to Key Management Personnel</b>         |                              |                              |
| T. Shivaraman   | 41.02                        | 42.99                        |
| M. Amjad Shariff  | 45.28                        | 47.99                        |
| <b>Borrowings from</b>                                  |                              |                              |
| Shriram Industrial Holding Limited                      | 4,749.00                     | 29,358.93                    |
| Prosperity Shop India Private Limited                   |                              | 300.00                       |
| <b>Repayment of borrowings</b>                          |                              |                              |
| Shriram Industrial Holdings Limited                     | 13,351.20                    | 15,683.00                    |
| Prosperity Shop India Private Limited                   |                              | 300.00                       |
| <b>Redemption of Preference Shares</b>                  |                              |                              |
| Shriram Industrial Holdings Limited                     | 30,000.00                    |                              |
| <b>Transfer of Advances / Receivables to</b>            |                              |                              |
| Shriram Industrial Holdings Limited                     | –                            | 14,400.00                    |
| Haldia Cokes & Chemicals Private Limited                | –                            | 1,604.40                     |
| Ennore Coke Limited                                     | –                            | 1,589.39                     |
| <b>Investments in Equity Shares (including premium)</b> |                              |                              |
| Shriram Industrial Holdings Limited                     | 38,900.00                    | 21,000.00                    |
| <b>Share Application Money Received - SVL Limited</b>   | 6,493.00                     |                              |
| <b>Advance Given / (Received) - (Gross)</b>             |                              |                              |
| Haldia Cokes & Chemicals Private Limited                | –                            | 14,427.69                    |
| Beta Wind Farm Private Limited                          |                              | (1,272.33)                   |





## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 34.3 Closing balance as at the year end / period end

₹ in Lakhs

| Particulars                                      | As at March 31, 2016 | As at March 31, 2015 |
|--|----------------------|----------------------|
| <b>Amount outstanding - Dr / (Cr)</b>            |                      |                      |
| Shriram EPC FZE, Sharjah                         | 45.54                | 32.76                |
| Haldia Cokes & Chemicals Private Limited         | 48,850.50            | 43,755.73            |
| Ennore Coke Limited                              | 29,198.20            | 26,092.82            |
| Orient Green Power Company Limited               | 51.97                | 64.26                |
| Bharat Wind Farm Limited                         | 23.02                | 22.22                |
| Clarion Windfarms Private Limited                | (0.32)               | (0.32)               |
| Shriram Industrial Holdings Limited              | –                    | (8,400.23)           |
| Shriram Venture Limited                          | (217.30)             | (266.39)             |
| Beta Wind Farm Private Limited                   | 1,403.40             | 1,403.40             |
| Shriram SEPL Composites Private Limited          | 133.10               | (134.80)             |
| Shriram EPC' (Singapore) Pte Limited             | 4,406.62             | 4,449.64             |
| Leitwind Shriram Manufacturing Limited           | 12,626.79            | 11,146.93            |
| Hamon Shriram Cottrell Private Limited           | 877.80               | 1,035.40             |
| Blackstone Group Technologies Private Limited    | (0.70)               | (49.04)              |
| <b>Corporate Guarantees given by the Company</b> |                      |                      |
| Orient Green Power Company Limited               | 1,600.00             | 1,600.00             |

34.4 The Holding 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 2016 and as at 31 March 2015, there are no further amounts payable to/receivable from them, other than disclosed above.



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 35 Leases

##### 35.1 Operating Lease

The Holding Company has operating lease arrangements primarily for office premises, the lease period of which is about 6 to 8 years. An amount of Rs. 402 Lakhs (Previous period - Rs. 524.71 lakhs) 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<br>March 31, 2016 | As at<br>March 31, 2015 |
|--|-------------------------|-------------------------|
| Not later than One Year                      | 194.06                  | 194.06                  |
| Later than One Year and less than Five Years | 776.25                  | 776.25                  |
| Later than Five Years                        | 170.96                  | 365.02                  |
| <b>Total</b>                                 | <b>1,141.27</b>         | <b>1,335.33</b>         |

##### 35.2 Year wise future minimum lease rental payments on contracts :

₹in Lakhs

| Particulars                                  | As at March 31, 2016            |                                    | As at March 31, 2015            |                                    |
|--|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
|  | Total Minimum<br>Lease Payments | Present Value of<br>Lease Payments | Total Minimum<br>Lease Payments | Present Value of<br>Lease Payments |
| Not later than One Year                      | 8.18                            | 6.92                               | 18.67                           | 17.39                              |
| Later than One Year and less than Five Years | 8.99                            | 8.23                               | 4.18                            | 3.92                               |
| Later than Five Years                        | –                               | –                                  | –                               | –                                  |
| Total  | 17.17                           | 15.15                              | 22.85                           | 21.31                              |
| Less: Future Finance Charges                 | 2.02                            | –                                  | 1.54                            | –                                  |
| Present Value of Minimum Lease payments      | 15.15                           | 15.15                              | 21.31                           | 21.31                              |

#### 36 Earnings Per Share

| Particulars   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| Basic & Diluted   |                             |                             |
| Continuing operations:  |                             |                             |
| Loss for the year / period from continuing operations (Rs. Lakhs)   | (20,404.46)                 | (25,309.14)                 |
| Weighted average number of Equity Shares outstanding during the year / period (In Nos.)   | 228,059,560                 | 59,892,431                  |
| Par Value of Share (Rs)   | 10.00                       | 10.00                       |
| Earnings per share from continuing operations - Basic & Diluted (Rs.)   | (8.95)                      | (42.26)                     |
| The weighted average number of Equity Shares used for computing Basic and Diluted EPS are same since the outstanding potential Equity Shares as at 31 March 2016 and 31 March 2015 are anti dilutive in nature. |                             |                             |





## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 37 Taxes on income

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

₹ in Lakhs

| Particulars                                    | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|--|-------------------------|-------------------------|
| <b>Deferred Tax Liability</b>                  |                         |                         |
| On Depreciation                                | 327.33                  | 265.75                  |
| <b>Total Liability</b>                         | <b>327.33</b>           | <b>265.75</b>           |
| <b>Deferred Tax Asset</b>                      |                         |                         |
| Provision for Gratuity                         | 117.63                  | 123.81                  |
| Provision for Compensated absences             | 108.06                  | 118.89                  |
| Others (Restricted to the extent of liability) | 327.33                  | 23.05                   |
| <b>Total Asset</b>                             | <b>553.02</b>           | <b>265.75</b>           |
| <b>Net Deferred Tax Asset / (Liability)</b>    | <b>225.69</b>           | <b>-</b>                |

##### 37.2 International Transactions

The Holding 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.

#### 38 Contingent Liabilities

₹ in Lakhs

| Particulars   | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|---|-------------------------|-------------------------|
| Arrears of Fixed Cumulative Dividend  | -                       | 3,780.82                |
| Compensation payable in lieu of bank sacrifice  | -                       | 18,500.00               |
| Corporate Guarantees issued   | 1,640.11                | 1,600.00                |
| Claims against the Company not acknowledged as debts  | 15,177.79               | 12,482.32               |
| Central Excise, Service Tax and customs Duties demands contested in Appeals, not provided for | 428.82                  | 428.82                  |
| Disputed VAT/ Central Sales tax demands contested in Appeals, not provided for                | 10,179.02               | 10,179.02               |
| Income tax demands contested in Appeals, not provided for                                     | 1,039.99                | 1,732.88                |

Management is of the opinion that the Appeals preferred by the Holding Company will be decided in its favour. Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.



## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

#### 39 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (Net of advances) and not provided for Rs.309.52 lakhs (31 March 2015: Rs Nil lakhs ).

#### 40 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 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 recognized the Profit/Loss in the Statement of Profit and Loss for the year ended 31 March 2016.

41 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 28<sup>th</sup> 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 Rs.9,867.91 lakhs. The Company and the client have been in negotiations with potential financial and strategic investors which would enable the Company to recover its dues. However, there has been no progress in these negotiations. Consequently, considering the increasing uncertainty in the ultimate realization of the said dues, the Company as a matter of abundant caution has made a provision of Rs 6,707.38 lakhs (after adjusting the value of trade liabilities in respect of this project), which has been disclosed under exceptional items in the Statement of Profit and Loss.

42 The Holding Company's investment in its associate, Haldia Coke and Chemicals Private Limited is Rs.4,007.22 lakhs. The carrying value of the said investment as at 31<sup>st</sup> March 2015, after recognizing the group's share of loss in the Associate up to that date was NIL. Considering the erosion of net worth and continuing losses being incurred by it, the group's share of losses in the associate for the current year has not been recognized in these consolidated financial statements.

43 The Holding 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. The construction activities has 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. Further, Company has also filed a claim with concerned authorities and insurers towards compensation for cancellation of contract. The total amounts due to Holding 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 Rs. 12208.22 Lakhs. For the above reasons, the management is confident of realizing the monies and do not expect any shortfall in realization.

44 The Holding Company entered into a contract to construct Ammonia plant for Bharath Coal and Chemicals Limited (BCCL, Fellow subsidiary). The project is stalled due to delay in statutory approvals. The total exposure in this project recorded under Unbilled Revenue and Contract Work In Progress is Rs 8,300.19 lakhs. Apart from various options/plans considered by BCCL to commence the project, BCCL has submitted proposal to set up a Coal gasification based plant to a third party and also parallelly considering the option of re-export of the equipments. In addition BCCL has received a letter from Industrial Promotion and Investment Corporation of Odisha Limited, dated 06<sup>th</sup> November 2015, offering land for setting up the project in Odisha and the matter is under negotiation. Considering these developments, management is of the view that BCCL will be in a position to complete the Ammonia Plant project and thereby the Company will be able to realize these amounts in full.







## SHRIRAM EPC LIMITED

### Notes forming part of Consolidated Financial Statements

45 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

| Name of the entity                                   | Net assets, i.e., total assets minus total liabilities |                       | Share of profit or (loss)           |                       |
|--|--|-----------------------|-------------------------------------|-----------------------|
|  | As % of consolidated net assets                        | Amount (Rs. In Lakhs) | As % of consolidated profit or loss | Amount (Rs. In Lakhs) |
| Shriram EPC Limited                                  | 100.21%  | 45,687.76             | 99.96%                              | (20,395.85)           |
| Foreign Subsidiary:<br>Shriram EPC (FZE) Pte Limited | -0.21%   | (96.64)               | 0.04%                               | (8.61)                |

46 Previous year's figures have been regrouped / reclassified to be in conformity with current year classification/disclosure, wherever necessary.

47 The Board of Directors of the Company has reviewed the realizable value of all the current assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the consolidated financial statements. In addition, the Board has also confirmed the carrying value of the non-current assets in the consolidated financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these consolidated financial statements in its meeting held on 23 May 2016.

For and on behalf of the Board of Directors

**T.Shivaraman**  
Managing Director

**S. Krishnamurthy**  
Director

**K.Suresh**  
Company Secretary

**R.S.Chandrasekharan**  
Chief Financial Officer

Place : Chennai  
Date : 23rd May, 2016







# 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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