



Engineering the Future

The National Stock Exchange of India Ltd.,  
Exchange Plaza, 5th Floor  
Bandra-Kurla Complex  
Mumbai-400 051  
NSE Symbol - SEPC

BSE Limited  
14 Floor, P.J. Towers  
Dalal Street  
Mumbai-400 001  
Scrip Code : 532945

26.08.2022

Dear Sir/Madam,

**Sub: Notice for the 22<sup>nd</sup> Annual General Meeting and Annual report for the Financial Year 2021-22 pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

In terms of provisions of Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the 22<sup>nd</sup> (Twenty Second) Annual Report for the FY 2021-22 along with the Notice of Annual General Meeting of the Company to be held on Monday, 19<sup>th</sup> September, 2022 at 3.00 PM, through Video Conferencing / Other Audio Visual Means to transact the business as set out in the Notice convening the Meeting. The same will be made available on the Company's website [www.shriramepc.com](http://www.shriramepc.com).


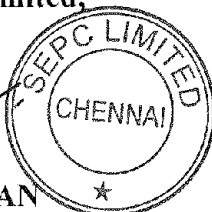
The Company has engaged Central Depository Services (India) Limited ('CDSL') for providing Evoting services and VC/OAVM facility for this AGM. Details of e-voting are as follows:

|  |  |
|--|--|
| Cut-off date for determining eligibility for the remote e-voting & e-voting during the AGM | September 12, 2022 (Monday)                      |
| e-Voting start date and time   | Friday, 16th September, 2022 at 9 A.M. I.S.T     |
| e-Voting end date and time   | Sunday, 18th September, 2022 at 5.00 P.M. I.S.T. |

We request you to kindly take the same on record.

Thanking you,

Yours Faithfully,  
For **SEPC Limited**,

**T. SRIRAMAN**  
Company Secretary

Encl.: a.a.

**SEPC Limited**

(Formerly Shriram EPC Ltd)

Regd. Office : 'Bascon Futura SV' - 4th Floor,

10/1, Venkatanarayana Road, T.Nagar, Chennai - 600 017. Phone : +91-44-4900 5555

E-mail: [info@shriramepc.com](mailto:info@shriramepc.com) Website : [www.shriramepc.com](http://www.shriramepc.com)

CIN: L74210TN2000PLC045167





**SEPC**

Engineering the Future

**SEPC Limited**  
(formerly Shriram EPC Limited)

*Twenty second Annual Report 2021-22*

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

|                            |                  |   |
|----------------------------|------------------|---|
| Mr. P.D. Karandikar        | (DIN :02142050)  | - Chairman                                |
| Mr. T. Shivaraman          | (DIN :01312018)  | - Managing Director & CEO                 |
| Mr. M. Amjat Shariff       | (DIN :00009562)  | - Joint Managing Director                 |
| Mr. S. Babu                | (DIN :02541697)  | - Director                                |
| Ms. Chandra Ramesh         | (DIN :00938694)  | - Director                                |
| Mr. K S Sripathi           | (DIN :02388109)  | - Director                                |
| Mr. Kallika Prasad Agarwal | (DIN: 08577405)* | - Nominee Director – Punjab National Bank |

\* **Nomination withdrawn w.e.f.23.06.22**

## Additional Directors appointed w.e.f, 24.06.22

|   |                |                                     |
|---|----------------|-------------------------------------|
| Dr R Ravichandran                           | (DIN 01920603) | - Additional Director (Independent) |
| Dr. Arun Kumar Gopalaswamy                  | (DIN.07212557) | - Additional Director (Independent) |
| Mr. Abdulla Mohammad Ibrahim Hassan Abdulla | (DIN.09436100) | - Additional Director               |
| Mr. N K Suryanarayanan                      | (DIN.01714066) | - Additional Director               |

## CHIEF FINANCIAL OFFICER

Mr. R.S. Chandrasekharan

**COMPANY SECRETARY & Compliance Officer** Mr. T. Sriraman

## AUDITORS

### MSKA & Associates, Chartered Accountants

5<sup>th</sup> floor main building, Guna Complex, New No 443 & 445, Old No 304 & 305, Mount Road, Teynampet, Chennai - 600018, India.

## BANKERS

Punjab National Bank  
Central Bank of India  
Axis Bank Limited  
IDBI Bank Limited  
State Bank of India  
ICICI Bank limited  
Indian Bank  
Bank Of Maharashtra  
Bank Of India  
Indusind Bank Limited  
DBS Bank Limited (e-Lakshmi Vilas Bank)  
Union Bank of India  
Federal Bank Limited  
Yes Bank Limited  
Bank of Baroda  
IFCI Factors

## REGISTERED OFFICE

10/1, Bascon Futura, 4th Floor, Venkatnarayana Road,  
T. Nagar, Chennai – 600 017.



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# Chairman's Message

Date : 13.08.2022

Dear Shareholders,

During the year under review, the Construction and Engineering sector continued to face multiple challenges from lack of capital and credit avenues regulatory burden.

The Indian economy which had been deeply affected by the Covid pandemic was beginning to make a strong recovery. This has been affected by the crisis in Ukraine and the associated increases in global energy prices and disruptions in material flows. Increases in steel and related prices have especially affected our business

As you are aware, over the past couple of years, your company has been affected by significant cash flow issues and non-availability of working capital. The market for our business has been improving but we have not been able to tap into it.

The management has been working with the bankers and a new strategic investor to restructure and revive the company. I am happy to inform you that we have been able to finalise the investment from Mark AB Capital Investment LLC, a fund based out of Dubai, UAE.

With their investment and strategic direction, I am confident that the company will progress and will reach new heights.

As part of this investment, the board of your company is being restructured. I will be stepping down as chairman of your company. I wish to express my gratitude and appreciation towards my fellow directors, 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. I wish you and your company all the best.

Yours sincerely,

**P D Karandikar**  
(Din No.02142050)  
Chairman



## Financial Performance - Standalone

₹ in Crores

| Statement of Profit and Loss | As per IND AS          |                       |          |          |          |         |         |         |          |          |
|------------------------------|------------------------|-----------------------|----------|----------|----------|---------|---------|---------|----------|----------|
|                              | 2012-13<br>(15 months) | 2013-14<br>(9 months) | 2014-15  | 2015-16  | 2016-17  | 2017-18 | 2018-19 | 2019-20 | 2020-21  | 2021-22  |
| Gross Sales                  | 1,705.13               | 495.09                | 547.66   | 547.60   | 519.69   | 615.04  | 740.66  | 681.05  | 531.93   | 302.78   |
| Other Income                 | 60.35                  | 26.78                 | 11.03    | 113.03   | 87.83    | 105.33  | 74.27   | 48.18   | 21.31    | 8.95     |
| Interest                     | 410.94                 | 190.75                | 190.87   | 271.73   | 297.59   | 103.51  | 95.45   | 98.80   | 106.56   | 115.68   |
| Profit Before Taxation       | (305.13)               | (425.44)              | (252.62) | (244.03) | (226.39) | 24.26   | 28.62   | (80.99) | (182.89) | (206.23) |
| Profit After Taxation        | (262.86)               | (439.37)              | (252.85) | (244.03) | (150.92) | 10.76   | 28.62   | (80.99) | (182.89) | (249.01) |

| Balance Sheet                            | As per IND AS |          |          |          |          |          |          |          |         |          |
|--|---------------|----------|----------|----------|----------|----------|----------|----------|---------|----------|
|  | 2012-13       | 2013-14  | 2014-15  | 2015-16  | 2016-17  | 2017-18  | 2018-19  | 2019-20  | 2020-21 | 2021-22  |
| Fixed Assets (Net)                       | 53.86         | 69.84    | 70.41    | 55.21    | 6,087.37 | 5,579.13 | 5,378.42 | 49.28    | 44.04   | 38.74    |
| Investments<br>(Current and Non current) | 244.33        | 45.49    | 45.49    | 5.42     | 1.3345   | 1.31     | 1.12     | 1.02     | 1.04    | 0.77     |
| Net Deferred Tax                         | 13.93         | -        | -        | 414.26   | 489.74   | 476.24   | 476.24   | 476.24   | 476.24  | 433.45   |
| Net Assets<br>(Current and Non Current)  | 2,147.97      | 2,299.58 | 2,551.98 | 2128.43  | 1985.41  | 1793.44  | 2,006.19 | 1,236.38 | 994.51  | 746.05   |
| Share Capital                            | 44.36         | 344.36   | 386.36   | 330.63   | 936.97   | 971.53   | 971.53   | 971.53   | 971.53  | 971.53   |
| Other Equity                             | 200.30        | (239.07) | (324.38) | (403.77) | 191.67   | 257.79   | 286.55   | 205.67   | 22.98   | (225.48) |
| Loan Funds                               | 1,559.74      | 1,724.20 | 2,121.42 | 1,878.88 | 836.19   | 793.28   | 632.60   | 658.32   | 835.88  | 978.27   |

# Notice of Twenty Second Annual General Meeting

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of the Company will be held on Monday, the 19<sup>th</sup> of September, 2022 at 03.00 PM I.S.T through Video Conferencing/ Other Audio-Visual Means ("VC/OAVM") facility to transact the following business:

## **ORDINARY BUSINESS:**

1. To receive and consider and adopt the standalone and consolidated Audited Financial Statements of the company for the financial year ended 31<sup>st</sup> March 2022 including the audited Balance Sheet for the financial year ended 31<sup>st</sup> March 2022 and the statement of Profit & Loss account for the financial year ended on that date and cash flow statement for the financial year ended on that date and the reports of the Board of Directors and Auditors thereon.

2. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

Re-Appointment of Mr. S Bapu (DIN: 02541697) as a Director:

**RESOLVED THAT** Mr. S Bapu (DIN: 02541697) retires by rotation and who is eligible for re-appointment be and is hereby re-appointed as a Director of the Company.

3. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

### **Reappointment of Statutory auditor**

**RESOLVED THAT** pursuant to Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies(Audit and Auditors) Rules, 2014 (including any statutory modifications(s) or re-enactments thereof) and pursuant to the recommendations of the Audit committee, consent of the members be and hereby accorded to re-appoint M/s. MSKA & Associates, Chartered Accountants, having registration No. 105047W as the Statutory Auditors of the Company for the second term of five consecutive years, who shall hold office from the conclusion of this 22<sup>nd</sup> Annual General Meeting till the 27<sup>th</sup> Annual General Meeting to be held in the calendar year 2027 at a remuneration of Rs. 33,00,000/- (Rupees Thirty-Three Lakhs) excluding the out of pocket expenses incurred by them in connection with the Audit and applicable taxes for the Financial Year 2022-23 and that the Board of Directors

based on the recommendation of the Audit Committee be authorized to fix the remuneration payable to the Statutory Auditors for the subsequent Financial years.

**RESOLVED FURTHER THAT** any Director of the Company, Chief Financial Officer, Chief Executive Officer or Company Secretary be and are hereby authorized to all such acts, deeds and things as deemed necessary for the purpose of giving effect to the aforesaid resolution

## **SPECIAL BUSINESS:**

4. To consider and if deemed fit, to pass, the following resolution as an **Ordinary Resolution:**

### **Ratification of remuneration of Cost Auditor for the financial year ending 31<sup>st</sup> March, 2023**

**RESOLVED THAT** pursuant to Section 148 (3) and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs 50,000/- (Rupees Fifty Thousand only) plus applicable taxes and payment of such out of pocket expenses as approved by the Board of Directors of the Company to be paid to M/s. GSVK & Co., Cost Accountants, Firm Registration No. 002371 for the conduct of the audit of the cost accounting records of the Company for the financial year ending 31<sup>st</sup> March, 2023 be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and Mr. T Sriraman, Company Secretary of the Company be and hereby authorized to file necessary e-Forms, if any, with Registrar of Companies, Tamilnadu, Chennai."

5. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

### **Appointment of Mr. N K Suryanarayanan as a Non-Independent Director**

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and any other applicable provisions of the Companies Act, 2013 (including any statutory modification or reenactment thereof for the time being in force), the Companies (Appointment and Qualifications of Directors) Rules, 2014, and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing



Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations) as amended from time to time, Mr. N K Suryanarayanan (DIN: 01714066) who was appointed as an Additional Director of the Company with effect from 24<sup>th</sup> June, 2022 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company to hold office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to any other officer(s)/ authorized representatives(s) of the Company to do all acts, deeds and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

6. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

**Appointment of Mr. Abdulla Mohammad Ibrahim Hassan Abdulla as a Non-Independent Director**

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and any other applicable provisions of the Companies Act, 2013 (including any statutory modification or reenactment thereof for the time being in force), the Companies (Appointment and Qualifications of Directors) Rules, 2014, and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations) as amended from time to time, Mr. Abdulla Mohammad Ibrahim Hassan Abdulla(DIN:09436100) who was appointed as an Additional Director of the Company with effect from 24<sup>th</sup> June, 2022 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company to hold office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to any other officer(s)/ authorized representatives(s) of the Company to do all acts, deeds

and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

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

**Appointment of Dr. Ravichandran Rajagopalan as an Independent Director**

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 161 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or reenactment thereof for the time being in force), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended from time to time, Dr. Ravichandran Rajagopalan (DIN:01920603), Non-Executive Director, who meets the criteria of independence as provided in Section 149(6) (10) (11) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations, who has submitted a declaration and consent to that effect and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of an Independent Director be and is hereby appointed as an Independent Director for a term of 5 consecutive years commencing from 24<sup>th</sup> June, 2022 to 23<sup>rd</sup> June, 2027 (both days inclusive) not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to any other officer(s)/ authorized representatives(s) of the Company to do all acts, deeds and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

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

**Appointment of Dr. Arun Kumar Gopaldaswamy as an Independent Director**

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 161 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or reenactment thereof for the time being in force), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and



Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations) as amended from time to time, Mr. Arun Kumar Gopalaswamy (DIN:07212557), Non-Executive Director, who meets the criteria of independence as provided in Section 149(6) (10) (11) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations, who has submitted a declaration and consent to that effect and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of an Independent Director be and is hereby appointed as an Independent Director for a term of 5 consecutive years commencing from 24<sup>th</sup> June, 2022 to 23<sup>rd</sup> June, 2027 (both days inclusive) not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to any other officer(s)/ authorized representatives(s) of the Company to do all acts, deeds and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

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

**To clarify the consent given by the members for the conversion of NCDs issued to the Lenders into equity shares of the company and to give assent for the conversion of loan facilities into equity shares of the company.**

**"RESOLVED THAT** pursuant to the provisions of Section 42, 62 (3), 71 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read together with the Companies (Prospectus and Allotment of Securities) Rules, 2014, including any modification, amendment, substitution or re-enactment thereof, for the time being in force and the provisions of the memorandum and articles of association of the Company, the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI ICDR Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and rules and regulations framed thereunder as in force and in accordance with other applicable rules, regulations, circulars, notifications, clarifications and guidelines thereon issued from time to time by the Government of India, the Securities and Exchange Board of India ("SEBI"), the Registrar of Companies (the "RoC") and the Stock Exchanges where the shares

of the Company are listed ("Stock Exchanges") and subject to requisite approvals, consents, permissions and/or sanctions, if any of them and other appropriate statutory, regulatory or other authority and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting any such approvals, consents, permissions, and/or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred hereunder), as per the approval of the Lenders to the resolution by and between the Company and the Lenders of the Company under RBI circular dated 7<sup>th</sup> June 2019, also, based on the approval of the members of the Company obtained vide postal ballot notice dated January 05, 2022, clarification and consent of the Members be and is hereby accorded to the Board of Directors and / or the allotment committee of the Board of Directors for the Lenders (as stated in the Explanatory Statement) to exercise their rights in case of event of default and thereby exercise their option to convert the whole or a part of the NCDs issued to them and the other Loan Facilities availed from them into Ordinary Equity Shares of the Company, in accordance with the conditions as set out in the Master Restructuring Agreement, at a price in accordance with the Security Exchange Board of India ("SEBI") rules and regulations and the applicable provisions of the Companies Act, 2013 as amended from time to time.

Upon occurrence of an Event of Default (subject to the applicable cure periods), each Lender shall be entitled to exercise any of the following rights:

- (a) convert its respective part of the NCDs and Loan Facilities into Ordinary Equity Shares in accordance with the Applicable Law, in whole or part."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to finalise the terms and conditions, in case of conversion of the NCDs and Loan Facilities into Ordinary Equity Shares of the Company on the terms specified in the Restructured Documents, including upon happening of an event of default by the Company in terms of the Master Restructuring Agreement or the relevant Restructured Documents, as the case may be."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to offer, issue and allot from time to time to the Lenders such number of Ordinary Equity



Shares for conversion of the outstanding portion of the NCDs and Loan Facilities as may be desired by the Lenders.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept such modifications and to accept such terms and conditions as may be imposed or required by the Lenders arising from or incidental to the aforesaid terms providing for such option and to do all such acts and things as may be necessary to give effect to this resolution.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board / Committee be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit within the aforesaid limits and the Board/ Committee is also hereby authorized to resolve and settle all questions, difficulties or doubts that may arise with regard to such payment and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board / Committee in its absolute discretion may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution.”

**“RESOLVED FURTHER THAT** the Board be and is hereby also authorized to delegate all or any of the powers herein conferred by this resolution on it, to any committee of Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to this resolution.”

All capitalized terms used but not defined herein shall have the meaning ascribed to them under the Master Restructuring Agreement.

10. To consider and if thought fit, to pass, the following resolution as a **Ordinary Resolution:**

**To approve Material Related Party Transaction(s) with M/s. SVL Limited**

**“RESOLVED THAT** pursuant to Section 188 of the Companies Act, 2013 read with applicable provisions of the Companies Act, 2013 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to such other Regulations, Guidelines and Laws (including any statutory modifications or re-enactment thereof for the time being in force) and subject to all applicable

approvals, permissions and such conditions as may be prescribed by any of the concerned authorities while granting such approvals, basis the approval and recommendation of the Audit Committee and the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded to the Board, for entering into any contract(s)/ arrangement(s)/ transaction(s) (whether by way of an individual transaction or transactions taken together with previous transactions during the Financial year), with M/s. SVL Limited, Promoter of the Company, pertaining to Availing unsecured Inter Corporate Loan, for an amount not exceeding Rs. 100/- Crores, (Rupees One Hundred Crores) as set out under the Explanatory Statement annexed;

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board / Committee be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit within the aforesaid limits and the Board/ Committee is also hereby authorized to resolve and settle all questions, difficulties or doubts that may arise with regard to such payment and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board / Committee in its absolute discretion may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects.

11. To consider and if thought fit, to pass, the following resolution as a **Ordinary Resolution:**

**To approve Material Related Party Transaction(s) with M/s. Mark AB Capital Investment LLC and/or its Subsidiaries and/or its affiliates**

**“RESOLVED THAT** pursuant to Section 188 of the Companies Act, 2013 read with applicable provisions of the Companies Act, 2013 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, RBI and FEMA Regulations and subject to such other Regulations, Guidelines and Laws (including any statutory modifications or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and such conditions as may

be prescribed by any of the concerned authorities while granting such approvals, basis the approval and recommendation of the Audit Committee and the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded to the Board, for entering into any contract(s)/ arrangement(s)/ transaction(s) (whether by way of an individual transaction or transactions taken together with previous transactions during the Financial year), with M/s. Mark AB Capital Investment LLC and/or its Subsidiaries and/or its affiliates, Promoter of the Company, pertaining to Availing Unsecured Fund & Non-Fund based Loan and External Commercial Borrowing (ECB), for an amount not exceeding Rs. 300/- Crores, (Rupees Three Hundred Crores) as set out under the Explanatory Statement annexed;

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board / Committee be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit within the aforesaid limits and the Board/ Committee is also hereby authorized to resolve and settle all questions, difficulties or doubts that may arise with regard to such payment and to finalize and execute all agreements, documents and writings and to do all acts, deeds and

things in this connection and incidental as the Board / Committee in its absolute discretion may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects.

By order of the Board

Chennai  
13<sup>th</sup> August, 2022

T.Sriraman  
Company Secretary

Registered Office:

SEPC Limited (Formerly Known as Shriram EPC Limited)  
CIN: L74210TN2000PLC045167  
10/1, Bascon Futura, 4<sup>th</sup> Floor, Venkatnarayana Road,  
T. Nagar, Chennai – 600 017. Ph.044-4900 5555  
Email: info@shriramepc.com  
Website: www.shriramepc.com



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

### ITEM NO.3

The members of the company at the 17<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> August 2017, appointed M/s. MSKA & Associates, Chartered Accountants (Regn. No. 105047W) Chennai as Statutory Auditors of the Company to hold office until the conclusion of the ensuing Annual General Meeting. In terms of the provisions of Section 139 (2) of the Companies Act, 2013 the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, the Company can appoint or re-appoint an audit firm as statutory auditors for not more than two terms of five consecutive years. M/s. MSKA & Associates are eligible for re-appointment for a further period of five years. Based on the recommendation of the Audit Committee, the Board of Directors at their meeting held on 30<sup>th</sup> May, 2022 has approved the re-appointment of M/s. MSKA & Associates, Chartered Accountants (Regn. No. 105047W) as the Statutory Auditors of the Company, subject to the approval of the Shareholders, to hold office for a second term from the conclusion of this 22<sup>nd</sup> Annual General Meeting until the conclusion of 27<sup>th</sup> Annual General Meeting to be held in the calendar year 2027 at a remuneration of Rs. 33,00,000/- (Rupees Thirty Three Lakhs Only) excluding the out of pocket expenses incurred by them in connection with the Audit and applicable taxes for the Financial Year 2022-23 and that the Board of Directors based on the recommendation of the Audit Committee be authorized to fix the remuneration payable to the Statutory Auditors for the subsequent Financial years.

Established in 1978, MSKA & Associates (MSKA) is an Indian partnership firm registered with the Institute of Chartered Accountants of India (ICAI) and the PCAOB (US Public Company Accountancy Oversight Board). MSKA offers a wide range of services in Audit Assurance, Tax and Advisory domain led by industry experts with deep knowledge pockets and driven by a commitment, to deliver – quality services to all clients.

With over 1200+ professionals working across various cities in India (Ahmedabad, Bengaluru, Chennai, Goa, Gurugram, Hyderabad, Kolkata, Mumbai, Kochi, Pune), MSKA help improve performance and effectiveness of business through examining everything from core management and business processes to future directions and opportunities for growth:

M/s. MSKA & Associates have confirmed their eligibility under Section 141 the Act and the Rules made thereunder for their re-appointment as Statutory Auditors. Further as required under Regulation 33 of the Listing Regulations, they have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

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

None of the Directors or their relatives or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolution set out under item No.3.

### ITEM NO.4

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. GSVK & Co., Cost Accountants, Firm Registration No. 002371. As required under the Companies Act, 2013, the remuneration of Rs. 50,000/- p.a. (Rupees Fifty Thousand Only) exclusive of taxes as may be applicable and payment of such out of pocket expenses as may be mutually agreed 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 M/s. GSVK & Co., Cost Accountants, Firm Registration No. 002371, is included in Item no 4 of the Notice convening the Annual General Meeting.

The Board commends the Resolution in Item No. 4 for approval by the Members.

### Memorandum of Interest

None of the Directors or their relatives or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, except to the extent of shares held by them, in the resolution set out under item no 4 of the Notice.

### ITEM NO.5

Mr. N K Suryanarayanan (DIN: 01714066), was appointed as an Additional Director of the Company with effect from 24<sup>th</sup> June, 2022 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, to hold office up to the date of ensuing Annual General Meeting.

Mr. N K Suryanarayanan, 64 years is a Graduate Mechanical Engineer with Honors and Diploma in Management. He has varied experience in various industries and corporations in India and worked for large International Companies. He held various leadership positions. He has served in Industries mostly in Engineering and EPC's for Balance of Plants in cooling towers, water and air pollution control equipment.

He has presented papers on water conservation and usage of Sea water in cooling system for coastal projects. He got training in US and Belgium. His focus area has been Industrial EPC business. His last assignment was as Director and CEO of Hamon Group in India for their Cooling System.

Since Mr. N K Suryanarayanan holds the office of as an Additional Director till the date of this Annual General Meeting, the Board at its meeting held on 24<sup>th</sup> June, 2022 based on the recommendation of the Nomination and Remuneration Committee considered the candidature of Mr. N K Suryanarayanan as a Director of the company and has recommended his appointment as a Director, liable to retire by rotation, for the approval of the shareholders at the 22<sup>nd</sup> Annual General Meeting.

The required consent and disclosure forms have been received from Mr. N K Suryanarayanan. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, proposing the candidature of Mr. N K Suryanarayanan as a Director of the Company.

#### **Memorandum of Interest**

Except Mr. N K Suryanarayanan, being the appointee, none of the Directors or their relatives or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, except to the extent of shares held by them, in the resolution set out under item No.5.

The Board considers that the association of Mr. N K Suryanarayanan would be of immense benefit to the company and hence it is desirable to avail his services as a Director. Accordingly, the Board recommends the resolution set forth in Item no.5 of the Notice for the approval of the members.

#### **ITEM NO.6**

Mr. Abdulla Mohammad Ibrahim Hassan Abdulla (DIN: 09436100), was appointed as an Additional Director of the Company with effect from 24<sup>th</sup> June, 2022 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, to hold office up to the date of ensuing Annual General Meeting.

Mr. Abdulla Mohammad Ibrahim Hassan Abdulla is a young Dynamic professional with business administration degree from the Cambridge University, United Kingdom and has taken charge as the CEO of MARK AB CAPITAL after reorganisation in UAE. He is part of the Royal Family of Al Ain emirate of the UAE. He is a co-promoter of the Al Otaiba Group of Companies (AOG), a corporate multi-segment business house originated as the creative visualization of a long cherished ambition of a high profile personality. His Excellency Saif bin Mohammed Al Otaiba, Ex-Minister of

Plenipotentiary in the Ministry of Foreign Affairs, United Arab Emirates and one-time Consular General of United Arab Emirates in the United Kingdom for a decade.

Since Mr. Abdulla Mohammad Ibrahim Hassan Abdulla holds the office of as an Additional Director till the date of this Annual General Meeting, the Board at its meeting held on 24<sup>th</sup> June, 2022 based on the recommendation of the Nomination and Remuneration Committee considered the candidature of Mr. Abdulla Mohammad Ibrahim Hassan Abdulla as a Director of the company and has recommended his appointment as a Director, liable to retire by rotation, for the approval of the shareholders at the 22<sup>nd</sup> Annual General Meeting.

The required consent and disclosure forms have been received from Mr. Abdulla Mohammad Ibrahim Hassan Abdulla. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Abdulla Mohammad Ibrahim Hassan Abdulla as a Director of the Company.

#### **Memorandum of Interest**

Except Mr. Abdulla Mohammad Ibrahim Hassan Abdulla, being the appointee, none of the Directors or their relatives or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, except to the extent of shares held by them in the resolution set out under item No.6.

The Board considers that the association of Mr. Abdulla Mohammad Ibrahim Hassan Abdulla would be of immense benefit to the company and hence it is desirable to avail his services as a Director. Accordingly, the Board recommends the resolution set forth in Item no.6 of the Notice for the approval of the members.

#### **ITEM NO.7**

Dr. Ravichandran Rajagopalan (DIN: 01920603), was appointed as an Additional (Independent) Director of the Company with effect from 24<sup>th</sup> June, 2022 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, to hold office up to the date of ensuing Annual General Meeting.

Dr. Ravichandran Rajagopalan an IICA-MCA qualified Independent Director and a Management & Finance professional with 40 years of industry experience having travelled to 64 countries on Business, Consulting, Research, Trade and Development. He has done a Post-Doctoral Research in Investment Banking for International Business (Equity, LBO, Structured Private Debt, M&A, and Merchant Banking) and is a Fellow Member & Qualified Chartered Ship Broker, FICS (UK). He has various other degrees and certificates in accounts and finance management.



Since Dr. Ravichandran Rajagopalan holds the office of an Additional Director till the date of this Annual General Meeting, the Board at its meeting held on 24<sup>th</sup> June, 2022 based on the recommendation of the Nomination and Remuneration Committee considered the candidature of Dr. Ravichandran Rajagopalan as an Independent Director of the company and has recommended his appointment as an Independent Director, not liable to retire by rotation, for the approval of the shareholders at the 22<sup>nd</sup> Annual General Meeting.

In the opinion of the Board, Dr. Ravichandran Rajagopalan meets the criteria of Independence as provided in Section 149(6) of the Act and the Rules framed there under and Regulation 16(1) (b) of the SEBI (LODR) Regulations, 2015 and he has submitted the requisite declarations and consent to that effect.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, proposing the candidature of Dr. Ravichandran Rajagopalan as an Independent Director of the Company.

#### **Memorandum of Interest**

Except Dr. Ravichandran Rajagopalan, being the appointee, none of the Directors or their relatives or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, except to the extent of shares held by them, in the resolution set out under item No.7.

The Board considers that the association of Dr. Ravichandran Rajagopalan would be of immense benefit to the company and hence it is desirable to avail his services as an Independent Director. Accordingly, the Board recommends the resolution set forth in Item no.7 of the Notice for the approval of the members.

#### **ITEM NO.8**

Dr. Arun Kumar Gopaldaswamy (DIN: 07212557), was appointed as an Additional (Independent) Director of the Company with effect from 24<sup>th</sup> June, 2022 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, to hold office up to the date of ensuing Annual General Meeting.

Dr. Arun Kumar Gopaldaswamy is a Professor at the Department of Management Studies, Indian Institute of Technology, Madras. He is an applied researcher and his current focus is on “Evidence based impact evaluation for international development”. He works on assignments with Department of International Development (DFID), Government of UK and other field level intervention based organisations on various developmental issues. He also researches on e-business valuation of start-ups.

His teaching interests are in the area of Accounting, Corporate Valuation, Project Finance and Governance. He has worked on Market Integrations, Stability of Long-run Relationship in Asian stock markets, Changing role of market dominance, etc. He has co-authored two books one on Management Accounting with Prof. Robert Kaplan of Harvard Business School and Prof. Atkinson of University of Waterloo; and another on “Public perception of security” which encompasses food and health security. He has also undertaken number of consulting assignments ranging from Multi country- common resource stakeholder developmental issues, economic analysis of large infrastructure projects, organization restructuring, to risk mitigation initiatives of Central Banks in the Asian Region. He is also actively involved in the training space and has worked closely with Oil & Gas companies in Asia, Investment Banks, manufacturing entities, Central Banks in the South and East Asian region on risk management.

Since Dr. Arun Kumar Gopaldaswamy holds the office of an Additional Director till the date of this Annual General Meeting, the Board at its meeting held on 24<sup>th</sup> June, 2022 based on the recommendation of the Nomination and Remuneration Committee considered the candidature of Dr. Arun Kumar Gopaldaswamy as an Independent Director of the company and has recommended his appointment as an Independent Director, not liable to retire by rotation, for the approval of the shareholders at the 22<sup>nd</sup> Annual General Meeting.

In the opinion of the Board, Dr. Arun Kumar Gopaldaswamy meets the criteria of Independence as provided in Section 149(6) of the Act and the Rules framed there under and Regulation 16(1) (b) of the SEBI (LODR) Regulations, 2015 and he has submitted the requisite declarations and consent to that effect.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, proposing the candidature of Dr. Arun Kumar Gopaldaswamy as an Independent Director of the Company.

#### **Memorandum of Interest**

Except Dr. Arun Kumar Gopaldaswamy, being the appointee, none of the Directors or their relatives or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, except to the extent of shares held by them in the resolution set out under item No.8.

The Board considers that the association of Dr. Arun Kumar Gopaldaswamy would be of immense benefit to the company and hence it is desirable to avail his services as a Director. Accordingly, the Board recommends the resolution set forth in Item no.8 of the Notice for the approval of the members.

## ITEM NO.9

The members are aware that vide postal ballot notice issued by the Company dated January 05, 2022 under item No. 3, the members have approved the Special Resolution under Section 42, 62 and 71 of the Companies Act 2013 (CA 2013) read with Rule 14 of the Companies (prospectus and Allotment Securities) Rules, 2014 (Prospectus and Allotment Rules) for the issuance of the Non- Convertible Debentures (NCDs) to the Lenders for an amount not exceeding INR 175,00,00,000/- (Indian Rupees One Hundred and Seventy Five Crores only) against the conversion of a part of their existing debt into NCDs.

Pursuant to the execution of the master restructuring agreement dated June 22, 2022 inter alios with various Lenders (the “Master Restructuring Agreement”), the provision of the following Facilities have been approved to the Company under the debt restructuring proposal in line with the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by the RBI pursuant to its circular dated June 7, 2019 bearing no. RBI/2018-19/203; DBR. No.BP.BC.45/21.04.048/2018-19::

| Sl. No | Lenders                                       | Facilities    |               |                       |                             |                |
|--------|---|---------------|---------------|-----------------------|-----------------------------|----------------|
|        |   | CCD           | NCD           | Fund Based Facilities | Non – Fund Based Facilities | Total          |
| 1      | Punjab National Bank                          | 18.40         | 18.40         | 23.55                 | 316.89                      | 377.24         |
| 2      | Axis Bank Limited                             | 4.19          | 4.19          | 5.26                  | 102.34                      | 115.98         |
| 3      | IDBI Bank Limited                             | 13.24         | 13.24         | 19.51                 | 5.00                        | 50.99          |
| 4      | Central Bank of India                         | 37.68         | 37.68         | 51.26                 | 64.44                       | 191.06         |
| 5      | Indian Bank                                   | 4.02          | 4.02          | 4.76                  | 50.15                       | 62.95          |
| 6      | Bank Of India                                 | 2.25          | 2.25          | 3.55                  | 45.99                       | 54.04          |
| 7      | Federal Bank                                  | 4.02          | 4.02          | 4.76                  | 1.25                        | 14.05          |
| 8      | DBS Bank Limited                              | 8.31          | 8.31          | 9.83                  | 1.49                        | 27.94          |
| 9      | Bank of Baroda                                | 5.61          | 5.60          | 6.64                  | -                           | 17.85          |
| 10     | Asset Reconstruction Company (India) Limited  | 5.57          | 5.57          | 6.60                  | 13.49                       | 31.24          |
| 11     | Bank Of Maharashtra                           | 5.54          | 5.54          | 6.55                  | 33.98                       | 51.59          |
| 12     | Union Bank of India                           | 5.03          | 5.03          | 5.95                  | 1.61                        | 17.61          |
| 13     | Aaaet Care & Reconstruction Eterprise Limited | 33.15         | 33.15         | 1.40                  | -                           | 67.70          |
| 14     | IFCI Factors Limited                          | 2.24          | 2.24          | 2.65                  | -                           | 7.13           |
| 15     | Indusind Bank Limited                         | 6.54          | 6.54          | 7.74                  | 13.20                       | 34.02          |
| 16     | Yes Bank Limited                              | 2.62          | 2.62          | 3.10                  | 0.78                        | 9.12           |
| 17     | State Bank of India                           | 15.08         | 15.08         | 17.86                 | 55.94                       | 103.97         |
| 18     | ICICI Bank limited                            | 1.51          | 1.51          | 1.79                  | 2.74                        | 7.55           |
|        | <b>Total</b>                                  | <b>175.00</b> | <b>175.00</b> | <b>182.76</b>         | <b>709.29</b>               | <b>1242.05</b> |

Kindly note that the term “Loan Facilities” shall refer collectively to the total of the ‘Fund Based Facilities’ and ‘Non-Fund Based Facilities’ provided in the table set out above.

While the consent of the members for the conversion of NCDs issued to the Lenders under Section 62 (3) of the Companies Act, 2013 was sought and specified in the explanatory statement annexed to the postal ballot notice to the meeting held on February 05, 2022, the same was inadvertently omitted in the shareholders’ resolution passed in the said meeting. In order to provide abundant clarification regarding the consent of the members for the conversion of NCDs into Ordinary Equity Shares of the Company in the event of any default, a special resolution as given below in Item No. is requested to be assented to by the members of the Company.

In line with various directives issued by Reserve Bank of India, from time to time, the Company has been advised to pass a Special Resolution under Section 62(3) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and Rules made there-under to enable the Lenders to convert the outstanding loans or any other financial assistance categorized as loans in foreign currency or Indian Rupee, already availed from the Lenders or as may be availed from the Lenders, from time to time (i.e., NCDs and Loan Facilities), in case of default at their option, into Ordinary Equity Shares of the Company upon such terms and conditions as may be deemed appropriate by the Board and at a price to be determined in accordance with the applicable Securities and Exchange Board of India Regulations (SEBI Regulations) at the time of such conversion.

Accordingly, the Board recommends the resolution as set out in the resolution to enable the Lenders, in terms of the lending arrangements, entered, and as may be specified by the Lenders under the Restructured Documents executed, at their option, to convert the whole or part of their respective NCDs and Loan Facilities into Ordinary Equity Shares of the



Company, upon such terms and conditions as may be deemed appropriate by the Board and at a price to be determined in accordance with the applicable SEBI Regulations at the time of such conversion. The conversion of CCDs to Ordinary Equity Shares of the Company has already been assented to be the shareholders vide resolution dated February 05, 2022.

It is hereby clarified that none of the promoters, directors and key managerial personnel of the Company and their relatives are concerned or interested in the proposed resolution to the extent of their shareholding in the Company.

The proposed restructuring terms for the debt of the Company are in the best interest of the Company and your directors recommend the resolution for your approval.

Accordingly, consent of the Members is being sought by way of this Special Resolution under Item No.9 specifically under Section 62 (3) of the Companies Act, 2013.

#### **Memorandum of Interest**

None of the other Directors or Key Managerial Personnel, or their relatives are, in any way, are concerned or interested in the resolution as set out at No. 9 of the Notice.

The Board recommends the resolution set forth in Item No.9 of the Notice for the approval of the members.

#### **ITEM NO. 10**

Approval of Material Related Party Transactions under Section 188 of the Companies Act, 2013 read with applicable provisions of the Companies Act, 2013 and as per Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ('LODR Regulations') was amended vide notification dated November 9, 2021, inter-alia, enhancing the scope of related party, related party transactions (RPTs) and the materiality threshold for seeking shareholder approval with effect from April 1, 2022, ie. if transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 Crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower. The Material Related Party Transactions requires approval of the Shareholders by passing an Ordinary Resolution and in respect of voting on such resolution(s), all the related parties shall abstain from voting, irrespective of whether the entity or person is a party to the particular transaction or not, pursuant to Regulation 23(7) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SVL Limited is a Related Party as defined under Section 2 (76) of the Companies Act, 2013 and/ or under applicable accounting standards.

SVL Limited is Promoter of SEPC Limited, holds 22.24% of equity share shares in SEPC Limited.

During the financial year 22-23, the Company availed /intended to avail loans from its Promoters ie. SVL Limited from time to time. The Board anticipates that during the financial year ending on March 31, 2023, the quantum of such loans will cross the materiality threshold of 10% of the consolidated turnover of the Company. In terms of the Company's Policy on Disclosure on Material Events/Information, such loans being material related party transactions require shareholder approval by way of an Ordinary Resolution.

As per Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the proposed borrowing of upto Rs. 100 Crores by the Company from SVL Limited, being one of the Promoters of the Company would be a Related Party Transaction and since the transaction value is expected to exceed materiality threshold prescribed under SEBI Listing Regulations applicable to the Company, the same would require approval of the Shareholders.

The other related information as envisaged under the Act and SEBI Regulations, 2015 are furnished hereunder:

| S.No. | Particulars  | SVL Limited                   |
|-------|--|-------------------------------|
| 1     | Type, material terms and particulars of the proposed transactions  | Availing Inter Corporate Loan |
| 2     | Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise); | SVL Limited<br>Promoter       |
| 3     | Tenure of the proposed transaction (particular tenure shall be specified);   | As agreed between the parties |
| 4     | Value of the proposed transaction;   | Rs. 100 Crores                |



|    |   |   |
|----|---|---|
| 5  | The percentage of the SEPC's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction   | 31.25 %   |
| 6  | If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:<br><br>i) details of the source of funds in connection with the proposed transaction;<br><br>ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:<br>nature of indebtedness,<br>cost of funds and<br>tenure;<br><br>iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and<br><br>iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT. | Not applicable  |
| 7  | Justification as to why the RPTs are in the interest of the listed entity   | The terms and conditions prescribed in the loan agreements are beneficial to the interest of the company  |
| 8  | A copy of the valuation or other external party report, if any such report has been relied upon;  | The transactions do not contemplate any valuation.  |
| 9  | A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transactions will be made available through the registered e-mail address of the shareholders;  | Not Applicable  |
| 10 | Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis  | Not Applicable  |
| 11 | Name of the Director or KMP who is related, if any  | None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested financially or otherwise except to the extent of shares held by them, if any, in the Item No. 10 of the Notice, except Mr. T Shivaraman, is deemed to be concerned or interested in the transaction entered/to be entered between this Company with SVL Limited being Mr. T Shivaraman is Managing Director & CEO in SEPC Limited and Director in SVL Limited |
| 12 | Any other information that may be relevant  | NA  |

The Board is of the view that the above said Loans with the terms proposed to be availed by the Company from the Promoter entities would be beneficial to the Company and therefore recommends Ordinary Resolution set out in Item No. 10 of the Notice for approval of the Shareholders.

#### **Memorandum of Interest**

Apart from the above, none of the other Directors or Key Managerial Personnel, or their relatives are, in any way, are concerned or interested in the resolution except to the extent of shares held by them, if any, as set out at No. 10 of the Notice.

The Board recommends the resolution set forth in the above item for the approval of the members by way of an Ordinary Resolution.



## ITEM NO. 11

Approval of Material Related Party Transactions under Section 188 of the Companies Act, 2013 read with applicable provisions of the Companies Act, 2013 and as per Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ('LODR Regulations') was amended vide notification dated November 9, 2021, inter-alia, enhancing the scope of related party, related party transactions (RPTs) and the materiality threshold for seeking shareholder approval with effect from April 1, 2022, ie. if transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 Crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower. The Material Related Party Transactions requires approval of the Shareholders by passing a Ordinary Resolution and in respect of voting on such resolution(s), all the related parties shall abstain from voting, irrespective of whether the entity or person is a party to the particular transaction or not, pursuant to Regulation 23(7) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mark AB Capital Investment LLC is a Related Party as defined under Section 2 (76) of the Companies Act, 2013 and/ or under applicable accounting standards.

Mark AB Capital Investment LLC is the Promoter of SEPC Limited, holds 22.65% of equity share shares in SEPC Limited.

During the financial year 22-23, the Company intended to avail loans from its Promoter ie. Mark AB Capital Investment LLC and/or its Subsidiaries and/or its affiliates, from time to time. The Board anticipates that during the financial year ending on March 31, 2023, the quantum of such loans will cross the materiality threshold of 10% of the consolidated turnover of the Company. In terms of the Company's Policy on Disclosure on Material Events/Information, such loans being material related party transactions require shareholder approval by way of an Ordinary Resolution.

As per Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the proposed borrowing ie. Unsecured Fund & Non-Fund based Loan and External Commercial Borrowing (ECB) upto Rs. 300 Crores by the Company from Mark AB Capital Investment LLC and/or its Subsidiaries and/ or its affiliates, being one of the Promoters of the Company would help in improving the working capital position of the Company and would be a Related Party Transaction and since the transaction value is expected to exceed materiality threshold prescribed under SEBI Listing Regulations applicable to the Company, the same would require approval of the Shareholders.

The other related information as envisaged under the Act and SEBI Regulations, 2015 are furnished hereunder:

| S.No. | Particulars   | Mark AB Capital Investment LLC and/or its Subsidiaries and/or its affiliates             |
|-------|---|--|
| 1     | Type, material terms and particulars of the proposed transactions   | Availing Unsecured Fund & Non-Fund based Loan and External Commercial Borrowing (ECB)    |
| 2     | Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);        | Mark AB Capital Investment LLC and/or its Subsidiaries and/or its affiliates<br>Promoter |
| 3     | Tenure of the proposed transaction (particular tenure shall be specified);  | As agreed between the parties  |
| 4     | Value of the proposed transaction;  | Rs. 300 Crores   |
| 5     | The percentage of the SEPC's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction | 93.75%   |

|    |   |   |
|----|---|---|
| 6  | <p>If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:</p> <p>i) details of the source of funds in connection with the proposed transaction;</p> <p>ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:<br/>nature of indebtedness,<br/>cost of funds and<br/>tenure;</p> <p>iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured,<br/>the nature of security; and</p> <p>iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.</p> | Not applicable  |
| 7  | Justification as to why the RPTs are in the interest of the listed entity   | The terms and conditions prescribed in the loan agreements are beneficial to the interest of the company  |
| 8  | A copy of the valuation or other external party report, if any such report has been relied upon;  | The transactions do not contemplate any valuation.  |
| 9  | A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transactions will be made available through the registered e-mail address of the shareholders;  | Not Applicable  |
| 10 | Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis  | Not Applicable  |
| 11 | Name of the Director or KMP who is related, if any  | None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested financially or otherwise except to the extent of shares held by them, if any, in the Item No. 11 of the Notice, except Mr. Abdulla Mohammad Ibrahim Hassan Abdulla, is deemed to be concerned or interested in the transaction entered/to be entered between this Company with Mark AB Capital Investment LLC and/or its Subsidiaries and/or its affiliates being Mr. Abdulla Mohammad Ibrahim Hassan Abdulla is Director both in SEPC Limited and Mark AB Capital Investment LLC and/or its Subsidiaries and/or its affiliates |
| 12 | Any other information that may be relevant  | NA  |

The Board is of the view that the above said Loans with the terms proposed to be availed by the Company from the Promoter entities would be beneficial to the Company and therefore recommends the Ordinary Resolution set out in Item No. 11 of the Notice for approval of the Shareholders.

#### **Memorandum of Interest**

Apart from the above, none of the other Directors or Key Managerial Personnel, or their relatives are, in any way, are concerned or interested in the resolution except to the extent of shares held by them, if any, as set out at No. 11 of the Notice.



The Board recommends the resolution set forth in the above item for the approval of the members by way of an Ordinary Resolution.

**Details of Directors seeking Appointment/ re-appointment at the forthcoming Annual General Meeting**

| Name of the Directors  | Mr. S Babu   | Mr. N K Suryanarayanan  | Mr. Abdulla Mohammad Ibrahim Hassan Abdulla                   | Dr. Ravichandran Rajagopalan   | Dr. Arun Kumar Gopalaswamy  |
|--|--|---|---|--|---|
| Date of Birth  | 24/07/1940   | 13/09/1957  | 06/09/1994  | 20/07/1957   | 06/02/1971  |
| Date of Appointment  | 30/03/2011   | 24/06/2022  | 24/06/2022  | 24/06/2022   | 24/06/2022  |
| Qualifications   | Post-graduate in Mathematics   | B.E.[Mech] Honors   | Business administration Cambridge University                  | Doctorate in Investment Banking for International Business   | Doctorate in Strategic Management   |
| Experience and expertise in specific functional area                 | He is a Retired Chief Commissioner of Income Tax conversant with income tax law & chit funds laws, with over 5 decades experience and acquainted with regulations applicable to NBFCs, Insurance Regulations | He got training in US and Belgium. His focus area has been Industrial EPC business. His last assignment was as Director and CEO of Hamon Group in India for their Cooling System. | He is a co-promoter of the Al Otaiba Group of Companies (AOG) | IICA-MCA qualified Independent Director, Management & Finance professional with 40 years of industry experience. | Professor at the Department of Management Studies, Indian Institute of Technology, and Madras. Evidence based impact evaluation for international development. He works on assignments with Department of International Development (DFID). |
| Shareholding in SEPC Limited   | -  | -   | -   | -  | -   |
| Relationship with other Directors / KMPs                             | -  | -   | -   | -  | -   |
| Directorships / held in other Listed Companies                       | -  | -   | -   | -  | -   |
| Committee Membership and Chairmanship held in other Listed Companies | -  | -   | -   | -  | -   |

**Notes:**

1. The Directorship, Committee Membership and Chairmanships do not include positions in foreign companies, unlisted companies, private companies and Section 8 companies.

2. The proposal for appointment of Directors has been approved by the Board of Directors pursuant to the recommendation of Nomination and Remuneration Committee considering their skills and experience.

3. Terms and conditions of appointment and remuneration are as per the Nomination and Remuneration Policy of the Company.

4. Detailed profile of Directors, number of meetings of the Board of Directors attended by them during the financial

year and remuneration drawn are provided in the Corporate Governance Report which forms part of the Annual Report.

By order of the Board

Chennai  
13<sup>th</sup> August, 2022

T.Sriraman  
Company Secretary

**Registered Office:**

SEPC Limited (Formerly Known as Shriram EPC Limited)  
CIN: L74210TN2000PLC045167  
10/1, Bascon Futura, 4<sup>th</sup> Floor, Venkatnarayana Road,  
T. Nagar, Chennai – 600 017. Ph.044-4900 5555  
Email: info@shriramepc.com, Website: www.shriramepc.com

## **CDSL e-Voting System – For e-voting and Joining Virtual meetings.**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.shriramepc.com](http://www.shriramepc.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM i.e. [www.evotingindia.com](http://www.evotingindia.com)).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 02/2022 dated May 05, 2022.
8. In continuation of this Ministry's General Circular No. 20/2020, dated 05<sup>th</sup> May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2022, to conduct their AGMs on or before 31.12.2022, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA Circular no. 02/2022 dated 05<sup>th</sup> May, 2022.



## THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on Friday, 16<sup>th</sup> September, 2022 at 9 A.M. I.S.T and ends on Sunday, 18<sup>th</sup> September, 2022 at 5.00 P.M. I.S.T. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Monday, 12<sup>th</sup> September, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in

India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode**

CDSL/NSDL is given below:

| Type of shareholders  | Login Method  |
|---|---|
| Individual Shareholders holding securities in Demat mode with CDSL Depository | <ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol> |

|   |  |
|---|--|
| Individual Shareholders holding securities in demat mode with NSDL Depository                               | <ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or clickat <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol> |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP) | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.   |

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.**

Login type Helpdesk details

| Login type  | Helpdesk details   |
|---|--|
| Individual Shareholders holding securities in Demat mode with <b>CDSL</b> | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33 |
| Individual Shareholders holding securities in Demat mode with <b>NSDL</b> | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30         |

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.
- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - 2) Click on “Shareholders” module.
  - 3) Now enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.



- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:6)If you are a first-time user follow the steps given below:

| <b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b> |   |
|--|---|
| PAN  | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul> |
| Dividend Bank Details<br><br><b>OR</b><br>Date of Birth (DOB)                                    | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>                 |

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for which you choose to vote.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk. evoting@cdslindia.com.
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
  - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have



issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [rsaevoting@gmail.com](mailto:rsaevoting@gmail.com) and [tsr@sepc.in](mailto:tsr@sepc.in) (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

The Board of Directors of the Company has appointed Mr. R.Sridharan of M/s. R. Sridharan & Associates, Company Secretaries (Membership No. FCS No. 4775) (C.P. No. 3239) as the Scrutinizer to scrutinize the remote e-voting process and e-voting at the AGM in a fair and transparent manner.

The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than two working days from the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The results of voting declared along with the Scrutinizer's Report shall be placed on the Company's website <http://www.shriramepc.com/> and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchange(s).

## **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 03 (Three) days prior to meeting i.e. on or before 5.00 P.M. on Thursday, 15<sup>th</sup> September, 2022 their name, demat account number/folio number, email id, mobile number at [tsr@sepc.in](mailto:tsr@sepc.in) . The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 05 (Five) days prior to meeting i.e. on or before 5.00 P.M. on Tuesday, 12<sup>th</sup> September, 2022 their name, demat account number/folio number, email id, mobile number at [tsr@sepc.in](mailto:tsr@sepc.in) . These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting



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## **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id.**
2. For Demat shareholders -, Please update your email id & mobile no. with your respective **Depository Participant (DP)**
3. **For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.**

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.

# Management Discussion and Analysis FY - 2021-22

## Company Overview

Headquartered in Chennai, Tamil Nadu, SEPC Limited (formerly Shriram EPC Ltd) is one of the country's leading service provider of integrated design, engineering, procurement, construction and project management services for water infrastructure, process and metallurgy plants, power plants, and mines and mineral processing.

SEPC has a proven track record, having executed some of the most complex and technically challenging projects across the country and overseas.

## Economic overview

The infrastructure sector in India is recovering well after the pandemic induced slowdown. Government budgetary outlays are returning to their pre pandemic levels. The focus of both Central and State Governments on Infrastructure development continues unabated as the schemes announced in the Central and State budgets indicate.

In the Union Budget 2022-23, the government has given a massive push to develop infrastructure by allocating Rs. 10 lakh crore (US\$ 130.57 billion) for infrastructure sector.

India is expected to become the third-largest construction market globally by 2022. India has a requirement of investment worth Rs. 50 trillion (US\$ 777.73 billion) across infrastructure by 2022 for a sustainable development in the country.

Construction development and infrastructure activity sectors received FDI inflows amounting to US\$ 26.17 billion and US\$ 26.30 billion, respectively, between April 2000-December 2021.

Highway construction in India increased at a CAGR of 21.44% between FY16-FY19. In FY19, 10,855 kms of highways were constructed. The Government of India aims to construct 65,000 kms of national highways at a cost of Rs. 5.35 lakh crore (US\$ 741.51 billion) by 2022.

Water, sanitation and hygiene, which are major determinants of health and nutrition levels, have gained substantial visibility during the last two years because of the pandemic. It has been well established that safe drinking water, quality sanitation, and good hygiene contribute to the prevention of disease and promotion of health. Thereby, all three have long-term beneficial economic implications.

In India, 38.4 per cent of children under the age of five years are stunted, and half of all undernutrition cases are associated with diarrhoea and 30 infections result from unsafe water, poor sanitation, and unhygienic behaviour[i].

This year's budget has continued to give priority to the provisioning of drinking water. In the Budget Estimate (BE) for 2022-23, the Department of Drinking Water and Sanitation, under the Ministry of Jal Shakti, has been given a 12 per cent increase in allocation over the 2021-22 (BE)

The main reason for this has been the (19.9 per cent) rise in allocation for the government's flagship Jal Jeevan Mission (JJM) scheme in 2022-23 (BE) against the allocation made last year. This allocation of Rs 60,000 crore confirms the significance of the water supply in the second year of the pandemic.

All the above are both direct opportunities for the company. In addition, there will be second order opportunities in steel, cement and other plants that will expand to meet this demand.

## Company Overview

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

## Water and Waste Water Management

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

SEPC is amongst the leading player offering technologies and services that help municipal and industrial customers meet their wastewater 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.

## Process & Metallurgy, Mining

SEPC provides turnkey contracting solutions comprising of designing, engineering and construction for Ferrous & Non Ferrous Industries and Cement Plants.



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

SEPC's has strategic tie-ups with renowned global players in this segment

The Company's client roster comprises of renowned brands like MISCO, Oman, Grasim, Vedanta, SAIL, RINL, NMDC, Hindustan Copper, Kerala Feeds etc.

## **RESOLUTION PLAN FOR THE COMPANY**

During the year, the Company progressed the proposal made by Mark AB Capital LLC for a strategic investment in the company along with Management control. Mark AB Capital Investment LLC (Mark AB) has significant experience in the EPC space with investments in 9 EPC companies in Kuwait, UAE, and Russia among others.

Based on the Resolution Plan submitted, Mark AB proposed to invest Rs.350 crores (by issue of equity shares on a preferential basis) into the Company with a 26.48% stake in the Company: The Company has received approvals from the shareholders, stock exchanges and a supermajority of the lenders for the proposal. The proposal has been implemented post the end of the financial year.

In addition to the issue of the equity shares, the proposal is to convert not exceeding Rs.350 Crores of debt into suitable Secured redeemable non- convertible Debentures to the lenders of the Company.

Implementation of the resolution plan will enable the company to resume bidding for large projects in India. The support of Mark AB will also allow for significant expansion into the Middle East and North Africa markets.

## **SWOT Analysis –**

### **Strengths –**

**Technical Proficiency** – SEPC's efficiency in offering 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 to provide cost effective solutions to its clients facilitates them to improve their competitive positioning, maximize assets 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 results in securing repeat orders from its clients.

**Well established in sectors with high potential** – SEPC has a proven track record in executing orders across segments such as water and waste-water distribution and water treatment plants, process and metallurgy projects, mines & mineral processing and power plants including renewable energy. The water sector especially enjoys high potential and provides the company significant opportunity for further growth in India and overseas market.

**Skilled Management** – A strong management team with rich experience has been instrumental in guiding the Company through the most challenging and difficult times for the EPC Industry. The Company is well supported by its Board of directors, who have helped the management to take certain strategic decisions to ensure that the growth and development of the business of the Company is maintained.

### **Weakness –**

Cyclical nature of business– Despite offering solutions and services across various sectors, the Company's success is 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 is impacted by external environment. The promoters have also periodically supported the Company financially. As the cash flows improve, its ability to compete for business will be enhanced.

### **Opportunities –**

#### **Domestic Market**

The domestic market for water and infrastructure projects is massive. Post the implementation of the resolution plan, SEPC will be left with relatively low debt and will be able to take advantage of the growing market with limited competition. The market in Process and metallurgy is also growing. Increasing steel and commodity prices is triggering expansion in many of our clients which will open up opportunities for SEPC.

#### **International Markets**

The completion of the Basra and MISCO (Oman) projects allows the company to access a large number of projects in the MENA region. The relationships of Mark ab Capital will open new doors for the company

## Threats –

### Regulatory & Political Risk

The Company functions in a dynamic and ever changing business environment, wherein any sudden withdrawal or policy cancellation can have an adverse impact on the businesses overall operations. In addition, higher level of regulations can also have an adverse impact on the Company's profitability.

### Increasing Competition

Heightened competition invariably leads irrational bidding wars resulting in driving down the margins and profitability to unviable levels.

### SEPC Outlook

The approval of the resolution plan and the new equity infusion will allow the company to return to growth. Our clients have stood with us during the difficult times and we should be able to leverage these relationships in the future.

Diversification of customers, industries as well as geographies has enabled SEPC to emerge as a capable EPC player. The Company is confident of further elevating its performance given the improved prospects across the landscape for its customer industries in India and overseas.

### Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor.

| Particulars                      | Ratio as on     |                 | Variance | Reason  |
|----------------------------------|-----------------|-----------------|----------|---|
|                                  | 31st March 2022 | 31st March 2021 |          |   |
| Debt Equity Ratio                | 1.31            | 0.84            | 56%      | Increase in over dues and Interest accrued not paid             |
| Return on equity/ investment     | -33%            | -18%            | 82%      | ECL provision, reduction in net worth due to loss               |
| Trade Receivables turnover ratio | 1.55            | 1.01            | 53%      | Reduction in revenue  |
| Trade payables turnover ratio    | 0.63            | 0.42            | 48%      | Increase in creditors value & reduction in credit purchases     |
| Net profit ratio                 | -47%            | -32%            | 46%      | Reduction in revenue  |
| Return on Capital employed       | -5%             | -8%             | 37%      | Reduction in EBIT loss as well as reduction in Capital Employed |

### Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.

| Particulars         | 31st March 2022 | 31st March 2021 | Variance | Reason  |
|---------------------|-----------------|-----------------|----------|---|
| Return on Net Worth | -5%             | -8%             | 37%      | Reduction in EBIT loss as well as reduction in Capital Employed |

### Material developments in Human Resources / Industrial Relations front, including number of people employed.

Material Development means a development that would have had a material adverse effect or impact on the business front. When viewed from this point of view, SEPC continues to function at its optimum level with little or no impact in HR. SEPC has been able to retain its talents all through the year to meet its business targets and performance.

The company's manpower strength was 315 as on 1.4.2021 and the same stood at 277 as on 31.3.2022. during the year under review, the Company laid increased focus on completing the water and infra projects (under the Municipal services) , where there has been no major attrition.

The attrition was mainly in P & M and MPD and other Support Services Department which did not have much of an impact in the Company's present business scenario.

On the Industrial Relations front too, the Company's impeccable track records continues with NIL issues on this front and the employees keep supporting the Management's efforts in full steam.



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**Internal control systems and their adequacy.**

The Company has an independent Internal Audit Practices with well-established risk management processes both at the business and corporate levels. Internal Auditor submits their reports, directly to the Chairman of the Audit Committee of the Board of Directors, which ensures process independence.

The audit committee revisits the adequacy of internal audit/ controls and ensures that the size and composition commensurate with the size of the business. The Company believes that every employee has a role to play in fostering an environment in which controls, assurance, accountability and ethical behaviour are accorded high importance. This complements the Internal Audits conducted to ensure total coverage during the year.

The overall aim of the company's internal control framework is to assure that operations are effective and well aligned

with the strategic goals. The internal control framework is intended to ensure correct, reliable, complete and timely financial reporting and management information.

**Discussion on financial performance with respect to operational performance.**

The company has recorded a gross revenue of Rs 32,945.65 lakhs for the year ended 31<sup>st</sup> March 2022 compared to Rs 58,278.52 lakhs over the previous year. The international revenue constituted 34% on the total revenue in FY 22 (54% in FY 21). The De growth in revenue is mainly on account of delay in implementation of Resolution Plan and completion of International projects.

Gross Profit margin for the year is at 14% compared to 8% during the previous year.

The capital employed as on 31<sup>st</sup> March 2022 is Rs 94,487 lakhs is decreased from Rs 1,30,388 lakhs in FY 2021 mainly due to operating Loss recorded during the last two years.

# Directors' Report

Dear Shareholder,

Your Directors present the Twenty Second Annual Report together with the Audited Financial Statements of your Company for the financial year ended 31<sup>st</sup> March, 2022.

## FINANCIAL RESULTS

(₹ in lakhs)

| PARTICULARS  | Consolidated<br>(12 months) | Consolidated<br>(12 months) | Standalone<br>(12 months) | Standalone<br>(12 months) |
|--|-----------------------------|-----------------------------|---------------------------|---------------------------|
|  | 2021-22                     | 2020-21                     | 2021-22                   | 2020-21                   |
| Total Income   | 34,059.07                   | 60,613.31                   | 31,174.05                 | 55,324.01                 |
| Profit before Interest, Depreciation, tax and extra-ordinary items | (3,580.07)                  | (5,461.06)                  | (2,118.53)                | (5,938.81)                |
| Interest & depreciation  | 12,151.04                   | 11,214.97                   | 12,143.23                 | 11,200.61                 |
| Profit before tax & before extra-ordinary items                    | (15,731.11)                 | (16,676.05)                 | (14,261.76)               | (17,139.43)               |
| Provision for taxation   | 4,278.00                    | 122.17                      | 4,278.00                  | -                         |
| Profit after tax & extra-ordinary items                            | (26,370.37)                 | (17,947.31)                 | (24,901.02)               | (18,288.54)               |
| Balance brought forward from last year                             | (1,93,436.12)               | (1,75,488.79)               | (1,89,616.01)             | (1,71,327.47)             |
| Profit available for appropriation                                 | (2,15,105.50)               | (1,93,436.02)               | (2,14,517.03)             | (1,89,616.01)             |

## OPERATING RESULTS & PERFORMANCE

During the financial year ended March 31, 2022 the company had recorded a total income at Rs.311.74 Crores as against Rs. 553.24 Crores in the previous year on a standalone basis. Loss was at Rs249.01 crores as against a loss of Rs. 182.88 crores during the corresponding period.

## BUSINESS HIGHLIGHTS

During the past year, the Company completed the Sewerage, Storm water and Trunk sewer pipeline at Al Qibla area, for Basra Governorate, Basra, Iraq valued at USD 236 Mn. in joint venture with Mokul Infrastructure Private Limited (Mokul Shriram EPC JV(MSJV)) through local contractor enabling the company to get additional qualification to bid for similar projects in the Middle East market.

The Company is in the process of implementing a resolution plan under June 7<sup>th</sup> 2019 RBI Circular on Prudential Framework for resolution of Stressed assets involving infusion of Equity of Rs 350 crores by M/s Mark AB Capital Investment LLC (Mark AB), a Dubai based fund, on preferential basis for a 26% stake along with day to day control and Management of the Company and conversion of debt into Equity of Rs 350 crores among others. This will address the present stress on cash flows and enable the company to bid for new projects.

The resolution plan was approved by a super majority of the bankers on 25<sup>th</sup> March 2022. The revised Consortium agreement – Master Restructuring Agreement (MRA) was signed on 29<sup>th</sup> June 2022. Fresh equity has been issued to Mark AB Capital Investment LLC in tranches starting on 24<sup>th</sup> June 2022, 30<sup>th</sup> June 2022, 11<sup>th</sup> July 2022 and 27<sup>th</sup> July 2022.

With this transaction, Mark AB has become the promoter of SEPC Limited.

Company's Order Book was Rs 1,197 crores as at March 31, 2022.

## BUSINESS RISK MANAGEMENT

Pursuant to the requirement of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, though not mandatory, the company has voluntarily 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 before even signing of the contract.
- Estimation risk 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 partner's 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 clearance
- Geographic risks like unfavourable weather conditions, earth quake floods etc.

The above key risks are closely tracked for timely mitigation.

#### **Competition Risks:**

The Infrastructure Industry is intensely competitive. 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**

In the coming year 2022-23, to overcome the Covid disruptions in the economy in the last two years Government have introduced various measures to improve the Economy

with focus on Infrastructure, like Smart city mission, AMRUT, National Solar Mission, housing for all, National Jal Jeevan Mission etc.

#### **BUSINESS OVERVIEW**

Your Company operates in the turnkey contracts business.

The turnkey contracts business covers engineering, procurement and construction projects. Major areas of operation include Municipal services projects like water and wastewater treatment plants and infrastructure, Roads, metallurgical and process plant projects a.

#### **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 endeavours 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's subsidiary has successfully completed the mini Steel plant project for MISCO at a total cost of USD 241 Million. The subsidiary is also looking for new projects based on this qualification in GCC Countries.

##### **SHRIRAM EPC ARKAN LLC**

With the completion of the MISCO project, the Company's step down subsidiary Shriram EPC Arkan LLC (70 % subsidiary of SEPC FZE Sharjah) has downsized its operations while looking for further opportunities in the region.

Form AOC-1 in the specified format is enclosed as Annexure - I.

#### **Dividend**

Since the Company has carry forward losses, the Board has decided not to recommend a Dividend.



## SHARE CAPITAL

The authorized and paid-up capital of your Company is Rs.1400 crs and Rs.971.53 crores respectively.

The shareholding pattern as on 31<sup>st</sup> March 2022 is as under:

| Sl | Shareholders        | % holding |
|----|---------------------|-----------|
| 1  | SVL Ltd (Promoters) | 28.76     |
| 2  | Bankers             | 55.53     |
| 3  | Public & Others     | 15.72     |

The total net worth of the Company as at 31<sup>st</sup> March, 2022 on Standalone basis was Rs 746.04 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.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES (REFERRED TO IN SUB SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013)

All transactions with related parties were on arm's length basis and in the ordinary course of business. There was no material related party contract during the year. Form AOC-2 as required under Section 134 (3)(h) of the Act is enclosed to this report.

## 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.

## RE-APPOINTMENT /APPOINTMENT OF DIRECTORS

During the year, the re-appointment of Mr. T Shivaraman as the Managing Director & CEO for a period of one year w.e.f 20<sup>th</sup> September, 2021 and the re-appointment of Mr. M Amjat Shariff as the Joint Managing Director for a period of one year w.e.f 20<sup>th</sup> September, 2021 was approved by the Members at the 21<sup>st</sup> Annual General Meeting held on 28<sup>th</sup> September, 2021.

Mr. Kallika Prasad Agarwal, a nominee of Punjab National Bank, ceased to be a Director of the Company w.e.f. the closing hours of business on 23<sup>rd</sup> June, 2022 consequent

to withdrawal of nomination by Punjab National Bank.

Further to the Resolution Plan and the investment by Mark AB, the Board of Directors pursuant to the recommendation of the Nomination and Remuneration Committee considered the appointment of the following additional directors w.e.f. 24<sup>th</sup> June, 2022. Dr. R Ravichandran as an Additional (Independent) Director, Dr. Arun Kumar Gopaldaswamy as an Additional (Independent) Director, Mr. Abdulla Mohammad Ibrahim Hassan Abdulla as an Additional Director and Mr. N K Suryanarayanan as an Additional Director.

In terms of Companies Act, 2013, SEBI (LODR) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2), the necessary resolutions with explanatory statement for the appointment of said Directors of the Company is included in the Notice sent along with the annual report.

Mr. S Bapu (DIN: 02541697) retires by rotation pursuant to Section 152(6) of the Companies Act, 2013 and Article 17.26 of the Articles of Association of the Company at the forth coming Annual General Meeting and being eligible offers himself for re-appointment. In terms of Secretarial Standards on General Meetings (SS-2), the necessary resolution for the re-appointment of Mr. S Bapu as a Director of the Company is included in the Notice sent along with the annual report.

## KEY MANAGERIAL PERSONNEL

Mr. K Suresh, Company Secretary & Compliance Officer tendered his resignation from the closing hours of business on 4<sup>th</sup> June, 2021. The Board at its meeting held on 11<sup>th</sup> February, 2022 appointed Mr. T Sriraman as the Company Secretary & Compliance Officer of the Company w.e.f. 11<sup>th</sup> February, 2022.

## 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.

## FAMILIARIZATION 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 MEETINGS OF THE BOARD**

During the year 2021-22, 5 (FIVE) meetings of the Board of Directors were held on 29<sup>th</sup> June 2021, 13<sup>th</sup> August 2021, 12<sup>th</sup> November 2021, 03<sup>rd</sup> January 2022 and 11<sup>th</sup> February 2022. 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, 2022, 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, 2022 and of the loss of the Company for the year ended on that date;
- c. that the directors had taken 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 into 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 had 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>

Form AOC-2 in the specified format is enclosed as Annexure - II.

#### **EXPLANATIONS OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMER MADE BY THE STATUTORY AUDITORS AND THE PRACTISING 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

in their respective reports are furnished below:

## QUALIFICATIONS OF STATUTORY AUDITORS

### Auditor Qualification 1

The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. 39,645.00 Lakhs (March 31, 2021: Rs. 43,889.00 Lakhs) which is recognized on unabsorbed business losses. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment on reasonable certainty of future taxable profits, as required by Ind AS 12 on Income taxes and, considering the current pandemic situation, we are unable to ascertain the extent to which the deferred tax asset can be utilized. (Refer Note 44 of the Standalone financial statements). This matter was also qualified in our report on the Standalone financial statements for the year ended March 31, 2021.

### Management Response 1

Against the carried forward loss of Rs 2,11,013 lakhs, the company has recognised Deferred Tax Asset (DTA) on a carry forward loss of ₹1,28,547 lakhs which results in DTA of ₹ 39,645 lakhs ((March 31, 2021 - ₹ 43,889.00 Lakhs). Considering potential order book as on date, future business prospects in the light of implementation of resolution plan, projects in pipeline etc., the management is confident of adjusting these carry forward losses and

full.Qualifications by the Secretarial Auditors

reversal of DTA before the expiry of the period for which this benefit is available.

### Auditor Qualification 2

Contract Asset (Non-Current) include Rs. 3,956.62 Lakhs (Net of provisions amounting to Rs. 926.98 Lakhs) relating to project dues which is not progressing on account of Statutory delays faced by the Customer. In the absence of positive development in this matter till date there is uncertainty on the amount that would be recoverable by the Company. Further, Sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amounts are not available. Accordingly, we are unable to comment on the carrying value of above-mentioned Contract Asset (Non-Current) and the impact if any, on account of non-provisioning of the said balance on the Consolidated financial statements at present. Refer to Note 8 of the Standalone Financial Statements.

### Management Response 2

The Company entered into a contract to construct Ammonia plant for Bharath Coal and Chemicals Limited (BCCL). The project is stalled due to delays in statutory approvals. The total exposure in this project recorded under Unbilled Revenue is ₹ 3,956.02 Lakhs (March 31, 2021 - ₹ 3,956.02 Lakhs) Considering that BCCL is under liquidation and do not have any financial creditor, management is of the view that BCCL will be in a position to settle company's dues in

| Sr. No | Compliance Requirement (Regulations/ circulars / guidelines including specific clause)   | Deviations   | Observations/ Remarks of the Practicing Company Secretary   |
|--------|--|--|---|
| 1      | The Company shall have a full-time company secretary in employment as per section 203 of the Companies Act 2013 read with Rule 8 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 6 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. | The Company Secretary has resigned from office with effect from 04 <sup>th</sup> June 2021, and it is observed that the Company had only appointed the company secretary with effect from 11 <sup>th</sup> Feb 2022, therefore beyond 6 (Six) months the Company was not having a full time company secretary on roll. | The Company has regularized the Compliance Officer appointment by appointing Mr. R S Chandrasekharan, CFO with effect from 04 <sup>th</sup> June 2021 during the absence of the Full time Company Secretary.            |
| 2      | Reg 34 (1): the Annual Report copies shall be sent to Stock Exchanges with 21 clear days' notice excluding the date of Meeting and date of sending the Notice  | It is observed that the Company has submitted the Annual Report copies to the Stock Exchanges on 07 <sup>th</sup> Sept 2021 and since the Annual General Meeting held on 28 <sup>th</sup> Sept 2021, there is a delay of 1 day.  | The date of dispatching the Notice and Date of meeting shall be excluded while reckoning the Clear Days' Notice.<br><br>Note: As per the explanation provided by the Company, the said delay is due to technical error. |



## Management Response

The Company was having an Assistant Company Secretary who was taking care of the Compliances – had qualified himself and was waiting for the ACS Membership. On Receipt of the membership number he was appointed as full time Company Secretary and Compliance Officer and the non-compliance was duly explained to stock Exchanges and ratified.

As explained this was purely due to some technical issue and the very next day the dissemination has happened.

The Secretarial Audit Report is annexed here with as Annexure - III.

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

There have been material changes in the financial position of the company between the end of the financial year and the date of this report. The following is a summary of the changes

The consortium of bankers of the company, by a supermajority have approved a resolution plan for the company on 25<sup>th</sup> March, 2022 which inter alia provide for the following

- a. Investment of Rs 350 crores in equity of the company at a price per equity share of Rs 10.00 by Mark AB capital Investment LLC, Dubai.
- b. Recognition of Mark AB Capital Investment LLC as the promoter of the company
- c. Cessation of SVL limited as the promoter of the company
- d. Conversion of Rs 175 crores of loans by the banks into Compulsory convertible debentures
- e. Conversion of Rs 175 crores of loans by the banks into Non-convertible debentures

The infusion of equity by Mark AB and the consequent change of control is exempt from the takeover code regulations as per the exemption granted by RBI Circular Number RBI/2018-19/203. DBR.No.BP. BC.45/21.04.048/2018-19. June 7, 2019. Prudential Framework for Resolution of Stressed Assets.

Subsequent to the approval of the banks, BSE Limited and the National Stock exchange have accorded their In-principal approval for preferential allotment of equity shares to Mark AB Capital Investment LLC.

Based on the above equity shares have been issued to Mark AB in tranches starting on 24<sup>th</sup> June 2022, 30<sup>th</sup> June 2022, 11<sup>th</sup> July 2022 and 27<sup>th</sup> July 2022.

## COMPOSITION OF AUDIT COMMITTEE

Pursuant to Section 177 of the Companies Act, 2013, during the year, the Audit Committee was not reconstituted for any reasons by the Board of Directors and the Committee continues to have the following members:

1. Mr. P D Karandikar - Member
2. Mr. S Bapu - Member
3. Ms. Chandra Ramesh - Member
4. Mr. K S Sripathi - 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.

The Audit Committee had met 5 (FIVE) times on 29<sup>th</sup> June 2021, 13<sup>th</sup> August 2021, 12<sup>th</sup> November 2021, 03<sup>rd</sup> January 2022 and 11<sup>th</sup> February 2022.

## WHISTLE BLOWER POLICY (VIGIL MECHANISM)

Pursuant to Sections 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a Vigil Mechanism through a Whistle Blower Policy.

The details about the whistle blower policy are provided in the Annual Report Disclosures under Regulation 34 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## NOMINATION AND REMUNERATION COMMITTEE

Pursuant to Section 178 of the Companies Act, 2013, during the year, the Committee was not reconstituted for any reasons by the Board of Directors and the Committee continues to have the following members:

- Ms. Chandra Ramesh - Chairman
- Mr. P D Karandikar - Member
- Mr. K S Sripathi - Member

During the year 2021-22, 3 (Three) meetings of the Nomination and Remuneration Committee were held on 13<sup>th</sup> August 2021, 12<sup>th</sup> November 2021 and on 11<sup>th</sup> February, 2022. 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 is available in the website of the Company under the link <http://www.shriramepc.com/Companies-Act-2013-Compliance.aspx>

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

The Company is carrying accumulated losses for the last 2 years. However, Corporate Social Responsibility Committee is formed based on the net worth of the Company as per the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Policy on Corporate Social Responsibility is available in the website of the Company under the link [Policy-on-Corporate-Social-Responsibility.pdf](#) (shriramepc.com)

### **INSIDER TRADING GUIDELINES**

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time), the Company has formulated a Code of Conduct on Prohibition of Insider Trading ('Insider Trading Code') and a Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information ('Fair Disclosure Code') which are in force. The Fair Disclosure Code is available on the website of the Company at [Policy-on-Corporate-Social-Responsibility.pdf](#) (shriramepc.com)

### **AUDITORS**

The members of the company at the 17<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> August 2017, appointed M/s. MSKA & Associates, Chartered Accountants (Regn. No. 105047W) Chennai as Statutory Auditors of the Company to hold office until the conclusion of the ensuing Annual General Meeting. In terms of the provisions of Section 139 (2) of the Companies Act, 2013 the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, the Company can appoint or re-appoint an audit firm as statutory auditors for not more than two terms of five consecutive years. M/s. MSKA & Associates are eligible for re-appointment for a further period of five years.

Based on the recommendation of the Audit Committee, the Board of Directors at their meeting held on 30<sup>th</sup> May, 2022 has approved the re-appointment of M/s. MSKA & Associates, Chartered Accountants (Regn. No. 105047W) as the Statutory Auditors of the Company, subject to the approval of the Shareholders, to hold office for a second

term from the conclusion of this 22<sup>nd</sup> Annual General Meeting until the conclusion of 27<sup>th</sup> Annual General Meeting to be held in the calendar year 2027 at a remuneration of Rs. 33,00,000/- (Rupees Thirty Three Lakhs Only) excluding the out of pocket expenses incurred by them in connection with the Audit and applicable taxes for the Financial Year 2022-23 and that the Board of Directors based on the recommendation of the Audit Committee be authorized to fix the remuneration payable to the Statutory Auditors for the subsequent Financial years.

M/s. MSKA & Associates have confirmed their eligibility under Section 141 the Act and the Rules made thereunder for their re-appointment as Statutory Auditors. Further as required under Regulation 33 of the Listing Regulations, they have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

In terms of Companies Act, 2013, SEBI (LODR) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2), the necessary resolutions with explanatory statement for the appointment of Statutory Auditors of the Company is included in the Notice sent along with the annual report.

### **COST AUDITORS**

Pursuant to Section 148 of the Companies Act, 2013 (Act) read with Rule 14 of Companies (Audit and Auditors) Rules, 2014, (Rules) M/s GSVK & Co., Cost Accountants (Registration No. of the Firm is 002371) was appointed as Cost Auditor of the company for the financial year 2022-23 on a remuneration of Rs. 50,000/- plus applicable taxes and payment of such out of pocket expenses as approved by the Board of Directors of the Company. 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 M/s GSVK & Co., Cost Accountants is included at Item No.4 of the notice convening the annual general meeting.

### **Secretarial Audit**

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 Mr. Rajiblochan Sarangi, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith.



## SECRETARIAL STANDARDS

The Institute of Company Secretaries of India has issued Secretarial Standards (Meetings of the Board and General Meetings) on various aspects of corporate law and practices. The Company has complied with each one of them.

## 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 WORK PLACE

The Company has in place 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 during the year 2021-22.

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: 390.77 Lakhs

Expenditure in Foreign Currency: Rs. 492.10 lakhs

|  |                 |
|--|-----------------|
| Professional & Consultancy Fees                                | 4.85            |
| Material Consumed<br>Erection, Construction & Operation<br>Exp | 201.72<br>59.00 |
| Travelling & Conveyance  | 3.74            |
| Salary & Wages   | 67.95           |
| Others   | 154.84          |
| Total  | 492.10          |

## Transfer to Investor Education and Protection Fund Authority

The Company had declared Dividend up to the year 2011-12 and all unclaimed / Unpaid Amounts have been transferred to IEPF Authorities. As regards the underlying shares the same had been transferred up to the year 2009-10. We are in the process of transferring underlying shares of 2010-11 and are struck up due to some technical issue in filing e-form IEPF-4 and are following up with Registrar of Companies.

## ANNUAL RETURN

The details forming part of the Annual Return in the prescribed form MGT 7 as per Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is uploaded on the website of the Company at <http://www.shriramepc.com/>

## 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.

## DISCLOSURE REQUIREMENTS

The Company complies with all applicable mandatory Secretarial standards issued by the Institute of Company Secretaries of India

None of the Auditors of the Company have reported any fraud as specified under second proviso of Section

143(12) of the Companies Act 2013(including any statutory modification (s) or re-enactment(s) thereof for the time being in force.

The Company does not have any scheme or provision of money for the purchase of its own shares by employees/ Directors or by trustees for the benefit of employees/ Directors: and

The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

#### **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

24<sup>th</sup> June, 2022  
Chennai

P D Karandikar  
(DIN: 02142050)  
Chairman



## 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

#### Subsidiaries

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

| Sl.No. | Particulars   | Details         |
|--------|---|-----------------|
| 1      | Name of the subsidiary  | Shriram EPC FZE |
| 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   | 30.83           |
| 5      | Reserves and surplus  | 501.18          |
| 6      | Total assets  | 15,353.09       |
| 7      | Total Liabilities   | 15,823.44       |
| 8      | Investments   | NA              |
| 9      | Turnover  | 2,936.46        |
| 10     | Profit before taxation  | 1,495.56        |
| 11     | Provision for taxation  | Nil             |
| 12     | Profit after taxation   | 1,495.56        |
| 13     | Proposed Dividend   | Nil             |
| 14     | Extent of shareholding (in percentage)  | 100%            |

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

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



## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

### Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

#### 1. Details of contracts or arrangements or transactions not at arm's length basis - Nil

|   |  |
|---|--|
| Name(s) of the related party and nature of relationship   |  |
| Nature of contracts/arrangements/transactions   |  |
| Duration of the contracts/arrangements/transactions   |  |
| Salient terms of the contracts or arrangements or transactions including the value, if any                        |  |
| Justification for entering into such contracts or arrangements or transactions                                    |  |
| Date of approval by the Board   |  |
| Amount paid as advances, if any   |  |
| Date on which the special resolution was passed in general meeting as required under first proviso to section 188 |  |

#### 2. Details of material contracts or arrangement or transactions at arm's length basis : List Enclosed

|  |  |
|--|--|
| Name(s) of the related party and nature of relationship                                    |  |
| Nature of contracts/arrangements/transactions  |  |
| Duration of the contracts/arrangements/transactions  |  |
| Salient terms of the contracts or arrangements or transactions including the value, if any |  |
| Date(s) of approval by the Board, if any   |  |
| Amount paid as advances, if any  |  |

**For and on behalf of the Board of Directors**  
**Shriram EPC Limited**  
CIN: L74210TN2000PLC045167

**Chandra Ramesh**  
Director

**T. Shivaraman**  
Managing Director & CEO

**R.S. Chandrasekharan**  
Chief Financial Officer



## Annexure to AOC-2

(A) List of related parties and description of relationship as identified and certified by the Company:

**Entites exercising significant influence over the company**

SVL Limited

**Subsidiary**

Shriram EPC FZE, Sharjah

**Step Down Subsidiary**

Shriram EPC Arkan LLC

**Subsidiary of Entites exercising significant influence over the company:**

Shriram SEPL Composites Private Limited

Bharat Coal Chemicals Limited (BCCL)

**Enterprises under the joint control of the Entites exercising significant influence over the company:**

Leitwind Shriram Manufacturing Private Limited

**Key management personnel**

T.Shivaraman - Managing Director

M.Amjad Shariff - Joint Managing Director

**Other enterprises under the control of the key management personnel**

Orient Green Power Company Limited

Bharath Wind Farm Limited

Clarion Windfarms Private Limited

Beta Wind Farm Private Limited

Amrit Enviornmental Technologies P Ltd

**Joint Operations**

Larsen & Toubro Limited Shriram EPC JV

Mokul Shriram EPC JV

Shriram EPC Eurotech Environmental Pvt Ltd - JV

SEPC DRS ITPL JV

(B) Details of transactions with related party in the ordinary course of business for the year ended:

| (i) Investing Party  | 2021-22  | 2020-21   |
|--|----------|-----------|
| Transfer of Advances / Receivables   | 2,789.98 | 4,758.88  |
| Fund Received (Net)  | 2,450.43 | 5,194.75  |
| <b>(ii) Key Management Personnel (KMP)</b>                                       |          |           |
| <b>Compensation of key management personnel</b>                                  |          |           |
| T.Shivaraman   | 60.40    | 60.40     |
| M.Amjad Shariff  | 60.15    | 60.15     |
| <b>(iii) Other enterprises under the control of the key management personnel</b> |          |           |
| <b>(a) Orient Green Power Company Limited</b>                                    |          |           |
| Payments made  | 0.41     | -         |
| <b>(b) Bharath Wind Farm Limited</b>   |          |           |
| Fund Receipts  | 4.11     | -         |
| <b>(iv) Joint Operations</b>   |          |           |
| <b>(a) Larsen &amp; Toubro Limited Shriram EPC JV</b>                            |          |           |
| Company's share in profit of Integrated Joint Ventures                           | 1.48     | 286.15    |
| Funds Received   | 390.77   | -         |
| <b>(b) Shriram EPC Eurotech Environmental Pvt Ltd - JV</b>                       |          |           |
| Progressive Billings/ Revenue  | 698.18   | 532.66    |
| Expenses reimbursed by the party   | 4.51     | 125.33    |
| <b>(c) SEPC DRS ITPL JV</b>  |          |           |
| Progressive Billings/ Revenue  | 1.99     | 590.73    |
| Expenses reimbursed by the party   | -        | 260.85    |
| <b>(d) Mokul Shriram EPC JV</b>  |          |           |
| Progressive Billings/ Revenue  | 8,624.17 | 25,983.90 |
| Cost incurred for Materials and Labour   | 8,624.17 | 25,983.90 |



# CORPORATE GOVERNANCE REPORT

## 1. Company's practice on Corporate Governance

The Company has consistently aimed at developing a formalised system of Corporate Governance. We believe that it is imperative and non-negotiable for a world class Company to adopt transparent accounting policies, appropriate disclosure norms, best-in-class board practices and consistent high standards of corporate conduct towards its stakeholders.

The Company adopts the Corporate Governance by adopting practices mandated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and its amendments from time to time under Corporate Governance and by establishing procedures and systems to be fully compliant with it. Periodic review of the procedures and systems are done in order to ensure continued relevance, effectiveness and responsiveness to the needs of the Shareholders.

The Company adopts practices mandated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 under Corporate Governance and by establishing procedures and systems to be fully compliant with it. Periodic review of the procedures and systems are done in order to ensure continued relevance, effectiveness and responsiveness to the needs of the Shareholders.

The Company discloses information regarding its financial position, performance and other vital matters with transparency, fairness and accountability on timely basis and the Company is in compliance with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to the Corporate Governance, applicable for the financial year 2021 - 22.

### BOARD OF DIRECTORS

The Board is entrusted and empowered to oversee the management, direction and performance of the Company with a view to protect interest of the stakeholders and enhance value for shareholders.

#### Composition of Board

As at 31.03.2022 the Board comprises of seven directors of which Managing Director & CEO and Joint Managing Director are the Two Executive Directors. Out of the five Non-Executive Directors, three (3) including one-woman director are independent Directors and (1) non-independent director and One (1) Nominee Director.

As on March 31, 2022 and as on date of this Report, the Company is in compliance with Regulations 17(1)(a) and 17(1)(b) of the Listing Regulations pertaining to optimum combination of Executive and Non-Executive Directors with one Woman Director, not less than fifty percent of the Board comprising of Non-Executive Directors and at least half of the Board comprising of Independent Directors. The Company is also in compliance with the provisions of Section 149(4) of the Companies Act, 2013.

The Company has an appropriate size of the Board for strategic discussion and avails benefit of diverse experience and viewpoints.

All directors are individuals of integrity and courage, with relevant skills and experience to bring judgment to bear on the business of the Company. The composition of Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the composition of the Board of Directors are given in Table at page no 47.

As on date of this report i.e. 24<sup>th</sup> June, 2022, the Board comprises of 10 Directors:

|   |   |  |
|---|---|--|
| Mr. T Shivaraman                            | - | Managing Director & CEO                            |
| Mr. M Amjat Shariff                         | - | Joint Managing Director                            |
| Mr. P D Karandikar                          | - | Non Executive - Independent                        |
| Ms. Chandra Ramesh                          | - | Non Executive - Independent                        |
| Mr. K S Sripathi                            | - | Non Executive - Independent                        |
| Mr. S Bapu                                  | - | Non Executive – Non Independent                    |
| Dr. R Ravichandran                          | - | Additional (Independent) Director <sup>1</sup>     |
| Dr. Arun Kumar Gopaldaswamy                 | - | Additional (Independent) Director <sup>1</sup>     |
| Mr. Abdulla Mohammad Ibrahim Hassan Abdulla | - | Additional (Non Independent) Director <sup>1</sup> |
| Mr. N K Suryanarayanan                      | - | Additional (Non Independent) Director <sup>1</sup> |
| Mr. Kallika Prasad Agarwal                  | - | Nominee Director <sup>2</sup>                      |

1 Appointed w.e.f. 24<sup>th</sup> June, 2022

2 Ceased to be a Director w.e.f. 23<sup>rd</sup> June, 2022

### Information provided to the Board

Among others, information shared to the Board includes:

- a) Annual operating plans of businesses and budgets and any updates thereof;
- b) Capital budgets and any updates thereof;
- c) Quarterly results for the Company and business segments;
- d) Minutes of the meetings of the Audit Committee, other Committees of the Board and minutes of meetings of Subsidiary Companies;
- e) The information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary;
- f) Show cause, demand, prosecution notices and penalty notices, which are materially important;
- g) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- h) Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
- i) Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- j) Making of loans and investment of surplus funds;
- k) General notices of interests of Directors;
- l) Constitution/Reconstitution of Board Committees;
- m) Appointment, remuneration and resignation of Directors;
- n) Dividend declaration;
- o) Significant changes in accounting policies and internal controls;
- p) Details of any joint venture or collaboration agreements;
- q) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- r) Significant labour problems and their proposed solutions, any significant development on human resources, industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.;
- s) Sale of material nature of investments, subsidiaries, assets which are not in the normal course of business;
- t) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- u) Non-compliance of any regulatory, statutory nature or listing regulations and shareholders' service, such as non-payment of dividend, delay in share transfer, if any, and others;
- v) Declaration of Independent Directors at the time of appointment / annual declaration;
- w) Takeover of a Company or acquisition of a controlling of a substantial stake in another Company;
- x) Appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee;
- y) Annual financial results of the Company, Auditors 'Report and the Report of the Board of Directors;
- z) Compliance Certificates for all the laws as applicable to the Company; and
- aa) CSR activities carried out by the Company and expenditure made thereon.

The Board of Directors of the Company is presented with detailed notes, along with the agenda papers, well in advance of the meeting. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practical to attach any document to the agenda, the same is tabled before the meeting with the specific reference to its effect in the agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted.

The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.

### Declaration by Independent Directors

The Company has received necessary declarations from each independent director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations. The Board confirms that, in its opinion, the independent directors fulfil the conditions as specified in the Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

### Familiarization Program of Independent Directors

The Independent directors of SEPC are eminent personalities having wide experience in the field of business, finance,



education, industry, commerce and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions.

Independent Directors are appointed as per the Governance guidelines of the Company, with management expertise and wide range of experience. The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations. The new Board members are also requested to access the necessary documents / brochures, Annual Reports and internal policies available at our website [www.shriramepc.com](http://www.shriramepc.com) to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent directors.

The details of the programme are placed on the website of the Company at <http://www.shriramepc.com/Companies-Act-and-SEBI-Compliances.aspx>

### **Prevention of Insider Trading**

Code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct to regulate, monitor and report trading by insiders

– The Company has in place the code of practices and procedures for fair disclosure of unpublished price sensitive information and the code of conduct to regulate, monitor and report trading by insiders in terms of Regulation 8 and 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015 respectively.

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the guidelines received and adopted by the Company. Code of Conduct for Prevention of Insider Trading for prevention of insider trading is in place. The objective of the Code is to prevent purchase and / or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, Designated persons (Directors, Advisors, Officers and other concerned employees / persons) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of Compliance Officer is also required. All the designated employees are also required to disclose related information periodically as defined in the Code.

Directors and designated employees who buy and sell shares of the Company are prohibited from entering into an opposite transaction i.e. sell or buy any shares of the Company during the next six months following the prior transactions. Directors and designated employees are also prohibited from taking positions in the derivatives segment of the Company shares. The aforesaid Code is amended from time to time as per latest regulations and is available at the website of the Company in <http://www.shriramepc.com/pdf/Fair-Codes-for-Insider-Trading-Feb-2019.pdf>.

During the year no person was denied access to the Audit Committee.

### **Whistle Blower**

Your Company has established a mechanism called 'Whistle Blower' for directors and employees to report to the appropriate authorities of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. The policy permits all the directors and employees to report their concerns directly to the Chairman of the Audit Committee of the Company. The policy with the name and address of the Chairman of the Audit Committee has been communicated to the employees by uploading the same on the website of the Company. The employees can directly contact the Chairman of the Audit Committee on the email address as mentioned in the 'Whistle Blower Policy' uploaded at the website of the Company. The aforesaid Policy is amended from time to time as per latest regulations and is available at the website of the Company in <http://www.shriramepc.com/pdf/WHISTLE-BLOWER-AND-VIGIL-MECHANISM-NEW.pdf>

### **Performance evaluation of Independent Directors:**

The Nomination and Remuneration Committee evaluates the performance of Independent Directors based on their commitment towards attending the meetings of the Board/ Committees, contribution and attention to the affairs of the Company and their overall performance apart from sitting fees paid for each Board and committee meetings attended by them. The evaluation mechanism of Independent Directors is detailed below:

### **Evaluation Process**

In conformity with the requirement of the Act, the performance evaluation of all the Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated. Independent Directors are required to evaluate the performance of non – Independent Directors and Board as a whole. The Independent Directors of the Company shall hold at least one meeting in a

year to exercise the functions as mentioned in Act. The Independent Directors meeting for the current financial year 2021-22 was held on 30<sup>th</sup> March 2022.

To enable directors to evaluate their individual performance as well as the collective performance of the Board and Chairperson, the Company has developed a framework for evaluating Board's effectiveness, directors' and Chairperson's performance.

#### CRITERIA

##### A. Board

1. The Board Meetings are conducted with sufficient focus on important matters and views of all directors are considered before taking a decision
2. The Board composition has the right mix of knowledge and skills required to drive organizational performance
3. Meetings are scheduled with adequate notice and are conducted as per defined schedules
4. The Board meetings are adequate and directors are provided opportunity to suggest agenda items for the Board/Committees, allowing appropriate time for critical issues
5. The Board prioritizes organizational needs
6. The Board provides feedback to management
7. The Board members are aware of their Roles, duties, responsibilities, liabilities and powers
8. The Board materials sufficiently covers the subject and are sent adequately in advance to allow Board to understand the information
9. The Board is effective in establishing a corporate governance that promotes timely and effective disclosure, fiscal accountability, high ethical standards

made by the Directors as per LODR Regulations, 2015.

Details of their Directorships and Chairmanship/Membership of Board Committees of the companies showing the position as on 31 March, 2022 are given below:

| Name of Director   | Position                               | Relationship with other Directors | Directorships held as on March 31, 2022 in other Indian Public Limited Companies | Name of the listed entity and category of Directorship | **Member in Committees -Position held in other Indian Public Limited Companies |          | Attendance at last AGM held on 28 <sup>th</sup> September, 2021 |
|--------------------|--|-----------------------------------|--|--|--|----------|---|
|                    |  |                                   |  |  | Member   | Chairman |   |
| Mr. P D Karandikar | Non – Executive & Independent Chairman | None                              | 1  | 1. SEPC Limited – Non-Executive Independent Director   | 3  | 1        | Yes   |

and compliance with applicable laws and regulations.

10. The internal control systems are effective for identifying material risks and reporting material violations of policies
11. The Board has the desired diversity in terms of expertise and knowledge, gender etc. to discharge its responsibilities
12. The minutes adequately captures the Board deliberations and directions and are circulated to the directors well in advance for their review
13. The management periodically updates the Board on the action taken on the directions given by the Board.

##### (D) Other provisions as to Board and Committees

The Board comprises of Mr. P D Karandikar, as Non-Executive Independent Chairman, Mr. T Shivaraman as Managing Director & CEO, Mr. Amjat Shariff, Joint Managing Director, Mr. S Bapu, Non- Independent Non- Executive Director, Mrs. Chandra Ramesh, Mr. K.S. Sripathi as Non-Executive and Independent Directors and Mr. K P Agarwal\* (Nominee Director of Punjab National Bank)

\* He resigned with effect from 23<sup>rd</sup> June 2022

During the year 2021-22, 5 (FIVE) meetings of the Board of Directors were held on 29<sup>th</sup> June 2021, 13<sup>th</sup> August 2021, 12<sup>th</sup> November 2021, 03<sup>rd</sup> January 2022 and 11<sup>th</sup> February 2022.

The maximum time gap between any two consecutive meetings did not exceed 120 days.

#### BOARD MEETING ATTENDANCE

None of the Directors on the Board is Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on 31 March, 2022 have been



|                     |  |      |   |  |   |   |     |
|---------------------|--|------|---|--|---|---|-----|
| Mr. T. Shivaraman   | Executive Managing Director & CEO        | None | 2 | 1. Orient Green Power Company Limited – Managing Director & CEO<br>2. SEPC Limited – Managing Director & CEO                       | 0 | 0 | Yes |
| Mr. M Amjat Shariff | Executive – Joint Managing Director      | None | 1 | -  | 0 | 0 | Yes |
| Mr. S Bapu          | Non-Executive & Non-Independent Director | None | 1 | 1. SEPC Limited – Non-Executive Non-Independent  | 1 | 0 | Yes |
| Ms. Chandra Ramesh  | Non-Executive & Independent Director     | None | 2 | 1. Orient Green Power Company Limited – Non-Executive Independent Director<br>2. SEPC Limited – Non-Executive Independent Director | 2 | 0 | Yes |
| Mr. K S Sripathi    | Non Executive & Independent Director     | None | 2 | 1. Trigyn Technologies Limited - Non-Executive Independent Director<br>2. SEPC Limited – Non-Executive Independent Director        | 2 | 1 | Yes |
| Mr. K P Agarwal     | N o m i n e e Director                   | None | 1 | 1. SEPC Limited – N o m i n e e Director   | 0 | 0 | No  |

\*Includes Directorship in the Companies incorporated under the Companies Act, 1956 /2013.

\*\*Only membership in Audit Committee and Stakeholders Relationship Committee are considered.

Other Directorships do not include alternate directorships, directorships of private limited companies, Section 8 of Companies Act, 2013 / Section 25 of the Companies Act, 1956 and

of companies incorporated outside India. Chairmanships/ Memberships of Board Committees include only Audit and Stakeholders Relationship of public limited companies.

The Company has received declarations of independence as prescribed under Section 149(6) & (7) of the Companies Act, 2013 from Independent Directors. All requisite declarations have been placed before the Board.

No Director of the Company is related to any other Director of the Company.



## Code of Conduct

The Audit Committee constituted by the Board of Directors primarily oversees the Company's financial reporting process and disclosure of its financial information to ensure the correctness and adequacy besides the role as per the Companies Act, 2013 and the Regulations. The Committee provides reassurance to the Board on the existence of effective internal control systems.

The Company has adopted a Code of Conduct ("the Code") for Directors and Senior Management of the Company. The Code has been circulated to all the members of the Board and Senior Management and the same is available on the Company's website at the link: [www.shriramepc.com](http://www.shriramepc.com).

The Board members and Senior Management personnel have affirmed their compliance with the code. A declaration to this effect signed by the Managing Director & CEO of the Company is contained in this Annual Report.

## 3. Board Committees

### 3.1 Audit Committee

#### (A) Qualified and Independent Audit Committee

The Company complies with Section 177 of the Companies Act, 2013 as well as requirements under the listing regulation 18 of the Regulations read with Part C of Schedule II of the Regulations. pertaining to the Audit Committee. Its functioning is as under:

- (i) The Audit Committee presently consists of the Four Non- Executive Directors, out of which three are Independent Directors;
- (ii) All members of the Committee are financially literate and having the requisite financial management expertise;
- (iii) The Chairman of the Audit Committee is an Independent Director;
- (iv) The Chairman of the Audit Committee was present at the last Annual General Meeting held on 28<sup>th</sup> September, 2021.

#### (B) Terms of reference

The terms of reference of the Audit Committee include inter-alia:

#### A. The regulations governing the committee are:

1. The audit committee shall have minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors.
2. All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

3. The Chairman of the Audit Committee shall be an independent director;
4. The Chairman of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries;
5. The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee;
6. The Company Secretary shall act as the secretary to the committee.

## B. Meeting of Audit Committee

The Audit Committee should meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there should be a minimum of two independent members present.

## C. Powers of Audit Committee

The Audit Committee shall have powers, which should include the following:

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

## D. The role of the Audit Committee

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - o Matters required to be included in the Director's Responsibility Statement to be included in the



- Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
- Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the company,
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. Discussion with internal auditors of any significant findings and follow up there on;
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. Risk Management- To evaluate the Risk Management System including Risk Policy, Risk Process (Risk Identification, Assessment, Mitigation and Monitoring) and Risk Registers, laid down by the management;
  19. To review the functioning of the Whistle Blower mechanism;
  20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Composition, names of Members and Chairperson, its meetings and attendance:
- The composition of the Committee is Mr. P D Karandikar, Chairman, Mr. K S Sripathi, Mr. S Babu, and Ms. Chandra Ramesh as members of the Committee.
- During the year 2021-22, 5 (FIVE) meetings of the Audit Committee were held on 29<sup>th</sup> June 2021, 13<sup>th</sup> August 2021, 12<sup>th</sup> November 2021, 03<sup>rd</sup> January 2022 and 11<sup>th</sup> February 2022.
- 2 members are IAS (Retd) and the other 2 are financially literate- Mr. S Babu- with over 5 decades of experience in senior positions including Chief Commissioner of Income Tax, Member Administrative Tribunal etc., in Government, Public and Private Sectors and Ms. Chandra Ramesh is an FCA, ACS, AICWA, PGDM (IIM-A) and LICENTIATE IN INSURANCE with over 36 years' experience.
- The composition of the Audit Committee, had not been reconstituted during the year and number of meetings attended by the Members during the year are given below:

| Members                       | No. of Meetings held | No. of Meetings Attended |
|-------------------------------|----------------------|--------------------------|
| Mr. P D Karandikar – Chairman | 5                    | 5                        |
| Mr. S Bapu – Member           | 5                    | 5                        |
| Ms. Chandra Ramesh – Member   | 5                    | 5                        |
| Mr. K S Sripathi – Member     | 5                    | 4                        |

Mr. K Suresh, Company Secretary was the Secretary of the Audit Committee. However, Mr. K Suresh has resigned as Company Secretary & Compliance officer from the closing hours of 4<sup>th</sup> June 2021 and Mr. T Sriraman was appointed as the Company Secretary at the Board meeting held on 11<sup>th</sup> February 2022.

### Nomination and Remuneration Committee

#### (A) Constitution

The Nomination and Remuneration Committee of the Board has been constituted as per the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

The Nomination and Remuneration Committee has not been reconstituted during the year and now comprises of Ms. Chandra Ramesh – Chairman, Mr. P D Karandikar and Mr. K S Sripathi, as members of the Committee.

#### (B) Terms of reference

Terms of reference of the Nomination and Remuneration Committee include:

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

Identifying person who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Meetings and attendance during the year: During the year, three meetings of Nomination and Remuneration Committee were held on 13<sup>th</sup> August 2021, 12<sup>th</sup> November 2021 and 11<sup>th</sup> February, 2022.

The composition of the Nomination and Remuneration Committee and number of meetings attended by the Members during the year are given below:

| Members                       | No. of Meetings held | No. of Meetings Attended |
|-------------------------------|----------------------|--------------------------|
| Ms. Chandra Ramesh – Chairman | 3                    | 3                        |
| Mr. P D Karandikar – Member   | 3                    | 3                        |
| Mr. K S Sripathi – Member     | 3                    | 3                        |

#### (D) Remuneration policy

The Remuneration policy of your Company is a comprehensive policy which is competitive, in consonance with the industry practices and rewards good performance of the employees of the Company. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance against set objectives.

The Company endeavours to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

#### (E) Remuneration to Managing Director & CEO and Joint Managing Director

- (a) Mr. T Shivaraman is the Managing Director & Chief Executive Officer (MD & CEO) of the Company.

The salary, benefits and perquisites paid to Mr. T Shivaraman, MD & CEO during the year 2021-22 was Rs. 60.40 Lakh.

| Details of Remuneration to MD & CEO | Amount (Rs / Lakh) |
|-------------------------------------|--------------------|
| Salary                              | 60.40              |
| Allowances and Perquisites          | --                 |
| Number of Shares held               | 286685             |

- (b) Mr. M Amjat Shariff, Joint Managing Director (JMD) of the Company. The salary, benefits and perquisites paid to Mr. M Amjat Shariff, JMD during the year 2021-22 was Rs. 60.15 Lakhs.

| Details of Remuneration to MD & CEO | Amount (Rs / Lakh) |
|-------------------------------------|--------------------|
| Salary                              | 60.15              |
| Allowances and Perquisites          | --                 |
| Number of Shares held               | 282984             |



## PARTICULARS OF REMUNERATION

The information required under Section 197 of the Act and the Rules made there-under, in respect of employees of the Company, is follows: -

- (a) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

Non-Executive Directors Ratio to Median Remuneration

|                     |       |
|---------------------|-------|
| Mr. P D Karandikar  | 0.41  |
| Mr. S Bapu          | 0.37  |
| Ms. Chandra Ramesh  | 0.47  |
| Mr. K P Agarwal     | -     |
| Mr. K S Sripathi    | 0.43  |
| Executive Directors | -     |
| Mr. T Shivaraman    | 14.01 |
| Mr. Amjat Shariff   | 13.96 |

- (b) the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;

Name of person % increase to remuneration

|  |     |
|--|-----|
| Mr. P D Karandikar                                       | NIL |
| Mr. S Bapu   | NIL |
| Ms. Chandra Ramesh                                       | NIL |
| Mr. K P Agarwal  | NIL |
| Mr. K S Sripathi   | NIL |
| Mr. T Shivaraman, MD & CEO                               | NIL |
| Mr. Amjat Shariff, JMD                                   | NIL |
| Mr. R Chandrasekharan, CFO                               | 25% |
| Mr. K Suresh, VP & Company Secretary*                    | NIL |
| Mr. T Sriraman, Company Secretary & Compliance Officer** | 25% |

\*Resigned w.e.f. the closure of the day - 04/06/2021.

\*\* Joined w.e.f. 11<sup>th</sup> February 2022.

| Name of the Director | Board meeting (net of TDS) Rs | Audit Committee meeting (net of TDS) Rs | Stakeholders relationship committee (net of TDS) Rs | Nomination & remuneration Committee (net of TDS) Rs | Risk Management committee (net of TDS) Rs |
|----------------------|-------------------------------|---|---|---|---|
| Mr. P D Karandikar   | 67,500                        | 45,000                                  | 36,000  | 27,000  | --  |
| Mr. S Bapu           | 67,500                        | 45,000                                  | --  | --  | 18,000                                    |
| Ms. Chandra Ramesh   | 67,500                        | 45,000                                  | 36,000  | 27,000  | 18,000                                    |
| Mr. K S Sripathi     | 54,000                        | 36,000                                  | 36,000  | 27,000  | --  |
| Mr. K P Agarwal      | --                            | --                                      | --  | --  | --  |

- (i) None of the Non-Executive Directors except for Ms. Chandra Ramesh (20,000 Equity Shares) hold any shares of the Company.

- (c) the median remuneration of employees in the financial year 2021-22 was Rs.490690 compared to Rs. 431360 for 2020 - 21.

- (d) the number of permanent employees on the rolls of company: 277

- (e) the explanation on the relationship between average increase in remuneration and company performance;

The remuneration is in line with the market trends. In order to ensure that remuneration reflects company performance, the performance pay is linked to organization performance.

- (f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

| Particulars   | Rs. in lac  |
|---|-------------|
| Remuneration of Key Managerial Personnel (KMP) during financial year 2021-22 (aggregated) | 178.72      |
| Revenue from operations   | 30,278.64   |
| Remuneration (as % of revenue)  | 0.59%       |
| Profits before tax (PBT)  | (20,623.02) |
| Remuneration (as % of PBT)  | (0.87%)     |

- (F) Remuneration to Non-Executive Directors

Remuneration by way of Sitting Fees is paid to Directors at Rs.15, 000/- for attending each Meeting of the Board and Rs. 10,000/- for attending each Committee Meetings i.e. for Audit Committee, Stake holder's relationship committee, Nomination & Remuneration Committee, Risk Management Committee, Borrowing Committee and Investment Committee.

Payment of sitting fee to the Non-Executive Directors for the year ended 31 March, 2022 are as under:

- (ii) There has been no pecuniary relationship or transactions other than above of the Non-Executive Directors vis-à-vis the Company during the year under review.

Given below is the list of skills, expertise, competencies of the Individual Directors on the board

| Name of the Director | Skills/expertise/competencies           |                        |                               |           |               |                |
|----------------------|---|------------------------|-------------------------------|-----------|---------------|----------------|
|                      | Strategy, planning & policy development | Information technology | Governance, risk & Compliance | Financial | Public policy | Infrastructure |
| P D Karandikar       | √                                       | √                      | √                             | √         | √             | √              |
| T Shivaraman         | √                                       | √                      | √                             | √         | √             | √              |
| M Amjat Shariff      | √                                       | √                      | √                             | √         | √             | √              |
| S Bapu               | √                                       | √                      | √                             | √         | √             | -              |
| Chandra Ramesh       | √                                       | √                      | √                             | √         | √             | -              |
| K S Sripathi         | √                                       | √                      | √                             | √         | √             | √              |
| Kaika Prasad Agarwal | √                                       | √                      | -                             | √         | √             | -              |

Note: Each Director may possess varied combinations within the prescribed set of parameters and it is not necessary that all Directors possess all skills/ expertise listed therein

### 3.3 Stakeholders Relationship Committee

(A) Composition, Members, its meetings and attendance

Stakeholders Relationship Committee comprises of Mr. K S Sripathi as Chairman with Mr. P D Karandikar and Ms. Chandra Ramesh as members of the Committee.

The number of meetings attended by the Members during the year are given below:

| Members                     | No. of Meetings held | No. of Meetings Attended |
|-----------------------------|----------------------|--------------------------|
| Mr. K S Sripathi – Chairman | 4                    | 4                        |
| Mr. P D Karandikar- Member  | 4                    | 4                        |
| Ms.Chandra Ramesh- Member   | 4                    | 4                        |

The Committee is set up to monitor the process of share transfer, issue of fresh Share Certificates as well as review of Redressal of investors/shareholders grievances. The Committee would also recommend measures for overall improvement of the quality of Investor services.

During the year, 4 meetings of the Stakeholders Relationship Committee were held on

29<sup>th</sup> June 2021, 13<sup>th</sup> August 2021, 12<sup>th</sup> November 2021 and 11<sup>th</sup> February 2022.

(B) Name and Designation of the Compliance Officer

Mr K Suresh, Vice President & Company Secretary had been designated as Compliance Officer of the Company. However, Mr. K Suresh has resigned as Company Secretary & Compliance officer effective 4<sup>th</sup> June, 2021. Mr. R S Chandrasekaran, CFO has also been made as the Interim Compliance officer (not a member of the ICSI) till such time new Company Secretary is appointed and Mr. T Sriraman, was appointed as the Company Secretary and Compliance Officer w.e.f. 11<sup>th</sup> February 2022 (Who is a qualified member of the ICSI). They may be contacted at:

SEPC Limited

10/1, Bascon Futura, 4<sup>th</sup> Floor,

Venkatnarayana Road,

T. Nagar, Chennai – 600 017. Ph.044-4900 5555India

Email: tsr@shriramepc.com OR info@shriramepc.com

Website: www.shriramepc.com

In addition to the above e-mail of the Compliance Officer, the Investors/Shareholders can also lodge their complaints, if any, at info@shriramepc.com. A link has been provided to the Shareholders to register their grievances to company's website www.shriramepc.com.



(C) Complaints received and redressed during the year 2021-22

| Opening Balance | Received during the year 2021-22 | Resolved during the year 21-22 | Closing Balance |
|-----------------|----------------------------------|--------------------------------|-----------------|
| 0               | -                                | -                              | 0               |

Pursuant to Regulation 40(9& (10) of the regulations, a certificate on yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

### 3.4 Risk Management Committee

(A) Composition, Members, its meetings and attendance

Risk Management Committee comprises of Mr. T. Shivaraman as Chairman with Mr. M. Amjat Shariff, Mr. S Bapu and Ms. Chandra Ramesh as members of the Committee.

The number of meetings attended by the Members during the year are given below:

| Members                      | No. of Meetings held | No. of Meetings Attended |
|------------------------------|----------------------|--------------------------|
| Mr. T Shivaraman - Chairman  | 2                    | 2                        |
| Mr. M Amjat Shariff - Member | 2                    | 2                        |
| Mr. S Bapu- Member           | 2                    | 2                        |
| Ms. Chandra Ramesh- Member   | 2                    | 2                        |

The Risk Management Committee is constituted in accordance with Regulation 21 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee Chaired by MD & CEO reviews the risk trend, exposure and potential impact analysis carried out by the management. It ensures that mitigation plans are finalised and made up to date, owners are identified and the progress of mitigation actions are monitored. The Risk Management Committee shall meet periodically, as it deems fit.

During the year, 2 meetings of the Risk Management Committee were held on

13<sup>th</sup> August 2021, and 11<sup>th</sup> February 2022.

### 3.5 Independent Directors Meeting

Independent Directors are regularly updated on performance of each line of business of the Company, strategy going forward and new initiatives being taken/ proposed to be taken by the Company. The Independent Directors meeting was held on 30-03-2022 in the year 2022.

### 4. Subsidiary Company

- The Company does not have any Indian Subsidiary Company.
- The financial statements of the unlisted foreign Subsidiary Company is being placed before the Board.

### 5. Disclosures

(A) Basis of related party transactions

- The statements containing the transactions with related parties were submitted periodically to the Audit Committee.
- There are no related party transactions that may have potential conflict with the interest of the Company at large.
- There were no material individual transactions with related parties during the year, which were not in the normal course of business as well as not on an arm's length basis.

The Company's Policy on Related Party Transactions is available at <http://www.shriramepc.com/pdf/Policy-on-Related-Party-Transcations.pdf>

The Company's Policy on Material Subsidiaries is available at <http://www.shriramepc.com/pdf/Policy-on-Material-Subsidiaries-01-04-2019.pdf>

- There is no non-compliance by the Company and no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.

(B) Disclosure of Accounting Treatment

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.

(C) Board Disclosures - Risk Management

The Risk Management is overseen by the Audit Committee of the Company on a continuous basis. The Committee oversees Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels.

Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. For details, please refer to the Management Discussion and Analysis report which form part of the Board Report. The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and Board of Directors review these procedures periodically.

(D) Details of utilization of Proceeds from public issues, right issues, preferential issues etc.

NIL

(E) PRACTISING COMPANY SECRETARY'S CERTIFICATE ON THE DIRECTOR'S DISQUALIFICATION

A certificate from Mr. Rajiblochan Sarangi, PCS confirming that none of the Company's Directors have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority is enclosed.

Details of loans and advances in the nature of loans to firms/companies in which the Directors are interested

During the year under review, the Company had not granted any loans/advances in the nature of loans to firms/companies in which Directors are interested.

(F) Management Discussion and Analysis Report

The Management Discussion and Analysis Report have been included separately in the Annual Report to the Shareholders.

## 8. General Body Meetings

(A) Location and time of General Meetings held in the last 3 years:

| Year    | Date       | Time     | Venue  | SPECIAL RESOLUTIONS PASSED, IF ANY   |
|---------|------------|----------|--|--|
| 2018-19 | 18.09.2019 | 10.00 AM | SRI KRISHNA GANA SABHA,<br>DR.NALLIGANAVIHAR,<br>20, MAHARAJAPURAM SANTHANAM ROAD,<br>T.NAGAR, CHENNAI – 600 017 |  |
| 2019-20 | 23.09.2020 | 10.00 AM | Audio/video means  |  |
| 2020-21 | 28.09.2021 | 10.00 AM | Audio/video means  | Re-appointment of<br>Mr. T Shivaraman as Managing<br>Director<br>& CEO<br>Re-appointment of Mr. M Amjat<br>Shariff as Joint<br>Managing Director |

(G) Shareholders

(i) The quarterly results are put on the Company's website [www.shriramepc.com](http://www.shriramepc.com) under the Disclosure Requirements Section.

(ii) The Company has also sent Annual Report through email to those Shareholders who have registered their email ids with Depository Participant.

(iii) As per Section 152 (6) of the Companies Act, 2013, out of the total number of Directors, 2/3<sup>rd</sup> of the Directors are liable to retire by rotation. Independent Directors are not liable to retire by rotation. Out of the Non-Independent Directors who are liable to retire by rotation, 1/3<sup>rd</sup> shall retire at every Annual General Meeting. Accordingly Mr. S Bapu is seeking re-appointment.

## 6. CEO and CFO Certification

The Managing Director & CEO and CFO of the Company give quarterly/annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) read with Part B of Schedule II of the Listing Regulations.

## 7. Compliance on Corporate Governance

The quarterly compliance report has been submitted to the Stock Exchanges where the Company's equity shares are listed in the requisite format duly signed by the Compliance Officer. Pursuant to Schedule V of the LODR Regulations, 2015, the Practising Company Secretary's Certificate in compliance on conditions of Corporate Governance is annexed to this Report.



**(B) Special Resolution passed through postal Ballot- Deemed general meetings:**

| Year    | Date of meeting | Section  | Particulars   |
|---------|-----------------|--|---|
| 2018-19 | 12-11-2018      | Regulation 17(1A) of the Securities and Exchange Board of India (LODR) Regulations, 2015   | Ratification of the appointment of Mr. S Bapu – Director  |
|         |                 | Section 14   | Approval for Alteration of Articles of Association  |
| 2019-20 |                 |  | NO POSTAL BALLOT  |
| 2020-21 | 11-01-2021      | Section 4 read with Section 13 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 if any  | Change of name and Amendment to the Memorandum & Articles Of Association of the Company                               |
| 2020-21 | 19-03-2021      | Section 42, Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and enactment of face value of Rs.10 each (the Equity Shares) | Issue of equity shares of the Company to MARKABCAPITAL LIMITED, on preferential basis pursuant to the Resolution Plan |
|         |                 | Section 13, Section 61 and other applicable provisions, if any, of the Companies Act, 2013,  | Increase of Authorised Share Capital of the Company from Rs.1050 Cr. To Rs. 1400 Cr.                                  |

EVOTING DETAILS OF POSTAL BALLOT HELD DURING THE YEAR 2021-22

**SPECIAL RESOLUTIONS**

**Meeting Date: 05-02-2022**

- 1 Issue of equity shares of the company to Mark AB Capital Investment LLC, and/or its subsidiaries/associates on preferential basis pursuant to the resolution plan.

| Particulars    | No. of Members cast their votes by E-voting | No. of shares (E-Voting) | % on Total Shares (Votes) Received |
|----------------|---|--------------------------|------------------------------------|
| <b>Assent</b>  | 64  | 330545780                | 99.9997                            |
| <b>Dissent</b> | 09  | 209                      | 0.0003                             |
| <b>Total</b>   |   | <b>330545989</b>         | <b>100.00</b>                      |

2. Approval for issue of Compulsory Convertible Debentures (CCD) in lieu of existing debt with yield and convertible into equity at future date as per Resolution Plan:

| Particulars    | No. of Members cast their votes by E-voting | No. of shares (E-Voting) | % on Total Shares (Votes) Received |
|----------------|---|--------------------------|------------------------------------|
| <b>Assent</b>  | 64  | 330544280                | 99.9983                            |
| <b>Dissent</b> | 10  | 1709                     | 0.0017                             |
| <b>Total</b>   |   | <b>330545989</b>         | <b>100.00</b>                      |

3. Approval for issue of Non-Convertible Debentures (NCD) in lieu of existing debt with yield and redemption as per Resolution Plan.

| Particulars    | No. of Members cast their votes by E-voting | No. of shares (E-Voting) | % on Total Shares (Votes) Received |
|----------------|---|--------------------------|------------------------------------|
| <b>Assent</b>  | 64  | 330544280                | 99.9983                            |
| <b>Dissent</b> | 10  | 1709                     | 0.0017                             |
| <b>Total</b>   |   | <b>330545989</b>         | <b>100.00</b>                      |



#### Procedure for Postal Ballot:

The postal ballot was conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and in terms of the General Circular No. 33/2020 dated September 28, 2020 read with General Circular No.14/2020 dated 8<sup>th</sup> April, 2020 General Circular No. 17/2020 dated April 13, 2020, and General Circular No. 39/2020 dated December 31, 2020, (the “MCA Circulars”), in view of the current extraordinary circumstances due to COVID-19 pandemic requiring social distancing, the Notice of Postal Ballot was sent in electronic mode only to all those shareholders who had registered their e-mail addresses with the Company or Depository Participant / Depository / Cameo Corporate Services Ltd, the Company’s Registrar & Transfer Agent (hereinafter referred as “RTA”). Further, the shareholders were provided the option to vote only through remote e-voting and voting through physical ballot papers was not provided as per the guidelines issued by the MCA vide MCA Circulars.

The Company fixes a cut-off date to reckon paid-up value of equity shares registered in the name of shareholders for the purpose of voting. Shareholders may cast their votes through e-voting during the voting period fixed for this purpose. After completion of scrutiny of votes, the scrutinizer submits his report to the Chairman or person duly authorised by the Chairman and the results of voting by postal ballot are announced by the Chairman or Person duly authorized within 2 working days of conclusion of the voting period. The results are also displayed on the website of the Company ([www.shriramepc.com](http://www.shriramepc.com)), besides being communicated to the Stock Exchanges, Depositories and Registrar and Share Transfer Agents.

The resolutions, if passed by the requisite majority are deemed to have been passed on the last date specified for e-voting.

Mr. Rajib Lochan Sarangi of RLS Associates was the Scrutiniser to the Postal Ballot.

#### 9. Means of Communication

The Company’s website is a comprehensive reference on the management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, updates and news. The section on Investors serves to inform the shareholders, by giving complete financial details, Shareholding Patterns, to comply with MCA Guidelines. The website covers all major press reports, releases, etc.

The Company regularly interacts with the shareholders through the multiple channels of communication such as publication of results, Annual Report, press releases, Analysts Call after the Board Meeting, if any and the Company’s website. The Company also informs the Stock Exchanges in a prompt manner, all price sensitive information and all such other matters which in its opinion, are material and relevant for the shareholders.

| Quarterly report sent to each household of Shareholders         | The results of the Company are published in the newspapers   |
|---|--|
| Quarterly results and in which newspaper normally published in. | Results are published in Business Line, The Financial Express(all editions) and in Maalai Thamizhagam              |
| Any website where displayed                                     | Yes, the results are displayed on the Company’s website <a href="http://www.shriramepc.com">www.shriramepc.com</a> |

|   |     |
|---|-----|
| Whether it also displays official news releases   | Yes |
| Whether the website displays the presentation made to the institutional investors and to the analysts | Yes |

#### Annual General Meeting:

- (i) Date, time : 19<sup>th</sup> September 2022 at 03.00 PM by video conferencing
- (ii) Financial Year: 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022
- (iii) Listing



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

a. BSE Limited –

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001

b. National Stock Exchange of India Limited

Exchange Plaza, 5<sup>th</sup> Floor, Bandra-Kurla Complex,  
Mumbai 400051

(v) Stock Code

BSE Limited:532945

National Stock Exchange of India Limited: SEPC

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

(vi) Market price information

High and Low during each month from 01 April, 2021 to 31 March, 2022:

A. BSE Limited

| Month  | High Price | Low Price | No.of Shares |
|--------|------------|-----------|--------------|
| Apr-21 | 4.25       | 3.8       | 623289       |
| May-21 | 7          | 3.86      | 8520404      |
| Jun-21 | 5.15       | 4.24      | 8311609      |
| Jul-21 | 5.73       | 4.7       | 12879577     |
| Aug-21 | 6.05       | 4.25      | 11915202     |
| Sep-21 | 6.12       | 4.58      | 10967806     |
| Oct-21 | 8.61       | 5.81      | 14945029     |
| Nov-21 | 7.31       | 6.09      | 3736472      |
| Dec-21 | 11.11      | 6.49      | 25013513     |
| Jan-22 | 12.42      | 8.7       | 25337412     |
| Feb-22 | 10.06      | 7.09      | 6150719      |
| Mar-22 | 8.52       | 7.33      | 3890736      |

B. National Stock Exchange of India Limited

| Month  | High Price | Low Price | No.of Shares |
|--------|------------|-----------|--------------|
| Apr-21 | 4          | 3.9       | 309304       |
| May-21 | 5.45       | 5.05      | 1965407      |
| Jun-21 | 5          | 4.75      | 1129166      |
| Jul-21 | 5.2        | 4.95      | 2131295      |
| Aug-21 | 4.75       | 4.7       | 314917       |
| Sep-21 | 6.05       | 5.85      | 2727364      |
| Oct-21 | 6.95       | 6.4       | 1352139      |
| Nov-21 | 6.75       | 6.35      | 537218       |
| Dec-21 | 11         | 10.6      | 7174978      |
| Jan-22 | 10.1       | 9.7       | 2005039      |
| Feb-22 | 8.25       | 7.25      | 1605818      |
| Mar-22 | 7.95       | 7.45      | 765679       |

(vii) Registrars and Share Transfer Agents

The Stakeholders' Relationship Committee approve, inter alia, transfer of shares, transmission of shares etc., in physical form and also ratify the confirmations made to the demat requests and redress complaints from investors received by the Company. The entire process including dispatch of share certificates to the shareholders, were completed within the time stipulated under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Members are requested to correspond to the Company's Registrars & Share Transfer Agents –

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

A. Shareholding Summary

| EPC LIMITED                              |               |                 |               |
|--|---------------|-----------------|---------------|
| SHAREHOLDING SUMMARY AS ON 31-March-2022 |               |                 |               |
| CATEGORY                                 | NO.OF HOLDERS | TOTAL POSITIONS | % OF HOLDINGS |
| PHYSICAL                                 | 126           | 1261            | 0.000129      |
| NSDL                                     | 17134         | 854471738       | 87.951231     |
| CDSL                                     | 42296         | 117056019       | 12.048638     |
| TOTAL                                    | 59556         | 971529018       | 100           |

B. DISTRIBUTION OF HOLDINGS AS ON 31.3.2022

| SEPC LIMITED  |              |            |              |            |             |
|---|--------------|------------|--------------|------------|-------------|
| DISTRIBUTION OF HOLDINGS - NSDL & CDSL & PHYSICAL RECORD DATE : 31-March-2022 |              |            |              |            |             |
| Category (Amount)   | No. of Cases | % of Cases | Total Shares | Amount     | % of Amount |
| 1- 5000   | 40564        | 68.1106    | 5837095      | 58370950   | 0.6008      |
| 5001 - 10000  | 7718         | 12.9592    | 6774758      | 67747580   | 0.6973      |
| 10001- 20000  | 4476         | 7.5156     | 7224364      | 72243640   | 0.7436      |
| 20001- 30000  | 1881         | 3.1583     | 4958464      | 49584640   | 0.5103      |
| 30001- 40000  | 791          | 1.3281     | 2903792      | 29037920   | 0.2988      |
| 40001- 50000  | 1143         | 1.9192     | 5545127      | 55451270   | 0.5707      |
| 50001- 100000   | 1498         | 2.5152     | 12090747     | 120907470  | 1.2445      |
| 100001 - And Above  | 1485         | 2.4934     | 926194671    | 9261946710 | 95.3337     |
| Total :   | 59556        | 100        | 971529018    | 9715290180 | 100         |

SEPC LIMITED

| DISTRIBUTION OF HOLDINGS - NSDL & CDSL & PHYSICAL RECORD DATE : 31-March-2022 |              |            |              |            |             |
|---|--------------|------------|--------------|------------|-------------|
| Category (Amount)   | No. of Cases | % of Cases | Total Shares | Amount     | % of Amount |
| 1- 5000   | 40564        | 68.1106    | 5837095      | 58370950   | 0.6008      |
| 5001 - 10000  | 7718         | 12.9592    | 6774758      | 67747580   | 0.6973      |
| 10001- 20000  | 4476         | 7.5156     | 7224364      | 72243640   | 0.7436      |
| 20001- 30000  | 1881         | 3.1583     | 4958464      | 49584640   | 0.5103      |
| 30001- 40000  | 791          | 1.3281     | 2903792      | 29037920   | 0.2988      |
| 40001- 50000  | 1143         | 1.9192     | 5545127      | 55451270   | 0.5707      |
| 50001- 100000   | 1498         | 2.5152     | 12090747     | 120907470  | 1.2445      |
| 100001 - And Above  | 1485         | 2.4934     | 926194671    | 9261946710 | 95.3337     |
| Total :   | 59556        | 100        | 971529018    | 9715290180 | 100         |



(c) Capital of the Company as at 31-03-2022

The authorized and paid-up capital of your Company is Rs.1400 crores and Rs.971.53 crores respectively.

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.

(vii) Plant locations

The Company is not a manufacturing unit and thus not having any manufacturing Plant.

(vii) FINANCIAL CALENDAR (TENTATIVE)

Financial year 1 April 2022 to 31 March 2023

First quarter results

Aug-22

Half-yearly results

Nov-22

Third quarter results

Feb-23

Annual results

May-23

23<sup>rd</sup> Annual General Meeting

August / September 2023

(ix) Address for correspondence

SEPC Limited

10/1, Bascon Futura, 4<sup>th</sup> Floor, Venkatnarayana Road,

T. Nagar, Chennai – 600 017. Ph.044-4900 5555

Email: info@shriramepc.com

Website: www.shriramepc.com

(x) Share Transfer System:

Activities relating to Share Transfers are carried out by M/s. Cameo Corporate Services Limited, who is the Registrar and Transfer Agents of the Company and who has arrangements with the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited. The Transfers are approved by the Share Transfer Committee. If the documents are correct and valid in all respects, share transfers are registered and Share Certificates are dispatched within stipulated period from the date of receipt.

SEBI vide its notification dated June 8, 2018 and vide its press release dated December 3, 2018, amended Regulation 40 of the SEBI LODR and has mandated that the transfer of securities would be carried out in dematerialised form only w.e.f. April 1, 2019.

Further, SEBI vide its press release dated March 27, 2019 clarified that the transfer deeds lodged prior to deadline and returned due to deficiency in the document may be re-lodged for transfer even after the deadline of April 1, 2019. Further, SEBI vide its circular dated September 7, 2020, notified March 31, 2021 as the cut-off date for receiving re-lodged transfer deeds by the Company. In addition, the shares that were being re-lodged for transfer (including those request that are pending with the Company/RTA) be issued only in demat mode.

(xi) Dematerialisation of shares and liquidity:

The total number of shares dematerialised as on March 31, 2022 is 971527757 representing 99.99% of paid up equity share capital. Trading in Equity Shares of the Company is permitted only in dematerialised form, w.e.f. February 15, 1999 as per the notification issued by the SEBI.

11. Reconciliation of Share Capital

As stipulated by SEBI, a qualified Practising Company Secretary carries out audit of Reconciliation of Share Capital to reconcile the total admitted, issued and listed capital with National Securities Depository Limited (NSDL) and Central Depository Services (India)Limited (CDSL) and Stock Exchanges.

There were no complaints filed during the Financial Year 2021-22 under Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013

No Funds were raised through preferential allotment or QIP as specified under Regulation 32 (7A)

The Credit rating for proposed fund based working capital limits is D. During the year there is no change in the Credit rating obtained.

There are no recommendations of committees of the Board which is mandatorily required and which has not been accepted by the Board.

Total fees paid to the Statutory Auditors for all the services in connection with the audit of the Company is Rs. 23.63 lacs.

There are no Indian subsidiary companies

12. Details of mandatory requirement of SEBI (LODR) Regulations, 2015

| <b>I. Disclosure on website in terms of Listing Regulations</b> |  |                               |                    |
|---|--|-------------------------------|--------------------|
| Sr  | Item   | Compliance status (Yes/No/NA) | Web address        |
| 1   | Details of business  | Yes                           | www.shriramepc.com |
| 2   | Terms and conditions of appointment of independent directors   | Yes                           | www.shriramepc.com |
| 3   | Composition of various committees of board of directors  | Yes                           | www.shriramepc.com |
| 4   | Code of conduct of board of directors and senior management personnel  | Yes                           | www.shriramepc.com |
| 5   | Details of establishment of vigil mechanism/ Whistle Blower policy   | Yes                           | www.shriramepc.com |
| 6   | Criteria of making payments to non-executive directors   | Yes                           | www.shriramepc.com |
| 7   | Policy on dealing with related party transactions  | Yes                           | www.shriramepc.com |
| 8   | Policy for determining 'material' subsidiaries   | Yes                           | www.shriramepc.com |
| 9   | Details of familiarization programmes imparted to independent directors  | Yes                           | www.shriramepc.com |
| 0   | Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances  | Yes                           | www.shriramepc.com |
| 11  | email address for grievance redressal and other relevant details   | Yes                           | www.shriramepc.com |
| 12  | Financial results  | Yes                           | www.shriramepc.com |
| 13  | Shareholding pattern   | Yes                           | www.shriramepc.com |
| 14  | Details of agreements entered into with the media companies and/or their associates  | NA                            |                    |
| 15  | Schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange | NA                            |                    |
| 16  | New name and the old name of the listed entity   | Yes                           | www.shriramepc.com |
| 17  | Advertisements as per regulation 47 (1)  | Yes                           | www.shriramepc.com |
| 18  | Credit rating or revision in credit rating obtained  | Yes                           | www.shriramepc.com |
| 19  | Separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year  | Yes                           | www.shriramepc.com |
| 20  | Whether company has provided information under separate section on its website as per Regulation 46(2)   | Yes                           | www.shriramepc.com |



| I. Disclosure on website in terms of Listing Regulations |   |                               |                    |
|--|---|-------------------------------|--------------------|
| Sr   | Item  | Compliance status (Yes/No/NA) | Web address        |
| 21   | Materiality Policy as per Regulation 30   | Yes                           | www.shriramepc.com |
| 22   | Dividend Distribution policy as per Regulation 43A (as applicable)                  | Yes                           | www.shriramepc.com |
| 23   | It is certified that these contents on the website of the listed entity are correct | Yes                           | www.shriramep      |

## II. Annual Affirmations

| Sr | Particulars   | Regulation Number      | Compliance status (Yes/No/NA) |
|----|---|------------------------|-------------------------------|
| 1  | Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility' | 16(1)(b) & 25(6)       | Yes                           |
| 2  | Board composition   | 17(1), 17(1A) & 17(1B) | Yes                           |
| 3  | Meeting of Board of directors   | 17(2)                  | Yes                           |
| 4  | Quorum of Board meeting   | 17(2A)                 | Yes                           |
| 5  | Review of Compliance Reports  | 17(3)                  | Yes                           |
| 6  | Plans for orderly succession for appointments   | 17(4)                  | Yes                           |
| 7  | Code of Conduct   | 17(5)                  | Yes                           |
| 8  | Fees/compensation   | 17(6)                  | Yes                           |
| 9  | Minimum Information   | 17(7)                  | Yes                           |
| 10 | Compliance Certificate  | 17(8)                  | Yes                           |
| 11 | Risk Assessment & Management  | 17(9)                  | Yes                           |
| 12 | Performance Evaluation of Independent Directors   | 17(10)                 | Yes                           |

| Sr | Particulars   | Regulation Number            | Compliance (Yes/No/NA) | status |
|----|---|------------------------------|------------------------|--------|
| 13 | Recommendation of Board   | 17(11)                       | Yes                    |        |
| 14 | Maximum number of Directorships   | 17A                          | Yes                    |        |
| 15 | Composition of Audit Committee  | 18(1)                        | Yes                    |        |
| 16 | Meeting of Audit Committee  | 18(2)                        | Yes                    |        |
| 17 | Composition of nomination & remuneration committee                              | 19(1) & (2)                  | Yes                    |        |
| 18 | Quorum of Nomination and Remuneration Committee meeting                         | 19(2A)                       | Yes                    |        |
| 19 | Meeting of Nomination and Remuneration Committee                                | 19(3A)                       | Yes                    |        |
| 20 | Composition of Stakeholder Relationship Committee                               | 20(1), 20(2) & 20(2A)        | Yes                    |        |
| 21 | Meeting of Stakeholders Relationship Committee                                  | 20(3A)                       | Yes                    |        |
| 22 | Composition and role of risk management committee                               | 21(1),(2),(3),(4)            | Yes                    |        |
| 23 | Meeting of Risk Management Committee  | 21(3A)                       | Yes                    |        |
| 24 | Vigil Mechanism   | 22                           | Yes                    |        |
| 25 | Policy for related party Transaction  | 23(1),(1A),(5),(6),(7) & (8) | Yes                    |        |
| 26 | Prior or Omnibus approval of Audit Committee for all related party transactions | 23(2), (3)                   | Yes                    |        |
| 27 | Approval for material related party transactions                                | 23(4)                        | Yes                    |        |
| 28 | Disclosure of related party transactions on consolidated basis                  | 23(9)                        | Yes                    |        |



| Sr | Particulars   | Regulation Number       | Compliance (Yes/No/NA) | status |
|----|---|-------------------------|------------------------|--------|
| 29 | Composition of Board of Directors of unlisted material Subsidiary   | 24(1)                   | Yes                    |        |
| 30 | Other Corporate Governance requirements with respect to subsidiary of listed entity                               | 24(2),(3),(4),(5) & (6) | Yes                    |        |
| 31 | Annual Secretarial Compliance Report  | 24(A)                   | Yes                    |        |
| 32 | Alternate Director to Independent Director  | 25(1)                   | Yes                    |        |
| 33 | Maximum Tenure  | 25(2)                   | Yes                    |        |
| 34 | Meeting of independent directors  | 25(3) & (4)             | Yes                    |        |
| 35 | Familiarization of independent directors  | 25(7)                   | Yes                    |        |
| 36 | Declaration from Independent Director   | 25(8) & (9)             | Yes                    |        |
| 37 | D & O Insurance for Independent Directors   | 25(10)                  | Yes                    |        |
| 38 | Memberships in Committees   | 26(1)                   | Yes                    |        |
| 39 | Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel | 26(3)                   | Yes                    |        |
| 40 | Disclosure of Shareholding by Non-Executive Directors   | 26(4)                   | Yes                    |        |
| 41 | Policy with respect to Obligations of directors and senior management   | 26(2) & 26(5)           | Yes                    |        |
|    | Any other information to be provided - Add Notes  |                         |                        |        |



## **CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

**Corporate Identification No : L74210TN2000PLC045167**

To,

The Members

**SEPC LIMITED** (Formerly Known as SHRIRAM EPC LIMITED)

4<sup>th</sup> Floor, BASCON FUTURA SV IT Park,

Venkatanarayana Road, Parthasarathy Puram,

T. Nagar, Chennai-600017

I have examined all relevant records of SEPC Limited(Formerly Known as SHRIRAM EPC limited) [Corporate Identity No. L74210TN2000PLC045167] having its Registered Office at 4th Floor, BASCON FUTURA SV IT Park, Venkatanarayana Road, Parthasarathy Puram, T. Nagar, Chennai – 600017, for the purpose of certifying compliance of the conditions of Corporate Governance under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E 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 for the financial year ended March 31, 2022. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My 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 my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has generally complied regarding the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March, 2022.

Place : Chennai

Date of Report 24th June, 2022

UDIN- A020312D000753330

UDIN Date: 06.08.2022

**RAJIBLOCHAN SARANGI**

Practicing Company Secretary

M No. A20312, CP NO. 17498

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## **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the Company – [www.shriramepc.com](http://www.shriramepc.com).

Further certified that the Members of the Board of Directors and Senior Management personnel have affirmed having complied with the Code applicable to them during the year ended 31<sup>st</sup> March, 2022.

Chennai

24<sup>th</sup> June, 2022

T SHIVARAMAN

Managing Director & CEO



# Secretarial Audit Report for the Financial year ended 31<sup>st</sup> March, 2022

[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,

**SEPC Limited (Formerly Known as SHRIRAM EPC LIMITED)**

4<sup>th</sup> Floor, BASCON FUTURA SV IT Park,  
Venkatanarayana Road, Parthasarathy Puram,  
T. Nagar, Chennai-600017

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SEPC limited (Formerly Known as SHRIRAM EPC LIMITED)** [Corporate Identity No. L74210TN2000PLC045167] (**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 my verification of 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956 to the extent applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment.
- (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;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not Applicable as the Company did not issue any security during the Financial Year under review.
- 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 and Employee Stock Purchase Scheme) Guidelines, 1999. Not Applicable as the Company has not issued any stock options for its Employees under Employee Stock option Scheme during the Financial year under review;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable as the Company has not issued any debt securities during the Financial Year under review
- 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; Not Applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the Financial Year under review.
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable as the Company has not delisted its equity shares from any stock exchange during the Financial Year under review and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. Not applicable as the Company has not done any buy back of its securities during the Financial Year under review;
- (vi) I 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. 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.;

2. Acts relating to consumer protection including The Competition Act, 2002;
3. Acts and Rules prescribed under prevention and control of pollution;
4. Acts and Rules relating to Environmental protection and energy conservation;
5. Acts and Rules relating to hazardous substances and chemicals;
6. Acts and Rules relating to Electricity, motor vehicles, explosives, Boilers etc.;
7. Acts prescribed relating to mining activities;
8. Acts relating to protection of IPR;
9. The Information Technology Act, 2000;
10. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
11. Tamil Nadu Industrial Establishments (National & Festival Holidays) Act, 1958 read with The Tamil Nadu Industrial Establishments (National & Festival Holidays) Rules, 1959.

12. Tamil Nadu Labour Welfare Fund Act, 1972 read with Tamil Nadu Labour Welfare Fund Rules, 1973
13. Land revenue laws and
14. Other local laws as applicable to various plants and offices.

With respect to Fiscal laws such as Income Tax, Wealth Tax, Professional Tax, GST, based on the information and explanation provided to us by the management and officers of the Company, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

**I have also examined compliance with the applicable clauses of the following:**

- (i) The Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI)
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and The Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited.

During the period under review company have observed the following non-compliance matters as mentioned here in after including the penalties:

| Sr. No | Compliance Requirement (Regulations/ circulars / guidelines including specific clause)   | Deviations   | Observations/ Remarks of the Practicing Company Secretary   |
|--------|--|--|---|
| 1      | The Company shall have a full-time company secretary in employment as per section 203 of the Companies Act 2013 read with Rule 8 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 6 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. | The Company Secretary has resigned from office with effect from 04th June 2021, and it is observed that the Company had only appointed the company secretary with effect from 11th Feb 2022, therefore beyond 6 (Six) months the Company was not having a full time company secretary on roll. | The Company has regularised the Compliance Officer appointment by appointing Mr. R S Chandrasekharan, CFO with effect from 04th June 2021 during the absence of the Full time Company Secretary.                        |
| 2      | Reg 34 (1): the Annual Report copies shall be sent to Stock Exchanges with 21 clear days' notice excluding the date of Meeting and date of sending the Notice  | It is observed that the Company has submitted the Annual Report copies to the Stock Exchanges on 07th Sept 2021 and since the Annual General Meeting held on 28th Sept 2021, there is a delay of 1 day.  | The date of dispatching the Notice and Date of meeting shall be excluded while reckoning the Clear days' Notice.<br><br>Note: As per the explanation provided by the Company, the said delay is due to technical error. |



The following are the details of actions taken against the Company / its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued there under:

| Sr. No. | Action taken by | Details of violation  | Details of action taken E.g. fines, warning letter, debarment, etc. | Observations/ remarks of the Practicing Company Secretary, if any.                                    |
|---------|-----------------|---|---|---|
| 1.      | BSE             | Regulation 6: Noncompliance with requirement to appoint a qualified company secretary as the compliance officer | Fine of INR33,040/-   | The Company had made the payment of fine of INR33040/- through PNB cheque no.832932 dated 10.03.2022. |
| 2.      | NSE             | Regulation 6: Noncompliance with requirement to appoint a qualified company secretary as the compliance officer | Fine of INR33,040/-   | The Company had made the payment of fine of INR33040/- through PNB cheque no.913162 dated 24.02.2022. |

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards etc. mentioned above.

#### **I 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 period 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 majority of the Board of Directors / Committee Members and there were no dissenting members views recorded in the minutes. Further, in the minutes of the General Meeting, the members who voted against the resolution(s) have been properly recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Chennai  
Date of Report 24th June, 2022  
UDIN- A020312D000753330  
UDIN Date: 06.08.2022

**RAJIBLOCHAN SARANGI**  
Practicing Company Secretary  
M No. A20312, CP NO. 17498

This report to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

## ‘Annexure A’

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

1. Maintenance of Secretarial record 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. I have followed the audit practices and process 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. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company since the same has been subject to review by the statutory financial audit and other designated professionals.
4. Wherever required, I 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 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.
7. I further report that, based on the information provided by the Company, its officers, and authorized representatives during the conduct of the audit and also on the review of quarterly compliance report issued by the respective departmental heads/Company Secretary/ Managing Director & CEO, taken on record by the Board of the Company, in my opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. I further report that the Compliance by the Company of applicable Financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

Place : Chennai  
Date of Report 24th June, 2022  
UDIN- A020312D000753330  
UDIN Date: 06.08.2022

**RAJIBLOCHAN SARANGI**  
Practicing Company Secretary  
M No. A20312, CP NO. 17498



# Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members

**SEPC LIMITED (Formerly Known as SHRIRAM EPC LIMITED)**

4<sup>th</sup> Floor, BASCON FUTURA SV IT Park,  
Venkatanarayana Road, Parthasarathy Puram,  
T. Nagar, Chennai-600017

I have examined all relevant registers, records, forms, returns and disclosures received from the Directors of SEPC limited (Formerly Known as SHRIRAM EPC LIMITED) [Corporate Identity No. L74210TN2000PLC045167] (hereinafter called "the Company"), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies, by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sl. No. | Name of the Director                | DIN      | Date of appointment in Company |
|---------|-------------------------------------|----------|--------------------------------|
| 1       | Mr. Thyagarajan Shivaraman          | 01312018 | 10/09/2007                     |
| 2       | Mr. Mohammed Amjat Shariff          | 00009562 | 10/09/2007                     |
| 3       | Mr. Prabhakar Dattatraya Karandikar | 02142050 | 29/06/2010                     |
| 4       | Mr. Bapu Srinivasan                 | 02541697 | 30/03/2011                     |
| 5       | Ms. Chandra Ramesh                  | 00938694 | 23/03/2015                     |
| 6       | Mr. Kodumudi Sambamurthi Sripathi   | 02388109 | 11/09/2018                     |
| 7       | Mr. Kallika Prasad Agarwal          | 08577405 | 04/10/2019                     |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. 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.

Place : Chennai

Date of Report 24th June, 2022

UDIN- A020312D000825754

UDIN Date: 22.08.2022

**RAJIBLOCHAN SARANGI**

Practicing Company Secretary

M No. A20312, CP NO. 17498

# Independent Auditor's Report to the Members of SEPC Limited (Formerly known as Shriram EPC Limited)

## Report on the Audit of the Standalone Financial Statements

### Qualified Opinion

We have audited the standalone financial statements of SEPC Limited (Formerly known as Shriram EPC Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Qualified Opinion

1. The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. 39,645.00 Lakhs (March 31, 2021: Rs. 43,889.00 Lakhs) which is recognized on unabsorbed business losses. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment on reasonable certainty of future taxable profits, as required by Ind AS 12- Income taxes and considering the current pandemic situation, we are unable to ascertain the extent to which the deferred tax asset can be utilized. (Refer Note 44 of the standalone financial statements)

This matter was also qualified in our report on the standalone financial statements for the year ended March 31, 2021.

2. Contract Asset (Non-Current) include Rs. 3,956.02 Lakhs (Net of provisions amounting to Rs. 926.98 Lakhs) relating to project dues which is not progressing on account of Statutory delays faced by the Customer. In the absence of positive development in this matter till date, there is uncertainty on the amount that would be recoverable by the Company. Further,

sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amounts are not available. Accordingly, we are unable to comment on the carrying value of above-mentioned Contract Asset (Non-Current) and the impact if any, on account of non-provisioning of the said balance on the standalone financial statements. (Refer to Note 08 of the Standalone Financial Statements).

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 4 (e) to the standalone financial statements, which states that the Company has incurred a net loss of Rs. 24,901.02 Lakhs during the year ended March 31, 2022 and as of that date has accumulated losses aggregating to Rs. 2,14,517.03 Lakhs which has resulted in substantial erosion of its net worth. Further, the COVID-19 pandemic has also impacted the operations resulting in delay of collection relating to project dues. These events or conditions indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. However, as stated in the note, considering the restructuring plan for the borrowings, infusion of additional equity subsequent to the year end by the investor and the Management's plans to meet financial obligations in foreseeable future out of the cash flows from execution of the pipeline of orders in hand, future business plans, non-fund based facilities, and realisation of trade receivables, the standalone financial statements of the Company for the year ended March 31, 2022 have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.



## Emphasis of Matter

We draw attention to Notes 43 to the standalone financial statements which states that the Management has made an assessment of the impact of Covid-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2022 and accordingly recognised an impairment loss of Rs. 6,361.26 Lakhs (March 31, 2021: Rs. 1,149.11 Lakhs) on financial assets & contract assets to reflect the business impact arising from the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

## Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, Management Report, Chairman's Statement, Director's Report etc, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The other information included in Annual Report, Management Report, Chairman's Statement, Director's Report etc, have not been adjusted for the impacts as described in the Basis for Qualified section above. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section and Material Uncertainty related to Going Concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

### Provision for Expected credit loss

Refer to Note 08,10,11,12,16,17 & 21 in the standalone financial statements of 2021-22.

The Company measures revenue to be recognised based on the contract costs incurred till the reporting date over the total estimated costs for each contract. Such revenue recognised in excess of progress billing till the reporting date is presented as 'Contract Assets' which are yet to be billed to the customers. Such contract assets are accounted based on the contractual terms and management's assessment of recoverability from customers.

The Company estimates and recognises allowance for expected credit losses on trade receivables and contract assets which involves consideration of aging status, historical payment records, evaluation of litigations, the likelihood of collection based on the terms of the contract and the credit information of its customers including the possible effect from the pandemic relating to COVID-19.

For trade receivables and contract assets that are individually significant, expected credit losses are measured based on the present value of cash shortfalls over the remaining expected lives of the trade receivables and contract assets. The calculation of the collective credit loss provision is inherently judgmental

We have identified provisioning for expected credit loss as a key audit matter as the calculation of credit loss provision is a complex area and requires management to make significant assumptions on customer payment behaviour and estimating the level and timing of expected future cash flows.

### How the Key Audit Matter was addressed in our audit:

Our audit procedures in respect of this area included:

1. Obtained an understanding of the process relating to allowance for credit loss and assessed the management's estimate and related policies used in the credit loss analysis.
2. Verified on test check basis contract assets with corresponding trade receivables & contract assets that were overdue and evaluated the basis for management's conclusions regarding the (a) evidence supporting the execution of work for which the contract assets were recognised; (b) reasons for the delays in billing of invoices and the basis on which recoverability of the contract assets was assessed; (c) impact on the allowance for expected credit losses;
3. The management has assessed on individual level trade receivables and contract assets by Expected credit loss model, examined on a test check basis, the objective evidence relating to the impairment of trade receivables and contract assets and the key assumptions used in the estimate of the present value of all cash shortfalls and reviewed whether amounts have been recovered after the end of reporting period.
4. Reviewed the appropriateness of management's ageing analysis based on days past due by examining the original documents (such as invoices and bank deposit advice).



5. Recalculated the ECL of each type of trade receivables and contract assets according to the provision matrix.

6. Assessed the accuracy of the disclosures in the financial statements and ensured that they were in accordance with Ind AS 109 'Financial Instruments'

#### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic

decisions of users taken on the basis of these standalone financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 effects of the matter described in the Basis of Qualified Opinion section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books .
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - (d) Except for the matter described in the Basis of Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) The matter described in Material Uncertainty Related to Going Concern section of our report, 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, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".



- (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 standalone financial statements – Refer Note 57 to the standalone financial statements;
  - ii. Except for the possible effect of the matters described in the basis of qualified opinion paragraph above, the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, 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 Company.
  - iv. 1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - 2) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- 3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
- The Company has neither declared nor paid any dividend during the year.
3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder..

**For MSKA & Associates**  
**Chartered Accountants**

ICAI Firm Registration No.105047W

**Geetha Jeyakumar**  
Partner

Place: Chennai  
Date: June 24, 2022

Membership No. : 029409  
UDIN: 22029409ALPEWG2852

# Annexure “A” to the Independent Auditor’s Report on even date on the Standalone Financial Statements of SEPC Limited (Formerly known as Shriram EPC Limited)

## Auditor’s Responsibilities for the Audit of the Standalone Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the

disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned

scope and timing of the audit and significant audit findings, including any significant deficiencies in

internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended March 31, 2022 and are therefore, the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For MSKA & Associates  
Chartered Accountants**

ICAI Firm Registration No.105047W

**Geetha Jeyakumar**  
Partner

Place: Chennai

Date: June 24, 2022

Membership No. : 029409

UDIN: 22029409ALPEWG2852



# Annexure “B” to the Independent Auditors’ Report of even date on the Standalone Financial Statements of SEPC Limited (Formerly known as Shriram EPC Limited) for the year ended March 31, 2022

**[Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ in the Independent Auditors’ Report]**

- i. (a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment (Including Right of Use Assets).  
B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) All the Property, Plant and Equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the financial statements are held in the name of the Company except for the title deeds of immovable properties aggregating to Rs. 241.50 Lakhs are pledged with the banks and are not available with the Company. The same has been independently confirmed by the bank and verified by us.
- (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) and its intangible assets. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i)(e) of the Order are not applicable to the Company.
- ii. (a) The Company doesn’t have any inventory. Accordingly, the provisions stated in paragraph 3(ii)(a) of the Order are not applicable to the Company.
- (b) The Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from Banks/financial institutions on the basis of security of current assets. Quarterly returns / statements are filed with such Banks/ financial institutions are in agreement with the books of account.
- iii. According to the information explanation provided to us, the Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence, the requirements under paragraph 3(iii) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security as applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained during the year by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion ,undisputed statutory dues including goods and service tax, provident fund, employees’ state insurance, income-tax, duty of custom, cess have not been regularly deposited by the Company with the appropriate authorities and there have been serious delays in large number of cases.  
According to the information and explanations given to us, no undisputed amount payable in respect of goods and services tax, provident fund, employees’ state insurance, income-tax, duty of custom, cess and any other statutory dues applicable to it were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

| Name of the statute                              | Nature of dues                            | Amount<br>Rs. (In Lakhs) | Period to which the<br>amount relates | Forum where dispute<br>is pending                 |
|--|---|--------------------------|---------------------------------------|---|
| Service Tax (Chapter V of the Finance Act, 1994) | Service Tax and Penalty                   | 408.00                   | 2010-11 to 2012-13                    | Customs Excise and Service Tax Appellate Tribunal |
| Andhra Pradesh Value Added Tax Act               | Value Added Tax                           | 223.33                   | 2008-09 and 2009-10                   | Supreme Court                                     |
| Tamil Nadu Value Added Tax Act                   | Value Added Tax                           | 57.16                    | 2008-09 to 2014-15                    | High Court  |
| West Bengal Value Added Tax Act                  | Value Added Tax                           | 1980.00                  | 2007-08 to 2015-16                    | Revisional Board                                  |
| Orissa Value Added Tax Act                       | Value Added Tax                           | 6,700.75                 | 2011-12 and 2012-13                   | High Court  |
| Kerala value added tax Act                       | Dispute on Penalty                        | 659.00                   | 2015-16                               | High Court  |
| Jharkhand Value added tax act                    | Interest VAT Tax Amount                   | 41.64                    | 2013-14 to 2014-15                    | Dy. Commissioner of commercial tax                |
| Goods & Service Tax Act                          | Disputed on Transitional credit -interest | 8.00                     | 2017-2022                             | C.G.S.T & Central Excise -Bhilai                  |

The above table does not include Show Cause Notices (pending formal demand notices) received by the Company.

- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.
- ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any lender except in the following cases, details of which are as follows:

| Nature of borrowing, including debt securities | Name of Lender | Amount not paid on due date<br>(Rs. Lakhs) | Whether principal or interest | No. of Days delay or unpaid | Remarks, if any                |
|--|----------------|--|-------------------------------|-----------------------------|--------------------------------|
| Term Loan                                      | Central Bank   | 4,100.87                                   | Principal                     | 547-1 days                  | Principal pending to be repaid |
|  |                | 2,346.23                                   | Interest                      | 547-1 days                  | Interest pending to be repaid  |
| WCTL   | IFCI           | 177.82                                     | Principal                     | 547-1 days                  | Principal pending to be repaid |
|  |                | 121.10                                     | Interest                      | 547-1 days                  | Interest pending to be repaid  |
| FITL   | IFCI           | 75.88                                      | Principal                     | 547-1 days                  | Principal pending to be repaid |
|  |                | 16.28                                      | Interest                      | 547- 1 days                 | Interest pending to be repaid  |
| ACRE   | ACRE           | 2900.00                                    | Principal                     | 547-1days                   | Principal pending to be repaid |
| Covid Loan                                     | BOM            | 160.00                                     | Principal                     | 547-1 days                  | Principal pending to be repaid |



|             |                           |          |           |             |                                |
|-------------|---------------------------|----------|-----------|-------------|--------------------------------|
| Cash Credit | Punjab National Bank      | 8838.00  | Interest  | 759-1 Days  | Interest pending to be repaid  |
|             | Bank of India             | 1158.00  | Interest  | 766-1 Days  | Interest pending to be repaid  |
|             | Yes Bank                  | 258.00   | Interest  | 455-1 Days  | Interest pending to be repaid  |
|             | State Bank Of India       | 1,190.00 | Interest  | 556 -1 Days | Interest pending to be repaid  |
|             | Indian Bank               | 3,682.00 | Interest  | 705 -1 Days | Interest pending to be repaid  |
|             | Indusind Bank             | 165.00   | Interest  | 493 -1 Days | Interest pending to be repaid  |
|             | IDBI Bank                 | 298.00   | Interest  | 516 -1 Days | Interest pending to be repaid  |
|             | ICICI Bank                | 100.00   | Interest  | 670-1 Days  | Interest pending to be repaid  |
|             | Federal Bank              | 720.00   | Interest  | 756 -1 Days | Interest pending to be repaid  |
|             | DBS Bank India Ltd        | 692.00   | Interest  | 547 -1 Days | Interest pending to be repaid  |
|             | Central Bank of India     | 1982.00  | Interest  | 764 -1 Days | Interest pending to be repaid  |
|             | Bank Of Baroda<br>(ARCIL) | 202.00   | Interest  | 486 -1 Days | Interest pending to be repaid  |
|             |                           | 528.00   | Interest  | 455-1 Days  | Interest pending to be repaid  |
|             | Union Bank                | 206.00   | Interest  | 365 -1 Days | Interest pending to be repaid  |
|             | IFCI Factors              | 131.00   | Interest  | 547 -1 Days | Interest pending to be repaid  |
|             | Axis Bank                 | 1635.38  | Interest  | 121 -1 Days | Interest pending to be repaid  |
|             | Bank of Maharashtra       | 329.05   | Interest  | 335 -1 Days | Interest pending to be repaid  |
| WCDL        | Punjab National Bank      | 1107.00  | Interest  | 547 -1 Days | Interest pending to be repaid  |
|             | Bank of India             | 101.00   | Interest  | 547 -1 Days | Interest pending to be repaid  |
|             | Indian Bank               | 235.00   | Interest  | 547 -1 Days | Interest pending to be repaid  |
|             | Indusind Bank             | 351.00   | Interest  | 547 -1 Days | Interest pending to be repaid  |
|             | IDBI Bank                 | 576.00   | Interest  | 547 -1 Days | Interest pending to be repaid  |
|             | Central Bank of India     | 278.00   | Interest  | 455 -1 Days | Interest pending to be repaid  |
|             | Bank Of Baroda            | 262.00   | Interest  | 486 -1 Days | Interest pending to be repaid  |
|             | Axis Bank                 | 24.00    | Interest  | 424 -1 Days | Interest pending to be repaid  |
| FITL        | Yes Bank                  | 100.00   | Principal | 516-1 Days  | Principal pending to be repaid |
|             |                           | 3.00     | Interest  |             | Interest pending to be repaid  |
|             | State Bank Of India       | 500.00   | Principal | 516-1 Days  | Principal pending to be repaid |
|             |                           | 221.00   | Interest  |             | Interest pending to be repaid  |
|             | Indusind Bank             | 156.00   | Principal | 455-1 Days  | Principal pending to be repaid |
|             |                           | 31.00    | Interest  |             | Interest pending to be repaid  |
|             | IDBI Bank                 | 320.00   | Principal | 547-1 Days  | Principal pending to be repaid |
|             |                           | 48.00    | Interest  |             | Interest pending to be repaid  |
|             | DBS Bank India Ltd        | 189.00   | Principal | 455-1 Days  | Principal pending to be repaid |
|             |                           | 32.00    | Interest  |             | Interest pending to be repaid  |
|             | Central Bank of India     | 284.00   | Principal | 516-1 Days  | Principal pending to be repaid |
|             |                           | 54.00    | Interest  |             | Interest pending to be repaid  |
|             | Bank Of Baroda            | 117.00   | Principal | 455-1 Days  | Principal pending to be repaid |
|             |                           | 29.00    | Interest  |             | Interest pending to be repaid  |
|             | Union Bank                | 35.00    | Principal | 455-1 Days  | Principal pending to be repaid |
|             |                           | 5.00     | Interest  |             | Interest pending to be repaid  |
|             | IFCI Factors              | 7.00     | Principal | 547-1 Days  | Principal pending to be repaid |
|             |                           | 2.00     | Interest  |             | Interest pending to be repaid  |

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information explanation provided to us, no money was raised by way of term loans. Accordingly, the provision stated in paragraph 3(ix)(c) of the Order is not applicable to the Company.

- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiary.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary.
- x. (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.
- xi. (a) During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company nor on the Company.
- (b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the standalone financial statement for the year ended March 31, 2022, accordingly the provisions stated in paragraph 3 (xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the year. Accordingly, the provisions stated in paragraph (xi)(c) of the Order is not applicable to Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered internal audit reports of the Company issued by internal auditors for the period under audit in determining the nature, timing and extent of audit procedures.
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi)(a) of the Order are not applicable to the Company.
- (b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(b) of the Order are not applicable to the Company.
- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(c) of the Order are not applicable to the Company.
- (d) In our opinion, there is no core investment Company within the group (as defined in the



Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

- xvii. Based on the overall review of standalone financial statements of the Company has incurred cash losses in the current financial year and in the immediately preceding financial year. The details of the same are as follows:

| Particulars | March 31, 2022 (In Lakhs) | March 31, 2021 (In Lakhs) |
|-------------|---------------------------|---------------------------|
| Cash Loss   | 20,048.17                 | 17,743.68                 |

- xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph clause 3 (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realisation of financial assets and payment of liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that a material uncertainty exists as on the date of audit report. However, the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. Further, as stated in the note 4 (e), considering the restructuring plan for the borrowings, infusion of additional equity subsequent to the year end by the investor and the Management's plans to meet financial obligations in foreseeable future out of the cash

flows from execution of the pipeline of orders in hand, future business plans, non-fund based facilities, and realisation of trade receivables, the standalone financial statements of the Company for the year ended March 31, 2022 have been prepared on a going concern basis. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. According to the information and explanations given to us, the provisions of section 135 of the Act are not applicable to the Company. Hence, the provisions of paragraph 3(xx)(a) to (b) of the Order are not applicable to the Company.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in the report.

**For MSKA & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No.105047W

**Geetha Jeyakumar**  
Partner

Place: Chennai

Membership No. : 029409

Date: June 24, 2022

UDIN: 22029409ALPEWG2852



# Annexure “C” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of SEPC Limited (Formerly known as Shriram EPC Limited)

[Referred to in paragraph 2(h) under ‘Report on Other Legal and Regulatory Requirements’ in the Independent Auditors’ Report]

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

### **Qualified Opinion**

We have audited the internal financial controls with reference to standalone financial statements of SEPC Limited (Formerly known as Shriram EPC Limited) (“the Company”) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company’s internal financial controls with reference to standalone financial statements as at March 31, 2022:

- (a) Provisioning of contract assets which is outstanding for a substantial period of time, which could potentially result in the Company not recognizing a provision for the said assets.
- (b) Assessment of future taxable profits which could result in recognition of excess deferred tax asset which the Company may not be able to utilize..

A ‘material weakness’ is a deficiency, or a combination of deficiencies, in internal financial control with reference to standalone financial statements, 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, the Company has, in all material respects, maintained internal financial controls with reference to financial statements as of March 31, 2022, based on the internal control with reference to standalone financial statements 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) (the “Guidance Note”), except for the effect possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company’s internal financial controls with reference to standalone financial statements were operating effectively as of March 31, 2022.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2022 financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

### **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 with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 with reference to standalone financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to Standalone Financial Statements**

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the

Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For MSKA & Associates  
Chartered Accountants**

ICAI Firm Registration No.105047W

**Geetha Jeyakumar**

Partner

Place: Chennai

Membership No. : 029409

Date: June 24, 2022

UDIN: 22029409ALPEWG2852

# Standalone Balance Sheet as at March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars                        | Notes | As at<br>March 31,2022 | As at<br>March 31, 2021 |
|------------------------------------|-------|------------------------|-------------------------|
| <b>ASSETS</b>                      |       |                        |                         |
| Non-current assets                 |       |                        |                         |
| Property, plant and equipment      | 6A    | 3,841.93               | 4,368.08                |
| Right of Use Assets                | 6B    | 233.09                 | -                       |
| Intangible assets                  | 7     | 32.00                  | 36.04                   |
| Contract assets                    | 8     | 3,956.02               | 3,956.02                |
| <b>Financial assets</b>            |       |                        |                         |
| Investments                        | 9     | 76.98                  | 104.10                  |
| Loans                              | 10    | 8,131.35               | 10,913.30               |
| Trade Receivables                  | 11    | 18,768.50              | 21,015.14               |
| Other Financial Assets             | 12    | 1,081.79               | 1,173.27                |
| Deferred tax asset (net)           | 13    | 43,345.50              | 47,623.70               |
| Income tax assets (net)            | 14    | 1,412.38               | 3,327.56                |
| <b>Total Non-Current Assets</b>    |       | <b>80,879.54</b>       | <b>92,517.21</b>        |
| <b>Current assets</b>              |       |                        |                         |
| Inventories                        | 15    | -                      | 248.20                  |
| Contract Assets                    | 16    | 79,708.74              | 82,683.42               |
| <b>Financial assets</b>            |       |                        |                         |
| Trade receivables                  | 17    | 28,057.27              | 32,820.14               |
| Cash and cash equivalents          | 18    | 548.27                 | 625.68                  |
| Other bank balances                | 19    | 2,387.49               | 2,866.88                |
| Other Financial Assets             | 20    | 889.02                 | 844.27                  |
| Other Current assets               | 21    | 11,698.56              | 13,945.41               |
| Assets classified as held for sale | 22    | 596.06                 | 596.06                  |
| <b>Total Current Assets</b>        |       | <b>1,23,885.41</b>     | <b>1,34,630.06</b>      |
| <b>Total Assets</b>                |       | <b>2,04,764.95</b>     | <b>2,27,147.27</b>      |
| <b>EQUITY AND LIABILITIES</b>      |       |                        |                         |
| <b>Equity</b>                      |       |                        |                         |
| Equity share capital               | 23    | 97,152.90              | 97,152.90               |
| Other equity                       | 24    | (22,548.28)            | 2,298.12                |
| <b>Total Equity</b>                |       | <b>74,604.62</b>       | <b>99,451.02</b>        |



# Standalone Balance Sheet as at March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars   | Notes | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------|-------------------------|-------------------------|
| <b>Liabilities</b>  |       |                         |                         |
| <b>Non-Current Liabilities</b>  |       |                         |                         |
| <b>Financial liabilities</b>  |       |                         |                         |
| Lease Liabilities   | 6B    | 201.93                  | -                       |
| Borrowings  | 25    | 15,364.47               | 20,072.84               |
| Other financial liabilities   | 26    | 4,465.38                | 4,363.37                |
| Provisions  | 27    | 540.50                  | 559.51                  |
| Contract Liabilities  | 28    | 2,202.91                | 4,882.17                |
| <b>Total Non-Current Liabilities</b>  |       | <b>22,775.19</b>        | <b>29,877.89</b>        |
| <b>Current liabilities</b>  |       |                         |                         |
| <b>Financial liabilities</b>  |       |                         |                         |
| Lease Liabilities   | 6B    | 36.60                   | -                       |
| Borrowings  | 29    | 82,462.97               | 63,515.80               |
| Trade payables  |       |                         |                         |
| a) Total outstanding dues of micro enterprises and small enterprises                      |       | -                       | -                       |
| b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 30    | 15,873.15               | 22,611.54               |
| Other financial liabilities   | 31    | 1,885.00                | 1,663.07                |
| Other current liabilities   | 32    | 688.87                  | 1,541.65                |
| Contract Liabilities  | 33    | 5,934.02                | 8,076.27                |
| Provisions  | 34    | 504.53                  | 410.03                  |
| <b>Total Current Liabilities</b>  |       | <b>1,07,385.14</b>      | <b>97,818.36</b>        |
| <b>Total Liabilities</b>  |       | <b>1,30,160.33</b>      | <b>1,27,696.25</b>      |
| <b>Total Equity and Liabilities</b>   |       | <b>2,04,764.95</b>      | <b>2,27,147.27</b>      |

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date  
**For MSKA & Associates**  
**Chartered Accountants**  
 Firm Registration No.:105047W

**For and on behalf of the Board of Directors**  
**SEPC Limited (Formerly Known as Shriram EPC Limited)**  
 CIN: L74210TN2000PLC045167

**Geetha Jeyakumar**  
 Partner  
 Membership No : 029409

**T. Shivaraman**  
 Managing Director & CEO  
 DIN: 01312018

**Chandra Ramesh**  
 Director  
 DIN: 00938694

Place: Chennai  
 Date: June 24, 2022

**T. Sriraman**  
 Company Secretary

**R S Chandrasekharan**  
 Chief Financial Officer

# Audited Statement of Profit and Loss for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars   | Notes | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|-------|--------------------------------------|--------------------------------------|
| <b>Income</b>   |       |                                      |                                      |
| Revenue from operations   | 35    | 30,278.64                            | 53,193.33                            |
| Other income  | 36    | 895.41                               | 2,130.69                             |
| <b>Total income</b>   |       | <b>31,174.05</b>                     | <b>55,324.02</b>                     |
| <b>Expenses</b>   |       |                                      |                                      |
| Erection, Construction & Operation Expenses                                   | 37    | 24,866.50                            | 51,463.44                            |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 38    | 248.20                               | 76.66                                |
| Employee benefits expense   | 39    | 3,682.27                             | 3,576.44                             |
| Finance costs   | 40    | 11,568.38                            | 10,655.75                            |
| Depreciation and amortization expense   | 41    | 574.85                               | 544.86                               |
| Other expenses  | 42    | 4,495.61                             | 6,146.30                             |
| <b>Total expenses</b>   |       | <b>45,435.81</b>                     | <b>72,463.45</b>                     |
| <b>Loss before exceptional items and tax</b>                                  |       | <b>(14,261.76)</b>                   | <b>(17,139.43)</b>                   |
| Exceptional items   | 43    | (6,361.26)                           | (1,149.11)                           |
| <b>(Loss) before tax</b>  |       | <b>(20,623.02)</b>                   | <b>(18,288.54)</b>                   |
| <b>Income tax expense</b>   | 44    |                                      |                                      |
| Current tax   |       | -                                    | -                                    |
| Deferred tax  |       | 4,278.00                             | -                                    |
| <b>Total income tax expense</b>   |       | <b>4,278.00</b>                      | <b>-</b>                             |
| <b>(Loss) for the year</b>  |       | <b>(24,901.02)</b>                   | <b>(18,288.54)</b>                   |



# Audited Statement of Profit and Loss for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars   | Notes | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|-------|--------------------------------------|--------------------------------------|
| <b>Other Comprehensive Income</b>   |       |                                      |                                      |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods |       |                                      |                                      |
| Re-measurement gains on defined benefit plans (Net of Taxes)                              |       | 15.61                                | 17.10                                |
| Fair Value of Equity Instruments through OCI (Net of Taxes)                               |       | 39.01                                | 2.51                                 |
| <b>Other Comprehensive Income for the year</b>  |       | <b>54.62</b>                         | <b>19.61</b>                         |
| <b>Total Comprehensive Loss for the year</b>  |       | <b>(24,846.39)</b>                   | <b>(18,268.93)</b>                   |
| Earnings / (Loss) per share   | 45    |                                      |                                      |
| Basic earnings /(loss) per share (₹)  |       | (2.56)                               | (1.88)                               |
| Diluted earnings /(loss) per share (₹)  |       | (2.56)                               | (1.88)                               |
| Face value per equity share (₹)   |       | 10.00                                | 10.00                                |
| Summary of significant accounting policies  | 2     |                                      |                                      |
| The accompanying notes are an integral part of the financial statements                   |       |                                      |                                      |

As per our report of even date  
**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No.:105047W

**Geetha Jeyakumar**  
Partner  
Membership No : 029409

Place: Chennai  
Date: June 24, 2022

**T. Shivaraman**  
Managing Director & CEO  
DIN: 01312018

**T. Sriraman**  
Company Secretary

**For and on behalf of the Board of Directors**  
**SEPC Limited (Formerly Known as Shriram EPC Limited)**  
CIN: L74210TN2000PLC045167

**Chandra Ramesh**  
Director  
DIN: 00938694

**R S Chandrasekharan**  
Chief Financial Officer

# Statement of changes in equity for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| (A) Equity share capital                                       | As at 31-03-2022 |           | As at 31-03-2021 |           |
|--|------------------|-----------|------------------|-----------|
|  | No. of shares    | Amount    | No. of shares    | Amount    |
| Equity shares of Rs. 10 each issued, subscribed and fully paid |                  |           |                  |           |
| Outstanding at the Beginning of the year                       | 97,15,29,018     | 97,152.90 | 97,15,29,018     | 97,152.90 |
| Add: Shares issued during the year                             | -                | -         | -                | -         |
| Outstanding at the End of the year                             | 97,15,29,018     | 97,152.90 | 97,15,29,018     | 97,152.90 |

## (B) Other equity

| Particulars                                 | Reserve and surplus        |                 |                 |                   | Components of Other Comprehensive Income                             |   | Total       |
|---|----------------------------|-----------------|-----------------|-------------------|--|---|-------------|
|   | Securities premium account | General reserve | Capital reserve | Retained earnings | Re-measurement gains/ (losses) on defined benefit plans (Net of Tax) | Equity instruments through Other Comprehensive Income |             |
| Balance as at 1 April 2021                  | 1,91,225.43                | 561.93          | 12.92           | (1,89,616.01)     | 144.35   | (30.50)   | 2,298.12    |
| Loss for the year                           | -                          | -               | -               | (24,901.02)       | -  | -   | (24,901.02) |
| Other comprehensive income                  | -                          | -               | -               | -                 | 15.61  | 39.01   | 54.62       |
| Total other comprehensive loss for the year | 1,91,225.43                | 561.93          | 12.92           | (2,14,517.03)     | 159.96   | 8.51  | (22,548.28) |
| Issue of Equity shares                      | -                          | -               | -               | -                 | -  | -   | -           |
| Balance as at 31 March 2022                 | 1,91,225.43                | 561.93          | 12.92           | (2,14,517.03)     | 159.96   | 8.51  | (22,548.28) |

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date  
**For MSKA & Associates**  
**Chartered Accountants**  
 Firm Registration No.:105047W

**For and on behalf of the Board of Directors**  
**SEPC Limited (Formerly Known as Shriram EPC Limited)**  
 CIN: L74210TN2000PLC045167

**Geetha Jeyakumar**  
 Partner  
 Membership No : 029409

**T. Shivaraman**  
 Managing Director & CEO  
 DIN: 01312018

**Chandra Ramesh**  
 Director  
 DIN: 00938694

Place: Chennai  
 Date: June 24, 2022

**T. Sriraman**  
 Company Secretary

**R S Chandrasekharan**  
 Chief Financial Officer



# Statement of cash flows for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars   | Year ended<br>2021-22 | Year ended<br>2020-21 |
|---|-----------------------|-----------------------|
| Cash flow from operating activities   |                       |                       |
| Loss before tax   | (20,623.02)           | (18,288.54)           |
| Adjustments for:  |                       |                       |
| Depreciation and amortization expenses                                      | 574.85                | 544.86                |
| Provision for Gratuity  | 124.63                | 122.92                |
| Provision for Compensated Absences  | 150.81                | (52.39)               |
| Provision for doubtful receivables and advances                             | 1,831.49              | 2,036.42              |
| Bad debts written-off   | 103.35                | -                     |
| Finance cost  | 12,530.97             | 12,644.95             |
| Interest income   | (856.49)              | (1,643.29)            |
| Liabilities written back  | (38.92)               | (476.04)              |
| Gain on sale of fixed assets  | -                     | (1.36)                |
| Impairment loss allowance on contract assets and receivables                | 6,361.25              | 1,149.11              |
| <b>Operating Profit / (Loss) before working capital changes</b>             | <b>158.92</b>         | <b>(3,963.35)</b>     |
| Changes in working capital  |                       |                       |
| Decrease in trade payables  | (6,699.48)            | (6,537.42)            |
| Decrease in inventories   | 248.20                | 76.66                 |
| Decrease in trade receivables   | 5,074.86              | 7,103.68              |
| Decrease in loans and advances  | 2,781.95              | 1,387.74              |
| Decrease in other liabilities   | (852.78)              | (3,100.57)            |
| Decrease in contract liabilities  | (4,821.53)            | -                     |
| Decrease in Short Term provisions   | (56.31)               | (97.43)               |
| Decrease in Long Term provisions  | (143.65)              | (201.36)              |
| Increase in other financial liabilities                                     | 323.93                | 818.12                |
| Decrease in other financial assets  | 46.73                 | 2,123.85              |
| (Increase) / Decrease in other current assets                               | 2,246.86              | (1,990.06)            |
| Increase / (Decrease) in Contract Assets                                    | (3,386.58)            | -                     |
| Decrease in assets held for sale  | -                     | 107.30                |
| <b>Cash (used in) / from operations</b>                                     | <b>(5,078.88)</b>     | <b>(4,272.84)</b>     |
| Income tax paid / (refund)  | (1,915.20)            | (410.34)              |
| <b>Net cash (used in) / from operating activities (A)</b>                   | <b>(6,994.08)</b>     | <b>(4,683.18)</b>     |
| <b>Cash flow from Investing activities</b>                                  |                       |                       |
| Payment for property, plant and equipment and intangible assets             | 14.89                 | (628.89)              |
| Movement in Bank balances not considered as Cash and cash equivalents (Net) | (479.39)              | 2,018.52              |
| Proceeds from sale/ disposal of fixed assets                                | -                     | 606.95                |
| Interest received   | 578.52                | 119.66                |
| <b>Net cash flow from investing activities (B)</b>                          | <b>114.02</b>         | <b>2,116.24</b>       |



# Statement of cash flows for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars   | Year ended<br>2021-22 | Year ended<br>2020-21 |
|---|-----------------------|-----------------------|
| <b>Cash flow from Financing activities</b>                    |                       |                       |
| Proceeds from Short term borrowings (net)                     | 6,839.26              | 13,629.85             |
| Repayment of Long term borrowings                             | -                     | (549.86)              |
| Interest and Finance Charges Paid                             | -                     | (10,560.95)           |
| Repayment of finance lease obligation                         | (36.60)               | -                     |
| <b>Net cash flow from financing activities (C)</b>            | <b>6,802.66</b>       | <b>2,519.04</b>       |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>      | <b>(77.41)</b>        | <b>(47.90)</b>        |
| Cash and cash equivalents at the beginning of the year        | 625.68                | 673.58                |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>548.27</b>         | <b>625.68</b>         |
| <b>Cash and cash equivalents comprise</b>                     |                       |                       |
| Cash and cash equivalents as per Balance Sheet                | 2,935.76              | 3,492.56              |
| Less: Other Bank balances disclosed separately under Note -19 | (2,387.49)            | (2,866.88)            |
|   | 548.27                | 625.68                |
| Summary of significant accounting policies                    | 2                     |                       |

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
**For MSKA & Associates**  
**Chartered Accountants**  
 Firm Registration No.:105047W

**Geetha Jeyakumar**  
 Partner  
 Membership No : 029409

Place: Chennai  
 Date: June 24, 2022

**T. Shivaraman**  
 Managing Director & CEO  
 DIN: 01312018

**T. Sriraman**  
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**For and on behalf of the Board of Directors**  
**SEPC Limited (Formerly Known as Shriram EPC Limited)**  
 CIN: L74210TN2000PLC045167

**Chandra Ramesh**  
 Director  
 DIN: 00938694

**R S Chandrasekharan**  
 Chief Financial Officer



# Notes forming part of the Financial Statements for the year ended March 31, 2022

## 1 General Information

Shriram EPC Limited (the “Company” or “SEPC”) which is a part of the Shriram EPC Group has diverse interests across Project Engineering & Construction. The 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.

The Company along with the Joint operators enters into contracts with the customers for execution of the projects. The Company’s share as per such contracts is listed below. However, the Company as a Joint operator, recognises assets, liabilities, income and expenditure held/incurred jointly with other partners in proportion to its interest in such joint arrangements in compliance with applicable accounting standards taking into account the related rights and obligations applicable in the respective jointly controlled operations.

| Joint operators                                   | % of SEPC’s Share |
|---|-------------------|
| Larsen & Toubro limited<br>shriram EPC JV         | 10%               |
| Shriram EPC Eurotech<br>Environment Pvt Ltd - JV* | 100%              |
| SEPC DRS ITPL JV*                                 | 100%              |
| Mokul Shriram EPC JV*                             | 50%               |

\*Unincorporated Joint Ventures

## 2 Significant accounting policies

Significant accounting policies adopted by the company are as under:

### 2.1 Basis of Preparation of Financial Statements

The financial statements have been prepared using significant accounting policies and measurement basis summarised below. These were used throughout all periods presented in the financial statements.

#### (a) Statement of Compliance with Ind AS

The Company’s financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards)

Rules, 2015 and amendments thereof issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. These financial statements have been approved for issue by the Board of Directors at its meeting held on June 24, 2022.

#### (b) Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, except certain financial assets and liabilities measured at fair value (Refer Accounting Policy No. 2.15 on financial instruments).

All assets and liabilities have been classified as current or non-current as per the Company’s operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The normal operating cycle of the entity for Construction contracts is the duration of 2 to 3 years depending on each contract.

#### (c) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 (“the Act”). The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in Lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places.

#### (d) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management

to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for expected credit loss, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, fair value measurement, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known. Refer Note 3 for detailed discussion on estimates and judgements.

#### (e) Interests in Joint Operations

When the Company has joint control of the arrangement based on contractually determined right to the assets and obligations for liabilities, it recognises such interests as joint operations. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. In respect of its interests in joint operations, the Company recognises its share in assets, liabilities, income and expenses line-by-line in the standalone financial statements of the entity which is party to such joint arrangement which then becomes part of the consolidated financial statements of the Group when the financial statements of the Holding Company and its subsidiaries are combined for consolidation.

## 2.2 Property, plant and equipment (PPE)

Property, plant and equipment is recognised when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. PPE are stated at original cost net of taxes/duty credits availed, if any less accumulated depreciation and cumulative impairment, if any. PPE acquired on hire purchase basis are recognised at their cash values. Cost includes professional fees related to the acquisition of PPE and for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognized as a separate

asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

### Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

| Property, plant and equipment                | Useful Life                                      |
|--|--|
| Leasehold improvement*                       | Lease period or life of asset whichever is lower |
| Plant & Machinery                            | 2 to 4 years                                     |
| Furniture and fixtures                       | 10 years   |
| Office equipment                             | 5 years  |
| Computers:                                   |  |
| - Servers                                    | 6 years  |
| - End user devices such as laptops, desktops | 3 years  |

\* Leasehold improvements are amortized over the lease period, which corresponds with the useful lives of the assets.

Based on the technical experts assessment of useful life, certain items of property plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013. Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing



proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate. Freehold land is not depreciated.

### 2.3 Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost, net of tax/duty credits availed, if any less accumulated amortization and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to the acquisition of intangible assets are allocated and capitalized as part of cost of the intangible asset.

The Company amortized intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

|                    |               |
|--------------------|---------------|
| Intangible assets: |               |
| Technical know how | 5 to 10 years |
| Computer Software  | 5 years       |

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and Intangible Assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE and Intangible Assets are tested for impairment, so as to determine the impairment loss, if any. Goodwill and Intangible Assets with indefinite life are tested for impairment each year.

### 2.4 Foreign Currency Transactions

#### (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

#### (b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign

currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### 2.5 Fair value measurement

The Company maintains accounts on accrual basis following the historical cost convention, except for certain financial instruments that are measured at fair value in accordance with Ind AS and certain items of property, plant and equipment that were revalued in earlier years in accordance with the I-GAAP principles. The carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The Company's management determines the policies and procedures for fair value measurement.

Fair value measurements under Ind AS are categorised as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date;

- Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets/liabilities

## 2.6 Revenue Recognition

A. The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price. Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit and Loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfil a contract are amortised over the period of execution of the contract in proportion to the progress measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

Significant judgements are used in:

1. Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

2. Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

B. Revenue from construction contracts/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:

Fixed price contracts: Contract revenue is recognised only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably subject to condition that it is probable the such cost will be recoverable. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to date to the total estimated contracts cost.

The estimated outcome of a contract is considered reliable when all the following conditions are satisfied:

- (i) The amount of revenue can be measured reliably;
- (ii) It is probable that the economic benefits associated with the contract will flow to the company;
- (iii) The stage of completion of the contract at the end of the reporting period can be measured reliably; and
- (iv) The costs incurred or to be incurred in respect of the contract can be measured reliably.

Expected loss, if any, on a contract is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognised profits (or recognised losses, as the case may be), the surplus is shown as the amount due to customers. Amounts received before the related work is performed are disclosed in the Balance sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance sheet as trade receivables. The amount of retention money due from customers within the next twelve months are classified under other current assets as Trade Receivable.

Revenue from contracts from rendering engineering design services and other services which are directly related to construction of an



asset is recognised on the same basis as stated in (B) above.

### **Other Operational Revenue**

Other Operational Revenue represents income earned from activities incidental to the business and is recognized when the right to receive income is established as per the terms of contract.

### **Other Income**

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

Dividend income is accounted in the period in which the right to receive the same is established.

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

## **2.7 Taxes**

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

### **(a) Current income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company has not opted to exercise the option under section 115BAA of the income tax 1961, as introduced by the taxation laws (Amendment) ordinance, 2019 and decided to continue with the existing rate of tax for the purpose of deferred tax computation.

### **(b) Deferred tax**

“Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is

determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.”

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## **2.8 Leases**

The Indian accounting standard on lease (Ind AS 116) requires entity to determine whether a contract is or contains a lease at inception of the contract.

Ind AS 116 requires lessee to recognise a liability to make lease payments and an asset representing the right-of-use asset during the lease term for all leases except for short term leases and leases of low-value assets, if they choose to apply such exemptions

Payments associated with short-term leases and low value assets are recognized as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

At the commencement date, Company recognise a right-of-use asset measured at cost and a lease liability measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate

The cost of the right-of-use asset comprised of, the amount of the initial measurement of the lease

liability, any lease payments made at or before the commencement date, less any lease incentives received

At the commencement date, the lease payments included in the measurement of the lease liability comprise (a) fixed payments less any lease incentives receivable; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (c) amounts expected to be payable by the lessee under residual value guarantees; (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Depreciation on Right-of-use asset is recognised in statement of profit and Loss on a straight line basis over the period of lease and the Company separately recognises interest on lease liability as a component of finance cost in statement of Profit and Loss.

## 2.9 Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

## 2.10 Impairment of non-financial assets

The Company assesses at each year end whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated

future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash in flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

## 2.11 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date. Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

## 2.12 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- a) estimated amount of contracts remaining to be executed on capital account and not provided for;
- b) uncalled liability on shares and other investments partly paid;
- c) funding related commitment to subsidiary, associate and joint venture companies; and



- d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

### 2.13 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand, cheques in transit and demand deposits with banks. For the purposes of the cash flow statement, Cash and 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.

### 2.14 Statement of Cash Flows:

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profit for the effects of :

- i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and
- iii. all other items for which the cash effects are investing or financing cash flows.

### 2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (a) Financial assets

- (i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

- (ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

The company has currently exercised the irrevocable option to present in Other comprehensive Income , subsequent changes in the Fair value of Equity Instruments. Such an election has been made on instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

- (iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.



For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet, ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**(iv) Derecognition of financial assets**

A financial asset is derecognized only when

- a) the rights to receive cash flows from the financial asset is transferred or
- b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the

entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

**(b) Financial liabilities**

**(i) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

**(ii) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

**(iii) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.



#### **(d) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### **2.16 Employee Benefits**

#### **(a) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### **(b) Other long-term employee benefit obligations**

##### **(i) Defined contribution plan**

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

##### **(ii) Defined benefit plans**

Gratuity: The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The

Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise. Leaves under define benefit plans can be encashed only on discontinuation of service by employee.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

### **2.17 Contributed equity**

Equity shares are classified as equity share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **2.18 Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

### **2.19 Inventory- (Contract Work in progress)**

Contract Work in progress are valued at cost or net realisable value, whichever is lower. Cost comprises all direct development expenditure.

### **2.20 Non-Current Assets held for Sale**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

## **3 Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

## **4 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### **(a) Taxes**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is

required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### **(b) Defined benefit plans (gratuity benefits and leave encashment)**

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

### **(c) Construction Contracts**

Recognizing construction contract revenue requires significant judgement in determining actual work performed and the estimated costs to complete the work, provision for rectification costs, variation claims etc.

### **(d) Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carryforwards can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

### **(e) Going Concern**

The Company has incurred net loss of 24,901.02 Lakhs during the year ended March 31, 2022 and as of that date has accumulated losses aggregating 2,14,517.03 Lakhs which has resulted in substantial erosion of its net worth. The Company is in default to its lenders and the lenders have categorised the Company's account as Non- Performing Asset and one of the financial



creditor filed an NCLT case against the Company. Resolution Plan submitted in accordance with the requirement set out in the circular issued by the Reserve Bank of India No RBI/20119/203DBR. No>BP.BC.45/21.04.048./2018-19 dated June 07, 2019 has been approved by the lenders with super majority on March 25, 2022. Subsequent to year end on June 22, 2022, the Company has entered into Master Restructuring Agreement (MRA) to give effect to the resolution plan. Based on the MRA all over dues are scheduled to be paid. With these positive developments by implementing the resolution plan, underlying strength of the Company's business plans and future growth outlook as assessed with existing order book, the credit profile of the Company, would improve resulting in it being able to meet its obligations in due course of time. Accordingly, these financial statement are prepared on a going concern basis.

## **5 Standards (including amendments) issued but not yet effective**

### **Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022,

MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 6A Property, plant and equipment - Current Year

| Block of Assets        | Gross block              |                           |                            |                           | Depreciation             |                 |                            |                           | Net block                 |                           |
|------------------------|--------------------------|---------------------------|----------------------------|---------------------------|--------------------------|-----------------|----------------------------|---------------------------|---------------------------|---------------------------|
|                        | As at<br>1 April<br>2021 | Additions/<br>Adjustments | Deductions/<br>Adjustments | As at<br>31 March<br>2022 | As at<br>1 April<br>2021 | For the<br>year | Deductions/<br>Adjustments | As at<br>31 March<br>2022 | As at<br>31 March<br>2022 | As at<br>31 March<br>2021 |
| <b>Owned assets</b>    |                          |                           |                            |                           |                          |                 |                            |                           |                           |                           |
| Freehold land          | 241.50                   | -                         | -                          | 241.50                    | -                        | -               | -                          | -                         | 241.50                    | 241.50                    |
| Leasehold Improvements | 350.15                   | -                         | -                          | 350.15                    | 190.01                   | 7.28            | -                          | 197.29                    | 152.86                    | 160.14                    |
| Buildings              | 146.86                   | -                         | -                          | 146.86                    | 25.96                    | 44.65           | -                          | 70.61                     | 76.25                     | 120.90                    |
| Plant and Machinery    | 5,750.29                 | -                         | 172.57                     | 5,577.72                  | 1,996.75                 | 459.74          | 172.50                     | 2,283.98                  | 3,293.75                  | 3,753.54                  |
| Furniture and Fixtures | 60.56                    | -                         | -                          | 60.56                     | 37.27                    | 6.46            | -                          | 43.73                     | 16.83                     | 23.29                     |
| Office Equipment       | 12.30                    | -                         | -                          | 12.30                     | 10.81                    | 0.65            | -                          | 11.47                     | 0.83                      | 1.49                      |
| Computers              | 171.11                   | 14.97                     | 95.15                      | 90.93                     | 124.25                   | 16.61           | 95.15                      | 45.71                     | 45.22                     | 46.86                     |
| Vehicle                | 51.75                    | -                         | -                          | 51.75                     | 31.39                    | 5.67            | -                          | 37.06                     | 14.69                     | 20.36                     |
| <b>Total</b>           | <b>6,784.52</b>          | <b>14.97</b>              | <b>267.72</b>              | <b>6,531.77</b>           | <b>2,416.44</b>          | <b>541.05</b>   | <b>267.65</b>              | <b>2,689.84</b>           | <b>3,841.93</b>           | <b>4,368.08</b>           |

## Property, plant and equipment - Previous Year

| Block of Assets        | Gross block              |                           |                            |                         | Depreciation             |                 |                            |                         | Net block               |                           |
|------------------------|--------------------------|---------------------------|----------------------------|-------------------------|--------------------------|-----------------|----------------------------|-------------------------|-------------------------|---------------------------|
|                        | As at<br>1 April<br>2020 | Additions/<br>Adjustments | Deductions/<br>Adjustments | As at<br>31 Mar<br>2021 | As at<br>1 April<br>2020 | For the<br>year | Deductions/<br>Adjustments | As at<br>31 Mar<br>2021 | As at<br>31 Mar<br>2021 | As at<br>31 March<br>2020 |
| <b>Owned assets</b>    |                          |                           |                            |                         |                          |                 |                            |                         |                         |                           |
| Freehold land          | 241.50                   | -                         | -                          | 241.50                  | -                        | -               | -                          | -                       | 241.50                  | 241.50                    |
| Leasehold Improvements | 350.15                   | -                         | -                          | 350.15                  | 190.01                   | -               | -                          | 190.01                  | 160.14                  | 160.14                    |
| Buildings              | 147.49                   | -                         | 0.63                       | 146.86                  | 21.64                    | 4.95            | 0.63                       | 25.96                   | 120.90                  | 125.85                    |
| Plant and Machinery    | 5,944.90                 | 601.82                    | 796.43                     | 5,750.29                | 1,686.85                 | 498.02          | 188.12                     | 1,996.75                | 3,753.54                | 4,258.05                  |
| Furniture and Fixtures | 60.56                    | -                         | -                          | 60.56                   | 30.63                    | 6.64            | -                          | 37.27                   | 23.28                   | 29.93                     |
| Office Equipment       | 26.10                    | 0.37                      | 14.17                      | 12.30                   | 23.89                    | 1.09            | 14.17                      | 10.81                   | 1.49                    | 2.21                      |
| Computers              | 145.24                   | 25.87                     | -                          | 171.11                  | 102.90                   | 21.35           | -                          | 124.25                  | 46.86                   | 42.33                     |
| Vehicle                | 53.20                    | 0.83                      | 2.28                       | 51.75                   | 24.90                    | 8.76            | 2.28                       | 31.39                   | 20.36                   | 28.30                     |
| <b>Total</b>           | <b>6,969.14</b>          | <b>628.89</b>             | <b>813.51</b>              | <b>6,784.52</b>         | <b>2,080.82</b>          | <b>540.81</b>   | <b>205.20</b>              | <b>2,416.44</b>         | <b>4,368.08</b>         | <b>4,888.31</b>           |

## 6B The details of the right-of-use asset held by the Company is as follows:

| Particulars                        | Building      | Total         |
|------------------------------------|---------------|---------------|
| <b>Balance as at 1 April 2020</b>  | -             | -             |
| Additions                          | -             | -             |
| Deletion                           | -             | -             |
| Depreciation                       | -             | -             |
| <b>Balance as at 31 March 2021</b> | -             | -             |
| Additions                          | 262.85        | 262.85        |
| Deletion                           | -             | -             |
| Depreciation                       | (29.76)       | (29.76)       |
| <b>Balance as at 31 March 2022</b> | <b>233.09</b> | <b>233.09</b> |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| Particulars                        | Building      | Total         |
|------------------------------------|---------------|---------------|
| <b>Balance as at 1 April 2020</b>  | -             | -             |
| Additions                          | -             | -             |
| Interest expense                   | -             | -             |
| Lease Payments                     | -             | -             |
| <b>Balance as at 31 March 2021</b> | -             | -             |
| Additions                          | 252.00        | 252.00        |
| Interest expense                   | 23.13         | 23.13         |
| Lease Payments                     | (36.60)       | (36.60)       |
| <b>Balance as at 31 March 2022</b> | <b>238.53</b> | <b>238.53</b> |

## Break-up of current and non-current lease liabilities

| Particulars                   | 31st March 2022 | 31st March 2021 |
|-------------------------------|-----------------|-----------------|
| Current Lease Liabilities     | 36.60           | -               |
| Non-current Lease Liabilities | 201.93          | -               |

## 7 Intangible assets - Current Year

| Block of Assets   | Gross block        |                        |                         |                     | Depreciation       |              |                         |                     | Net block           |                     |
|-------------------|--------------------|------------------------|-------------------------|---------------------|--------------------|--------------|-------------------------|---------------------|---------------------|---------------------|
|                   | As at 1 April 2021 | Additions/ Adjustments | Deductions/ Adjustments | As at 31 March 2022 | As at 1 April 2021 | For the year | Deductions/ Adjustments | As at 31 March 2022 | As at 31 March 2022 | As at 31 March 2021 |
| Computer Software | 43.12              | -                      | -                       | 43.12               | 21.54              | 1.79         | -                       | 23.33               | 19.79               | 21.58               |
| Technical Knowhow | 54.22              | -                      | -                       | 54.22               | 39.76              | 2.25         | -                       | 42.01               | 12.21               | 14.46               |
| <b>Total</b>      | <b>97.34</b>       | <b>-</b>               | <b>-</b>                | <b>97.34</b>        | <b>61.30</b>       | <b>4.04</b>  | <b>-</b>                | <b>65.34</b>        | <b>32.00</b>        | <b>36.04</b>        |

## Intangible assets - Previous Year

| Block of Assets   | Gross block        |                        |                         |                   | Depreciation       |              |                         |                   | Net block         |                     |
|-------------------|--------------------|------------------------|-------------------------|-------------------|--------------------|--------------|-------------------------|-------------------|-------------------|---------------------|
|                   | As at 1 April 2020 | Additions/ Adjustments | Deductions/ Adjustments | As at 31 Mar 2021 | As at 1 April 2020 | For the year | Deductions/ Adjustments | As at 31 Mar 2021 | As at 31 Mar 2021 | As at 31 March 2020 |
| Computer Software | 43.12              | -                      | -                       | 43.12             | 19.75              | 1.79         | -                       | 21.54             | 21.58             | 23.37               |
| Technical Knowhow | 54.22              | -                      | -                       | 54.22             | 37.51              | 2.25         | -                       | 39.76             | 14.46             | 16.71               |
| <b>Total</b>      | <b>97.34</b>       | <b>-</b>               | <b>-</b>                | <b>97.34</b>      | <b>57.26</b>       | <b>4.04</b>  | <b>-</b>                | <b>61.30</b>      | <b>36.04</b>      | <b>40.08</b>        |

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| 8 Contract Assets                        | As at<br>31 Mar 2022 | As at<br>31 Mar 2021 |
|--|----------------------|----------------------|
| Contract Assets (Refer Note 8.1)         | 4,883.00             | 4,883.00             |
| Less: Allowance for expected credit loss | (926.98)             | (926.98)             |
| <b>Total</b>                             | <b>3,956.02</b>      | <b>3,956.02</b>      |

**8.1** The Company entered into a contract in earlier years to construct Ammonia plant for Bharath Coal and Chemicals Limited (BCCL). The project is stalled due to delays in statutory approvals. The net exposure in this project recorded under Contract Assets is ₹ 3,956.02 Lakhs (March 31, 2021 - ₹ 3,956.02 Lakhs). Considering that BCCL is under liquidation and do not have any financial creditor, management is of the view that BCCL will be in a position to settle company's dues in full on realisation of asset.

| 9 Financial Assets- Investments (Non Current)   | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---|------------------------|------------------------|
| <b>Investment in equity instruments (fully paid-up)</b>   |                        |                        |
| <b>(A) Investment in wholly owned Subsidiary carried at cost</b>  |                        |                        |
| 1 Equity share (Previous year: 1 Equity share) of 150,000 AED in Shriram EPC (FZE)  | 24.26                  | 24.26                  |
| <b>(B) Investment in Others - Equity investments at fair value through other comprehensive income (FVOCI)</b>                                   |                        |                        |
| <b>Quoted</b>   |                        |                        |
| 386,526 Equity Shares (Previous year: 386,526 Equity Shares) of ₹ 10/- each fully paid up in Orient Green Power Company Limited                 | 52.72                  | 13.71                  |
| <b>Unquoted</b>   |                        |                        |
| Nil Equity shares (Previous year: 661,300 Equity shares) of ₹ 10/- each fully paid in Hexa Wind Farm Private Limited (Refer Note-9.1 & 49)      | -                      | 66.13                  |
| 4,076,474 Equity shares (Previous year: 4,076,474 Equity Shares) of ₹ 10/- each fully paid up in Leitwind Shriram Manufacturing Private Limited | 407.56                 | 407.56                 |
| Less: Provision for Diminution in value of Investments  | (407.56)               | (407.56)               |
|   | <b>52.72</b>           | <b>79.84</b>           |
| <b>Total ( A+B)</b>   | <b>76.98</b>           | <b>104.10</b>          |
| <b>Aggregate book value of:</b>   |                        |                        |
| Quoted investments  | 52.72                  | 13.71                  |
| Unquoted investments  | 24.26                  | 90.39                  |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

|   | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---|------------------------|------------------------|
| <b>Aggregate Market value of:</b>                             |                        |                        |
| Quoted investments  | 52.72                  | 13.71                  |
| Unquoted investments  | 24.26                  | 90.39                  |
| <b>Aggregate amount of impairment in value of Investments</b> | <b>407.56</b>          | <b>407.56</b>          |

**9.1** Based upon agreement with SVL Limited (Entity exercising significant influence over the Company) dated March 14, 2022, 661,300 Equity shares of Hexa Wind Farm Private Limited has been sold @ Rs.10 per share (Cost).

| <b>10 Non-Current Financial assets - Loans</b> | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| <u>Unsecured, considered good</u>              |                        |                        |
| -Considered Good                               | 18,402.42              | 21,184.37              |
| -Credit impaired                               | 306.10                 | 306.10                 |
| Less: Allowance for expected credit loss       | (306.10)               | (306.10)               |
|  | 18,402.42              | 21,184.37              |
| Less: Allowance for expected credit loss       | (10,271.07)            | (10,271.07)            |
| Total  | 8,131.35               | 10,913.30              |

| <b>10.1 Loans includes due from:</b>  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---|------------------------|------------------------|
| i) Related Parties:   |                        |                        |
| Leitwind Shriram Manufacturing Private Limited (Net of provision of expected credit loss Rs. 9,141.70 lakhs - March 31, 2021 Rs 9,141.70 lakhs) Refer (Note 10.2 & Note 49) | 477.77                 | 3,201.62               |
| Bharath Wind Farm Pvt Ltd (Refer Note 49)   | -                      | 4.71                   |

**10.2** Financial Assets Loans (Non Current) include Rs. 477.77 Lakhs (March 31, 2021: Rs. 3,201.62 Lakhs) due from Leitwind Shriram Manufacturing Pvt Limited (LSML) (a related party). During the year loan amounting to Rs. 2,723.85 Lakhs has been taken over by SVL Limited (Entity exercising significant influence over the Company). Remaining loan amounting to Rs. 477.77 Lakhs has been taken over subsequent to the year end.



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| 11 Non Current - Trade receivables       | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Trade Receivables - Retention Money      |                        |                        |
| -Considered Good                         | 18,768.50              | 21,015.14              |
| -Credit impaired                         | 2,267.44               | 1,219.69               |
| Less: Allowance for expected credit loss | (2,267.44)             | (1,219.69)             |
|  | 18,768.50              | 21,015.14              |
| Trade Receivables - Others               |                        |                        |
| -Considered Good                         | -                      | -                      |
| -Credit impaired                         | 301.79                 | 301.79                 |
| Less: Allowance for expected credit loss | (301.79)               | (301.79)               |
|  | -                      | -                      |
| <b>Total</b>                             | <b>18,768.50</b>       | <b>21,015.14</b>       |

## 11A Non Current - Trade receivables ageing schedule 31-03-2022

| Particulars           | Outstanding for following periods from due date of payments |               |                    |            |           |                   | Total            |
|-----------------------|---|---------------|--------------------|------------|-----------|-------------------|------------------|
|                       | Not Due   | Upto 6 months | 6 months to 1 year | 1- 2 years | 2-3 years | More than 3 years |                  |
| Undisputed            |   |               |                    |            |           |                   |                  |
| - Considered good     | 16,810.77   | -             | -                  | -          | -         | -                 | 16,810.77        |
| - Credit impaired     | -   | -             | 283.83             | -          | -         | 1,294.49          | 1,578.32         |
|                       | 16,810.77   | -             | 283.83             | -          | -         | 1,294.49          | 18,389.09        |
| Less: Credit impaired |   |               |                    |            |           |                   | (1,578.32)       |
| Sub total (a)         |   |               |                    |            |           |                   | 16,810.77        |
| Disputed              |   |               |                    |            |           |                   |                  |
| - Considered good     | 1,957.73  | -             | -                  | -          | -         | -                 | 1,957.73         |
| - Credit impaired     | -   | -             | -                  | -          | -         | 990.90            | 990.90           |
|                       | 1,957.73  | -             | -                  | -          | -         | 990.90            | 2,948.63         |
| Less: Credit impaired |   |               |                    |            |           |                   | (990.90)         |
| Sub total (b)         |   |               |                    |            |           |                   | 1,957.73         |
| <b>Total (a+b)</b>    |   |               |                    |            |           |                   | <b>18,768.50</b> |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

31-03-2021

| Particulars           | Outstanding for following periods from due date of payments |               |                    |            |           |                   | Total            |
|-----------------------|---|---------------|--------------------|------------|-----------|-------------------|------------------|
|                       | Not Due   | Upto 6 months | 6 months to 1 year | 1- 2 years | 2-3 years | More than 3 years |                  |
| Undisputed            |   |               |                    |            |           |                   |                  |
| - Considered good     | 18,085.50   | -             | -                  | -          | -         | -                 | 18,085.50        |
| - Credit impaired     | -   | -             | -                  | -          | -         | 1,294.49          | 1,294.49         |
|                       | 18,085.50   | -             | -                  | -          | -         | 1,294.49          | 19,379.99        |
| Less: Credit impaired |   |               |                    |            |           |                   | (1,294.47)       |
| Sub total (a)         |   |               |                    |            |           |                   | 18,085.52        |
| Disputed              |   |               |                    |            |           |                   |                  |
| - Considered good     | 2,929.61  | -             | -                  | -          | -         | -                 | 2,929.62         |
| - Credit impaired     | -   | -             | -                  | -          | -         | 227.00            | 227.00           |
|                       | 2,929.61  | -             | -                  | -          | -         | 227.00            | 3,156.62         |
| Less: Credit impaired |   |               |                    |            |           | 227.00            | (227.00)         |
| Sub total (b)         |   |               |                    |            |           |                   | 2,929.62         |
| <b>Total (a+b)</b>    |   |               |                    |            |           |                   | <b>21,015.14</b> |

| 12 Other non current financial assets  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Deposits   |                        |                        |
| -Considered Good   | 1,040.41               | 1,173.27               |
| -Credit impaired   | 132.86                 | -                      |
| Less: Allowance for expected credit loss   | (132.86)               | -                      |
| Deposit accounts with maturity for more than twelve months from the balance sheet date | 41.38                  | -                      |
| <b>Total</b>   | <b>1,081.79</b>        | <b>1,173.27</b>        |

| 13 Deferred Tax Assets (Net)              | As at<br>31 Mar 2022 | As at<br>31 Mar 2021 |
|---|----------------------|----------------------|
| Deferred Tax Assets (Net) (Refer Note 44) | 43,345.50            | 47,623.70            |
| <b>Total</b>                              | <b>43,345.50</b>     | <b>47,623.70</b>     |

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>14 Income Tax Assets (Net)</b>   | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|---|--------------------------------|--------------------------------|
| Advance Tax & TDS Receivable (Net of Provision for Tax<br>(March 31, 2022 ₹ 5,540.74 lakhs (March 2021 ₹ 5,540.74 lakhs)) | 1,412.38                       | 3,327.56                       |
| <b>Total</b>  | <b>1,412.38</b>                | <b>3,327.56</b>                |

| <b>15 Inventories</b>  | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| Contract Work in progress (Valued at lower of cost and net realizable value) | -                              | 248.20                         |
| <b>Total</b>   | <b>-</b>                       | <b>248.20</b>                  |

| <b>16 Contract assets</b>                | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 Mar 2021</b> |
|--|--------------------------------|------------------------------|
| Contract Assets (Refer Note 16.1)        | 83,029.75                      | 83,594.37                    |
| Less: Allowance for Expected Credit Loss | (3,321.01)                     | (910.95)                     |
| <b>Total</b>                             | <b>79,708.74</b>               | <b>82,683.42</b>             |

**16.1** The above Contract Assets includes materials at project site amounting to Rs. 25,512.38 Lakhs (PY March 31, 2021: Rs. 27,817.86 Lakhs)

| <b>17 Trade receivables</b>              | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| Unsecured                                |                                |                                |
| -Considered good                         | 20,374.59                      | 26,700.14                      |
| -Credit impaired                         | 9,075.87                       | 6,971.47                       |
| Less: Allowance for Expected Credit Loss | (9,075.87)                     | (6,971.47)                     |
| Trade Receivable - Retention monies      | 7,682.68                       | 6,120.00                       |
| <b>Net</b>                               | <b>28,057.27</b>               | <b>32,820.14</b>               |

**17.1** The average credit period allowed to customers is between 30 days to 60 days. The credit period is considered from the date of Invoice. Further, a specified amount of bill is held back by the customer as retention money, which is payable as per the credit period, from the date such retention becomes due. The retention monies held by customers become payable on completion of a specified milestone or after the Defect Liability Period of the project, which is normally 1 year after the completion of the project, as per terms of respective contract. No Interest is payable by the customers for the delay in payments of the amounts over due. The Company evaluates, the financial health, market reputation, credit rating of the customer, before entering into the contract. The company's majority of customers comprise of public sector undertakings and other private entities.



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

**17.2** Trade receivable include due from related parties amounting to Rs.5,871.38 Lakhs (March 31, 2021- 8,921.45 Lakhs)  
(Refer Note 49 ('C'))

Trade receivables ageing schedule  
31-03-2022

| Particulars           | Outstanding for following periods from due date of payments |                 |                    |                 |                 |                   |                   |
|-----------------------|---|-----------------|--------------------|-----------------|-----------------|-------------------|-------------------|
|                       | Not Due   | Upto 6 months   | 6 months to 1 year | 1- 2 years      | 2-3 years       | More than 3 years | Total             |
| Undisputed            |   |                 |                    |                 |                 |                   |                   |
| - Considered good     | 4,385.20  | 2,464.46        | 2,588.29           | 8,150.74        | 2,572.53        | 5,329.30          | <b>25,490.52</b>  |
| - Credit impaired     | -   | -               | 1,837.12           | -               | -               | 6,894.15          | <b>8,731.27</b>   |
|                       | <b>4,385.20</b>   | <b>2,464.46</b> | <b>4,425.41</b>    | <b>8,150.74</b> | <b>2,572.53</b> | <b>12,223.45</b>  | <b>34,221.79</b>  |
| Less: Credit impaired |   |                 |                    |                 |                 |                   | <b>(8,731.27)</b> |
| Sub total (a)         |   |                 |                    |                 |                 |                   | <b>25,490.52</b>  |
| Disputed              |   |                 |                    |                 |                 |                   |                   |
| - Considered good     | -   | 1,396.44        | -                  | 1,038.05        | -               | 132.26            | <b>2,566.75</b>   |
| - Credit impaired     | -   | 267.29          | -                  | -               | -               | 77.32             | <b>344.61</b>     |
|                       | -   | <b>1,663.73</b> | -                  | <b>1,038.05</b> | -               | <b>209.58</b>     | <b>2,911.36</b>   |
| Less: Credit impaired |   |                 |                    |                 |                 |                   | <b>(344.61)</b>   |
| Sub total (b)         |   |                 |                    |                 |                 |                   | <b>2,566.75</b>   |
| <b>Total (a+b)</b>    |   |                 |                    |                 |                 |                   | <b>28,057.27</b>  |

31-03-2021

| Particulars           | Outstanding for following periods from due date of payments |               |                    |                  |               |                   |                   |
|-----------------------|---|---------------|--------------------|------------------|---------------|-------------------|-------------------|
|                       | Not Due   | Upto 6 months | 6 months to 1 year | 1- 2 years       | 2-3 years     | More than 3 years | Total             |
| Undisputed            |   |               |                    |                  |               |                   |                   |
| - Considered good     | 3,770.12  | 844.74        | 1,214.51           | 13,135.85        | 916.17        | 12,085.08         | <b>31,966.47</b>  |
| - Credit impaired     | -   | -             | -                  | -                | -             | 6,894.15          | <b>6,894.15</b>   |
|                       | <b>3,770.12</b>   | <b>844.74</b> | <b>1,214.51</b>    | <b>13,135.85</b> | <b>916.17</b> | <b>18,979.23</b>  | <b>38,860.62</b>  |
| Less: Credit impaired |   |               |                    |                  |               |                   | <b>(6,894.15)</b> |
| Sub total (a)         |   |               |                    |                  |               |                   | <b>31,966.47</b>  |
| Disputed              |   |               |                    |                  |               |                   |                   |
| - Considered good     | -   | -             | -                  | -                | -             | 853.67            | <b>853.67</b>     |
| - Credit impaired     | -   | -             | -                  | -                | -             | 77.32             | <b>77.32</b>      |
|                       | -   | -             | -                  | -                | -             | <b>930.99</b>     | <b>930.99</b>     |
| Less: Credit impaired |   |               |                    |                  |               |                   | <b>(77.32)</b>    |
| Sub total (b)         |   |               |                    |                  |               |                   | <b>853.67</b>     |
| <b>Total (a+b)</b>    |   |               |                    |                  |               |                   | <b>32,820.14</b>  |

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## Notes:

Movement in loss allowance - Trade Receivable (Non current (Note-11) & Current (Note -17))

| Particulars              | As at<br>31 March 2022 | As at<br>31 Mar 2021 |
|--------------------------|------------------------|----------------------|
| Opening balance          | 8,492.95               | 6,069.91             |
| Additions / Transfer     | 3,152.15               | 2,423.04             |
| Utilizations / Reversals | -                      | -                    |
| Closing balance          | 11,645.10              | 8,492.95             |

| 18 Cash and bank balances                              | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Balances with banks                                    |                        |                        |
| In current accounts                                    | 471.94                 | 84.29                  |
| Margin Money (Original Maturity of less than 3 Months) | 75.75                  | 540.89                 |
| Cash on hand   | 0.58                   | 0.50                   |
| <b>Total</b>   | <b>548.27</b>          | <b>625.68</b>          |

| 19 Other Bank Balances  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---|------------------------|------------------------|
| Deposit Account (Original Maturity of 3 Months to 12 Months)        | 224.88                 | 180.23                 |
| Margin Money (Original Maturity of More than 3 Months to 12 Months) | 2,162.61               | 2,686.65               |
| <b>Total</b>  | <b>2,387.49</b>        | <b>2,866.88</b>        |

| 20 Other Current Financial assets | As at<br>31 March 2022 | As at<br>31 March 2021 |
|-----------------------------------|------------------------|------------------------|
| Security deposit                  | 68.94                  | 115.01                 |
| Interest Receivable               | 820.08                 | 729.26                 |
| <b>Total</b>                      | <b>889.02</b>          | <b>844.27</b>          |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>21 Other current assets</b>         | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| Advances to Employees                  | 62.75                          | 75.64                          |
| Balance with Government Authorities    | 4,303.42                       | 5,349.15                       |
| Prepaid Expenses                       | 21.28                          | 30.99                          |
| Other Advances                         | 440.88                         | 1,447.30                       |
| <b>Advances to Suppliers</b>           |                                |                                |
| - Considered good                      | 6,870.23                       | 7,042.33                       |
| - Considered doubtful                  | 1,640.30                       | 1,640.30                       |
| Less : Provision for doubtful Advances | (1,640.30)                     | (1,640.30)                     |
|  | <b>6,870.23</b>                | <b>7,042.33</b>                |
| <b>Total</b>                           | <b>11,698.56</b>               | <b>13,945.41</b>               |

| <b>22 Assets classified as held for sale</b> | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| Asset held for Sale                          | 596.06                         | 596.06                         |
| <b>Total</b>                                 | <b>596.06</b>                  | <b>596.06</b>                  |

Assets held for sale represents the assets taken over from Afcons Infrastructure Limited (AIL) pursuant to a mutual agreement between AIL, Valecha Engineering Limited (VEL) and the Company in settlement of dues receivable from VEL Ltd. These assets are expected to be sold during FY 22-23

| <b>Disclosure pursuant to Ind AS 105 - Major classes of assets and liabilities classified as held for sale:</b> | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 Mar 2021</b> |
|---|------------------------------|------------------------------|
| Property, Plant and Equipment   | 596.06                       | 596.06                       |

## **23 Equity Share capital**

| <b>Particulars</b>   | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| <u>Authorized</u>  |                                |                                |
| 1,400,000,000 (31 March 2021-1,400,000,000) Equity Shares of ₹ 10 each         | 1,40,000.00                    | 1,40,000.00                    |
|  | <b>1,40,000.00</b>             | <b>1,40,000.00</b>             |
| <u>Issued, subscribed and paid up</u>  |                                |                                |
| 971,529,018 (31 March 2021: 971,529,018) equity shares of ₹ 10 each fully paid | 97,152.90                      | 97,152.90                      |
|  | <b>97,152.90</b>               | <b>97,152.90</b>               |

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

(a) Reconciliation of Equity shares outstanding at the beginning and at the end of the year

| Particulars                              | As at 31 March 2022 |           | As at 31 March 2021 |           |
|--|---------------------|-----------|---------------------|-----------|
|  | No of shares        | Amount    | No of shares        | Amount    |
| Outstanding at the beginning of the year | 97,15,29,018        | 97,152.90 | 97,15,29,018        | 97,152.90 |
| Add: Issued during the year              | -                   | -         | -                   | -         |
| Outstanding at the end of the year       | 97,15,29,018        | 97,152.90 | 97,15,29,018        | 97,152.90 |

(b) Details of shareholders holding more than 5% shares

| Name of Shareholder   | As at 31 March 2022 |           | As at 31 March 2021 |           |
|-----------------------|---------------------|-----------|---------------------|-----------|
|                       | No of shares        | % holding | No of shares        | % holding |
| <u>Equity Shares</u>  |                     |           |                     |           |
| SVL Limited           | 27,93,91,356        | 28.76     | 27,93,91,356        | 28.76     |
| State Bank of India   | 12,56,34,843        | 12.93     | 12,56,34,843        | 12.93     |
| Punjab National Bank  | 10,22,35,172        | 10.52     | 12,43,46,199        | 10.52     |
| Central Bank of India | 9,35,70,276         | 9.63      | 9,35,70,276         | 9.63      |

(c) Details of shares held by Promoters - Entity exercising significant influence over the company

| Name of shareholder | As at 31 March 2022 |                   | As at 31 March 2021 |                   |
|---------------------|---------------------|-------------------|---------------------|-------------------|
|                     | No. of shares       | % of total shares | No. of shares       | % of total shares |
| SVL Limited         | 27,93,91,356        | 28.76             | 27,93,91,356        | 28.76             |

(d) Terms/rights attached to the shares

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

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

The Company has only one class of share capital, i.e., equity shares having face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

(e) The Authorised Equity Share Capital has been increased to 140,000 Lakhs with effect from 19th March 2021



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## (f) Preferential issue of equity shares during past five years:

| Particulars   | 2016-17      |                       |          |          | 2017-18     |                       |          |          |
|---|--------------|-----------------------|----------|----------|-------------|-----------------------|----------|----------|
|   | No.shares    | Face value of Rs.10/- | Premium  | Total    | No.shares   | Face value of Rs.10/- | Premium  | Total    |
| Promoters - SVL Limited                                     | 11,39,78,495 | 11,398                | 15102.15 | 26,500   | -           | -                     | -        | -        |
| KPR Investment private limited                              | -            | -                     | -        | -        | 1,29,19,896 | 1,292                 | 2,208.01 | 3,500.00 |
| Lender Bank- Conversion of funded interest term Loan (FITL) | 73,34,961    | 734                   | 1685.57  | 2,419    | 10,193      | 1                     | 2.34     | 3.36     |
| Lender bank - Conversion of Interest sacrifice              | 4,06,991     | 41                    | 122.3    | 163      | 24,03,425   | 240                   | 722.23   | 962.57   |
| Lender Bank- Conversion of Working capital term Loan (WCTL) | 48,46,21,073 | 48,462                | 64212.3  | 1,12,674 | 1,92,27,563 | 1,923                 | 2,547.65 | 4,470.41 |

There is no Preferential issue of Equity during the year ended March 31, 2019, March 31, 2020, March 31, 2021 & March 31, 2022

- g) Consequent to the default in payment of dues towards term loan, interest on working capital facility etc. the Company had proposed a Debt Resolution Plan to the lenders for restructuring of the debt with change in Management ('Resolution Plan') formulated under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 vide its circular dated 7th June 2019 ('the RBI Circular' / "Regulatory Framework"). On March 25, 2022, the resolution plan was approved by the consortium lenders with super majority subject to certain conditions precedent. On June 22, 2022, the Company has entered into Master Restructuring Agreement (MRA) to give effect to the Resolution Plan. The Company is in the process of compliance of all conditions precedent.

The key feature of the Resolution Plan are as follows:

- Investment of ₹ 35,000 Lakhs in equity of the Company at a price per equity share of ₹ 10 each by an investor which will be utilised to reduce the debt.
- Conversion of ₹ 17,500 Lakhs of debt into 4% Compulsory Convertible Debentures at the end of March 31, 2035.
- Conversion of ₹ 17,500 Lakhs of debt into 4% Non-Convertible Debentures redeemable over a period of 14 years.

For the purpose of classification as at March 31, 2022, the said restructuring has not been considered, Instead borrowings repayable after 12 months from the balance sheet date has been considered as non-current, and those dues that were on default have been classified as current based on confirmations / repayment schedule received from lenders.

The Allotment Committee of the Board of Directors of the Company, at Its meeting held on June 24, 2022 has approved the following:

- Allotment of equity shares of the Company on preferential basis in terms of Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "ICDR Regulations") to Mark AB Capital Investment LLC as under:

220,000,000 (Twenty two Crores) fully paid-up equity shares having a face value of ₹. 10/- each for cash at par per equity share aggregating to ₹ 22,000 Lakhs (Rupees Twenty two thousand lakhs only);



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

2) Allotment of securities of the Company on preferential basis In terms of the Resolution Plan for part Conversion of the debt not exceeding to ₹. 3,50,00,00,000/- (Rupees Three hundred and fifty crores only) as under:

- Not exceeding 175,00,00,000 (One hundred and seventy-five crores) fully paid up secured Compulsorily convertible debentures with an average yield of 4% (hereinafter referred to as the 'CCDs") having a face value of ₹. 100/- (Rupees One Hundred only) each aggregating to 1,75,00,000/- (Rupees One crore seventy-five lakhs only)
- Not exceeding 175,00,00,000 (One hundred and seventy-five crores) fully paid up secured Non-convertible debentures with an average yield of 4% (hereinafter referred to as the 'NCDs") having a face value of ₹. 100/- (Rupees one hundred only) each aggregating to 1,75,00,000/- (Rupees One crore seventy-five lakhs only) redeemable over a period of 14 years.

The equity shares so allotted on preferential basis shall be subject to lock-in for such period as may be prescribed under the ICDR Regulations.

Post allotment of equity shares, the paid-up equity capital of the Company is ₹. 11,915,290,250 - (Rupees One thousand one hundred and ninety-one crores fifty-two lakhs ninety thousand two hundred and fifty only) divided into 1,19,15,29,025 (One hundred nineteen crores fifteen lakhs twenty-nine thousand and twenty-five) equity shares of ₹.10/- each.

## 24 Other equity

(A) The Company has preference share capital having a par value of ₹ 100 per share, referred to herein as preference share capital

|  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| <u>Authorized</u>  |                        |                        |
| 30,000,000 (31 March 2020: 30,000,000) Convertible Preference Shares of ₹ 100 each | 30,000.00              | 30,000.00              |
| <b>Total</b>   | <b>30,000.00</b>       | <b>30,000.00</b>       |

## (B) Other equity

|  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Securities premium reserve (Refer Note (i) below)                    | 1,91,225.43            | 1,91,225.43            |
| General reserve (Refer Note (ii) below)                              | 561.93                 | 561.93                 |
| Capital Reserve (Refer Note (iii) below)                             | 12.92                  | 12.92                  |
| Deficit in the Statement of Profit and Loss (Refer Note (iv) below)  | (2,14,517.03)          | (1,89,616.01)          |
| Employee Stock options outstanding account (ESOOA)                   | -                      | -                      |
| Re-measurement gains/ (losses) on defined benefit plans (Net of Tax) | 159.96                 | 144.35                 |
| Investments FVTOCI Reserve on equity instruments                     | 8.51                   | (30.50)                |
| <b>Total</b>   | <b>(22,548.28)</b>     | <b>2,298.12</b>        |

## (i) Securities premium reserve

|  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Opening balance                                      | 1,91,225.43            | 1,91,225.43            |
| Add : Securities premium credited on issue of shares | -                      | -                      |
| Closing balance                                      | 1,91,225.43            | 1,91,225.43            |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>(ii) General reserve</b> | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|-----------------------------|--------------------------------|--------------------------------|
| Opening balance             | 561.93                         | 561.75                         |
| Additions/(Transfers)       | -                              | 0.17                           |
| Closing balance             | <b>561.93</b>                  | <b>561.93</b>                  |

| <b>(iii) Capital Reserve</b> | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|------------------------------|--------------------------------|--------------------------------|
| Opening balance              | 12.92                          | 12.92                          |
| Additions/(Transfers)        | -                              | -                              |
| Closing balance              | <b>12.92</b>                   | <b>12.92</b>                   |

| <b>(iv) Deficit in the Statement of Profit and Loss</b> | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|---|--------------------------------|--------------------------------|
| Opening balance   | (1,89,616.01)                  | (1,71,327.48)                  |
| Add: Net loss for year                                  | (24,901.02)                    | (18,288.54)                    |
| Closing balance   | <b>(2,14,517.03)</b>           | <b>(1,89,616.01)</b>           |

| <b>(v) Employee Stock options outstanding account</b> | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|---|--------------------------------|--------------------------------|
| Opening Balance                                       | -                              | 0.17                           |
| Additions/(Transfers)                                 | -                              | (0.17)                         |
| Closing Balance                                       | -                              | -                              |

| <b>(vi) Investments FVTOCI Reserve on equity instruments</b> | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| Opening balance  | (30.50)                        | (33.01)                        |
| -Fair valuation changes for the year (net of tax)##          | 39.01                          | 2.51                           |
| Closing balance  | <b>8.51</b>                    | <b>(30.50)</b>                 |

## Includes cumulative fair valuation changes in equity shares (net of Tax)

| <b>(vii) Re-measurement<br/>(gain)/loss on post employment benefit obligation (net of tax)</b> | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| Opening Balance  | 144.35                         | 127.25                         |
| Additions  | 15.61                          | 17.10                          |
| Closing Balance  | <b>159.96</b>                  | <b>144.35</b>                  |

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## Nature and Purpose of Reserves

### Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

### General Reserve

The Company created a General Reserve in earlier years pursuant to the provisions of the Companies Act wherein certain percentage of profits were required to be transferred to General Reserve before declaring dividends. As per the Companies Act 2013, the requirement to transfer profits to General Reserve is not mandatory. General Reserve is a free reserve available to the Company.

### Capital reserve

Capital reserve was created under the previous GAAP out of the profit earned from a specific transaction of capital nature. Capital reserve is not available for the distribution to the shareholders.

### Employee Stock options outstanding account

The reserve is used to recognize the grant date fair value of the options issued to employees under Company's Employee Stock Option Plan.

| <b>25 Non-current borrowings</b>   | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|------------------------------------|--------------------------------|--------------------------------|
| <u>Secured - At Amortized Cost</u> |                                |                                |
| From Banks                         |                                |                                |
| Term Loans                         | 6,291.99                       | 11,089.54                      |
| From Others                        |                                |                                |
| Term Loans                         | 8,512.45                       | 8,444.45                       |
| Working Capital Term Loans         | 560.03                         | 490.46                         |
| Funded Interest Term Loans         | -                              | 48.39                          |
| <b>Total</b>                       | <b>15,364.47</b>               | <b>20,072.84</b>               |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 25.1 Terms of Repayment and Security details

| Particulars                           | 31.03.2022       | 31.03.2021       | Terms of Repayment  | Secured by  |
|---------------------------------------|------------------|------------------|---|---|
| Term Loans from Banks                 | 1,198.00         | 1,995.35         | 32 Structured quarterly commencing from Jun'16 to Sept'24 | Primary Exclusive charge on 5 Wind Electric Generator of 1.5 MW from LSML   |
| Term Loans from Banks                 | 5,093.99         | 9,094.19         | 27 Structured quarterly commencing from Jun'18 to Sept'25 | First Paripassu charge on Pooled Assets ie., all movable (both fixed, current and non-current) Immovable assets of the company and corporate guarantee of SVL and SVL Trust |
| Term Loans from Others                | 5,857.87         | 8,444.45         | 27 Structured quarterly commencing from Jun'18 to Sept'25 | First Paripassu charge on Pooled Assets ie., all movable (both fixed, current and non-current) Immovable assets of the company and corporate guarantee of SVL and SVL Trust |
| Term Loans from Others                | 2,654.58         | -                | 4 Equal yearly commencing from Sept'27 to March'29        |   |
| Funded Interest Term Loan from Others | -                | 48.39            | 20 Structured quarterly commencing from Jun'16 to Sept'21 |   |
| Working Capital Term Loan from Others | 560.03           | 490.47           | 32 Structured quarterly commencing from Jun'16 to Sept'24 |   |
| <b>Total</b>                          | <b>15,364.47</b> | <b>20,072.84</b> |   |   |

## 25.2 Implementation of Resolution Plan post year end

The company is in default to its lenders and one of the financial creditor filed an NCLT case against the company. The Company had proposed a debt resolution plan to the lenders for restructuring of the debt ("Resolution Plan") under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by Reserve Bank of India vide its circular dated June 7, 2019 (the "RBI Circular"). On March 25, 2022, the Resolution Plan was approved by the consortium lenders subject to certain conditions precedent. The Resolution Plan submitted to the lenders has been approved with 81.85% by value and 61.11% by number. Subsequent to the year end on June 22, 2022 the Borrowers have entered into Master Restructuring Agreement (MRA) to give effect to the resolution plan.

The key features of the Resolution Plan are as follows:

1. Equity Infusion by Prospective Investor – Minimum of Rs. 35,000 Lakhs. Preferential Issue of Equity Shares subject to the pricing as per the SEBI (ICDR) Regulations 2015 to the Investor for 26.4% stake in the Company.
2. Conversion of a part of the existing bank debts into Rs. 17,500 Lakhs of Non-Convertible Debentures (NCD) and Rs. 17,500 Lakhs of Compulsory Convertible Debenture (CCD).
3. Charging rate of interest on the CC facility @ 9.00% p.a. (1 year MCLR + 1.75%) w.e.f 1st October 2020.
4. Banks to allow utilization of vacancy in Non-Fund Based Facilities and Fund based limits already sanctioned and available to the Company, post implementation of the plan.
5. Prospective Investor to provide Corporate Guarantee to lenders for entire facilities.
6. Continuation of Margin of 15% on stock and book debts and cover period of 270 days for receivable.

## 25.3 Classification of borrowings

During the year ended and as at March 31, 2022, the Company has made defaults in repayment of term loans. As at March 31, 2022, the Company has obtained balance confirmation and repayment schedule of outstanding Term Loans as of March 31, 2022 from the Lenders. Based on the maturity of the term loan instalments payables as per the balance confirmation, the Company has classified the borrowings under current and non-current and for the purpose of classification of term loans as at March 31, 2022, the impact as per Resolution Plan has not been considered as the condition precedents need to be complied with for effecting the adjustments. Further all defaulted loans have also been classified as Current maturities.

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

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

| Particulars      | Principal/ Interest            | Period of Delay | Amount of default for the year ended 31-03-2022 |
|------------------|--------------------------------|-----------------|---|
| Central Bank     | Principal pending to be repaid | 547-365 days    | 1,470.13  |
|                  | Principal pending to be repaid | 365-1 days      | 2,630.75  |
|                  | Interest pending to be repaid  | 547-365 days    | 719.13  |
|                  | Interest pending to be repaid  | 365-1 days      | 1,627.10  |
| IFCI WCTL        | Principal pending to be repaid | 547-365 days    | 63.75   |
|                  | Principal pending to be repaid | 365-1 days      | 114.07  |
|                  | Interest pending to be repaid  | 547-365 days    | 46.55   |
|                  | Interest pending to be repaid  | 365-1 days      | 74.55   |
| IFCI FITL        | Principal pending to be repaid | 547-365 days    | 44.17   |
|                  | Principal pending to be repaid | 365-1 days      | 31.71   |
|                  | Interest pending to be repaid  | 547-365 days    | 6.18  |
|                  | Interest pending to be repaid  | 365-1 days      | 10.10   |
| ACRE             | Principal pending to be repaid | 547-365 days    | 1,000.00  |
|                  | Principal pending to be repaid | 365-1 days      | 1,900.00  |
| BOM - Covid Loan | Principal pending to be repaid | 547-365 days    | 32.00   |
|                  | Principal pending to be repaid | 365-1 days      | 128.00  |

**25.4** The Company has not been declared a wilful defaulter by any bank or financial institution or any other lender during the current period.

| <b>26 Other financial liabilities</b> | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 March 2021</b> |
|---------------------------------------|------------------------------|--------------------------------|
| Sundry Creditors- Retention           | 4,465.38                     | 4,363.37                       |
| <b>Total</b>                          | <b>4,465.38</b>              | <b>4,363.37</b>                |

Sundry Creditors- Retention

As on 31-03-2022

| Particulars                 | Outstanding for following periods from due date of payments |                  |           |           |                      | Total           |
|-----------------------------|---|------------------|-----------|-----------|----------------------|-----------------|
|                             | Not due   | Less than 1 year | 1-2 years | 2-3 years | More than three year |                 |
| (i) MSME                    | -   | -                | -         | -         | -                    | -               |
| (ii) Others                 | 4,465.38  | -                | -         | -         | -                    | 4,465.38        |
| (iii) Disputed dues – MSME  | -   | -                | -         | -         | -                    | -               |
| (iv) Disputed dues - Others | -   | -                | -         | -         | -                    | -               |
| <b>Total</b>                | <b>4,465.38</b>   | <b>-</b>         | <b>-</b>  | <b>-</b>  | <b>-</b>             | <b>4,465.38</b> |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

As on 31-03-2021

| Particulars                 | Outstanding for following periods from due date of payments |                  |           |           |                      |                 |
|-----------------------------|---|------------------|-----------|-----------|----------------------|-----------------|
|                             | Not due   | Less than 1 year | 1-2 years | 2-3 years | More than three year | Total           |
| (i) MSME                    | -   | -                | -         | -         | -                    | -               |
| (ii) Others                 | 4,363.37  |                  |           |           |                      | 4,363.37        |
| (iii) Disputed dues – MSME  | -   | -                | -         | -         | -                    | -               |
| (iv) Disputed dues - Others | -   | -                | -         | -         | -                    | -               |
| <b>Total</b>                | <b>4,363.37</b>   |                  |           |           |                      | <b>4,363.37</b> |

| <b>27 Long Term Provisions</b>          | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 March 2021</b> |
|---|------------------------------|--------------------------------|
| Provision for gratuity (Refer Note: 47) | 540.50                       | 559.51                         |
| <b>Total</b>                            | <b>540.50</b>                | <b>559.51</b>                  |

| <b>28 Other non-current liabilities</b> | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 March 2021</b> |
|---|------------------------------|--------------------------------|
| Contract Liabilities                    |                              |                                |
| Advance from Customers                  | 2,202.91                     | 4,882.17                       |
| <b>Total</b>                            | <b>2,202.91</b>              | <b>4,882.17</b>                |

| <b>29 Short -term borrowings</b>   | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|------------------------------|--------------------------------|
| From bank (Secured)  |                              |                                |
| - Cash Credit and Overdraft facilities   | 42,731.22                    | 35,698.43                      |
| - Working Capital Demand Loans   | 17,014.48                    | 17,355.22                      |
| - Demand Loan - Covid Emergency loan   | 191.95                       | 193.85                         |
| - Interest accrued and due   | 7,405.38                     | 1,889.19                       |
| - Current Maturities - Term Loans  | 7,465.00                     | 2,630.75                       |
| - FITL- Moratorium interest  | 1,272.62                     | 2,886.15                       |
| From others (Secured)  |                              |                                |
| -Current Maturities  | 5,724.00                     | 2,045.78                       |
| -Cash Credit and Overdraft facilities  | 582.33                       | 476.88                         |
| -Funded Interest Term Loans  | 76.00                        | -                              |
| From SVL Limited (Entity exerting significant influence over the company)- Unsecured (Refer Note - 49) | -                            | 339.55                         |
| <b>Total</b>   | <b>82,462.97</b>             | <b>63,515.80</b>               |

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

**29.1** First Paripassu Charge on Pooled Assets is all movable (both fixed, current and non current assets) immovable assets of the Company and corporate guarantee of SVL and SVL Trust.

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

| Bank   | Cash Credit     |                   | WCDL            |                   | FITL            |                   |
|--|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|
|  | Date of default | Amount (In Lakhs) | Date of default | Amount (In Lakhs) | Date of default | Amount (In Lakhs) |
| Punjab National Bank (eOBC)                          | 26-Mar-20       | 5,679             | 30-Sep-20       | 255               | -               | -                 |
| Punjab National Bank                                 | 2-Mar-20        | 3,159             | 30-Sep-20       | 852               | -               | -                 |
| Bank of India  | 14-Feb-20       | 1,158             | 30-Sep-20       | 101               | -               | -                 |
| Yes Bank   | 31-Dec-20       | 258               | -               | -                 | 31-Oct-20       | 103               |
| State Bank Of India                                  | 21-Sep-20       | 1,190             | -               | -                 | 31-Oct-20       | 721               |
| Indian Bank  | 25-Apr-20       | 3,682             | 30-Sep-20       | 235               | -               | -                 |
| Indusind Bank  | 23-Nov-20       | 165               | 30-Sep-20       | 351               | 31-Dec-20       | 187               |
| IDBI Bank  | 31-Oct-20       | 298               | 30-Sep-20       | 576               | 30-Sep-20       | 368               |
| ICICI Bank   | 30-May-20       | 100               | -               | -                 | -               | -                 |
| Federal Bank   | 5-Mar-20        | 720               | -               | -                 | -               | -                 |
| DBS Bank India Ltd                                   | 30-Sep-20       | 692               | -               | -                 | 31-Dec-20       | 221               |
| Central Bank of India                                | 26-Feb-20       | 1,982             | 31-Dec-20       | 278               | 31-Oct-20       | 338               |
| Bank Of Baroda                                       | 30-Nov-20       | 202               | 30-Nov-20       | 262               | 31-Dec-20       | 146               |
| Asset Reconstruction Company (India) Limited (ARCIL) | 31-Dec-20       | 528               | -               | -                 | -               | -                 |
| Union Bank   | 31-Mar-21       | 206               | -               | -                 | 31-Dec-20       | 40                |
| IFCI Factors   | 30-Sep-20       | 131               | -               | -                 | 30-Sep-20       | 9                 |
| Axis Bank  | 30-Nov-21       | 1,635             | 31-Jan-21       | 24                | -               | -                 |
| Bank of Maharashtra                                  | 30-Apr-21       | 329               | -               | -                 | -               | -                 |
| <b>Total</b>   |                 | <b>22,114</b>     |                 | <b>2,934</b>      |                 | <b>2,133</b>      |

## 30 Trade payables

As at  
31 Mar 2022

As at  
31 March 2021

Total outstanding dues of creditors other than micro enterprises and small enterprises

|   |           |           |
|---|-----------|-----------|
| Acceptances                             | 323.42    | 842.43    |
| Trade Payables (Refer Note 30.1 & 30.2) | 15,549.73 | 21,769.11 |

**Total** **15,873.15** **22,611.54**

**30.1** The average credit period ranges from 30 days to 90 days, depending on the nature of the item or work. The work orders include element of retention, which would be payable on completion of a milestone, completion of the contract or after a specified period from completion of the work. The terms also would include back to back arrangement wherein, certain amounts are payable on realisation of corresponding amounts by the company from the customer. No interest is payable for delay in payments, unless otherwise specifically agreed in the order or as required by a legislation, like Micro, Small and Medium Enterprises Development Act ("MSMED Act"). The company has a well defined process for ensuring regular payments to the vendors.



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

**30.2** Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

| Particulars   | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---|------------------------|------------------------|
| (a) Amount remaining unpaid to any supplier at the end of each accounting year: Principal & Interest  | -                      | -                      |
| (b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.   | -                      | -                      |
| (c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.   | -                      | -                      |
| (d) The amount of interest accrued and remaining unpaid at the end of each accounting year.   | -                      | -                      |
| (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act. | -                      | -                      |

**30.3** Trade payable ageing

As on 31-03-2022

| Particulars                 | Outstanding for following periods from due date of payments |                  |           |           |                      |           |
|-----------------------------|---|------------------|-----------|-----------|----------------------|-----------|
|                             | Not due   | Less than 1 year | 1-2 years | 2-3 years | More than three year | Total     |
| (i) MSME                    | -   | -                | -         | -         | -                    | -         |
| (ii) Others                 | 2,546.12  | 7,527.93         | 823.34    | 485.57    | 3,858.04             | 15,241.00 |
| (iii) Disputed dues – MSME  | -   | -                | -         | -         | -                    | -         |
| (iv) Disputed dues - Others | -   | 245.04           | 383.49    | -         | 3.62                 | 632.15    |
| Total                       | 2,546.12  | 7,772.97         | 1,206.83  | 485.57    | 3,861.66             | 15,873.15 |

As on 31-03-2021

| Particulars                 | Outstanding for following periods from due date of payments |                  |           |           |                      |           |
|-----------------------------|---|------------------|-----------|-----------|----------------------|-----------|
|                             | Not due   | Less than 1 year | 1-2 years | 2-3 years | More than three year | Total     |
| (i) MSME                    | -   | -                | -         | -         | -                    | -         |
| (ii) Others                 | 8,783.08  | 8,147.53         | 1,380.35  | 1,910.71  | 2,179.77             | 22,401.44 |
| (iii) Disputed dues – MSME  | -   | -                | -         | -         | -                    | -         |
| (iv) Disputed dues - Others | 0.54  | 22.40            | 3.02      | 10.17     | 173.97               | 210.10    |
| Total                       | 8,783.62  | 8,169.93         | 1,383.37  | 1,920.88  | 3,196.17             | 22,611.54 |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>31 Other Financial Liabilities</b> | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 March 2021</b> |
|---------------------------------------|------------------------------|--------------------------------|
| Other liabilities*                    | 1,885.00                     | 1,663.06                       |
| <b>Total</b>                          | <b>1,885.00</b>              | <b>1,663.07</b>                |

\*Included employee dues and other routine payable for expenses

| <b>32 Other current liabilities</b> | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 March 2021</b> |
|-------------------------------------|------------------------------|--------------------------------|
| Statutory dues payable              | 140.76                       | 773.80                         |
| Advance Billing                     | 548.11                       | 767.85                         |
| <b>Total</b>                        | <b>688.87</b>                | <b>1,541.65</b>                |

| <b>33 Contract Liabilities</b> | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 Mar 2021</b> |
|--------------------------------|------------------------------|------------------------------|
| Advance from customers         | 5,934.02                     | 8,076.27                     |
| <b>Total</b>                   | <b>5,934.02</b>              | <b>8,076.27</b>              |

| <b>34 Short Term Provisions</b>                     | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 March 2021</b> |
|---|------------------------------|--------------------------------|
| Provision for gratuity (Refer Note: 47)             | 23.70                        | 23.62                          |
| Provision for Compensated Absences (Refer Note: 47) | 480.83                       | 386.41                         |
| <b>Total</b>  | <b>504.53</b>                | <b>410.03</b>                  |

| <b>35 Revenue from operations</b>  | <b>2021-22</b>   | <b>2020-21</b>   |
|--|------------------|------------------|
| Revenue from Engineering and Construction Contracts (Refer Note 35.1 & 35.2) | 30,277.16        | 52,907.18        |
| <b>Other operating Revenue</b>   |                  |                  |
| Company's share in profit of Integrated Joint Ventures                       | 1.48             | 286.15           |
| <b>Total</b>   | <b>30,278.64</b> | <b>53,193.33</b> |

**35.1** Revenue for the Year ended March 31, 2022 includes Rs. 8,624 lakhs, being share of revenue relating to the Basra project, billed from Mokul Shriram EPC JV (MSJV), a jointly controlled operation, where in the company owns 50% interest (Year ended March 31, 2021- ₹ 25,984 Lakhs)

**35.2** Unsatisfied performance obligation: Management expects that the transaction price allocated to partially or fully unsatisfied performance obligation of ₹ 119,664 lakhs (March 31, 2021: ₹ 148,295 Lakhs) will be recognised as revenue over the project life cycle.



## Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>36 Other income</b>                | <b>2021-22</b> | <b>2020-21</b>  |
|---------------------------------------|----------------|-----------------|
| Interest income                       |                |                 |
| - Margin Money deposits               | 277.97         | 119.66          |
| - Interest income on Financial Assets | -              | 1,512.07        |
| - On Income Taxes                     | 316.91         | -               |
| Liabilities written back              | 38.92          | 476.04          |
| Profit on sale of fixed assets        | -              | 1.36            |
| Miscellaneous income                  | 261.61         | 21.57           |
| <b>Total</b>                          | <b>895.41</b>  | <b>2,130.69</b> |

| <b>37 Erection, Construction &amp; Operation Expenses</b> | <b>2021-22</b>   | <b>2020-21</b>   |
|---|------------------|------------------|
| Cost of Materials and Labour (Refer Note 37.1 )           | 24,656.00        | 49,093.21        |
| Other Contract Related Costs                              | 210.50           | 2,370.23         |
| <b>Total</b>  | <b>24,866.50</b> | <b>51,463.44</b> |

**37.1** Cost of Materials and Labour for the Year ended March31, 2022 includes Rs.8,624 lakhs, being share of cost relating to the Basra project, from Mokul Shriram EPC JV (MSJV), a jointly controlled operation, where in the company owns 50% interest (Year ended March 31, 2021- Rs.25,984 Lakhs)

| <b>38 Change in Inventories of Contract WIP</b> | <b>2021-22</b> | <b>2020-21</b> |
|---|----------------|----------------|
| Inventories at the beginning of the year        | 248.20         | 324.86         |
|   | 248.20         | 324.86         |
| Less: Inventories at the end of the year        | -              | 248.20         |
|   | -              | 248.20         |
| Net decrease                                    | 248.20         | 76.66          |
| <b>Total</b>                                    | <b>248.20</b>  | <b>76.66</b>   |

| <b>39 Employee benefits expense</b>        | <b>2021-22</b>  | <b>2020-21</b>  |
|--|-----------------|-----------------|
| Salaries,wages,bonus and other allowances  | 3,180.98        | 2,992.64        |
| Contribution to Provident and Other funds  | 195.83          | 225.12          |
| Contribution to Gratuity (Refer Note - 47) | 133.37          | 93.10           |
| Staff welfare expenses                     | 172.09          | 265.58          |
| <b>Total</b>                               | <b>3,682.27</b> | <b>3,576.44</b> |

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>40 Finance costs</b>   | <b>2021-22</b>   | <b>2020-21</b>   |
|---|------------------|------------------|
| Interest on Cash Credits  | 7,788.18         | 6,676.05         |
| Interest on Term Loans  | 1,711.75         | 1,715.69         |
| Interest - Others   | 628.71           | 848.92           |
| Interest on financial liabilities measured at Effective interest rates    | 1,416.60         | 1,415.09         |
| Interest on Lease Liabilities   | 23.14            | -                |
| <b>Total</b>  | <b>11,568.38</b> | <b>10,655.75</b> |
| <b>41 Depreciation and amortization expense</b>                           | <b>2021-22</b>   | <b>2020-21</b>   |
| Depreciation on Property, Plant and equipment (Refer Note- 6A)            | 541.05           | 540.82           |
| Amortization of Intangible Assets (Refer Note- 7)                         | 4.04             | 4.04             |
| Amortization of Right of use assets (Refer Note- 6B)                      | 29.76            | -                |
| <b>Total</b>  | <b>574.85</b>    | <b>544.86</b>    |
| <b>42 Other expenses</b>  | <b>2021-22</b>   | <b>2020-21</b>   |
| Electricity and water   | 119.25           | 238.69           |
| Rates and taxes   | 46.61            | 14.44            |
| Rent  | 104.96           | 119.49           |
| Repairs and Maintenance:  |                  |                  |
| Building  | 14.66            | 4.30             |
| Plant and Machinery, Equipments   | 56.67            | 48.77            |
| Others  | 20.01            | 12.48            |
| Auditors' Remuneration (Refer Note 42.1)                                  | 34.32            | 24.48            |
| Bank Charges, Letter of Credit / Guarantee charges                        | 962.59           | 1,989.20         |
| Travel and conveyance   | 334.04           | 185.89           |
| Insurance premium   | 192.10           | 252.17           |
| Printing & Stationery   | 17.30            | 19.63            |
| Communication, broadband and internet expenses                            | 24.03            | 34.89            |
| Sitting Fees  | 8.70             | 7.30             |
| Consultancy charges   | 333.48           | 411.16           |
| Legal Expenses  | 105.86           | 101.24           |
| Advertisement   | 22.32            | 33.06            |
| Bad Debts   | 103.35           | -                |
| Donation  | 0.08             | 0.31             |
| Provision for doubtful trade and Other receivables and Loans and Advances | 1,831.49         | 2,036.42         |
| Loss on Sale of assets  | 0.17             | -                |
| Miscellaneous expenses  | 163.62           | 612.38           |
| <b>Total</b>  | <b>4,495.61</b>  | <b>6,146.30</b>  |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>42.1 The following is the break-up of Auditors remuneration (exclusive of GST)</b> |                |                |
|---|----------------|----------------|
| <b>As auditor:</b>  | <b>2021-22</b> | <b>2020-21</b> |
| Statutory audit   | 27.00          | 18.00          |
| Other matters   | 6.00           | 6.00           |
| Reimbursement of expenses   | 1.32           | 0.48           |
| <b>Total</b>  | <b>34.32</b>   | <b>24.48</b>   |

| <b>43 Exceptional Items</b>  | <b>2021-22</b>  | <b>2020-21</b>  |
|--|-----------------|-----------------|
| Provision for trade, other receivables and contract assets (Refer- 43.1) | 6,361.26        | 1,149.11        |
| <b>Total</b>   | <b>6,361.26</b> | <b>1,149.11</b> |

**43.1** Exceptional items for the year ended March 31, 2022 represents provision of trade, other receivables and contract assets amounting to Rs 6,361.26 lakhs (Previous Year Rs 1,149.11 lakhs), based on estimation of potential stress on project completion, considering COVID 19 pandemic.

## **44 Disclosure pursuant to Ind AS 12 "Income Taxes"**

(A) Components of Deferred Tax Assets and Liabilities recognised in Balance Sheet:

### **31-03-2022**

| <b>Particulars</b>   | <b>Balance as at April 1, 2021</b> | <b>Recognized in profit or loss during 2021-22</b> | <b>Recognized in OCI during 2021-22</b> | <b>Balance as at March 31, 2022</b> |
|--|------------------------------------|--|---|-------------------------------------|
| <b>Deferred tax assets</b>   |                                    |  |   |                                     |
| Expenditure allowed on payment basis for Income tax purpose  | 338.58                             | 32.05  | (5.46)                                  | 365.17                              |
| Impairment loss on Financial Assets and Contract Assets  | 3,937.69                           | (24.96)  | -                                       | 3,912.73                            |
| Deferred tax asset on account of unabsorbed losses and depreciation allowance (Refer Note- 44 (B)) | 43,889.00                          | (4,244.00)   | -                                       | 39,645.00                           |
|  | <b>48,165.27</b>                   | <b>(4,236.91)</b>                                  | <b>(5.46)</b>                           | <b>43,922.90</b>                    |
| <b>Deferred tax liabilities</b>  |                                    |  |   |                                     |
| On Property, Plant and Equipment   | 541.57                             | 35.83  | -                                       | 577.40                              |
| On Others  | -                                  | -  | -                                       | -                                   |
|  | <b>541.57</b>                      | <b>35.83</b>                                       | <b>-</b>                                | <b>577.40</b>                       |
| <b>Deferred tax asset, net</b>   | <b>47,623.70</b>                   | <b>(4,272.74)</b>                                  | <b>(5.46)</b>                           | <b>43,345.50</b>                    |

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

- (B) The Company has business losses and unabsorbed depreciation which are allowed to be carried forward and set off against available future taxable income under Income Tax Act, 1961. Against the carried forward loss of ₹ 2,11,013 lakhs, the company has recognized deferred tax asset on a carry forward loss to the extent of ₹1,28,547 lakhs which results in DTA of ₹ 39,645 lakhs. During current year, the Company has written off DTA amounting to ₹ 4278 Lakhs (Net) due to carry forward business losses which is expiring by FY 2021-22.

Considering potential order book as on date, future business prospects in the light of implementation of Resolution Plan, projects in pipeline etc, the management is confident of adjusting these carry forward losses and reversal of DTA before the expiry of the period for which this benefit is available.

## 31-03-2021

| Particulars   | Balance as at April 1, 2020 | Recognized in profit or loss during 2020-21 | Recognized in OCI during 2020-21 | Balance as at March 31, 2021 |
|---|-----------------------------|---|----------------------------------|------------------------------|
| <b>Deferred tax assets</b>  |                             |   |                                  |                              |
| Expenditure allowed on payment basis for Income tax purpose                   | 409.44                      | (64.87)                                     | (5.98)                           | 338.58                       |
| Impairment loss on Financial Assets and Contract Assets                       | 4,204.37                    | (266.68)                                    | -                                | 3,937.69                     |
| Deferred tax asset on account of unabsorbed losses and depreciation allowance | 43,519.98                   | 369.02                                      | -                                | 43,889.00                    |
|   | <b>48,133.79</b>            | <b>37.46</b>                                | <b>(5.98)</b>                    | <b>48,165.27</b>             |
| <b>Deferred tax liabilities</b>   |                             |   |                                  |                              |
| On Property, Plant and Equipment  | 510.09                      | 31.48                                       | -                                | 541.57                       |
| On Others   | -                           | -   | -                                | -                            |
|   | <b>510.09</b>               | <b>31.48</b>                                | <b>-</b>                         | <b>541.57</b>                |
| <b>Deferred tax asset, net</b>  | <b>47,623.70</b>            | <b>5.98</b>                                 | <b>(5.98)</b>                    | <b>47,623.70</b>             |

- C) The Company has business losses and unabsorbed depreciation which are allowed to be carried forward and set off against available future taxable income under Income Tax Act, 1961. Against the carried forward loss of Rs.1,99,103 lakhs, the company has recognized deferred tax asset on a carry forward loss to the extent of Rs.1,40,773 lakhs which results in DTA of Rs. 43,899 lakhs. Considering potential order book as on date, future business plan, projects in pipeline etc, the management is confident of adjusting these carry forward losses and reversal of DTA before the expiry of the period for which this benefit is available.



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| (D) Components of Income tax | 2021-22           | 2020-21  |
|------------------------------|-------------------|----------|
| Current Tax                  | -                 | -        |
| Deferred Tax                 | (4,278.00)        | -        |
| <b>Total</b>                 | <b>(4,278.00)</b> | <b>-</b> |

| (E) Reconciliation of tax charge  | 2021-22                | 2020-21            |
|---|------------------------|--------------------|
| <b>(a) Loss before tax</b>  | <b>(20,623.02)</b>     | <b>(18,288.53)</b> |
| (b) Corporate Tax Rate as per Income Tax Act, 1961  | 34.94%                 | 34.94%             |
| <b>(c) Tax on Accounting Loss</b>   | <b>(c) = (a) * (b)</b> | <b>(6,390.01)</b>  |
| <b>(d) Tax adjustments</b>  |                        |                    |
| (i) Tax on Non-deductible item for tax purpose  | (1,808.36)             | (789.06)           |
| (ii) Tax effect on expiry of carry forward losses   | (7,500.00)             | -                  |
| (iii) Tax effect of losses of current year on which no deferred tax benefit is recognised | (2,095.59)             | (5,481.37)         |
| (iv) Tax effect of various other items  | (79.74)                | (119.58)           |
| Total effect of Tax Adjustments   | (11,483.68)            | (6,390.01)         |
| (e) Tax expenses recognised during the year   | (e) = (d) - (c)        | -                  |

#### 45 Basic and Diluted Earnings Per Share (EPS) computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings Per Share":

| Particulars  |            | Year ended 31st<br>March 2022 | Year ended 31st<br>March 2021 |
|--|------------|-------------------------------|-------------------------------|
| <b>Basic EPS</b>                                     |            |                               |                               |
| Loss after Tax as per Accounts (₹ lakhs)             | A          | (24,901.02)                   | (18,288.54)                   |
| Weighted Average Number of Equity Shares Outstanding | B          | 9,715.29                      | 9,715.29                      |
| <b>Basic EPS (₹)</b>                                 | <b>A/B</b> | <b>(2.56)</b>                 | <b>(1.88)</b>                 |
| <b>Diluted EPS</b>                                   |            |                               |                               |
| Loss after Tax as per Accounts (₹ lakhs)             | A          | (24,901.02)                   | (18,288.54)                   |
| Weighted Average Number of Equity Shares Outstanding | B          | 9,715.29                      | 9,715.29                      |
| <b>Diluted EPS (₹)</b>                               | <b>A/B</b> | <b>(2.56)</b>                 | <b>(1.88)</b>                 |

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 46 Disclosures pursuant to EPC Contracts:

| S. No | Particulars   | Year ended 31st<br>March 2022 | Year ended 31st<br>March 2021 |
|-------|---|-------------------------------|-------------------------------|
| 1     | Contract revenue recognised for the financial year  | 30,277.16                     | 52,907.18                     |
| 2     | Aggregate amount of Contract costs incurred and recognized profits (less recognized losses) upto the reporting date | 25,114.70                     | 51,540.10                     |
| 3     | Advances received for contracts in progress   | 8,136.93                      | 12,958.44                     |
| 4     | Retention amount by customers for contracts in progress   | 28,718.62                     | 28,354.83                     |
| 5     | Gross amount due from customers for contract work (Asset)   | 83,664.76                     | 86,639.44                     |
| 6     | Gross amount due to customers for contract work (Liability)   | 548.11                        | 767.85                        |

## 47 Disclosure pursuant to Ind AS 19 "Employee Benefits"

### (A) Defined Contribution Plans

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss

|  | 2021-22 | 2020-21 |
|--|---------|---------|
| Employers' Contribution to Provident Fund and Employee State Insurance (Refer note 39) | 195.83  | 225.12  |

### (B) Defined benefit plans (Unfunded)

#### Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

|                        |  |
|------------------------|--|
| Investment Risk        | The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.  |
| Interest risk          | The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.   |
| Salary Escalation Risk | The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability. |
| Demographic Risk       | The Company has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.  |

In respect of the plan in India, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at March 31, 2022 by Mr. S. Krishnan, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

No other post-retirement benefits are provided to these employees.



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| i) Actuarial assumptions                                      | 2021-22 | 2020-21 |
|---|---------|---------|
| Discount rate (per annum)                                     | 7.28%   | 6.92%   |
| Rate of increase in Salary                                    | 5.00%   | 5.00%   |
| Expected average remaining working lives of employees (years) | 12.80   | 13.30   |
| Attrition rate  | 3.00%   | 3.00%   |

| ii) Changes in the present value of defined benefit obligation | Gratuity |          | Long Term Compensated Absences |          |
|--|----------|----------|--------------------------------|----------|
|  | 2021-22  | 2020-21  | 2021-22                        | 2020-21  |
| Present value of obligation at the beginning of the year       | 583.13   | 638.62   | 385.95                         | 533.10   |
| Interest cost  | 35.62    | 38.21    | 25.05                          | 33.01    |
| Past service cost  | -        | -        | -                              | -        |
| Current service cost   | 97.76    | 54.89    | 380.31                         | 249.68   |
| Curtailments   | -        | -        | -                              | -        |
| Settlements  | -        | -        | -                              | -        |
| Benefits paid  | (136.70) | (131.49) | (47.95)                        | (74.61)  |
| Actuarial gain on obligations                                  | (15.61)  | (17.10)  | (262.53)                       | (354.78) |
| Present value of obligation at the end of the year*            | 564.20   | 583.13   | 480.83                         | 386.40   |

\*Included in provision for employee benefits (Refer notes 27 and 34)

| iii) Expense recognized in the Statement of Profit and Loss | Gratuity |         | Long Term Compensated Absences |          |
|---|----------|---------|--------------------------------|----------|
|   | 2021-22  | 2020-21 | 2021-22                        | 2020-21  |
| Current service cost  | 35.62    | 38.21   | 380.31                         | 249.68   |
| Past service cost   | -        | -       | -                              | -        |
| Interest cost   | 97.75    | 54.89   | 25.05                          | 33.01    |
| Expected return on plan assets                              | -        | -       | -                              | -        |
| Actuarial gain on obligations                               | (15.61)  | (17.10) | (262.53)                       | (356.61) |
| Settlements   | -        | -       | -                              | -        |
| Curtailments  | -        | -       | -                              | -        |
| Total expenses recognized in the Statement Profit and Loss  | 133.37   | 93.10   | 142.83                         | (73.92)  |
| Total expenses recognized in OCI                            | (15.61)  | (17.10) | -                              | -        |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| iv) Assets and liabilities recognized in the Balance Sheet:    | Gratuity |          | Long Term Compensated Absences |          |
|--|----------|----------|--------------------------------|----------|
|  | 2021-22  | 2020-21  | 2021-22                        | 2020-21  |
| Present value of unfunded obligation as at the end of the year | (564.20) | (583.13) | (480.83)                       | (386.40) |
| Unrecognized actuarial (gains)/losses                          | -        | -        | -                              | -        |
| Unfunded net liability recognized in Balance Sheet*            | (564.20) | (583.13) | (480.83)                       | (386.40) |

\*Included in provision for employee benefits (Refer notes 27 and 34)

v) A quantitative sensitivity analysis for significant assumption as at 31 March 2022 is as shown below:

| Impact on defined benefit obligation | 2021-22 | 2020-21 |
|--------------------------------------|---------|---------|
| Discount rate                        |         |         |
| 0.5% increase                        | -2.86%  | -3.09%  |
| 0.5% decrease                        | 3.04%   | 3.29%   |
| Rate of increase in salary           |         |         |
| 0.5% increase                        | 3.04%   | 3.29%   |
| 0.5% decrease                        | -2.86%  | -3.09%  |

vi) **Maturity profile of defined benefit obligation**

(in ₹ lakhs)

| Period                       | 2021-22 | 2020-21 |
|------------------------------|---------|---------|
| By the end of the First Year | 167.89  | 172.76  |
| Between Year 1 and Year 2    | 11.21   | 30.62   |
| Between Year 2 and Year 3    | 69.93   | 9.16    |
| Between Year 3 and Year 4    | 99.03   | 58.35   |
| Between Year 4 and Year 5    | 45.28   | 100.38  |
| Between Year 5 and Year 10   | 374.94  | 364.20  |

## 48 Disclosure in respect of leases pursuant to Indian Accounting Standard (Ind AS) 116, "Leases"

**(A) Finance leases where Company is a lessee:**

The following is the summary of practical expedients elected on application:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

The Company has lease contracts for its head office building and furniture and fixtures. Lessee is restricted from assigning and subleasing the leased assets. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The effective interest rate for lease liabilities is 9%.

## The maturity analysis of lease liabilities are given as below:

| Particulars                                 | 31st March 2022 | 31st March 2021 |
|---|-----------------|-----------------|
| Within one year                             | 36.60           | -               |
| After one year but not more than five years | 195.58          | -               |
| More than five years                        | 106.40          | -               |

## Amounts recognised in the Statement of Profit and Loss:

| Particulars  | 31st March 2022 | 31st March 2021 |
|--|-----------------|-----------------|
| Amortization expense of right-of-use assets                        | 29.76           | -               |
| Interest expense on lease liabilities                              | 23.13           | -               |
| Expense relating to short-term leases (included in other expenses) | 104.96          | 119.49          |
| Total amount recognised in statement profit or loss                | 157.84          | 119.49          |

## Amounts recognised in statement of Cash Flows:

| Particulars                   | 31st March 2022 | 31st March 2021 |
|-------------------------------|-----------------|-----------------|
| Total Cash outflow for leases | 36.60           | -               |

## 49 Disclosure of Related Parties/related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

(A) List of related parties and description of relationship as identified and certified by the Company:

### Entites exercising significant influence over the company

SVL Limited

### Subsidiary

Shriram EPC FZE, Sharjah

### Step Down Subsidiary

Shriram EPC Arkan LLC

### Subsidiary of Entites exercising significant influence over the company:

Shriram SEPL Composites Private Limited

Bharat Coal Chemicals Limited (BCCL)

### Enterprises under the joint control of the Entites exercising significant influence over the company:

Leitwind Shriram Manufacturing Private Limited

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## Key management personnel

T.Shivaraman - Managing Director  
M.Amjad Shariff - Joint Managing Director

## Other enterprises under the control of the key management personnel

Orient Green Power Company Limited  
Bharath Wind Farm Limited  
Clarion Windfarms Private Limited  
Beta Wind Farm Private Limited  
Amrit Environmental Technologies P Ltd

## Joint Operations

Larsen & Toubro Limited Shriram EPC JV  
Mokul Shriram EPC JV  
Shriram EPC Eurotech Environmental Pvt Ltd - JV  
SEPC DRS ITPL JV

## (B) Details of transactions with related party in the ordinary course of business for the year ended:

| (i) Entites exercising significant influence over the company                    | 2021-22  | 2020-21  |
|--|----------|----------|
| Transfer of Advances / Receivables / Investments                                 | 2,793.80 | 4,758.88 |
| Fund Received (Net)  | 2,454.85 | 5,194.75 |
| <b>(ii) Key Management Personnel (KMP)</b>                                       |          |          |
| <b>Compensation of key management personnel</b>                                  |          |          |
| T.Shivaraman   | 60.40    | 60.40    |
| M.Amjad Shariff  | 60.15    | 60.15    |
| <b>(iii) Other enterprises under the control of the key management personnel</b> |          |          |
| <b>(a) Orient Green Power Company Limited</b>                                    |          |          |
| Payments made  | 0.41     | -        |
| <b>(b) Bharath Wind Farm Limited</b>   |          |          |
| Fund Receipts  | 4.11     | -        |
| <b>(iv) Joint Operations</b>   |          |          |
| <b>(a) Larsen &amp; Toubro Limited Shriram EPC JV</b>                            |          |          |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

|  |          |           |
|--|----------|-----------|
| Company's share in profit of Integrated Joint Ventures     | 1.48     | 286.15    |
| Funds Received   | 390.77   | -         |
| <b>(b) Shriram EPC Eurotech Environmental Pvt Ltd - JV</b> |          |           |
| Progressive Billings/ Revenue                              | 698.18   | 532.66    |
| Expenses reimbursed by the party                           | 4.51     | 125.33    |
| <b>(c) SEPC DRS ITPL JV</b>                                |          |           |
| Progressive Billings/ Revenue                              | 1.99     | 590.73    |
| Expenses reimbursed by the party                           | -        | 260.85    |
| <b>(d) Mokul Shriram EPC JV</b>                            |          |           |
| Progressive Billings/ Revenue                              | 8,624.17 | 25,983.90 |
| Cost incurred for Materials and Labour                     | 8,624.17 | 25,983.90 |

## (C) Amount due (to)/from related party as on:

| (i) Particulars   | 2021-22  | 2020-21  |
|---|----------|----------|
| Advances / (Borrowings):  |          |          |
| SVL Limited   | -        | (339.55) |
| Leitwind Shriram Manufacturing Private Limited (Expected Credit Loss of   ₹ 9,141.70 Lakhs (March 31, 2021: ₹ 9,141.70 Lakhs) | 477.77   | 3,201.62 |
| Bharat Wind Farm Limited  | -        | 4.71     |
| Orient Green Power Company Limited  | -        | (0.41)   |
| Receivables /(Payables):  |          |          |
| Shriram EPC FZE, Sharjah  | 2,234.82 | 2,313.45 |
| Amrit Enviornmental Technologies P Ltd  | 1,966.38 | 2,300.00 |
| Shriram EPC Eurotech Environmental Pvt Ltd - JV   | -        | (0.11)   |
| SEPC DRS ITPL JV  | -        | 523.85   |
| Larsen & Toubro Limited Shriram EPC JV  | 0.90     | 445.71   |
| Mokul Shriram EPC JV  | 1,669.28 | 3,338.55 |

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

Disclosure pursuant to Ind AS 1 "Presentation of Financial Statements"

(A) Current Assets expected to be recovered within twelve months and after twelve months from the reporting date

| Particulars                              | As at March 31, 2022 |                     |           | As at March 31, 2021 |                     |           |
|--|----------------------|---------------------|-----------|----------------------|---------------------|-----------|
|  | Within twelve months | After twelve months | Total     | Within twelve months | After twelve months | Total     |
| Inventories - Note 15                    | -                    | -                   | -         | 248.20               | -                   | 248.20    |
| Trade Receivables - Note 17              | 28,057.27            | -                   | 28,057.27 | 32,820.14            | -                   | 32,820.14 |
| Other Current Financial Assets - Note 20 | 889.02               | -                   | 889.02    | 844.27               | -                   | 844.27    |

(B) Current liabilities expected to be settled within twelve months and after twelve months from the reporting date

| Particulars                                   | As at March 31, 2022 |                     |           | As at March 31, 2021 |                     |           |
|---|----------------------|---------------------|-----------|----------------------|---------------------|-----------|
|   | Within twelve months | After twelve months | Total     | Within twelve months | After twelve months | Total     |
| Acceptances - Note 30                         | 323.42               | -                   | 323.42    | 842.43               | -                   | 842.43    |
| Trade Payables - Note 30                      | 15,549.73            | -                   | 15,549.73 | 21,769.11            | -                   | 21,769.11 |
| Other Current Financial Liabilities - Note 31 | 1,885.00             | -                   | 1,885.00  | 1,663.07             | -                   | 1,663.07  |

## 50 Segment reporting

The Chief Operating Decision Maker (CODM) reviews the operations of the Company for the year ended March 31, 2022 as one operating segment being Construction Contracts. Hence no separate primary segment information has been furnished herewith as required by Ind AS 108, "Operating segment". The Company has operations within India and outside India and the disclosures in respect of the geographical segment are given below:

(in ₹ Lakhs)

| Particulars              | 31-Mar-22   | 31-Mar-21   |
|--------------------------|-------------|-------------|
| <b>Rest of the World</b> |             |             |
| Revenue                  | 8,624.16    | 25,984.00   |
| Assets                   | 3,053.99    | 7,004.55    |
| <b>India</b>             |             |             |
| Revenue                  | 21,653.00   | 27,209.33   |
| Assets                   | 2,01,710.96 | 2,20,142.91 |
| Capital Expenditure      | 14.97       | 628.89      |

## 51 Expenditure in Foreign Currency

(in ₹ Lakhs)

| Particulars   | 31-Mar-22     | 31-Mar-21    |
|---|---------------|--------------|
| Professional & Consultancy Fees                         | 4.85          | -            |
| Material Consumed in Execution of Engineering Contracts | 201.72        | 40.62        |
| Erection ,Construction & Operation Exp                  | 59.00         | -            |
| Travelling & Conveyance                                 | 3.74          | 5.18         |
| Salaries and wages                                      | 67.95         | -            |
| Others  | 154.84        | 0.44         |
| <b>Total</b>  | <b>492.10</b> | <b>46.24</b> |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 52 Fair Value Measurement

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

31-Mar-22

| Particulars                                       | Note    | Carrying Amount                    |                      |   |  | Fair Value           |              |         |              |              |
|---|---------|------------------------------------|----------------------|---|--|----------------------|--------------|---------|--------------|--------------|
|   |         | Financial Assets at amortised cost | Mandatorily at FVTPL | Other Financial liabilities at amortised cost | Investments at Fair Value through Other comprehensive income | Total carrying value | Level 1      | Level 2 | Level 3      | Total        |
| <b>Assets</b>                                     |         |                                    |                      |   |  |                      |              |         |              |              |
| Financial Assets Measured at Fair Value           |         |                                    |                      |   |  |                      |              |         |              |              |
| Investments                                       | 9       | -                                  | -                    | -   | 38.65  | 38.65                | 52.72        | -       | -            | 52.72        |
| Financial Assets not Measured at Fair Value*      |         |                                    |                      |   |  |                      |              |         |              |              |
| Investments                                       | 9       | 24.26                              | -                    | -   | 24.26  | -                    | -            | 24.26   | 24.26        | -            |
| Loans   | 10      | 8,131.35                           | -                    | -   | 8,131.35   | -                    | -            | -       | -            | -            |
| Trade Receivables                                 | 11 & 17 | 46,825.77                          | -                    | -   | 46,825.77  | -                    | -            | -       | -            | -            |
| Cash and Cash Equivalents                         | 18      | 548.27                             | -                    | -   | 548.27   | -                    | -            | -       | -            | -            |
| Other Bank balances                               | 19      | 2,387.49                           | -                    | -   | 2,387.49   | -                    | -            | -       | -            | -            |
| Other financial assets                            | 12 & 20 | 1,970.81                           | -                    | -   | 1,970.81   | -                    | -            | -       | -            | -            |
| <b>Total</b>                                      |         | <b>59,887.95</b>                   | -                    | -   | <b>38.65</b>   | <b>59,926.60</b>     | <b>52.72</b> | -       | <b>24.26</b> | <b>76.98</b> |
| <b>Liabilities</b>                                |         |                                    |                      |   |  |                      |              |         |              |              |
| Financial Liabilities not Measured at Fair Value* |         |                                    |                      |   |  |                      |              |         |              |              |
| Non Current Borrowings                            | 25      | -                                  | -                    | 15,364.47                                     | 15,364.47  | -                    | -            | -       | -            | -            |
| Current Borrowings                                | 29      | -                                  | -                    | 82,462.97                                     | 82,462.97  | -                    | -            | -       | -            | -            |
| Trade payables                                    | 30      | -                                  | -                    | 15,873.15                                     | 15,873.15  | -                    | -            | -       | -            | -            |
| Other financial liabilities                       | 26 & 31 | -                                  | -                    | 6,350.38                                      | 6,350.38   | -                    | -            | -       | -            | -            |
| <b>Total</b>                                      |         | -                                  | -                    | <b>1,20,050.97</b>                            | <b>1,20,050.97</b>   | -                    | -            | -       | -            | -            |

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

31-Mar-21

| Particulars                                       | Note    | Carrying Amount                    |                      |   |  | Fair Value           |              |         |              |               |
|---|---------|------------------------------------|----------------------|---|--|----------------------|--------------|---------|--------------|---------------|
|   |         | Financial Assets at amortised cost | Mandatorily at FVTPL | Other Financial liabilities at amortised cost | Investments at Fair Value through Other comprehensive income | Total carrying value | Level 1      | Level 2 | Level 3      | Total         |
| <b>Assets</b>                                     |         |                                    |                      |   |  |                      |              |         |              |               |
| Financial Assets Measured at Fair Value           |         |                                    |                      |   |  |                      |              |         |              |               |
| Investments                                       | 9       | -                                  | -                    | -   | 38.65  | 38.65                | 13.71        | -       | -            | 13.71         |
| Financial Assets not Measured at Fair Value*      |         |                                    |                      |   |  |                      |              |         |              |               |
| Investments                                       | 9       | -                                  | -                    | -   | 90.39  | 90.39                | -            | -       | 90.39        | 90.39         |
| Loans   | 10      | 10,913.30                          | -                    | -   | -  | 10,913.30            | -            | -       | -            | -             |
| Trade Receivables                                 | 11 & 17 | 53,835.28                          | -                    | -   | -  | 53,835.28            | -            | -       | -            | -             |
| Cash and Cash Equivalents                         | 18      | 625.68                             | -                    | -   | -  | 625.68               | -            | -       | -            | -             |
| Other Bank balances                               | 19      | 2,866.88                           | -                    | -   | -  | 2,866.88             | -            | -       | -            | -             |
| Other financial assets                            | 12 & 20 | 2,017.54                           | -                    | -   | -  | 2,017.54             | -            | -       | -            | -             |
| <b>Total</b>                                      |         | <b>70,258.68</b>                   | -                    | -   | <b>129.04</b>  | <b>70,387.72</b>     | <b>13.71</b> | -       | <b>90.39</b> | <b>104.10</b> |
| <b>Liabilities</b>                                |         |                                    |                      |   |  |                      |              |         |              |               |
| Financial Liabilities not measured at fair value* |         |                                    |                      |   |  |                      |              |         |              |               |
| Non Current Borrowings                            | 25      | -                                  | -                    | 20,072.84                                     | -  | 20,072.84            | -            | -       | -            | -             |
| Current Borrowings                                | 29      | -                                  | -                    | 63,515.81                                     | -  | 63,515.81            | -            | -       | -            | -             |
| Trade payables                                    | 30      | -                                  | -                    | 22,611.54                                     | -  | 22,611.54            | -            | -       | -            | -             |
| Other financial liabilities                       | 26 & 31 | -                                  | -                    | 6,026.44                                      | -  | 6,026.44             | -            | -       | -            | -             |
| <b>Total</b>                                      |         | -                                  | -                    | <b>1,12,226.63</b>                            | -  | <b>1,12,226.63</b>   | -            | -       | -            | -             |

\* The company has not disclosed the fair value for Financial instruments mentioned above because their carrying amounts are a reasonable approximation of fair value.



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 53 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

### (A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's outstanding debt in local currency is on fixed rate basis and hence not subject to interest rate risk.

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The net exposure to foreign currency in respect of recognized financial assets, recognized financial liabilities and derivatives is as follows:

a) Forward exchange contracts entered into by the Company and outstanding as on March 31, 2022 - Nil (March 31, 2021 - Nil)

b) Foreign Currency exposure

| Particulars                 | 31-Mar-22 |                                       |            |
|-----------------------------|-----------|---------------------------------------|------------|
|                             | Currency  | Amount in Foreign Currency (In Lakhs) | In ₹ lakhs |
| Bank Balances               | USD       | 0.07                                  | 5.16       |
|                             | IQD       | 2.43                                  | 0.13       |
| Trade Payables              | USD       | 1.11                                  | 84.44      |
|                             | EURO      | 37.17                                 | 3,130.82   |
| Trade and Other Receivables | USD       | 31.62                                 | 2,396.93   |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars                 | 31-Mar-21 |                                       |            |
|-----------------------------|-----------|---------------------------------------|------------|
|                             | Currency  | Amount in Foreign Currency (In Lakhs) | In ₹ lakhs |
| Bank Balances               | OMR       | 0.05                                  | 0.98       |
|                             | AED       | 0.01                                  | 0.07       |
|                             | EURO      | 0.01                                  | 0.82       |
|                             | USD       | 0.01                                  | 1.55       |
|                             | YUAN      | 0.01                                  | 0.61       |
|                             | IQD       | 2.43                                  | 0.14       |
| Trade Payables              | USD       | 1.11                                  | 81.45      |
|                             | EUR       | 42.22                                 | 3,620.71   |
| Trade and Other Receivables | USD       | 39.54                                 | 2,890.77   |
|                             | OMR       | (0.14)                                | (27.12)    |

## (B) Credit risk

The credit risk to the company arises from two sources:

a) Customers, who default on their contractual obligations, thus resulting in financial loss to the company.

Company evaluates the credentials of a customer at a very early stage of the bid. Company has adopted a policy of 3 tier verification before participating for any bid. The first step of such verification includes verification of customer credentials. The company, as part of verification of the customer credentials, ensures the compliance with the following criterion,

(i) Customer's financial health by examining the audited financial statements

(ii) Whether the Customer has achieved the financial closure for the work for which the company is bidding

(iii) Where the customer is Public Sector Undertaking, sanction and availability of adequate financial resources for the proposed work.

Company makes provision on its financial assets, on every reporting period, as per Expected Credit Loss Method. The provision is made separately for each financial assets of each business line. The percentage at which the provision is made, is determined on the basis of historical experience of such provisions, modified to the current and prospective business and customer profile.

Trade receivables consist of large number of customers, spread across diverse industries and geographical areas. Majority of the customers of the company comprise of Public Sector Undertakings, with whom the company does not perceive any credit risk. As regards the customers from private sector, company carries out financial evaluation on regular basis and provides for any amount perceived as non realisable, in the books of accounts.

b) Non certification by the customers, either in part or in full, the works billed as per the contract, being non claimable cost as per the terms of the contract with the customer

Non certification of works billed the Company has contract claims from customers including costs on account of account of delays / changes in scope / design by them etc. which are at various stages of discussions / negotiations or under arbitrations. The realisability of these claims are estimated based on contractual terms, historical experience with similar claims as well as legal opinion obtained from internal and external experts, wherever necessary. Changes in facts of the case or the legal framework may impact realisability of these claims

The Company provides for doubtful receivables/advances and expected credit loss based on 12 months and lifetime expected credit loss basis for following financial assets:



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

31-Mar-22

| Particulars           | Estimated Gross Carrying Amount at default | Provision/ Expected Credit Loss | Carrying amount net of impairment provision |
|-----------------------|--|---------------------------------|---|
| Trade receivables     | 37,133.14                                  | (9,075.87)                      | 28,057.27                                   |
| Contract Assets       | 83,029.75                                  | (3,321.01)                      | 79,708.74                                   |
| Advances to Suppliers | 8,510.53                                   | (1,640.30)                      | 6,870.23                                    |

31-Mar-21

| Particulars           | Estimated Gross Carrying Amount at default | Provision/ Expected Credit Loss | Carrying amount net of impairment provision |
|-----------------------|--|---------------------------------|---|
| Trade receivables     | 39,791.61                                  | (6,971.47)                      | 32,820.14                                   |
| Contract Assets       | 83,594.37                                  | (910.95)                        | 82,683.42                                   |
| Advances to Suppliers | 8,682.63                                   | (1,640.30)                      | 7,042.33                                    |

Reconciliation of Provision and Expected Credit Loss - Other financial assets

| Particulars   | Trade receivables | Contact Asset   | Advances to suppliers |
|---|-------------------|-----------------|-----------------------|
| <b>Provision and Expected Credit Loss on March 31, 2021</b> | <b>6,971.47</b>   | <b>910.95</b>   | <b>1,640.30</b>       |
| Allowance for Doubtful Debts                                | 2,104.40          | 2,410.06        | -                     |
| <b>Provision and Expected Credit Loss on March 31, 2022</b> | <b>9,075.87</b>   | <b>3,321.01</b> | <b>1,640.30</b>       |

## Liquidity risk

Company being an EPC contractor, has a constant liquidity pressures to meet the project requirements. These requirements are met by a balanced mix of borrowings and project cash flows. Cash flow forecast is made for all projects on monthly basis and the same are tracked for actual performance on daily basis. Shortfall in cash flows are matched through short term borrowings and other strategic financing means. The daily project requirements are met by allocating the daily aggregated cash flows among the projects. Company has established practice of prioritising the site level payments and regulatory payments above other requirements.

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

The table below summarizes the maturity profile of the Company's financial liabilities:

|                           | Less than 3 months | 3 to 12 months   | 1 to 5 years     | More than 5 years | Total              |
|---------------------------|--------------------|------------------|------------------|-------------------|--------------------|
| <b>31-Mar-22</b>          |                    |                  |                  |                   |                    |
| Short term borrowings     |                    | 82,462.97        |                  |                   | 82,462.97          |
| Long-term borrowings      | -                  |                  | 15,364.47        |                   | 15,364.47          |
| Trade payables            | -                  | 10,713.60        | 5,159.55         |                   | 15,873.15          |
| Other financial liability | -                  | 5,154.25         |                  |                   | 5,154.25           |
|                           | -                  | <b>98,330.82</b> | <b>20,524.02</b> | -                 | <b>1,18,854.82</b> |
| <b>31-Mar-21</b>          |                    |                  |                  |                   |                    |
| Short term borrowings     | -                  | 63,515.81        |                  |                   | 63,515.81          |
| Long-term borrowings      | -                  |                  | 20,072.84        |                   | 20,072.84          |
| Trade payables            | -                  | 14,134.77        | 8,476.78         |                   | 22,611.54          |
| Other financial liability | -                  | 5,905.02         |                  |                   | 5,905.02           |
|                           | -                  | <b>83,555.59</b> | <b>28,549.62</b> | -                 | <b>1,12,105.21</b> |

## Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors Net Debt to Capital ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of term loans and cash credits. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

|                           |                     | 31-Mar-22        | 31-Mar-21        |
|---------------------------|---------------------|------------------|------------------|
| Total equity              | (i)                 | <b>74,604.62</b> | <b>99,451.02</b> |
| Total debt                | (ii)                | 97,827.44        | 83,588.65        |
| Cash and Cash Equivalents | (iii)               | 548.27           | 625.68           |
| Net Debt                  | (iv) = (ii) - (iii) | <b>97,279.17</b> | <b>82,962.97</b> |
| Total Capital             | (v) = (i) + (iv)    | 1,71,883.79      | 1,82,413.99      |
| Net Debt to Capital ratio | (iv) / (v)          | 0.57             | 0.45             |

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## Disclosures pursuant to Ind AS 37 “Provisions, Contingent Liabilities and Contingent Assets

### Movement in Provisions:

| Particulars                               | Provision for Expected Credit Losses |             | Provision for Doubtful Receivables | Provision for Advances |
|---|--------------------------------------|-------------|------------------------------------|------------------------|
|   | Current                              | Non-Current | Non-Current                        | Current                |
| Opening Balance as on April 01, 2021      | 7,882.42                             | 11,198.05   | 1,521.48                           | 1,640.30               |
| Add: Additional Provision during the year | 4,514.46                             | 132.86      | 1,047.75                           | -                      |
| Closing Balance as on March 31, 2022      | 12,396.88                            | 11,330.91   | 2,569.23                           | 1,640.30               |

### 56 Commitments

| Particulars   | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---|------------------------|------------------------|
| Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for | Nil                    | Nil                    |

### 57 Contingent liabilities

| Particulars   | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---|------------------------|------------------------|
| a) Claims against the Company not acknowledged as debts   | 15,835.06              | 10,879.21              |
| b) Central Excise, Service Tax and customs Duties demands contested in Appeals , not provided for | 408.00                 | 408.00                 |
| c) Disputed VAT/ Central Sales tax demands contested in Appeals, not provided for                 | 9,669.88               | 9,256.75               |
| d) Income tax demands contested in Appeals, not provided for                                      | -                      | 1,800.58               |
| e) Bank Guarantees outstanding  | 32,002.18              | 41,353.20              |

Management is confident of winning the appeals in respect of the above , hence no provision has been made. Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 58 Ratios as per the Schedule III requirements

| Particulars                      | Numerator  | Denominator                                       | 31st March 2022 |             | 31st March 2021 |             | Ratio as on     |                 | Variance | Reason   |
|----------------------------------|--|---|-----------------|-------------|-----------------|-------------|-----------------|-----------------|----------|--|
|                                  |  |   | Numerator       | Denominator | Numerator       | Denominator | 31st March 2022 | 31st March 2021 |          |  |
| Current Ratio                    | Current Assets   | Current Liabilities                               | 1,23,885.41     | 1,07,385.14 | 1,34,630.07     | 97,818.36   | 1.15            | 1.38            | -16%     |  |
| Debt Equity Ratio                | Debt   | Total Equity                                      | 97,827.44       | 74,604.62   | 83,588.65       | 99,451.02   | 1.31            | 0.84            | 56%      | Increase in overdues and Interest accrued not paid   |
| Return on equity/ investment     | PAT  | Total equity                                      | -24,901.02      | 74,604.62   | -18,288.54      | 99,451.02   | -33%            | -18%            | 82%      | ECL provision, reduction in net worth due to loss  |
| Inventory Turnover Ratio         | Erection Construction & Operation expenses & change in inventory | Average stock                                     | 25,114.70       | 26,789.22   | 51,540.10       | 26,695.46   | 0.94            | 1.93            | -51%     | Reduction in COGS in line with reduction in revenue  |
| Trade Receivables turnover ratio | Debtors  | Net credit sales                                  | 46,825.77       | 30,278.64   | 53,835.28       | 53,193.33   | 1.55            | 1.01            | 53%      | Trade receivable Turnover Ratio is higher in current year in spite of reduction in debtors on account of more than proportionate reduction in turnover |
| Trade payables turnover ratio    | Creditors  | Net credit purchases                              | 15,549.71       | 24,866.50   | 21,769.11       | 51,463.44   | 0.63            | 0.42            | 48%      | Increase in creditors & reduction in credit purchases  |
| Net capital turnover ratio       | Revenue from operations  | Total equity                                      | 30,278.64       | 74,604.62   | 53,193.33       | 99,451.02   | 0.41            | 0.53            | -24%     |  |
| Net profit ratio                 | PBT  | Net sales   | -14,261.75      | 30,278.64   | -17,139.43      | 53,193.33   | -47%            | -32%            | 46%      | Reduction in revenue   |
| Return on Capital employed       | EBIT (PBT + Finance cost)  | Total Assets - Deferred tax - Current Liabilities | -2,693.38       | 54,034.31   | -6,483.68       | 81,705.21   | -5%             | -8%             | 37%      | Reduction in EBIT loss as well as reduction in Capital Employed  |



# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

- 59** The Company (SEPC) is one of the Respondent along with Twarit Consultancy Private Limited (TCPL) in respect of an Arbitration by The Singapore International Arbitration Centre (SIAC) filed by GPE (INDIA) Ltd, GPE JV1Ltd, Gaja Trustee Company Private Ltd (the Claimants) in connection with the claimants' investments in an associate company of the Company. SIAC vide their Order dated January 07, 2021 awarded damages Jointly and Severally on the Respondents to the tune of ₹ 19,854.10 lakhs and a sum of SGD 372,754.79 towards Arbitration expenses. These are to be paid along with simple interest @ 7.25% pa from July 21, 2017 until the date of payment. The Respondents have already preferred an appeal before the High Court of Republic of Singapore against the award of SIAC and the same is pending as on date. However, the Company has entered into an Inter-se arrangement dated September 29, 2015 with TCPL and Shri Housing Pvt Ltd by which, Company will be fully indemnified, in case of any liability arising out of any Suits, Proceedings, Disputes, Damages payable by the Company on any defaults arising out of the investments made by the Complainant in the associate. In view of the said Inter-se Arrangements, the Company do not have any liability whatsoever, on account of this award which is subject to the outcome of the Respondents appeal before all appropriate Jurisdictional Courts / Forums.
- 60** Mokul Shriram EPC JV (JV Company) have won the complaint against Export Credit Guarantee Corporation of India Limited (ECGC) before the National Consumer Disputes Redressal Commission,(NCDRC) New Delhi, in connection with the project executed in Basra, Iraq. NCDRC, vide their order dated January 27, 2021, allowed the claims and directed ECGC to pay a sum of ₹ 26,501 lakhs along with simple interest @ 10% pa. with effect from September 19, 2016 till the date of realisation to the JV Company within a period of three months from the date of order, failing which ECGC will be liable to pay compensation in the form of simple interest @ 12% pa. ECGC had filed an appeal against the order of NCDRC New Delhi, before Supreme Court, and the case is pending for disposal.
- 61** The outbreak of Coronavirus (COVID -19) pandemic globally and in India caused significant disturbance and slowdown of economic activity. The Company has assessed the impact of pandemic on its financial results/position based on the principle of prudence in applying judgements, estimates and assumptions including sensitivity analysis and has concluded that there is no major impact of COVID 19 on the recoverability of carrying values of assets and expects to recover the carrying value of its assets other than the provision made as mentioned in Note 43.1. Considering that it is a dynamic and evolving situation, the management will continue to closely monitor and evaluate the impact of any material change in macro-economic and other related factors, which may have bearing on the Company's operations.
- 62** The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued. The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published."
- 63 Relationship with Struck off Companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956:**

| Name of struck off Company    | Nature of transactions with struck-off Company | Relationship with the Struck off company, if any | Balance outstanding as at current period | Balance outstanding as at previous period |
|-------------------------------|--|--|--|---|
| MODY INDUSTRIES (FC) P LTD    | Payables                                       | NA   | -  | (2.91)                                    |
| SCHNEIDER ELECTRIC            | Payables                                       | NA   | -  | (13.29)                                   |
| Hariom Tradewing Pvt Ltd      | Payables                                       | NA   | -  | (0.05)                                    |
| ORIENT CARGO MOVERS (P) LTD.  | Payables                                       | NA   | -  | (0.22)                                    |
| DEVACHANDANA FOUNDATIONS      | Payables                                       | NA   | -  | (0.40)                                    |
| FILTREX CONSULTANTS&ENGINEERS | Payables                                       | NA   | -  | (11.91)                                   |

# Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 64 Utilisation of Borrowed funds:

- a) The Company has not advanced or loaned or invested funds during the reporting periods to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding whether recorded in writing or otherwise that the Intermediary shall: (i) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- b) The Company has not received any fund during the reporting periods from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 65 Details of Benami Property held

The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

## 66 Compliance with number of layers of companies

The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

## 67 Undisclosed income

The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

## 68 Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

## 69 Registration of charges or satisfaction with Registrar of Companies

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

70 The Board, duly taking into account all the relevant disclosures made has approved these financial statements in its meeting held on June 24, 2022.

71 The figures for the previous year have been reclassified/ regrouped wherever necessary for better understanding and comparability.

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As per our report of even date  
**For MSKA & Associates**  
**Chartered Accountants**  
Firm Registration No.:105047W

**For and on behalf of the Board of Directors**  
**SEPC Limited (Formerly Known as Shriram EPC Limited)**  
CIN: L74210TN2000PLC045167

**Geetha Jeyakumar**  
Partner  
Membership No : 029409

**T. Shivaraman**  
Managing Director & CEO  
DIN: 01312018

**Chandra Ramesh**  
Director  
DIN: 00938694

Place: Chennai  
Date: June 24, 2022

**T. Sriraman**  
Company Secretary

**R S Chandrasekharan**  
Chief Financial Officer



# Independent Auditors' Report to the Members of SEPC Limited (Formerly known as Shriram EPC Limited)

## Report on the Audit of the Consolidated Financial Statements

### Qualified Opinion

We have audited the accompanying consolidated financial statements of SEPC Limited (Formerly known as Shriram EPC Limited) (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiary, except for the possible effects of the matter described in Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group, as at March 31, 2022, consolidated loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Qualified Opinion

1. The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. 39,645.00 Lakhs (March 31, 2021: Rs. 43,889.00 Lakhs) which is recognized on unabsorbed business losses. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment on reasonable certainty of future taxable profits, as required by Ind AS 12 on Income taxes and, considering the current pandemic situation, we are unable to ascertain the extent to which the deferred tax asset can be utilized. (Refer Note 44 of the consolidated financial statements).

This matter was also qualified in our report on the Consolidated financial statements for the year ended March 31, 2021.

2. Contract Asset (Non-Current) include Rs. 3,956.02 Lakhs (Net of provisions amounting to Rs. 926.98 Lakhs) relating to project dues which is not progressing on account of Statutory delays faced by the Customer. In the absence of positive development in this matter till date there is uncertainty on the amount that would be recoverable by the Company. Further, sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amounts are not available. Accordingly, we are unable to comment on the carrying value of above-mentioned Contract Asset (Non-Current) and the impact if any, on account of non-provisioning of the said balance on the Consolidated financial statements at present. Refer to Note 08 of the Consolidated Financial Statements.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountant of India ("ICAI") and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 4 (e) to the consolidated financial statements, which states that the Company has incurred a net loss of Rs. 26,370.37 Lakhs during the year ended March 31, 2022 and as of that date has accumulated losses aggregating to Rs. 2,15,105.50 Lakhs which has resulted in substantial erosion of its net worth. Further, the COVID-19 pandemic has also impacted the operations resulting in delay of collection relating to project dues. These events or conditions indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, having regard to



the restructuring plan for borrowings, infusion of additional equity subsequent to the year end and the Management's plans to meet financial obligations in foreseeable future out of the cash flows from execution of the pipeline of orders in hand, future business plans, non-fund based facilities, and realisation of trade receivables, the consolidated financial statements of the Company for the year ended March 31, 2022 have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

#### **Emphasis of Matter**

We draw attention to Notes 43 to the consolidated financial statements which states that the Management has made an assessment of the impact of Covid-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2022 and accordingly recognised an impairment loss of Rs. 6,361.26 Lakhs (March 31, 2021: Rs. 1,149.11 Lakhs) on financial assets & contract assets to reflect the business impact arising from the COVID 19 pandemic.

Our opinion is not qualified in respect of this matter.

#### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, Management Report, Chairman's Statement, Director's Report etc., but does not include the consolidated financial statements and our auditor's report thereon

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The other information included in the Annual Report, Management Report, Chairman's Statement, Director's Report etc. have not been adjusted for the impacts as described in the Basis for Qualified section above Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the

consolidated financial statements for the year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and Material Uncertainty related to Going Concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

#### **Provision for Expected credit loss**

Refer to Note 08, 10,11,12,16,17 & 21 in the Consolidated Financial statements of 2021-22.

The Company measures revenue to be recognised based on the contract costs incurred till the reporting date over the total estimated costs for each contract. Such revenue recognised in excess of progress billing till the reporting date is presented as 'Contract Assets' which are yet to be billed to the customers. Such contract assets are accounted based on the contractual terms and management's assessment of recoverability from customers.

The Company estimates and recognises allowance for expected credit losses on trade receivables and contract assets which involves consideration of aging status, historical payment records, evaluation of litigations, the likelihood of collection based on the terms of the contract and the credit information of its customers including the possible effect from the pandemic relating to COVID-19.

For trade receivables and contract assets that are individually significant, expected credit losses are measured based on the present value of cash shortfalls over the remaining expected lives of the trade receivables and contract assets. The calculation of the collective credit loss provision is inherently judgmental.

We have identified provisioning for expected credit loss as a key audit matter as the calculation of credit loss provision is a complex area and requires management to make significant assumptions on customer payment behaviour and estimating the level and timing of expected future cash flows.

#### **How the Key Audit Matter was addressed in our audit:**

Our audit procedures in respect of this area included:

1. Obtained an understanding of the process relating to allowance for credit loss and assessed the management's estimate and related policies used in the credit loss analysis.
2. Verified on test check basis contract assets with corresponding trade receivables & contract assets that were overdue and evaluated the basis for management's conclusions regarding the (a) evidence supporting the execution of work for which the contract assets were



recognised; (b) reasons for the delays in billing of invoices and the basis on which recoverability of the contract assets was assessed; (c) impact on the allowance for expected credit losses;

3. The management has assessed on individual level trade receivables, contract assets and loan assets by Expected credit loss model, examined on a test check basis, the objective evidence relating to the impairment of trade receivables, contract assets and loan assets and the key assumptions used in the estimate of the present value of all cash shortfalls and reviewed whether amounts have been recovered after the end of reporting period.

4. Reviewed the appropriateness of management's ageing analysis based on days past due by examining the original documents (such as invoices and bank deposit advice).

5. Recalculated the ECL of each type of trade receivables and contract asset according to the provision matrix.

6. Assessed the accuracy of the disclosures in the financial statements and ensured that they were in accordance with Ind AS 109 'Financial Instruments'

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group 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 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included

in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards of Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

#### **Other Matters**

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs.15,356.23 Lakhs as at March 31, 2022, total revenues of Rs.2,885.01 Lakhs and net cash flows amounting to Rs.34.40 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 1,469.36 Lakhs for the year ended March 31, 2022, as considered in the consolidated financial statements. The financial statements have been audited by other auditors whose reports 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 and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not qualified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and 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, except for the possible effects of the matter described in the Basis for Qualified Opinion above, 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. Except for the effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, 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, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow 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. Except for the effects of the matter described in Basis for Qualified Opinion section above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014.
  - e. The matter described in Material Uncertainty Related to Going Concern section of our report, 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 March 31, 2022 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2022 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 internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in “Annexure B”.
    - 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. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 58 to the consolidated financial statements.
      - ii. Except for the possible effect of the matters described in the basis of qualified opinion paragraph above, the Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, 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 its subsidiary company.
      - iv.1) The Management of the Holding Company whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person or entity, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
      - 2) The Managements of the Holding Company whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, no funds have been received by the Holding Company from any person or entity, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding



Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- 3) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Holding Company in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

- v. The Company has neither declared nor paid any dividend during the year.
2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Group, to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.
3. According to the information and explanations given to us, Holding Company incorporated in India, have certain remarks included in their reports under Companies (Auditor's Report) Order, 2020 ("CARO"), which have been reproduced as per the requirements of the Guidance Note on CARO.

| Sr. No | Name of the Company                                  | CIN                   | Type of Company | Clause number of the CARO Report which is qualified or Adverse |
|--------|--|-----------------------|-----------------|--|
| 1      | SEPC Limited (Formerly known as Shriram EPC Limited) | L74210TN2000PLC045167 | Holding Company | ix (a)   |

**For MSKA & Associates  
Chartered Accountants**

ICAI Firm Registration No.105047W

**Geetha Jeyakumar**  
Partner

Membership No. : 029409

UDIN: 22029409ALPFGC2451

Place: Chennai

Date: June 24, 2022

# Annexure “A” to the Independent Auditor’s Report on Even date on the Consolidated Financial Statements of SEPC Limited (Formerly known as Shriram EPC Limited)

## Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the

consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statement for the year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For MSKA & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No.105047W

**Geetha Jeyakumar**  
Partner

Place: Chennai  
Date: June 24, 2022

Membership No. : 029409  
UDIN: 22029409ALPFGC2451



# Annexure B to the Independent Auditor's Report of Even Date on the Consolidated Financial Statements of SEPC Limited (Formerly Known as Shriram EPC Limited)

[Referred to in paragraph 2(h) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of SEPC Limited (Formerly known as Shriram EPC Limited) on the Financial Statements for the year ended March 31, 2022]

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

### **Qualified Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to financial statements of SEPC Limited (Formerly known as Shriram EPC Limited) (hereinafter referred to as "the Holding Company").

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Holding Company's internal financial controls with reference to financial statements as at March 31, 2022:

- a) Provisioning of contract assets which is outstanding for a substantial period of time, which could potentially result in the Company not recognizing a provision for the said assets.
- b) Assessment of future taxable profits which could result in recognition of excess deferred tax asset which the Company may not be able to utilize.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to financial statements, 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, and to the best of our information and according to the explanations given to us, the Holding Company, have in all material respects, maintained adequate internal financial controls with reference to financial statements as of March 31, 2022, based on the internal control with reference to financial statements criteria established by respective companies 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") except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the internal financial controls with reference to financial

statements of the Holding Company were operating effectively as of March 31, 2022.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2022 consolidated financial statements of the Company, and these material weaknesses do not affect our opinion on the consolidated financial statements of the Company.

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

The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. 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 Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding company 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 ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements of the Holding Company.

#### **Meaning of Internal Financial Controls With reference to Financial Statements**

A Company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 With reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For MSKA & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No.105047W

**Geetha Jeyakumar**  
Partner

Place: Chennai  
Date: June 24, 2022

Membership No. : 029409  
UDIN: 22029409ALPFGC2451



# Consolidated Balance Sheet as at March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars                        | Notes | As at March 31, 2022 | As at March 31, 2021 |
|------------------------------------|-------|----------------------|----------------------|
| <b>ASSETS</b>                      |       |                      |                      |
| <b>Non-current assets</b>          |       |                      |                      |
| Property, plant and equipment      | 6A    | 3,842.03             | 4,476.34             |
| Right of Use Assets                | 6B    | 233.09               | -                    |
| Intangible assets                  | 7     | 32.00                | 36.04                |
| Contract assets                    | 8     | 3,956.02             | 3,956.02             |
| <b>Financial assets</b>            |       |                      |                      |
| Investments                        | 9     | 52.72                | 79.84                |
| Loans                              | 10    | 8,131.35             | 10,913.30            |
| Trade Receivables                  | 11    | 18,768.50            | 21,015.14            |
| Other Financial Assets             | 12    | 1,091.57             | 1,186.06             |
| Deferred Tax Assets (Net)          | 13    | 43,345.50            | 47,623.70            |
| Income Tax Assets (Net)            | 14    | 1,412.42             | 3,327.56             |
| <b>Total Non-Current Assets</b>    |       | <b>80,865.20</b>     | <b>92,614.00</b>     |
| <b>Current assets</b>              |       |                      |                      |
| Inventories                        | 15    | -                    | 248.20               |
| Contract Assets                    | 16    | 79,708.74            | 82,683.76            |
| <b>Financial assets</b>            |       |                      |                      |
| Trade receivables                  | 17    | 37,250.48            | 40,207.54            |
| Cash and cash equivalents          | 18    | 582.67               | 840.86               |
| Other bank balances                | 19    | 2,387.49             | 2,866.88             |
| Other Financial Assets             | 20    | 879.25               | 844.27               |
| Other Current assets               | 21    | 20,052.12            | 20,727.54            |
| Assets classified as held for sale | 22    | 596.06               | 596.06               |
| <b>Total Current Assets</b>        |       | <b>1,41,456.81</b>   | <b>1,49,015.11</b>   |
| <b>Total Assets</b>                |       | <b>2,22,322.01</b>   | <b>2,41,629.11</b>   |
| <b>EQUITY AND LIABILITIES</b>      |       |                      |                      |
| <b>Equity</b>                      |       |                      |                      |
| Equity share capital               | 23    | 97,152.90            | 97,152.90            |
| Other equity                       | 24    | (23,352.89)          | 3,215.18             |
| Minority Interest                  | 29    | 146.61               | 142.73               |
| <b>Total Equity</b>                |       | <b>73,946.62</b>     | <b>1,00,510.81</b>   |



| Particulars   | Notes | As at March 31, 2022 | As at March 31, 2021 |
|---|-------|----------------------|----------------------|
| <b>Liabilities</b>  |       |                      |                      |
| <b>Non-Current Liabilities</b>  |       |                      |                      |
| <b>Financial liabilities</b>  |       |                      |                      |
| Lease Liabilities   | 6B    | 201.93               | -                    |
| Borrowings  | 25    | 15,364.47            | 20,072.84            |
| Other financial liabilities   | 26    | 4,465.38             | 4,363.37             |
| Provisions  | 27    | 540.50               | 559.51               |
| Contract Liabilities  | 28    | 2,202.91             | 4,882.17             |
| <b>Total Non-Current Liabilities</b>  |       | <b>22,775.19</b>     | <b>29,877.89</b>     |
| <b>Current liabilities</b>  |       |                      |                      |
| <b>Financial liabilities</b>  |       |                      |                      |
| Lease Liabilities   | 6B    | 36.60                | -                    |
| Borrowings  | 29    | 82,462.97            | 63,515.81            |
| Trade payables  |       |                      |                      |
| a) Total outstanding dues of micro enterprises and small enterprises                      |       |                      |                      |
| b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 30    | 33,968.22            | 34,002.60            |
| Other financial liabilities   | 31    | 1,875.25             | 1,663.25             |
| Other current liabilities   | 32    | 689.94               | 3,447.20             |
| Contract Liabilities  | 33    | 5,934.03             | 8,076.25             |
| Provisions  | 34    | 633.19               | 535.30               |
| <b>Total Current Liabilities</b>  |       | <b>1,25,600.20</b>   | <b>1,11,240.41</b>   |
| <b>Total Liabilities</b>  |       | <b>1,48,375.39</b>   | <b>1,41,118.30</b>   |
| <b>Total Equity and Liabilities</b>   |       | <b>2,22,322.01</b>   | <b>2,41,629.11</b>   |
| Summary of significant accounting policies  | 2     |                      |                      |

As per our report of even date  
**For MSKA & Associates**  
**Chartered Accountants**  
 Firm Registration No.:105047W

**For and on behalf of the Board of Directors**  
**SEPC Limited (Formerly Known as Shriram EPC Limited)**  
 CIN: L74210TN2000PLC045167

**Geetha Jeyakumar**  
 Partner  
 Membership No : 029409

**T. Shivaraman**  
 Managing Director & CEO  
 DIN: 01312018

**Chandra Ramesh**  
 Director  
 DIN: 00938694

Place: Chennai  
 Date: June 24, 2022

**T. Sriraman**  
 Company Secretary

**R S Chandrasekharan**  
 Chief Financial Officer



# Consolidated Statement of Profit and Loss for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars   | Notes | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|-------|-----------------------------------|-----------------------------------|
| <b>Income</b>   |       |                                   |                                   |
| Revenue from operations   | 35    | 32,945.65                         | 58,278.52                         |
| Other income  | 36    | 1,113.42                          | 2,334.79                          |
| <b>Total income</b>   |       | <b>34,059.07</b>                  | <b>60,613.31</b>                  |
| <b>Expenses</b>   |       |                                   |                                   |
| Erection, Construction & Operation Expenses                                   | 37    | 29,002.23                         | 55,671.74                         |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 38    | 248.20                            | 76.66                             |
| Employee benefits expense   | 39    | 3,699.44                          | 3,808.41                          |
| Finance costs   | 40    | 11,568.38                         | 10,658.93                         |
| Depreciation and amortization expense   | 41    | 582.66                            | 556.04                            |
| Other expenses  | 42    | 4,689.27                          | 6,517.58                          |
| <b>Total expenses</b>   |       | <b>49,790.18</b>                  | <b>77,289.36</b>                  |
| <b>Loss before exceptional items and tax</b>                                  |       | <b>(15,731.11)</b>                | <b>(16,676.05)</b>                |
| Exceptional items   | 43    | (6,361.26)                        | (1,149.11)                        |
| <b>Loss before tax</b>  |       | <b>(22,092.37)</b>                | <b>(17,825.16)</b>                |
| <b>Income tax expense</b>   |       |                                   |                                   |
| Income tax expense  | 44    |                                   |                                   |
| Current tax   |       | -                                 | 122.17                            |
| Deferred tax  |       | 4,278.00                          | -                                 |
| <b>Total income tax expense</b>   |       | <b>4,278.00</b>                   | <b>122.17</b>                     |

# Consolidated Statement of Profit and Loss for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars   | Notes     | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|-----------|-----------------------------------|-----------------------------------|
| <b>Profit/(Loss) for the year</b>   |           | <b>(26,370.37)</b>                | <b>(17,947.33)</b>                |
| <b>Other Comprehensive Income</b>   |           |                                   |                                   |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods |           |                                   |                                   |
| Re-measurement gains on defined benefit plans (Net of Taxes)                              |           | 15.61                             | 17.10                             |
| Fair Value of Equity Instruments through OCI (Net of Taxes)                               |           | 39.01                             | 2.51                              |
| <b>Other Comprehensive Income for the year</b>  |           | <b>54.62</b>                      | <b>19.61</b>                      |
| <b>Total Comprehensive Income/(Loss) for the year</b>                                     |           | <b>(26,315.75)</b>                | <b>(17,927.72)</b>                |
| <b>Earnings / (Loss) per share</b>  | <b>45</b> |                                   |                                   |
| Basic earnings /(loss) per share (₹)  |           | (2.71)                            | (1.85)                            |
| Diluted earnings /(loss) per share (₹)  |           | (2.71)                            | (1.85)                            |
| Face value per equity share (₹)   |           | 10.00                             | 10.00                             |

The accompanying notes are an integral part of the financial statements

As per our report of even date  
**For MSKA & Associates**  
**Chartered Accountants**  
Firm Registration No.:105047W

**For and on behalf of the Board of Directors**  
**SEPC Limited (Formerly Known as Shriram EPC Limited)**  
CIN: L74210TN2000PLC045167

**Geetha Jeyakumar**  
Partner  
Membership No : 029409

**T. Shivaraman**  
Managing Director & CEO  
DIN: 01312018

**Chandra Ramesh**  
Director  
DIN: 00938694

Place: Chennai  
Date: June 24, 2022

**T. Sriraman**  
Company Secretary

**R S Chandrasekharan**  
Chief Financial Officer



# Consolidated Statement of changes in equity for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| (A) Equity share capital                                       | As at 31-03-2022 |           | As at 31-03-2021 |           |
|--|------------------|-----------|------------------|-----------|
|  | No. of shares    | Amount    | No. of shares    | Amount    |
| Equity shares of Rs. 10 each issued, subscribed and fully paid |                  |           |                  |           |
| Outstanding at the Beginning of the year                       | 97,15,29,018     | 97,152.90 | 97,15,29,018     | 97,152.90 |
| Add: Shares issued during the year                             | -                | -         | -                | -         |
| Outstanding at the End of the year                             | 97,15,29,018     | 97,152.90 | 97,15,29,018     | 97,152.90 |

## (B) Other equity

| Particulars                                 | Reserve and surplus        |                 |                 |                   |                                    |   |                          | Components of Other Comprehensive Income                             |   | Total       |
|---|----------------------------|-----------------|-----------------|-------------------|------------------------------------|---|--------------------------|--|---|-------------|
|   | Securities premium account | General reserve | Capital reserve | Retained earnings | Share of reserve from an associate | Foreign Currency Monetary item Translation diff account | Non Controlling Interest | Re-measurement gains/ (losses) on defined benefit plans (Net of Tax) | Equity instruments through Other Comprehensive Income |             |
| Balance as at 1 April 2021                  | 1,91,225.43                | 561.93          | 12.92           | (1,93,436.12)     | 4,700.99                           | 32.46   | 142.73                   | 148.07   | (30.50)   | 3,357.91    |
| Loss for the year                           | -                          | -               | -               | (26,370.37)       | -                                  | (252.32)  | 3.88                     | -  | -   | (26,618.82) |
| Transfer                                    | -                          | -               | -               | 4,700.99          | (4,700.99)                         | -   | -                        | -  | -   | -           |
| Other comprehensive income                  | -                          | -               | -               | -                 | -                                  | -   | -                        | 15.61  | 39.01   | 54.62       |
| Total other comprehensive loss for the year | 1,91,225.43                | 561.93          | 12.92           | (2,15,105.50)     | -                                  | (219.86)  | 146.61                   | 163.68   | 8.51  | (23,206.28) |
| Issue of Equity shares                      | -                          | -               | -               | -                 | -                                  | -   | -                        | -  | -   | -           |
| Balance as at 31 March 2022                 | 1,91,225.43                | 561.93          | 12.92           | (2,15,105.50)     | -                                  | (219.86)  | 146.61                   | 163.68   | 8.51  | (23,206.28) |

The accompanying notes are an integral part of the financial statements

As per our report of even date  
**For MSKA & Associates**  
**Chartered Accountants**  
 Firm Registration No.:105047W

**For and on behalf of the Board of Directors**  
**SEPC Limited (Formerly Known as Shriram EPC Limited)**  
 CIN: L74210TN2000PLC045167

**Geetha Jeyakumar**  
 Partner  
 Membership No : 029409

**T. Shivaraman**  
 Managing Director & CEO  
 DIN: 01312018

**Chandra Ramesh**  
 Director  
 DIN: 00938694

Place: Chennai  
 Date: June 24, 2022

**T. Sriraman**  
 Company Secretary

**R S Chandrasekharan**  
 Chief Financial Officer

# Consolidated Statement of Cash Flows for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars  | Year ended<br>2021-22 | Year ended<br>2020-21 |
|--|-----------------------|-----------------------|
| <b>Cash flow from operating activities</b>                   |                       |                       |
| Loss before tax  | (22,092.36)           | (17,825.14)           |
| Adjustments for:   |                       |                       |
| Depreciation and amortization expenses                       | 582.66                | 556.04                |
| Provision for Gratuity                                       | 124.63                | 122.92                |
| Provision for Compensated Absences                           | 150.81                | (52.39)               |
| Provision for doubtful receivables                           | 1,831.49              | 2,036.42              |
| Bad debts written-off  | 103.35                | -                     |
| Finance cost   | 12,534.31             | 12,648.14             |
| Interest income  | (1,074.50)            | (1,852.03)            |
| Liabilities written back                                     | (38.92)               | (476.04)              |
| Loss / (Gain) on sale of fixed assets                        | 99.18                 | 1.78                  |
| Impairment loss allowance on contract assets and receivables | 6,361.26              | 1,149.11              |
| <b>Operating Loss before working capital changes</b>         | <b>(1,418.09)</b>     | <b>(3,691.19)</b>     |
| <b>Changes in working capital</b>                            |                       |                       |
| Increase / (Decrease) in trade payables                      | 4.54                  | (8,142.43)            |
| Decrease in inventories                                      | 248.20                | 76.66                 |
| Decrease in trade receivables                                | 3,237.95              | 9,938.57              |
| Decrease in loans and advances                               | 2,781.95              | 1,387.73              |
| Increase / (Decrease) in other current liabilities           | (2,757.25)            | 1,364.60              |
| Decrease in contract liabilities                             | (4,821.51)            | -                     |
| Decrease in other non current liabilities                    | -                     | (7,653.15)            |
| Increase in Short Term provisions                            | (52.91)               | 29.16                 |
| Decrease in Long Term provisions                             | (169.82)              | (176.61)              |
| Increase in other financial liabilities                      | 314.00                | 818.11                |
| Decrease in other financial assets                           | 59.53                 | 2,124.19              |
| (Increase) / Decrease in other current assets                | 675.43                | (761.74)              |
| Increase in Contract Assets                                  | (3,386.25)            | -                     |
| Decrease in assets held for sale                             | -                     | 107.29                |
| <b>Cash used in operations</b>                               | <b>(5,284.24)</b>     | <b>(4,578.81)</b>     |
| Income tax paid  | (1,915.15)            | (410.38)              |
| <b>Net cash used in operating activities (A)</b>             | <b>(7,199.39)</b>     | <b>(4,989.19)</b>     |



# Consolidated Statement of Cash Flows for the year ended March 31, 2022

| Particulars   | Year ended<br>2021-22 | Year ended<br>2020-21 |
|---|-----------------------|-----------------------|
| <b>Cash flow from Investing activities</b>                                  |                       |                       |
| Payment for property, plant and equipment and intangible assets             | (1.10)                | (631.53)              |
| Movement in Bank balances not considered as Cash and cash equivalents (Net) | (479.39)              | 2,018.52              |
| Proceeds from sale/ disposal of fixed assets                                | 4.49                  | 601.99                |
| Interest received   | 578.52                | 119.66                |
| <b>Net cash flow from investing activities (B)</b>                          | <b>102.52</b>         | <b>2,108.64</b>       |
| <b>Cash flow from Financing activities</b>                                  |                       |                       |
| Proceeds / (Repayment) of Short term borrowings (net)                       | 6,875.28              | 13,629.85             |
| Repayment of Long term borrowings   | -                     | (549.86)              |
| Interest and Finance Charges Paid   | -                     | (10,564.13)           |
| Repayment of finance lease obligation                                       | (36.60)               | -                     |
| <b>Net cash flow from financing activities (C)</b>                          | <b>6,838.68</b>       | <b>2,515.86</b>       |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>                    | <b>258.19</b>         | <b>(364.69)</b>       |
| Cash and cash equivalents at the beginning of the year                      | 840.86                | 1,205.55              |
| Cash and cash equivalents at the end of the year                            | <b>582.67</b>         | <b>840.86</b>         |
| <b>Cash and cash equivalents comprise</b>                                   |                       |                       |
| Cash and cash equivalents as per Balance Sheet                              | 2,970.16              | 3,707.74              |
| Less: Other bank balances disclosed separately under note 19                | (2,387.49)            | (2,866.88)            |
|   | <b>582.67</b>         | <b>840.86</b>         |
| Summary of significant accounting policies                                  | 2                     |                       |
| The accompanying notes are an integral part of the financial statements.    |                       |                       |

As per our report of even date  
**For MSKA & Associates**  
**Chartered Accountants**  
Firm Registration No.:105047W

**Geetha Jeyakumar**  
Partner  
Membership No : 029409

Place: Chennai  
Date: June 24, 2022

**T. Shivaraman**  
Managing Director & CEO  
DIN: 01312018

**T. Sriraman**  
Company Secretary

**For and on behalf of the Board of Directors**  
**SEPC Limited (Formerly Known as Shriram EPC Limited)**  
CIN: L74210TN2000PLC045167

**Chandra Ramesh**  
Director  
DIN: 00938694

**R S Chandrasekharan**  
Chief Financial Officer

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

## 1 General Information

Shriram EPC Limited (the “Company” or “SEPC”) which is a part of the Shriram EPC Group has diverse interests across Project Engineering & Construction. The 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.

The Company along with the Joint operators enters into contracts with the customers for execution of the projects. The Company’s share as per such contracts is listed below. However, the Company as a Joint operator, recognises assets, liabilities, income and expenditure

held/incurred jointly with other partners in proportion to its interest in such joint arrangements in compliance with applicable accounting standards taking into account the related rights and obligations applicable in the respective jointly controlled operations.

| Joint operators                                | % of SEPC's Share |
|--|-------------------|
| Larsen & Toubro limited shriram EPC JV         | 10%               |
| Shriram EPC Eurotech Environment Pvt Ltd - JV* | 100%              |
| SEPC DRS ITPL JV*                              | 100%              |
| Mokul Shriram EPC JV*                          | 50%               |

\*Unincorporated Joint Ventures

| Subsidiary Company which are consolidated |                          |                          | % of Holding and voting power |                |
|---|--------------------------|--------------------------|-------------------------------|----------------|
| Name of entity                            | Relationship             | Country of incorporation | March 31, 2022                | March 31, 2021 |
| Shriram EPC (FZE)                         | Subsidiary               | United Arab Emirates     | 100%                          | 100%           |
| Shriram EPC Arkan LLC                     | Subsidiary of Subsidiary | Muscat, Oman             | 70%                           | 70%            |

## 2 Significant accounting policies

Significant accounting policies adopted by the company are as under:

### 2.1 Basis of Preparation of Financial Statements

The financial statements have been prepared using significant accounting policies and measurement basis summarised below. These were used throughout all periods presented in the financial statements.

#### (a) Statement of Compliance with Ind AS

The Company’s financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. These financial statements have been approved for issue by the Board of Directors at its meeting held on June 24, 2022.

#### (b) Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, except certain financial assets and liabilities measured at fair value (Refer Accounting Policy No. 2.15 on financial instruments).

All assets and liabilities have been classified as current or non-current as per the Company’s operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The normal operating cycle of the entity for Construction contracts is the duration of 2 to 3 years depending on each contract.

#### (c) Presentation of financial statements

#### (d) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for expected credit loss, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, fair value measurement, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known. Refer Note 3 for detailed discussion on estimates and judgements.

## (e) Interests in Joint Operations

When the Company has joint control of the arrangement based on contractually determined right to the assets and obligations for liabilities, it recognises such interests as joint operations. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. In respect of its interests in joint operations, the Company recognises its share in assets, liabilities, income and expenses line-by-line in the standalone financial statements of the entity which is party to such joint arrangement which then becomes part of the consolidated financial statements of the Group when the financial statements of the Holding Company and its subsidiaries are combined for consolidation.

## 2.2 Property, plant and equipment (PPE)

Property, plant and equipment is recognised when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. PPE are stated at original cost net of taxes/duty credits availed, if any less accumulated depreciation and cumulative impairment, if any. PPE acquired on hire purchase basis are recognised at their cash values. Cost includes professional fees related to the acquisition of PPE and for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured

reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

## Depreciation methods, estimate useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

| Property, plant and equipment                | Useful Life                                      |
|--|--|
| Leasehold improvement*                       | Lease period or life of asset whichever is lower |
| Plant & Machinery                            | 2 to 4 years                                     |
| Furniture and fixtures                       | 10 years   |
| Office equipment                             | 5 years  |
| Computers                                    |  |
| - Servers                                    | 6 years  |
| - End user devices such as laptops, desktops | 3 years  |

\* Leasehold improvements are amortized over the lease period, which corresponds with the useful lives of the assets.

Based on the technical experts assessment of useful life, certain items of property plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013. Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate. Freehold land is not depreciated.

## 2.3 Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost, net of tax/duty credits availed, if any less accumulated amortization and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to the acquisition of intangible assets are allocated and capitalized as part of cost of the intangible asset.

The Company amortized intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

| Intangible assets  |               |
|--------------------|---------------|
| Technical know how | 5 to 10 years |
| Computer Software  | 5 years       |

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and Intangible Assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE and Intangible Assets are tested for impairment, so as to determine the impairment loss, if any. Goodwill and Intangible Assets with indefinite life are tested for impairment each year.

## 2.4 Foreign Currency Transactions

### (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

### (b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount

the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated."

## 2.5 Fair value measurement

The Company maintains accounts on accrual basis following the historical cost convention, except for certain financial instruments that are measured at fair value in accordance with Ind AS and certain items of property, plant and equipment that were revalued in earlier years in accordance with the I-GAAP principles. The carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company."

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The Company's management determines the policies and procedures for fair value measurement.

Fair value measurements under Ind AS are categorised as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- ▶ Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date;



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

- ▶ Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- ▶ Level 3 inputs are unobservable inputs for the valuation of assets/liabilities

## 2.6 Revenue Recognition

A. The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price. Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit and Loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfil a contract are amortised over the period of execution of the contract in proportion to the progress measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation. Significant judgements are used in:

1. Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

2. Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

B. Revenue from construction contracts/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:

Fixed price contracts: Contract revenue is recognised only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably subject to condition that it is probable the such cost will be recoverable. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to date, to the total estimated contracts cost.

The estimated outcome of a contract is considered reliable when all the following conditions are satisfied:

- (i) The amount of revenue can be measured reliably;
- (ii) It is probable that the economic benefits associated with the contract will flow to the company;
- (iii) The stage of completion of the contract at the end of the reporting period can be measured reliably; and
- (iv) The costs incurred or to be incurred in respect of the contract can be measured reliably.

Expected loss, if any, on a contract is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognised profits (or recognised losses, as the case may be), the surplus is shown as the amount due to customers. Amounts received before the related work is performed are disclosed in the Balance sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance sheet as trade receivables. The amount of retention money due from customers within the next twelve months are classified under other current assets as Trade Receivable.

Revenue from contracts from rendering engineering design services and other services which are directly related to construction of an asset is recognised on the same basis as stated in (B) above.

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

## **Other Operational Revenue**

Other Operational Revenue represents income earned from activities incidental to the business and is recognized when the right to receive income is established as per the terms of contract.

## **Other Income**

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

Dividend income is accounted in the period in which the right to receive the same is established.

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

## **2.7 Taxes**

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

### **(a) Current income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company has not opted to exercise the option under section 115BAA of the income tax 1961, as introduced by the taxation laws (Amendment) ordinance, 2019 and decided to continue with the existing rate of tax for the purpose of deferred tax computation.

### **(b) Deferred tax**

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been

enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## **2.8 Leases**

The Indian accounting standard on lease (Ind AS 116) requires entity to determine whether a contract is or contains a lease at inception of the contract.

Ind AS 116 requires lessee to recognise a liability to make lease payments and an asset representing the right-of-use asset during the lease term for all leases except for short term leases and leases of low-value assets, if they choose to apply such exemptions

Payments associated with short-term leases and low value assets are recognized as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

At the commencement date, Company recognise a right-of-use asset measured at cost and a lease liability measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The cost of the right-of-use asset comprised of, the amount of the initial measurement of the lease liability, any lease payments made at or before the



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

commencement date, less any lease incentives received.

At the commencement date, the lease payments included in the measurement of the lease liability comprise (a) fixed payments less any lease incentives receivable; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (c) amounts expected to be payable by the lessee under residual value guarantees; (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Depreciation on Right-of-use asset is recognised in statement of profit and Loss on a straight line basis over the period of lease and the Company separately recognises interest on lease liability as a component of finance cost in statement of profit and Loss.

## 2.9 Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the company is treated as an exceptional item and the same is disclosed in the notes to accounts.

## 2.10 Impairment of non-financial assets

The Company assesses at each year end whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate

that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash in flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

## 2.11 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date. Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

## 2.12 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- a) estimated amount of contracts remaining to be executed on capital account and not provided for;
- b) uncalled liability on shares and other investments partly paid;
- c) funding related commitment to subsidiary, associate and joint venture companies; and
- d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

## 2.13 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand, cheques in transit and demand deposits with banks. For the purposes of the cash flow statement, Cash and 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.

## 2.14 Statement of Cash Flows:

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profit for the effects of :

- i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and
- iii. all other items for which the cash effects are investing or financing cash flows.

## 2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### (a) Financial assets

#### (i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

#### (ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or

- c) at fair value through profit or loss. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

The Company has currently exercised the irrevocable option to present in Other Comprehensive Income, subsequent changes in the Fair value of Equity Instruments. Such an election has been made on instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

#### (iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet, ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

#### **(iv) Derecognition of financial assets**

A financial asset is derecognized only when

- a) the rights to receive cash flows from the financial asset is transferred or
- b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

#### **(b) Financial liabilities**

##### **(i) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

##### **(ii) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

###### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

###### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

##### **(iii) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

##### **(d) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## **2.16 Employee Benefits**

### **(a) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### **(b) Other long-term employee benefit obligations**

#### **(i) Defined contribution plan**

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

#### **(ii) Defined benefit plans**

Gratuity: The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

Leaves under define benefit plans can be encashed only on discontinuation of service by employee.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

## **2.17 Contributed equity**

Equity shares are classified as equity share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **2.18 Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

effects of all dilutive potential equity shares.

## **2.19 Inventory- (Contract Work in progress)**

Contract Work in progress are valued at cost or net realisable value, whichever is lower. Cost comprises all direct development expenditure.

## **2.20 Non-Current Assets held for Sale**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

## **3 Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

## **4 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### **(a) Taxes**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable

profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### **(b) Defined benefit plans (gratuity benefits and leave encashment)**

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

### **(c) Construction Contracts**

Recognizing construction contract revenue requires significant judgement in determining actual work performed and the estimated costs to complete the work, provision for rectification costs, variation claims etc.

### **(d) Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carryforwards can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

### **(e) Going Concern**

The Company has incurred net loss of ₹ 26,370.37 Lakhs during the year ended March 31, 2022 and as of that date has accumulated losses aggregating



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

₹ 215,105.50 Lakhs which has resulted in substantial erosion of its net worth. The company is in default to its lenders and the lenders have categorised the Company's account as Non- Performing Asset and one of the financial creditor filed an NCLT case against the company. Resolution Plan submitted in accordance with the requirement set out in the circular issued by the Reserve Bank of India No RBI/20119/203DBR. No>BP.BC.45/21.04.048./2018-19 dated June 07, 2019 has been approved by the lenders with super majority on March 25, 2022. Subsequent to year end on June 22, 2022, the Company has entered into Master Restructuring Agreement (MRA) to give effect to the resolution plan. Based on the MRA all over dues are scheduled to be paid. With these positive developments by implementing the resolution plan, underlying strength of the Company's business plans and future growth outlook as assessed with existing order book, the credit profile of the Company, would improve resulting in it being able to meet its obligations in due course of time. Accordingly, these financial statement are prepared on a going concern basis.

## **5 Standards (including amendments) issued but not yet effective**

### **Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards)

Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 6A Property, plant and equipment - Current Year

| Block of Assets                                    | Gross block              |                           |                            |                           | Depreciation             |                 |                            |                           | Net block                 |                           |
|--|--------------------------|---------------------------|----------------------------|---------------------------|--------------------------|-----------------|----------------------------|---------------------------|---------------------------|---------------------------|
|  | As at<br>1 April<br>2021 | Additions/<br>Adjustments | Deductions/<br>Adjustments | As at<br>31 March<br>2022 | As at<br>1 April<br>2021 | For the<br>year | Deductions/<br>Adjustments | As at<br>31 March<br>2022 | As at<br>31 March<br>2022 | As at<br>31 March<br>2021 |
| Owned assets                                       |                          |                           |                            |                           |                          |                 |                            |                           |                           |                           |
| Freehold land                                      | 241.50                   | -                         | -                          | 241.50                    | -                        | -               | -                          | -                         | 241.50                    | 241.50                    |
| Leasehold Improvements                             | 350.15                   | -                         | -                          | 350.15                    | 190.01                   | 7.28            | -                          | 197.29                    | 152.86                    | 160.14                    |
| Buildings  | 147.76                   | -                         | 0.90                       | 146.86                    | 28.48                    | 44.70           | 2.57                       | 70.61                     | 76.25                     | 119.28                    |
| Plant and Machinery -<br>(Refer to Note 6.1 below) | 5,836.45                 | -                         | 258.73                     | 5,577.72                  | 1,998.08                 | 461.23          | 175.32                     | 2,283.98                  | 3,293.74                  | 3,838.37                  |
| Furniture and Fixtures                             | 90.92                    | -                         | 22.89                      | 68.03                     | 43.85                    | 9.38            | 2.21                       | 51.02                     | 16.99                     | 47.07                     |
| Office Equipment                                   | 13.17                    | -                         | 1.00                       | 12.17                     | 11.71                    | 2.25            | 2.63                       | 11.33                     | 0.84                      | 1.46                      |
| Computers  | 177.37                   | 14.97                     | 101.41                     | 90.93                     | 127.14                   | 18.36           | 99.71                      | 45.79                     | 45.14                     | 50.23                     |
| Vehicle  | 51.75                    | -                         | -                          | 51.75                     | 33.45                    | 5.67            | 2.07                       | 37.05                     | 14.70                     | 18.30                     |
| <b>Total</b>                                       | <b>6,909.06</b>          | <b>14.97</b>              | <b>384.93</b>              | <b>6,539.11</b>           | <b>2,432.72</b>          | <b>548.87</b>   | <b>284.59</b>              | <b>2,696.99</b>           | <b>3,842.03</b>           | <b>4,476.34</b>           |

## Property, plant and equipment - Previous Year

| Block of Assets                                    | Gross block              |                           |                            |                         | Depreciation             |                 |                            |                         | Net block               |                           |
|--|--------------------------|---------------------------|----------------------------|-------------------------|--------------------------|-----------------|----------------------------|-------------------------|-------------------------|---------------------------|
|  | As at<br>1 April<br>2020 | Additions/<br>Adjustments | Deductions/<br>Adjustments | As at<br>31 Mar<br>2021 | As at<br>1 April<br>2020 | For the<br>year | Deductions/<br>Adjustments | As at<br>31 Mar<br>2021 | As at<br>31 Mar<br>2021 | As at<br>31 March<br>2020 |
| Owned assets                                       |                          |                           |                            |                         |                          |                 |                            |                         |                         |                           |
| Freehold land                                      | 241.50                   |                           |                            | 241.50                  | -                        |                 |                            | -                       | 241.50                  | 241.50                    |
| Leasehold Improvements                             | 350.15                   |                           |                            | 350.15                  | 190.01                   | -               |                            | 190.01                  | 160.14                  | 160.14                    |
| Buildings  | 148.70                   |                           | 0.94                       | 147.76                  | 22.11                    | 7.03            | 0.66                       | 28.48                   | 119.28                  | 126.59                    |
| Plant and Machinery -<br>(Refer to Note 6.1 below) | 6,030.91                 | 601.82                    | 796.28                     | 5,836.45                | 1,688.02                 | 498.18          | 188.12                     | 1,998.08                | 3,838.37                | 4,342.89                  |
| Furniture and Fixtures                             | 98.62                    |                           | 7.70                       | 90.92                   | 34.12                    | 11.46           | 1.73                       | 43.85                   | 47.07                   | 64.50                     |
| Office Equipment                                   | 27.04                    | 0.37                      | 14.24                      | 13.17                   | 24.83                    | 1.09            | 14.21                      | 11.71                   | 1.46                    | 2.21                      |
| Computers  | 148.86                   | 28.51                     |                            | 177.37                  | 103.74                   | 23.40           |                            | 127.14                  | 50.22                   | 45.12                     |
| Vehicle  | 53.20                    | 0.83                      | 2.28                       | 51.75                   | 24.89                    | 10.84           | 2.28                       | 33.45                   | 18.30                   | 28.31                     |
| <b>Total</b>                                       | <b>7,098.98</b>          | <b>631.53</b>             | <b>821.43</b>              | <b>6,909.06</b>         | <b>2,087.72</b>          | <b>552.00</b>   | <b>207.00</b>              | <b>2,432.72</b>         | <b>4,476.34</b>         | <b>5,011.26</b>           |

## 6B The details of the right-of-use asset held by the Company is as follows:

| Particulars                 | Building | Total   |
|-----------------------------|----------|---------|
| Balance as at 1 April 2020  | -        | -       |
| Additions                   | -        | -       |
| Deletion                    | -        | -       |
| Depreciation                | -        | -       |
| Balance as at 31 March 2021 | -        | -       |
| Additions                   | 262.85   | 262.85  |
| Deletion                    | -        | -       |
| Depreciation                | (29.76)  | (29.76) |
| Balance as at 31 March 2022 | 233.09   | 233.09  |

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| Particulars                 | Building | Total   |
|-----------------------------|----------|---------|
| Balance as at 1 April 2020  | -        | -       |
| Additions                   | -        | -       |
| Interest expense            | -        | -       |
| Lease Payments              | -        | -       |
| Balance as at 31 March 2021 | -        | -       |
| Additions                   | 252.00   | 252.00  |
| Interest expense            | 23.13    | 23.13   |
| Lease Payments              | (36.60)  | (36.60) |
| Balance as at 31 March 2022 | 238.53   | 238.53  |

Break-up of current and non-current lease liabilities

| Particulars                   | 31st March 2022 | 31st March 2021 |
|-------------------------------|-----------------|-----------------|
| Current Lease Liabilities     | 36.60           | -               |
| Non-current Lease Liabilities | 201.93          | -               |

## 7 Intangible assets - Current Year

| Block of Assets   | Gross block        |                        |                         |                     | Depreciation       |              |                         |                     | Net block           |                     |
|-------------------|--------------------|------------------------|-------------------------|---------------------|--------------------|--------------|-------------------------|---------------------|---------------------|---------------------|
|                   | As at 1 April 2021 | Additions/ Adjustments | Deductions/ Adjustments | As at 31 March 2022 | As at 1 April 2021 | For the year | Deductions/ Adjustments | As at 31 March 2022 | As at 31 March 2022 | As at 31 March 2021 |
| Computer Software | 43.12              | -                      | -                       | 43.12               | 21.54              | -            | -                       | 21.54               | 21.58               | 21.58               |
| Technical Knowhow | 54.22              | -                      | -                       | 54.22               | 39.76              | 4.04         | -                       | 43.80               | 10.42               | 14.46               |
| Total             | 97.34              | -                      | -                       | 97.34               | 61.30              | 4.04         | -                       | 65.34               | 32.00               | 36.04               |

## Intangible assets - Previous Year

| Block of Assets   | Gross block        |                        |                         |                   | Depreciation       |              |                         |                   | Net block         |                     |
|-------------------|--------------------|------------------------|-------------------------|-------------------|--------------------|--------------|-------------------------|-------------------|-------------------|---------------------|
|                   | As at 1 April 2020 | Additions/ Adjustments | Deductions/ Adjustments | As at 31 Mar 2021 | As at 1 April 2020 | For the year | Deductions/ Adjustments | As at 31 Mar 2021 | As at 31 Mar 2021 | As at 31 March 2020 |
| Computer Software | 43.12              | -                      | -                       | 43.12             | 19.75              | 1.79         | -                       | 21.54             | 21.58             | 23.37               |
| Technical Knowhow | 54.22              | -                      | -                       | 54.22             | 37.51              | 2.25         | -                       | 39.76             | 14.46             | 16.71               |
| Total             | 97.34              | -                      | -                       | 97.34             | 57.26              | 4.04         | -                       | 61.30             | 36.04             | 40.08               |

## 8 Contract Assets

|  | As at 31 Mar 2022 | As at 31 Mar 2021 |
|--|-------------------|-------------------|
| Contract Assets (Refer Note 8.1)         | 4,883.00          | 4,883.00          |
| Less: Allowance for expected credit loss | (926.98)          | (926.98)          |
| <b>Total</b>                             | <b>3,956.02</b>   | <b>3,956.02</b>   |

8.1 The Company entered into a contract in earlier years to construct Ammonia plant for Bharath Coal and Chemicals Limited (BCCL). The project is stalled due to delays in statutory approvals. The net exposure in this project recorded under Contract Assets is ₹ 3,956.02 Lakhs (March 31, 2021 - ₹ 3,956.02 Lakhs). Considering that BCCL is under liquidation and do not have any financial creditor, management is of the view that BCCL will be in a position to settle company's dues in full on realisation of asset.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>9 Financial Assets- Investments (Non Current)</b>  | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|---|--------------------------------|--------------------------------|
| <b><u>Investment in Others - Equity investments at fair value through other comprehensive income (FVOCI)</u></b>                                |                                |                                |
| <b><u>Quoted</u></b>  |                                |                                |
| 386,526 Equity Shares (Previous year: 386,526 Equity Shares) of ₹ 10/- each fully paid up in Orient Green Power Company Limited                 | 52.72                          | 13.71                          |
| <b><u>Unquoted</u></b>  |                                |                                |
| NIL Equity shares (Previous year: 661,300 Equity shares) of ₹ 10/- each fully paid in Hexa Wind Farm Private Limited (Refer Note-9.1 & 49)      | -                              | 66.13                          |
| 4,076,474 Equity shares (Previous year: 4,076,474 Equity Shares) of ₹ 10/- each fully paid up in Leitwind Shriram Manufacturing Private Limited | 407.56                         | 407.56                         |
| Less: Provision for Diminution in value of Investments  | (407.56)                       | (407.56)                       |
|   | <b>52.72</b>                   | <b>79.84</b>                   |
| <b>Total</b>  | <b>52.72</b>                   | <b>79.84</b>                   |
| <b>Aggregate book value of:</b>   |                                |                                |
| Quoted investments  | 52.72                          | 13.71                          |
| Unquoted investments  | -                              | 66.13                          |
| <b>Aggregate Market value of:</b>   |                                |                                |
| Quoted investments  | 52.72                          | 13.71                          |
| Unquoted investments  | -                              | 66.13                          |
| <b>Aggregate amount of impairment in value of Investments</b>   | <b>407.56</b>                  | <b>407.56</b>                  |

9.1 Based upon agreement with SVL Limited (Entity exercising significant influence over the Company) dt March 14, 2022, 661,300 Equity shares of Hexa Wind Farm Private Limited has been sold @ Rs.10 per share (Cost).

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>10 Non-Current Financial assets - Loans</b> | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| <u>Unsecured, considered good</u>              |                                |                                |
| -Considered Good                               | 18,402.42                      | 21,184.37                      |
| -Credit impaired                               | 306.10                         | 306.10                         |
| Less: Allowance for expected credit loss       | (306.10)                       | (306.10)                       |
|  | 18,402.42                      | 21,184.37                      |
| Less: Allowance for expected credit loss       | (10,271.07)                    | (10,271.07)                    |
| <b>Total</b>                                   | <b>8,131.35</b>                | <b>10,913.30</b>               |

## 10.1 Loans includes due from:

| <b>Particulars</b>   | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| i) Related Parties:  |                                |                                |
| Leitwind Shriram Manufacturing Private Limited (Net of provision of expected credit loss Rs. 9,141.70 lakhs - March 31, 2021 Rs 9,141.70 lakhs)<br>Refer (Note 10.2 and Note 49) | 477.77                         | 3,201.62                       |
| Bharath Wind Farm Pvt Ltd (Refer Note 49)  | -                              | 4.71                           |

**10.2** Financial Assets Loans (Non Current) include Rs. 477.77 Lakhs (March 31, 2021: Rs. 3,201.62 Lakhs) due from Leitwind Shriram Manufacturing Pvt Limited (LSML) (a related party). During the year loan amounting to Rs. 2,723.85 Lakhs has been taken over by SVL Limited (Entity exercising significant influence over the Company). Remaining loan amounting to Rs. 477.77 Lakhs has been taken over subsequent to the year end.

| <b>11 Non Current - Trade receivables</b> | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|---|--------------------------------|--------------------------------|
| Trade Receivables - Retention Money       |                                |                                |
| -Considered Good                          | 18,768.50                      | 21,015.14                      |
| -Credit impaired                          | 2,267.44                       | 1,219.69                       |
| Less: Allowance for expected credit loss  | (2,267.44)                     | (1,219.69)                     |
|   | <b>18,768.50</b>               | <b>21,015.14</b>               |
| Trade Receivables                         |                                |                                |
| -Considered Good                          |                                |                                |
| -Credit impaired                          | 301.79                         | 301.79                         |
| Less: Allowance for expected credit loss  | (301.79)                       | (301.79)                       |
|   | -                              | -                              |
| <b>Total</b>                              | <b>18,768.50</b>               | <b>21,015.14</b>               |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 11A Trade receivables ageing schedule

31-03-2022

| Particulars           | Outstanding for following periods from due date of payments |               |                    |            |           |                   |                   |
|-----------------------|---|---------------|--------------------|------------|-----------|-------------------|-------------------|
|                       | Not Due   | Upto 6 months | 6 months to 1 year | 1- 2 years | 2-3 years | More than 3 years | Total             |
| Undisputed            |   |               |                    |            |           |                   |                   |
| - Considered good     | 16,810.77   | -             | -                  | -          | -         | -                 | 16,810.77         |
| - Credit impaired     |   | -             | 283.83             | -          | -         | 1,294.49          | 1,578.32          |
|                       | <b>16,810.77</b>  | -             | <b>283.83</b>      | -          | -         | <b>1,294.49</b>   | <b>18,389.09</b>  |
| Less: Credit impaired |   |               |                    |            |           |                   | <b>(1,578.32)</b> |
| Sub total (a)         |   |               |                    |            |           |                   | <b>16,810.77</b>  |
| Disputed              |   |               |                    |            |           |                   |                   |
| - Considered good     | 1,957.73  | -             | -                  | -          | -         | -                 | 1,957.73          |
| - Credit impaired     |   | -             | -                  | -          | -         | 990.90            | 990.90            |
|                       | <b>1,957.73</b>   | -             | -                  | -          | -         | <b>990.90</b>     | <b>2,948.63</b>   |
| Less: Credit impaired |   |               |                    |            |           |                   | <b>(990.90)</b>   |
| Sub total (b)         |   |               |                    |            |           |                   | <b>1,957.73</b>   |
| <b>Total (a+b)</b>    |   |               |                    |            |           |                   | <b>18,768.50</b>  |

31-03-2021

| Particulars           | Outstanding for following periods from due date of payments |               |                    |            |           |                   |                   |
|-----------------------|---|---------------|--------------------|------------|-----------|-------------------|-------------------|
|                       | Not Due   | Upto 6 months | 6 months to 1 year | 1- 2 years | 2-3 years | More than 3 years | Total             |
| Undisputed            |   |               |                    |            |           |                   |                   |
| - Considered good     | 18,085.50   | -             | -                  | -          | -         | -                 | 18,085.50         |
| - Credit impaired     | -   | -             | -                  | -          | -         | 1,294.49          | 1,294.49          |
|                       | 18,085.50   | -             | -                  | -          | -         | 1,294.49          | 19,379.99         |
| Less: Credit impaired |   |               |                    |            |           |                   | <b>(1,294.47)</b> |
| Sub total (a)         |   |               |                    |            |           |                   | <b>18,085.52</b>  |
| Disputed              |   |               |                    |            |           |                   |                   |
| - Considered good     | 2,929.61  | -             | -                  | -          | -         | -                 | 2,929.61          |
| - Credit impaired     | -   | -             | -                  | -          | -         | 227.00            | 227.00            |
|                       | <b>2,929.61</b>   | -             | -                  | -          | -         | <b>227.00</b>     | <b>3,156.62</b>   |
| Less: Credit impaired |   |               |                    |            |           | 227.00            | <b>(227.00)</b>   |
| Sub total (b)         |   |               |                    |            |           |                   | <b>2,929.62</b>   |
| <b>Total (a+b)</b>    |   |               |                    |            |           |                   | <b>21,015.14</b>  |

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>12 Other non current financial assets</b>   | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| Deposits   |                                |                                |
| ---Considered Good   | 1,050.18                       | 1,186.06                       |
| ---Credit Impaired   | 132.86                         |                                |
| Less: Allowance for expected credit loss   | (132.86)                       | -                              |
| Deposit accounts with maturity for more than twelve months from the balance sheet date               | 41.38                          |                                |
|  | <b>1,091.57</b>                | <b>1,186.06</b>                |
| <b>13 Deferred Tax Assets (Net)</b>  | <b>As at<br/>31 Mar 2022</b>   | <b>As at<br/>31 Mar 2021</b>   |
| Deferred Tax Assets (Net) (Refer Note 44)  | 43,345.50                      | 47,623.70                      |
| <b>Total</b>   | <b>43,345.50</b>               | <b>47,623.70</b>               |
| <b>14 Income Tax Assets (Net)</b>  | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
| Advance Tax (Net of Provision for Tax (March 31,2022 ₹ 5,540.74 lakhs (March 2021 ₹ 5,540.74 lakhs)) | 1,412.42                       | 3,327.56                       |
| <b>Total</b>   | <b>1,412.42</b>                | <b>3,327.56</b>                |
| <b>15 Inventories</b>  | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
| Work in progress in stock (Valued at lower of cost and net realizable value)                         | -                              | 248.20                         |
| <b>Total</b>   | <b>-</b>                       | <b>248.20</b>                  |
| <b>16 Contract assets</b>  | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
| Contract Assets (Refer Note 16.1)  | 83,029.75                      | 83,594.71                      |
| Less: Provision for Expected Credit Loss   | (3,321.01)                     | (910.95)                       |
| <b>Total</b>   | <b>79,708.74</b>               | <b>82,683.76</b>               |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

**16.1** The above Contract Assets includes materials at project site amounting to Rs. 25,512.38 Lakhs (PY March 31, 2021: Rs. 27,817.86 Lakhs)

| <b>17 Trade receivables</b>              | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| Unsecured                                |                                |                                |
| -Considered Good                         | 29,567.80                      | 33,960.38                      |
| -Credit impaired                         | 9,075.87                       | 6,971.47                       |
| Less: Allowance for expected credit loss | (9,075.87)                     | (6,971.47)                     |
| Trade Receivable - Retention monies      | 7,682.68                       | 6,247.16                       |
| <b>Net</b>                               | <b>37,250.48</b>               | <b>40,207.54</b>               |

**17.1** The average credit period allowed to customers is between 30 days to 60 days. The credit period is considered from the date of Invoice. Further, a specified amount of bill is held back by the customer as retention money, which is payable as per the credit period, from the date such retention becomes due. The retention monies held by customers become payable on completion of a specified milestone or after the Defect Liability Period of the project, which is normally 1 year after the completion of the project, as per terms of respective contract. No Interest is payable by the customers for the delay in payments of the amounts over due. The Company evaluates, the financial health, market reputation, credit rating of the customer, before entering into the contract. The company's customers comprise of public sector undertakings as well as private entities.

**17.2** Trade receivable include due from related parties amounting to Rs.3,636.56 Lakhs (March 31, 2021- 6,608.11 Lakhs) (Refer Note 49 (C))

31-03-2022

| Particulars           | Outstanding for following periods from due date of payments |                 |                    |                  |                 |                   |                   |
|-----------------------|---|-----------------|--------------------|------------------|-----------------|-------------------|-------------------|
|                       | Not Due   | Upto 6 months   | 6 months to 1 year | 1- 2 years       | 2-3 years       | More than 3 years | Total             |
| Undisputed            |   |                 |                    |                  |                 |                   |                   |
| - Considered good     | 5,139.54  | 2,464.46        | 2,588.29           | 10,973.19        | 5,178.63        | 8,339.63          | <b>35,683.74</b>  |
| - Credit impaired     | -   | -               | 1,837.11           | -                | -               | 6,894.15          | <b>8,731.26</b>   |
|                       | <b>5,139.54</b>   | <b>2,464.46</b> | <b>4,425.40</b>    | <b>10,973.19</b> | <b>5,178.63</b> | <b>15,233.78</b>  | <b>43,415.00</b>  |
| Less: Credit impaired |   |                 |                    |                  |                 |                   | <b>(8,727.32)</b> |
| Sub total (a)         |   |                 |                    |                  |                 |                   | <b>34,683.74</b>  |
| Disputed              |   |                 |                    |                  |                 |                   |                   |
| - Considered good     | -   | 1,396.44        | -                  | 1,038.05         | -               | 132.26            | <b>2,566.75</b>   |
| - Credit impaired     | -   | 267.29          | -                  | -                | -               | 77.32             | <b>344.61</b>     |
|                       | -   | <b>1,663.73</b> | -                  | <b>1,038.05</b>  | -               | <b>209.58</b>     | <b>2,911.36</b>   |
| Less: Credit impaired |   |                 |                    |                  |                 |                   | <b>(344.61)</b>   |
| Sub total (b)         |   |                 |                    |                  |                 |                   | <b>2,566.75</b>   |
| <b>Total (a+b)</b>    |   |                 |                    |                  |                 |                   | <b>37,250.48</b>  |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

31-03-2021

| Particulars           | Outstanding for following periods from due date of payments |               |                    |                  |                 |                   |                   |
|-----------------------|---|---------------|--------------------|------------------|-----------------|-------------------|-------------------|
|                       | Not Due   | Upto 6 months | 6 months to 1 year | 1- 2 years       | 2-3 years       | More than 3 years | Total             |
| Undisputed            |   |               |                    |                  |                 |                   |                   |
| - Considered good     | 3,770.12  | 844.74        | 1,214.51           | 13,263.01        | 8,176.22        | 12,085.27         | <b>39,353.87</b>  |
| - Credit impaired     | -   | -             | -                  | -                | -               | 6,894.15          | <b>6,894.15</b>   |
|                       | <b>3,770.12</b>   | <b>844.74</b> | <b>1,214.51</b>    | <b>13,263.01</b> | <b>8,176.22</b> | <b>18,979.42</b>  | <b>46,248.02</b>  |
| Less: Credit impaired |   |               |                    |                  |                 |                   | <b>(6,894.15)</b> |
| Sub total (a)         |   |               |                    |                  |                 |                   | <b>39,353.87</b>  |
| Disputed              |   |               |                    |                  |                 |                   |                   |
| - Considered good     | -   | -             | -                  | -                | -               | 853.67            | <b>853.67</b>     |
| - Credit impaired     | -   | -             | -                  | -                | -               | 77.32             | <b>77.32</b>      |
|                       | -   | -             | -                  | -                | -               | 930.99            | <b>930.99</b>     |
| Less: Credit impaired |   |               |                    |                  |                 |                   | <b>(77.32)</b>    |
| Sub total (b)         |   |               |                    |                  |                 |                   | <b>853.67</b>     |
| <b>Total (a+b)</b>    |   |               |                    |                  |                 |                   | <b>40,207.54</b>  |

Notes:

Movement in loss allowance - Trade Receivable (Non current (Note-11) & Current (Note -17))

| Particulars              | As at<br>31 March 2022 | As at<br>31 Mar 2021 |
|--------------------------|------------------------|----------------------|
| Opening balance          | 8,492.95               | 6,069.91             |
| Additions / Transfer     | 3,152.15               | 2,423.04             |
| Utilizations / Reversals | -                      | -                    |
| Closing balance          | 11,645.10              | 8,492.95             |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>18 Cash and bank balances</b>                       | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| Balances with banks                                    |                                |                                |
| In current accounts                                    | 506.33                         | 299.46                         |
| Margin Money (Original Maturity of less than 3 Months) | 75.75                          | 540.89                         |
| Cash on hand   | 0.59                           | 0.52                           |
| <b>Total</b>   | <b>582.67</b>                  | <b>840.86</b>                  |

| <b>19 Other Bank Balances</b>  | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| Deposit Account (Original Maturity of More than 3 Months to 12 Months) | 224.88                         | 180.23                         |
| Margin Money (Original Maturity of More than 3 Months to 12 Months)    | 2,162.61                       | 2,686.65                       |
| <b>Total</b>   | <b>2,387.49</b>                | <b>2,866.88</b>                |

| <b>20 Other Current Financial assets</b> | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| Security deposit                         | 59.17                          | 115.01                         |
| Interest Receivable                      | 820.08                         | 729.26                         |
| <b>Total</b>                             | <b>879.25</b>                  | <b>844.27</b>                  |

| <b>21 Other current assets</b>         | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 March 2021</b> |
|--|--------------------------------|--------------------------------|
| Advances to Employees                  | 62.75                          | 75.64                          |
| Balance with Government Authorities    | 4,305.93                       | 5,349.15                       |
| Prepaid Expenses                       | 21.28                          | 30.99                          |
| Other Advances                         | 2,310.06                       | 1,903.86                       |
| Advances to Suppliers                  |                                |                                |
| - Considered good                      | 13,352.10                      | 13,367.90                      |
| - Considered doubtful                  | 1,640.30                       | 1,640.30                       |
| Less : Provision for doubtful Advances | (1,640.30)                     | (1,640.30)                     |
|  | 13,352.09                      | 13,367.90                      |
| <b>Total</b>                           | <b>20,052.12</b>               | <b>20,727.54</b>               |

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| 22 Assets classified as held for sale | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---------------------------------------|------------------------|------------------------|
| Asset held for Sale                   | 596.06                 | 596.06                 |
| <b>Total</b>                          | <b>596.06</b>          | <b>596.06</b>          |

Assets held for sale represents the assets taken over from Afcons Infrastructure Limited (AIL) pursuant to a mutual agreement between AIL, Valecha Engineering Limited (VEL) and the Company in settlement of dues receivable from VEL Ltd. These assets are expected to be sold during FY 22-23

| Disclosure pursuant to Ind AS 105 - Major classes of assets and liabilities classified as held for sale: | As at<br>31 Mar 2022 | As at<br>31 Mar 2021 |
|--|----------------------|----------------------|
| Property, Plant and Equipment  | 596.06               | 596.06               |

| 23 Equity Share capital  |                        |                        |
|--|------------------------|------------------------|
| Particulars  | As at<br>31 March 2022 | As at<br>31 March 2021 |
| <u>Authorized</u>  |                        |                        |
| 1,400,000,000 (31 March 2021 1,400,000,000, ) Equity Shares of ₹ 10 each       | 1,40,000.00            | 1,40,000.00            |
|  | 1,40,000.00            | 1,40,000.00            |
| <u>Issued, subscribed and paid up</u>  |                        |                        |
| 971,529,018 (31 March 2020: 971,529,018) equity shares of ₹ 10 each fully paid | 97,152.90              | 97,152.90              |
|  | <b>97,152.90</b>       | <b>97,152.90</b>       |

**(a) Reconciliation of Equity shares outstanding at the beginning and at the end of the year**

| Particulars                              | No of shares    | Amount    | No of shares    | Amount    |
|--|-----------------|-----------|-----------------|-----------|
| Outstanding at the beginning of the year | 97,15,29,018.00 | 97,152.90 | 97,15,29,018.00 | 97,152.90 |
| Add: Issued during the year              |                 |           |                 |           |
| Outstanding at the end of the year       | 97,15,29,018.00 | 97,152.90 | 97,15,29,018.00 | 97,152.90 |

**(b) Details of shareholders holding more than 5% shares**

| Name of Shareholder   | No of shares | % holding | No of shares | % holding |
|-----------------------|--------------|-----------|--------------|-----------|
| <u>Equity Shares</u>  |              |           |              |           |
| SVL Limited           | 27,93,91,356 | 28.74     | 27,93,91,356 | 28.74     |
| State Bank of India   | 12,56,34,843 | 12.93     | 12,56,34,843 | 12.93     |
| Punjab National Bank  | 10,22,35,172 | 10.52     | 12,43,46,199 | 10.52     |
| Central Bank of India | 9,35,70,276  | 9.63      | 9,35,70,276  | 9.63      |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

(c) Details of shares held by Promoters - Entites exercising significant influence over the Company

| S.no | Promoter Name | No.of shares | % of total shares | % of change during the year | % holding |
|------|---------------|--------------|-------------------|-----------------------------|-----------|
| 1    | SVL Limited   | 27,93,91,356 | 28.74             | 0%                          | 28.74     |

(d) Terms/rights attached to the shares

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

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

The Company has only one class of share capital, i.e., equity shares having face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

(e) The Authorised Equity Share Capital has been increased to 140,000 Lakhs with effect from 19th March 2021

(f) Preferential issue of equity shares during past five years:

| Particulars   | 2016-17      |                       |          |          | 2017-18     |                       |          |          |
|---|--------------|-----------------------|----------|----------|-------------|-----------------------|----------|----------|
|   | No.shares    | Face value of Rs.10/- | Premium  | Total    | No.shares   | Face value of Rs.10/- | Premium  | Total    |
| Promotors - SVL Limited                                     | 11,39,78,495 | 11,398                | 15102.15 | 26,500   | -           | -                     | -        | -        |
| KPR Investment private limited                              | -            | -                     | -        | -        | 1,29,19,896 | 1,292                 | 2,208.01 | 3,500.00 |
| Lender Bank- Conversion of funded interest term Loan (FITL) | 73,34,961    | 734                   | 1685.57  | 2,419    | 10,193      | 1                     | 2.34     | 3.36     |
| Lender bank - Conversion of Interest sacrifice              | 4,06,991     | 41                    | 122.3    | 163      | 24,03,425   | 240                   | 722.23   | 962.57   |
| Lender Bank- Conversion of Working capital term Loan (WCTL) | 48,46,21,073 | 48,462                | 64212.3  | 1,12,674 | 1,92,27,563 | 1,923                 | 2,547.65 | 4,470.41 |

There is no Preferential issue of Equity during the year ended March 31, 2019, March 31, 2020, March 31, 2021 & March 31, 2022

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

- g) Consequent to the default in payment of dues towards term loan, interest on working capital facility etc. the Company had proposed a Debt Resolution Plan to the lenders for restructuring of the debt with change in Management ('Resolution Plan') formulated under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 vide its circular dated 7th June 2019 ("the RBI Circular" / "Regulatory Framework"). On March 25, 2022, the resolution plan was approved by the consortium lenders with super majority subject to certain conditions precedent. On June 22, 2022, the Company has entered into Master Restructuring Agreement (MRA) to give effect to the Resolution Plan. The Company is in the process of compliance of all conditions precedent.

The key feature of the Resolution Plan are as follows:

- a) Investment of ₹ 35,000 Lakhs in equity of the company at a price per equity share of ₹ 10 each by an investor which will be utilised to reduce the debt.
- b) Conversion of ₹ 17,500 Lakhs of debt into 4% Compulsory Convertible Debentures at the end of March 31, 2035.
- c) Conversion of ₹ 17,500 Lakhs of debt into 4% Non-Convertible Debentures redeemable over a period of 14 years.

For the purpose of classification as at March 31, 2022, the said restructuring has not been considered, Instead borrowings repayable after 12 months from the balance sheet date has been considered as non-current, and those dues that were on default have been classified as current based on confirmations / repayment schedule received from lenders.

The Allotment Committee of the Board of Directors of the Company, at Its meeting held on June 24, 2022 has approved the following:

- 1) Allotment of equity shares of the Company on preferential basis in terms of Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "ICDR Regulations") to Mark AB Capital Investment LLC as under:

220,000,000 (Twenty two Crores) fully paid-up equity shares having a face value of ₹ 10/- each for cash at par per equity share aggregating to ₹ 22,000 Lakhs (Rupees Twenty two thousand lakhs only);

- 2) Allotment of securities of the Company on preferential basis In terms of the Resolution Plan for part Conversion of the debt not exceeding to ₹ 3,50,00,00,000/- (Rupees Three hundred and fifty crores only) as under:

- Not exceeding 175,00,00,000 (One hundred and seventy-five crores) fully paid up secured Compulsorily convertible debentures with an average yield of 4% (hereinafter referred to as the 'CCDs') having a face value of ₹ 100/- (Rupees One Hundred only) each aggregating to 1,75,00,000/- (Rupees One crore seventy-five lakhs only)
- Not exceeding 175,00,00,000 (One hundred and seventy-five crores) fully paid up secured Non-convertible debentures with an average yield of 4% (hereinafter referred to as the 'NCDs') having a face value of ₹ 100/- (Rupees one hundred only) each aggregating to 1,75,00,000/- (Rupees One crore seventy-five lakhs only) redeemable over a period of 14 years.

The equity shares and the other securities so allotted on preferential basis shall be subject to lock-in for such period as may be prescribed under the ICDR Regulations.

Post allotment of equity shares, the paid-up equity capital of the Company is ₹ 11,915,290,250 - (Rupees One thousand one hundred and ninety-one crores fifty-two lakhs ninety thousand two hundred and fifty only) divided into 1,19,15,29,025 (One hundred nineteen crores fifteen lakhs twenty-nine thousand and twenty-five) equity shares of ₹10/- each.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 24 Other equity

(A) The Company has preference share capital having a par value of ₹ 100 per share, referred to herein as preference share capital

|  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| <u>Authorized</u>  |                        |                        |
| 30,000,000 (31 March 2018: 30,000,000) Convertible Preference Shares of ₹ 100 each | 30,000.00              | 30,000.00              |
| <b>Total</b>   | <b>30,000.00</b>       | <b>30,000.00</b>       |

| (B) Other equity  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---|------------------------|------------------------|
| Securities premium reserve (Refer Note (i) below)   | 1,91,225.43            | 1,91,225.43            |
| General reserve (Refer Note (ii) below)   | 561.93                 | 561.93                 |
| Capital Reserve (Refer Note (iii) below)  | 12.92                  | 12.92                  |
| Deficit in the Statement of Profit and Loss (Refer Note (iv) below)                           | (2,15,105.50)          | (1,93,436.12)          |
| Employee Stock options outstanding account (ESOOA) (Refer Note (v) below)                     | 0.00                   | 0.00                   |
| Investments FVTOCI Reserve on equity instruments (Refer Note (vi) below)                      | 8.51                   | (30.50)                |
| Re-measurement gains/ (losses) on defined benefit plans (Net of Tax) (Refer Note (vii) below) | 163.68                 | 148.07                 |
| Foreign Currency monetary item translation diff account( Refer Note (viii) below)             | (219.86)               | 32.46                  |
| Share of reserve from an Associate  | -                      | 4,700.99               |
| Non Controlling Interest  | 146.61                 | 142.73                 |
| <b>Total</b>  | <b>(23,206.28)</b>     | <b>3,357.91</b>        |

| (i) Securities premium reserve                       | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Opening balance                                      | 1,91,225.43            | 1,91,225.43            |
| Add : Securities premium credited on issue of shares |                        |                        |
| <b>Closing balance</b>                               | <b>1,91,225.43</b>     | <b>1,91,225.43</b>     |

| (ii) General reserve   | As at<br>31 March 2022 | As at<br>31 March 2021 |
|------------------------|------------------------|------------------------|
| Opening balance        | 561.93                 | 561.75                 |
| Additions/(Transfers)  |                        | 0.17                   |
| <b>Closing balance</b> | <b>561.93</b>          | <b>561.93</b>          |

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| (iii) Capital Reserve  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|------------------------|------------------------|------------------------|
| Opening balance        | 12.92                  | 12.92                  |
| Additions/(Transfers)  |                        |                        |
| <b>Closing balance</b> | <b>12.92</b>           | <b>12.92</b>           |

| (iv) Deficit in the Statement of Profit and Loss | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Opening balance                                  | (1,93,436.12)          | (1,75,488.79)          |
| Add: Net loss for year                           | (26,370.37)            | (17,947.33)            |
| Transfer   | 4,700.99               |                        |
| <b>Closing balance</b>                           | <b>(2,15,105.50)</b>   | <b>(1,93,436.12)</b>   |

| (v) Employee Stock options outstanding account | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Opening Balance                                | -                      | 0.17                   |
| Additions/(Transfers)                          | -                      | (0.17)                 |
| <b>Closing Balance</b>                         | <b>-</b>               | <b>0.00</b>            |

| (vii) Investments FVTOCI Reserve on equity instruments | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Opening balance  | (30.50)                | (33.01)                |
| -Fair valuation changes for the year (net of tax)      | 39.01                  | 2.51                   |
| <b>Closing balance</b>                                 | <b>8.51</b>            | <b>(30.50)</b>         |

| (viii) Re-measurement (gain)/loss on post employment benefit obligation (net of tax) | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Opening Balance  | 148.07                 | 130.97                 |
| Additions  | 15.61                  | 17.10                  |
| <b>Closing Balance</b>   | <b>163.68</b>          | <b>148.07</b>          |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| (ix) Foreign Currency Monetary item Translation diff account | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Opening balance  | 32.46                  | 127.22                 |
| Additions  | (252.32)               | -94.76                 |
| <b>Closing balance</b>                                       | <b>(219.86)</b>        | <b>32.46</b>           |

## Nature and Purpose of Reserves

### Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

### General Reserve

The Company created a General Reserve in earlier years pursuant to the provisions of the Companies Act wherein certain percentage of profits were required to be transferred to General Reserve before declaring dividends. As per the Companies Act 2013, the requirement to transfer profits to General Reserve is not mandatory. General Reserve is a free reserve available to the Company.

### Capital reserve

Capital reserve was created under the previous GAAP out of the profit earned from a specific transaction of capital nature. Capital reserve is not available for the distribution to the shareholders.

### Employee Stock options outstanding account

The reserve is used to recognize the grant date fair value of the options issued to employees under Company's Employee Stock Option Plan.

| 25 Non-current borrowings          | As at<br>31 March 2022 | As at<br>31 March 2021 |
|------------------------------------|------------------------|------------------------|
| <u>Secured - At Amortized Cost</u> |                        |                        |
| From Banks                         |                        |                        |
| Term Loans                         | 6,291.99               | 11,089.54              |
| From Others                        |                        |                        |
| Term Loans                         | 8,512.45               | 8,444.45               |
| Working Capital Term Loans         | 560.03                 | 490.46                 |
| Funded Interest Term Loans         | -                      | 48.39                  |
| <b>Total</b>                       | <b>15,364.47</b>       | <b>20,072.84</b>       |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 25.1 Terms of Repayment and Security details

| Particulars                           | 31.03.2022       | 31.03.2021       | Terms of Repayment  | Secured by   |
|---------------------------------------|------------------|------------------|---|--|
| Term Loans from Banks                 | 1,198.00         | 1,995.35         | 32 Structured quarterly commencing from Jun'16 to Sept'24 | Primary Exclusive charge on 5 Wind Electric Generator of 1.5 MW from LSML  |
| Term Loans from Banks                 | 5,093.99         | 9,094.19         | 27 Structured quarterly commencing from Jun'18 to Sept'25 | First Paripassu charge on Pooled Assets ie., all movable (both fixed, current and non-current) Immoveable assets of the company and corporate guarantee of SVL and SVL Trust |
| Term Loans from Others                | 5,857.87         | 8,444.45         | 27 Structured quarterly commencing from Jun'18 to Sept'25 | First Paripassu charge on Pooled Assets ie., all movable (both fixed, current and non-current) Immoveable assets of the company and corporate guarantee of SVL and SVL Trust |
| Term Loans from Others                | 2,654.58         | -                | 4 Equal yearly commencing from Sept'27 to March'29        |  |
| Funded Interest Term Loan from Others | -                | 48.39            | 20 Structured quarterly commencing from Jun'16 to Sept'21 |  |
| Working Capital Term Loan from Others | 560.03           | 490.47           | 32 Structured quarterly commencing from Jun'16 to Sept'24 |  |
| <b>Total</b>                          | <b>15,364.47</b> | <b>20,072.84</b> |   |  |

## 25.2 Implementation of Resolution Plan post year end

The company is in default to its lenders and one of the financial creditor filed an NCLT case against the company. The Company had proposed a debt resolution plan to the lenders for restructuring of the debt ("Resolution Plan") under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by Reserve Bank of India vide its circular dated June 7, 2019 (the "RBI Circular"). On March 25, 2022, the Resolution Plan was approved by the consortium lenders subject to certain conditions precedent. The Resolution Plan submitted to the lenders has been approved with 81.85% by value and 61.11% by number. Subsequent to the year end on June 22, 2022 the Borrowers have entered into Master Restructuring Agreement (MRA) to give effect to the resolution plan.

The key features of the Resolution Plan are as follows:

1. Equity Infusion by Prospective Investor – Minimum of Rs. 35,000 Lakhs. Preferential Issue of Equity Shares subject to the pricing as per the SEBI (ICDR) Regulations 2015 to the Investor for 26.4% stake in the Company.
2. Conversion of a part of the existing bank debts into Rs. 17,500 Lakhs of Non-Convertible Debentures (NCD) and Rs. 17,500 Lakhs of Compulsory Convertible Debenture (CCD).
3. Charging rate of interest on the CC facility @ 9.00% p.a. (1 year MCLR + 1.75%) w.e.f 1st October 2020.
4. Banks to allow utilization of vacancy in Non-Fund Based Facilities and Fund based limits already sanctioned and available to the Company, post implementation of the plan.
5. Prospective Investor to provide Corporate Guarantee to lenders for entire facilities.
6. Continuation of Margin of 15% on stock and book debts and cover period of 270 days for receivable.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 25.3 Classification of borrowings

During the year ended and as at March 31, 2022, the Company has made defaults in repayment of term loans. As at March 31, 2022, the Company has obtained balance confirmation and repayment schedule of outstanding Term Loans as of March 31, 2022 from the Lenders. Based on the maturity of the term loan instalments payables as per the balance confirmation, the Company has classified the borrowings under current and non-current and for the purpose of classification of term loans as at March 31, 2022, the impact as per Resolution Plan has not been considered as the condition precedents need to be complied with for effecting the adjustments. Further all defaulted loans have also been classified as Current maturities.

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

| Particulars      | Principal/ Interest            | Period of Delay | Amount of default for the year ended 31-03-2022 (In Lakhs (Rs.)) |
|------------------|--------------------------------|-----------------|--|
| Central Bank     | Principal pending to be repaid | 547-365 days    | 1,470.13   |
|                  | Principal pending to be repaid | 365-1 days      | 2,630.75   |
|                  | Interest pending to be repaid  | 547-365 days    | 719.13   |
|                  | Interest pending to be repaid  | 365-1 days      | 1,627.10   |
| IFCI WCTL        | Principal pending to be repaid | 547-365 days    | 63.75  |
|                  | Principal pending to be repaid | 365-1 days      | 114.07   |
|                  | Interest pending to be repaid  | 547-365 days    | 46.55  |
|                  | Interest pending to be repaid  | 365-1 days      | 74.55  |
| IFCI FITL        | Principal pending to be repaid | 547-365 days    | 44.17  |
|                  | Principal pending to be repaid | 365-1 days      | 31.71  |
|                  | Interest pending to be repaid  | 547-365 days    | 6.18   |
|                  | Interest pending to be repaid  | 365-1 days      | 10.10  |
| ACRE             | Principal pending to be repaid | 547-365 days    | 1,000.00   |
|                  | Principal pending to be repaid | 365-1 days      | 1,900.00   |
| BOM - Covid Loan | Principal pending to be repaid | 547-365 days    | 32.00  |
|                  | Principal pending to be repaid | 365-1 days      | 128.00   |

25.4 The Company has not been declared a wilful defaulter by any bank or financial institution or any other lender during the current period.

| 26 Other financial liabilities | As at 31 Mar 2022 | As at 31 March 2021 |
|--------------------------------|-------------------|---------------------|
| Sundry Creditors- Retention    | 4,465.38          | 4,363.37            |
| <b>Total</b>                   | <b>4,465.38</b>   | <b>4,363.37</b>     |

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## Sundry Creditors- Retention

As on 31-03-2022

| Particulars                 | Outstanding for following periods from due date of payments |                  |           |           |                       |                 |
|-----------------------------|---|------------------|-----------|-----------|-----------------------|-----------------|
|                             | Not due   | Less than 1 year | 1-2 years | 2-3 years | More than three years | Total           |
| (i) MSME                    | -   | -                | -         | -         | -                     | -               |
| (ii) Others                 | 4,465.38  | -                | -         | -         | -                     | 4,465.38        |
| (iii) Disputed dues – MSME  | -   | -                | -         | -         | -                     | -               |
| (iv) Disputed dues - Others | -   | -                | -         | -         | -                     | -               |
| <b>Total</b>                | <b>4,465.38</b>   | -                | -         | -         | -                     | <b>4,465.38</b> |

As on 31-03-2021

| Particulars                 | Outstanding for following periods from due date of payments |                  |           |           |                       |                 |
|-----------------------------|---|------------------|-----------|-----------|-----------------------|-----------------|
|                             | Not due   | Less than 1 year | 1-2 years | 2-3 years | More than three years | Total           |
| (i) MSME                    | -   | -                | -         | -         | -                     | -               |
| (ii) Others                 | 4,363.37  | -                | -         | -         | -                     | 4,363.37        |
| (iii) Disputed dues – MSME  | -   | -                | -         | -         | -                     | -               |
| (iv) Disputed dues - Others | -   | -                | -         | -         | -                     | -               |
| <b>Total</b>                | <b>4,363.37</b>   | -                | -         | -         | -                     | <b>4,363.37</b> |

| 27 Long Term Provisions                 | As at<br>31 Mar 2022 | As at<br>31 March 2021 |
|---|----------------------|------------------------|
| Provision for gratuity (Refer Note: 47) | 540.50               | 559.51                 |
| <b>Total</b>                            | <b>540.50</b>        | <b>559.51</b>          |

| 28 Other non-current liabilities | As at<br>31 Mar 2022 | As at<br>31 March 2021 |
|----------------------------------|----------------------|------------------------|
| Contract Liabilities             |                      |                        |
| Advance from Customers           | 2,202.91             | 4,882.17               |
| <b>Total</b>                     | <b>2,202.91</b>      | <b>4,882.17</b>        |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| 29 Short -term borrowings (Secured)   | As at<br>31 Mar 2022 | As at<br>31 March 2021 |
|---|----------------------|------------------------|
| From bank   |                      |                        |
| - Cash Credit and Overdraft facilities  | 42,731.22            | 35,698.43              |
| - Working Capital Demand Loans  | 17,014.48            | 17,355.22              |
| - Demand Loan - Covid Emergency loan  | 191.95               | 193.85                 |
| - 'Interest accrued and due   | 7,405.38             | 1,889.19               |
| - Current Maturities  | 7,465.00             | 2,630.75               |
| - FITL- Moratorium Interest   | 1,272.62             | 2,886.15               |
| From others   |                      |                        |
| -- Current Maturities   | 5,724.00             | 2,045.78               |
| -- Cash Credit and Overdraft facilities   | 582.33               | 476.88                 |
| -- Funded Interest Term Loans   | 76.00                |                        |
| From SVL Limited (Entities exersing significant influence over the company)-<br>Unsecured - Refer Note - 49 | -                    | 339.55                 |
| <b>Total</b>  | <b>82,462.97</b>     | <b>63,515.81</b>       |

**29.1** First Paripassu Charge on Pooled Assets i.e., all movable (both fixed, current and non current assets) immovable assets of the company and corporate guarantee of SVL and SVL Trust.

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

| Bank   | Cash Credit     |                   | WC DL           |                   | FITL            |                   |
|--|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|
|  | Date of default | Amount (In Lakhs) | Date of default | Amount (In Lakhs) | Date of default | Amount (In Lakhs) |
| Punjab National Bank (eOBC)                          | 26-Mar-20       | 5,679             | 30-Sep-20       | 255               | -               | -                 |
| Punjab National Bank                                 | 2-Mar-20        | 3,159             | 30-Sep-20       | 852               | -               | -                 |
| Bank of India  | 14-Feb-20       | 1,158             | 30-Sep-20       | 101               | -               | -                 |
| Yes Bank   | 31-Dec-20       | 258               | -               | -                 | 31-Oct-20       | 103               |
| State Bank Of India                                  | 21-Sep-20       | 1,190             | -               | -                 | 31-Oct-20       | 721               |
| Indian Bank  | 25-Apr-20       | 3,682             | 30-Sep-20       | 235               | -               | -                 |
| Indusind Bank  | 23-Nov-20       | 165               | 30-Sep-20       | 351               | 31-Dec-20       | 187               |
| IDBI Bank  | 31-Oct-20       | 298               | 30-Sep-20       | 576               | 30-Sep-20       | 368               |
| ICICI Bank   | 30-May-20       | 100               | -               | -                 | -               | -                 |
| Federal Bank   | 5-Mar-20        | 720               | -               | -                 | -               | -                 |
| DBS Bank India Ltd                                   | 30-Sep-20       | 692               | -               | -                 | 31-Dec-20       | 221               |
| Central Bank of India                                | 26-Feb-20       | 1,982             | 31-Dec-20       | 278               | 31-Oct-20       | 338               |
| Bank Of Baroda                                       | 30-Nov-20       | 202               | 30-Nov-20       | 262               | 31-Dec-20       | 146               |
| Asset Reconstruction Company (India) Limited (ARCIL) | 31-Dec-20       | 528               | -               | -                 | -               | -                 |
| Union Bank   | 31-Mar-21       | 206               | -               | -                 | 31-Dec-20       | 40                |
| IFCI Factors   | 30-Sep-20       | 131               | -               | -                 | 30-Sep-20       | 9                 |
| Axis Bank  | 30-Nov-21       | 1,635             | 31-Jan-21       | 24                | -               | -                 |
| Bank of Maharashtra                                  | 30-Apr-21       | 329               | -               | -                 | -               | -                 |
| <b>Total</b>   |                 | <b>22,114</b>     |                 | <b>2,934</b>      |                 | <b>2,133</b>      |

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| 30 Trade payables   | As at<br>31 Mar 2022 | As at<br>31 March 2021 |
|---|----------------------|------------------------|
| <b>Total outstanding dues of creditors other than micro enterprises and small enterprises</b> |                      |                        |
| Acceptances   | 323.42               | 842.43                 |
| Trade Payables (Refer Note 30.1 & 30.2)   | 33,644.80            | 33,160.17              |
| <b>Total</b>  | <b>33,968.22</b>     | <b>34,002.60</b>       |

**30.1** The average credit period ranges from 30 days to 90 days, depending on the nature of the item or work. The work orders include element of retention, which would be payable on completion of a milestone, completion of the contract or after a specified period from completion of the work. The terms also would include back to back arrangement wherein, certain amounts are payable on realisation of corresponding amounts by the company from the customer. No interest is payable for delay in payments, unless otherwise specifically agreed in the order or as required by a legislation, like Micro, Small and Medium Enterprises Development Act (“MSMED Act”). The company has a well defined process for ensuring regular payments to the vendors.

**30.2** Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

| Particulars   | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---|------------------------|------------------------|
| (a) Amount remaining unpaid to any supplier at the end of each accounting year: Principal & Interest  | -                      |                        |
| (b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.   | -                      |                        |
| (c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.   | -                      |                        |
| (d) The amount of interest accrued and remaining unpaid at the end of each accounting year.   | -                      |                        |
| (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act. | -                      |                        |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 30.3 Trade payable ageing

As on 31-03-2022

| Particulars                 | Outstanding for following periods from due date of payments |                  |                 |                  |                       |                  |
|-----------------------------|---|------------------|-----------------|------------------|-----------------------|------------------|
|                             | Not due   | Less than 1 year | 1-2 years       | 2-3 years        | More than three years | Total            |
| (i) MSME                    | -   | -                | -               | -                | -                     | -                |
| (ii) Others                 | 2,546.10  | 11,396.90        | 2,232.31        | 10,494.76        | 5,045.06              | 31,715.13        |
| (iii) Disputed dues – MSME  | -   | -                | -               | -                | -                     | -                |
| (iv) Disputed dues - Others | -   | 245.04           | 385.54          | 476.66           | 1,145.85              | 2,253.09         |
| <b>Total</b>                | <b>2,546.10</b>   | <b>11,641.94</b> | <b>2,617.85</b> | <b>10,971.42</b> | <b>6,190.91</b>       | <b>33,968.22</b> |

As on 31-03-2021

| Particulars                 | Outstanding for following periods from due date of payments |                  |                 |                 |                       |                  |
|-----------------------------|---|------------------|-----------------|-----------------|-----------------------|------------------|
|                             | Not due   | Less than 1 year | 1-2 years       | 2-3 years       | More than three years | Total            |
| (i) MSME                    | -   | -                | -               | -               | -                     | -                |
| (ii) Others                 | 8,783.08  | 9,415.95         | 8,225.17        | 2,741.93        | 2,545.86              | 31,711.98        |
| (iii) Disputed dues – MSME  | -   | -                | -               | -               | -                     | -                |
| (iv) Disputed dues - Others | 0.54  | 168.99           | 824.53          | 568.08          | 728.47                | 2,290.62         |
| <b>Total</b>                | <b>8,783.62</b>   | <b>9,584.94</b>  | <b>9,049.70</b> | <b>3,310.01</b> | <b>3,274.33</b>       | <b>34,002.60</b> |

| <b>31 Other financial liabilities</b> | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 March 2021</b> |
|---------------------------------------|------------------------------|--------------------------------|
| Other liabilities*                    | 1,875.25                     | 1,663.25                       |
| <b>Total</b>                          | <b>1,875.25</b>              | <b>1,663.25</b>                |

\*Included employee dues and other routine payable for expenses

| <b>32 Other current liabilities</b> | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 March 2021</b> |
|-------------------------------------|------------------------------|--------------------------------|
| Statutory dues payable              | 141.84                       | 773.80                         |
| Advance Billing                     | 548.11                       | 2,673.39                       |
| <b>Total</b>                        | <b>689.94</b>                | <b>3,447.20</b>                |

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>33 Contract Liabilities</b> | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 Mar 2021</b> |
|--------------------------------|------------------------------|------------------------------|
| Advance from customers         | 5,934.02                     | 8,076.27                     |
| <b>Total</b>                   | <b>5,934.02</b>              | <b>8,076.27</b>              |

| <b>34 Short Term Provisions</b>                     | <b>As at<br/>31 Mar 2022</b> | <b>As at<br/>31 March 2021</b> |
|---|------------------------------|--------------------------------|
| Provision for gratuity (Refer Note: 47)             | 23.70                        | 23.62                          |
| Provision for Compensated Absences (Refer Note: 47) | 480.83                       | 385.94                         |
| Other Provision                                     | 128.67                       | 125.72                         |
| <b>Total</b>  | <b>633.19</b>                | <b>535.29</b>                  |

| <b>35 Revenue from operations</b>  | <b>2021-22</b>   | <b>2020-21</b>   |
|--|------------------|------------------|
| Revenue from Engineering and Construction Contracts (Refer Note 35.1 & 35.2) | 32,944.17        | 57,992.37        |
| Other operating Revenue  |                  |                  |
| Company's share in profit of Integrated Joint Ventures                       | 1.48             | 286.15           |
| <b>Total</b>   | <b>32,945.65</b> | <b>58,278.52</b> |

**35.1** Revenue for the Year ended March 31, 2022 includes Rs.8,624 lakhs, being share of revenue relating to the Basra project, billed from Mokul Shriram EPC JV (MSJV), a jointly controlled operation, where in the company owns 50% interest (Year ended March 31, 2021- Rs.25,984 Lakhs)

**35.2** Unsatisfied performance obligation: Management expects that the transaction price allocated to partially or fully unsatisfied performance obligation of ₹ 119,664 lakhs (March 31, 2021: ₹ 148,295 Lakhs) will be recognised as revenue over the project life cycle.

| <b>36 Other income</b>                | <b>2021-22</b>  | <b>2020-21</b>  |
|---------------------------------------|-----------------|-----------------|
| Interest income                       |                 |                 |
| - Margin Money deposits               | 280.01          | 126.03          |
| - Interest income on Financial Assets | -               | 1,512.07        |
| - Income tax refund                   | 316.91          | -               |
| Liabilities written back              | 38.92           | 476.04          |
| Miscellaneous income                  | 477.58          | 220.65          |
| <b>Total</b>                          | <b>1,113.42</b> | <b>2,334.79</b> |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>37 Erection, Construction &amp; Operation Exps</b> | <b>2021-22</b>   | <b>2020-21</b>   |
|---|------------------|------------------|
| Cost of Materials and Labour (Refer Note 37.1 )       | 28,791.73        | 49,303.85        |
| Other Contract Related Costs                          | 210.50           | 6,367.89         |
| <b>Total</b>  | <b>29,002.23</b> | <b>55,671.74</b> |

**37.1** Cost for the Year ended March31, 2022 includes Rs.8,624 lakhs, being share of cost relating to the Basra project, billed from Mokul Shriram EPC JV (MSJV), a jointly controlled operation, where in the Company owns 50% interest (Year ended March 31, 2021- Rs.25,984 Lakhs).

| <b>38 Change in Inventories of Contract WIP</b> | <b>2021-22</b> | <b>2020-21</b> |
|---|----------------|----------------|
| Inventories at the beginning of the year        | 248.20         | 324.86         |
|   | 248.20         | 324.86         |
| Less: Inventories at the end of the year        | -              | 248.20         |
|   | -              | 248.20         |
| Net decrease                                    | 248.20         | 76.66          |
| <b>Total</b>                                    | <b>248.20</b>  | <b>76.66</b>   |

| <b>39 Employee benefits expense</b>        | <b>2021-22</b>  | <b>2020-21</b>  |
|--|-----------------|-----------------|
| Salaries,wages,bonus and other allowances  | 3,194.97        | 3,131.40        |
| Contribution to Provident and Other funds  | 196.18          | 228.49          |
| Contribution to Gratuity (Refer Note - 47) | 133.37          | 93.10           |
| Staff welfare expenses                     | 174.92          | 355.41          |
| <b>Total</b>                               | <b>3,699.44</b> | <b>3,808.41</b> |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| <b>40 Finance costs</b>  | <b>2021-22</b>   | <b>2020-21</b>   |
|--|------------------|------------------|
| Interest on Cash Credits   | 7,788.18         | 6,676.05         |
| Interest on Term Loans   | 1,711.75         | 1,715.69         |
| Interest - Others  | 628.71           | 852.10           |
| Interest on financial liabilities measured at Effective interest rates | 1,416.60         | 1,415.09         |
| Interest on Lease Liabilities  | 23.13            |                  |
| <b>Total</b>   | <b>11,568.38</b> | <b>10,658.93</b> |

| <b>41 Depreciation and amortization expense</b>                | <b>2021-22</b> | <b>2020-21</b> |
|--|----------------|----------------|
| Depreciation on Property, Plant and equipment (Refer Note- 6A) | 548.87         | 552.00         |
| Amortization of Intangible Assets (Refer Note- 7)              | 4.04           | 4.04           |
| Amortization of Right of use assets (Refer Note- 6B)           | 29.76          |                |
| <b>Total</b>   | <b>582.66</b>  | <b>556.04</b>  |

| <b>42 Other expenses</b>                           | <b>2021-22</b> | <b>2020-21</b> |
|--|----------------|----------------|
| Electricity and water                              | 119.24         | 238.68         |
| Rates and taxes                                    | 59.12          | 14.44          |
| Rent   | 105.26         | 119.49         |
| Repairs and Maintenance:                           |                |                |
| Building   | 14.66          | 4.30           |
| Plant and Machinery, Equipments                    | 56.67          | 48.77          |
| Others   | 20.01          | 28.79          |
| Auditors' Remuneration (Refer Note 42.1)           | 34.32          | 24.48          |
| Bank Charges, Letter of Credit / Guarantee charges | 965.93         | 1,989.20       |
| Travel and conveyance                              | 343.12         | 273.44         |
| Insurance premium                                  | 192.75         | 263.07         |
| Printing & Stationery                              | 20.98          | 22.33          |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

|   |                 |                 |
|---|-----------------|-----------------|
| Communication, broadband and internet expenses                            | 29.27           | 58.14           |
| Sitting Fees  | 8.70            | 7.30            |
| Consultancy charges   | 391.00          | 591.76          |
| Legal Expenses  | 105.86          | 101.24          |
| Advertisement   | 22.32           | 33.06           |
| Bad Debts   | 103.35          | -               |
| Company's share in Loss of Integrated Joint Ventures                      | -               | -               |
| Donation  | 0.08            | 0.31            |
| Provision for doubtful trade and Other receivables and Loans and Advances | 1,831.49        | 2,036.42        |
| Loss on Sale of assets  | 99.18           | 1.78            |
| Others  | 165.97          | 660.58          |
| <b>Total</b>  | <b>4,689.27</b> | <b>6,517.58</b> |

| <b>42.1 The following is the break-up of Auditors remuneration (exclusive of GST)</b> | <b>2021-22</b> | <b>2020-21</b> |
|---|----------------|----------------|
| As auditor:   |                |                |
| Statutory audit   | 27.00          | 18.00          |
| Other matters   | 6.00           | 6.00           |
| Reimbursement of expenses   | 1.32           | 0.48           |
| <b>Total</b>  | <b>34.32</b>   | <b>24.48</b>   |

| <b>43 Exceptional Items</b>  | <b>2021-22</b>  | <b>2020-21</b>  |
|--|-----------------|-----------------|
| Provision for trade, other receivables and contract assets (Refer- 43.1) | 6,361.26        | 1,149.11        |
| <b>Total</b>   | <b>6,361.26</b> | <b>1,149.11</b> |

**43.1** Exceptional items for the year ended March 31, 2022 represents provision of trade, other receivables and contract assets amounting to Rs 6,361.26 lakhs (Previous Year Rs 1,149.11 lakhs), based on estimation of potential stress on project completion, considering COVID 19 pandemic.

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

44 Disclosure pursuant to Ind AS 12 "Income Taxes"

(A) Components of Deferred Tax Assets and Liabilities recognised in Balance Sheet:

**31.03.2022**

| Particulars  | Balance as at April 1, 2021 | Recognized in profit or loss during 2021-22 | Recognized in OCI during 2021-22 | Balance as at March 31, 2022 |
|--|-----------------------------|---|----------------------------------|------------------------------|
| Deferred tax assets  |                             |   |                                  |                              |
| Expenditure allowed on payment basis for Income tax purpose  | 338.58                      | 32.05                                       | (5.45)                           | 365.17                       |
| Impairment loss on Financial Assets and Contract Assets  | 3,937.69                    | (24.69)                                     | -                                | 3,912.73                     |
| Deferred tax asset on account of unabsorbed losses and depreciation allowance (Refer Note- 44 (B)) | 43,889.00                   | (4,244.00)                                  | -                                | 39,645.00                    |
|  | <b>48,165.27</b>            | <b>(4,236.91)</b>                           | <b>(5.45)</b>                    | <b>43,922.90</b>             |
| Deferred tax liabilities   |                             |   |                                  |                              |
| On Property, Plant and Equipment   | 541.57                      | 35.83                                       | -                                | 577.40                       |
| On Others  | -                           |   |                                  |                              |
|  | <b>541.57</b>               | <b>35.83</b>                                | <b>-</b>                         | <b>577.40</b>                |
| Deferred tax asset, net  | <b>47,623.70</b>            | <b>(4,272.74)</b>                           | <b>(5.45)</b>                    | <b>43,345.50</b>             |

(B) The Company has business losses and unabsorbed depreciation which are allowed to be carried forward and set off against available future taxable income under Income Tax Act, 1961. Against the carried forward loss of ₹ 2,11,013 lakhs, the company has recognized deferred tax asset on a carry forward loss to the extent of Rs.1,28,547 lakhs which results in DTA of Rs. 39,645 lakhs. During current year, the Company has written off DTA amounting to Rs. 4278 Lakhs (Net) due to carry forward business losses which is expiring by FY 2021-22.

Considering potential order book as on date, future business prospects in the line of implementation of Resolution Plan, projects in pipeline etc, the management is confident of adjusting these carry forward losses and reversal of DTA before the expiry of the period for which this benefit is available.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

31.03.2021

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars   | Balance as at April 1, 2020 | Recognized in profit or loss during 2020-21 | Recognized in OCI during 2020-21 | Balance as at March 31, 2021 |
|---|-----------------------------|---|----------------------------------|------------------------------|
| Deferred tax assets   |                             |   |                                  |                              |
| Expenditure allowed on payment basis for Income tax purpose                   | 409.44                      | (64.87)                                     | (5.98)                           | 338.58                       |
| Impairment loss on Financial Assets and Contract Assets                       | 4,204.37                    | (266.68)                                    | -                                | 3,937.69                     |
| Deferred tax asset on account of unabsorbed losses and depreciation allowance | 43,519.98                   | 369.02                                      | -                                | 43,889.00                    |
|   | <b>48,133.79</b>            | <b>37.46</b>                                | <b>(5.98)</b>                    | <b>48,165.27</b>             |
| Deferred tax liabilities  |                             |   |                                  |                              |
| On Property, Plant and Equipment  | 510.09                      | 31.48                                       | -                                | 541.57                       |
| On Others   | -                           | -   | -                                | -                            |
|   | <b>510.09</b>               | <b>31.48</b>                                | <b>-</b>                         | <b>541.57</b>                |
| Deferred tax asset, net   | <b>47,623.70</b>            | <b>5.98</b>                                 | <b>(5.98)</b>                    | <b>47,623.70</b>             |

C) The Company has business losses and unabsorbed depreciation which are allowed to be carried forward and set off against available future taxable income under Income Tax Act, 1961. Against the carried forward loss of Rs.1,99,103 lakhs, the company has recognized deferred tax asset on a carry forward loss to the extent of Rs.1,40,773 lakhs which results in DTA of Rs. 43,899 lakhs. Considering potential order book as on date, future business plan, projects in pipeline etc, the management is confident of adjusting these carry forward losses and reversal of DTA before the expiry of the period for which this benefit is available.

| (D) Components of Income tax | 2021-22         | 2020-21       |
|------------------------------|-----------------|---------------|
| Current Tax                  | -               | 122.17        |
| Deferred Tax                 | 4,278.00        |               |
| <b>Total</b>                 | <b>4,278.00</b> | <b>122.17</b> |

| (E) Reconciliation of tax charge                   | 2021-22            | 2020-21            |
|--|--------------------|--------------------|
| (a) Profit/(Loss) before tax                       | <b>(20,623.02)</b> | <b>(18,288.53)</b> |
| (b) Corporate Tax Rate as per Income Tax Act, 1961 | 34.94%             | 34.94%             |
| (c) Tax on Accounting Profit                       | (c) = (a) * (b)    |                    |
|  | <b>(7,205.68)</b>  | <b>(6,390.01)</b>  |

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| (d) Tax adjustments   |                 |                    |                   |
|---|-----------------|--------------------|-------------------|
|   |                 | -                  | -                 |
| (i) Tax on Non-deductible item for tax purpose  |                 | (1,808.36)         | (789.06)          |
| (ii) Tax effect on expiry of carry forward losses   |                 | (7,500.00)         | -                 |
| (iii) Tax effect of losses of current year on which no deferred tax benefit is recognised |                 | (2,095.59)         | (5,481.37)        |
| (iv) Tax effect of various other items  |                 | (79.74)            | (119.58)          |
| (v) Effect of difference in tax rates of subsidiaries operating in other jurisdiction     |                 | -                  | -                 |
| <b>Total effect of Tax Adjustments</b>  |                 | <b>(11,483.68)</b> | <b>(6,390.01)</b> |
| <hr/>   |                 |                    |                   |
| (e) Tax expenses recognised during the year   | (e) = (c) + (d) | (4,278.00)         | 0.00              |

## 45 Basic and Diluted Earnings Per Share (EPS) computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings Per Share":

| Particulars  |     | 31-Mar-22   | 31-Mar-21   |
|--|-----|-------------|-------------|
| Basic EPS  |     |             |             |
| Loss after Tax as per Accounts (₹ lakhs)             | A   | (26,370.36) | (17,947.33) |
| Weighted Average Number of Equity Shares Outstanding | B   | 97,152.29   | 97,152.29   |
| Basic EPS (₹)  | A/B | (2.71)      | (1.85)      |
| Diluted EPS  |     |             |             |
| Loss after Tax as per Accounts (₹ lakhs)             | A   | (26,370.36) | (17,947.33) |
| Weighted Average Number of Equity Shares Outstanding | B   | 9,715.29    | 9,715.29    |
| Diluted EPS (₹)                                      | A/B | (2.71)      | (1.85)      |

## 46 Disclosures pursuant to EPC Contracts:

| S. No | Particulars   | 2021-22   | 2020-21   |
|-------|---|-----------|-----------|
| 1     | Contract revenue recognised for the financial year  | 32,944.17 | 57,992.37 |
| 2     | Aggregate amount of Contract costs incurred and recognized profits (less recognized losses) upto the reporting date | 29,250.43 | 55,748.40 |
| 3     | Advances received for contracts in progress   | 8,136.93  | 12,958.44 |
| 4     | Retention amount by customers for contracts in progress   | 28,718.62 | 28,481.99 |
| 5     | Gross amount due from customers for contract work (Asset)   | 83,664.73 | 86,639.44 |
| 6     | Gross amount due to customers for contract work (Liability)   | 548.11    | 2,673.39  |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 47 Disclosure pursuant to Ind AS 19 "Employee Benefits"

### (A) Defined Contribution Plans

| During the year, the Company has recognized the following amounts in the Statement of Profit and Loss | 2021-22 | 2020-21 |
|---|---------|---------|
| Employers' Contribution to Provident Fund and Employee State Insurance (Refer note 39)                | 196.18  | 228.49  |

### (B) Defined benefit plans (Unfunded)

#### Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

|                        |  |
|------------------------|--|
| Investment Risk        | The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.  |
| Interest risk          | The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.   |
| Salary Escalation Risk | The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability. |
| Demographic Risk       | The Company has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.  |

In respect of the plan in India, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at March 31, 2022 by Mr. S. Krishnan, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

No other post-retirement benefits are provided to these employees.

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| i) Actuarial assumptions                                      | 2021-22 | 2020-21 |
|---|---------|---------|
| Discount rate (per annum)                                     | 7.28%   | 6.92%   |
| Rate of increase in Salary                                    | 5%      | 5.00%   |
| Expected average remaining working lives of employees (years) | 12.80   | 13.30   |
| Attrition rate  | 3.00%   | 3.00%   |

## ii) Changes in the present value of defined benefit obligation

| Particulars  | Gratuity |          | Long Term Compensated Absences |          |
|--|----------|----------|--------------------------------|----------|
|  | 2021-22  | 2020-21  | 2021-22                        | 2020-21  |
| Present value of obligation at the beginning of the year | 583.13   | 638.62   | 385.95                         | 533.10   |
| Interest cost  | 35.62    | 38.21    | 25.05                          | 33.01    |
| Past service cost  | -        | -        | -                              | -        |
| Current service cost                                     | 97.76    | 54.89    | 380.31                         | 249.68   |
| Curtailements  | -        | -        | -                              | -        |
| Settlements  | -        | -        | -                              | -        |
| Benefits paid  | (136.70) | (131.49) | (47.95)                        | (74.61)  |
| Actuarial gain on obligations                            | (15.61)  | (17.10)  | (262.53)                       | (354.78) |
| Present value of obligation at the end of the year*      | 564.20   | 583.13   | 480.83                         | 386.41   |

\*Included in provision for employee benefits (Refer notes 27 and 34)

## iii) Expense recognized in the Statement of Profit and Loss

| Particulars  | Gratuity |         | Long Term Compensated Absences |          |
|--|----------|---------|--------------------------------|----------|
|  | 2021-22  | 2020-21 | 2021-22                        | 2020-21  |
| Current service cost                                       | 35.62    | 38.21   | 380.31                         | 249.68   |
| Past service cost  | -        | -       | -                              | -        |
| Interest cost  | 97.75    | 54.89   | 25.05                          | 33.01    |
| Expected return on plan assets                             | -        | -       | -                              | -        |
| Actuarial gain on obligations                              | (15.61)  | (17.10) | (262.53)                       | (356.61) |
| Settlements  | -        | -       | -                              | -        |
| Curtailements  | -        | -       | -                              | -        |
| Total expenses recognized in the Statement Profit and Loss | 117.76   | 93.10   | 142.83                         | (73.92)  |
| Total expenses recognized in OCI                           | (15.61)  | (17.10) | -                              | -        |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## iv) Assets and liabilities recognized in the Balance Sheet:

| Particulars  | Gratuity |          | Long Term Compensated Absences |          |
|--|----------|----------|--------------------------------|----------|
|  | 2021-22  | 2020-21  | 2021-22                        | 2020-21  |
| Present value of unfunded obligation as at the end of the year | (564.20) | (583.13) | (480.83)                       | (386.41) |
| Unrecognized actuarial (gains)/losses                          | -        | -        | -                              | -        |
| Unfunded net liability recognized in Balance Sheet*            | (564.20) | (583.13) | (480.83)                       | (386.41) |

\*Included in provision for employee benefits (Refer notes 27 and 34)

## v) A quantitative sensitivity analysis for significant assumption as at 31 March 2022 is as shown below:

| Impact on defined benefit obligation | 2021-22 | 2020-21 |
|--------------------------------------|---------|---------|
| <b>Discount rate</b>                 |         |         |
| 0.5% increase                        | (2.86%) | (3.09%) |
| 0.5% decrease                        | 3.04%   | 3.29%   |
| <b>Rate of increase in salary</b>    |         |         |
| 0.5% increase                        | 3.04%   | 3.29%   |
| 0.5% decrease                        | (2.86%) | (3.09%) |

## vi) Maturity profile of defined benefit obligation

| Period                       | 2021-22 | 2020-21 |
|------------------------------|---------|---------|
| By the end of the First Year | 167.89  | 172.76  |
| Between Year 1 and Year 2    | 11.21   | 30.62   |
| Between Year 2 and Year 3    | 69.93   | 9.16    |
| Between Year 3 and Year 4    | 99.03   | 58.35   |
| Between Year 4 and Year 5    | 45.28   | 100.38  |
| Between Year 5 and Year 10   | 374.94  | 364.20  |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 48 Disclosure in respect of leases pursuant to Indian Accounting Standard (Ind AS) 116, "Leases"

Finance leases where Company is a lessee:

The following is the summary of practical expedients elected on application:

1. Used a single discount rate to a portfolio of leases with reasonably similar characteristics
2. Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

The Company has lease contracts for its head office building and furniture and fixtures. Lessee is restricted from assigning and subleasing the leased assets. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The effective interest rate for lease liabilities is 9%.

### The maturity analysis of lease liabilities are given as below:

| Particulars                                 | 31st March 2022 | 31st March 2021 |
|---|-----------------|-----------------|
| Within one year                             | 36.60           | -               |
| After one year but not more than five years | 195.58          | -               |
| More than five years                        | 106.40          | -               |

### Amounts recognised in the Statement of Profit and Loss:

| Particulars  | 31st March 2022 | 31st March 2021 |
|--|-----------------|-----------------|
| Amortization expense of right-of-use assets                        | 29.76           | -               |
| Interest expense on lease liabilities                              | 23.13           | -               |
| Expense relating to short-term leases (included in other expenses) | 104.96          | 119.49          |
| <b>Total amount recognised in statement profit or loss</b>         | <b>157.84</b>   | <b>119.49</b>   |

### Amounts recognised in statement of Cash Flows:

| Particulars                   | 31st March 2022 | 31st March 2021 |
|-------------------------------|-----------------|-----------------|
| Total Cash outflow for leases | 36.60           | -               |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 49 Disclosure of Related Parties/related party transactions pursuant to Ind AS 24 “Related Party Disclosures”

(A) List of related parties and description of relationship as identified and certified by the Company:

### Entities exercising significant influence over the Company

SVL Limited

### Subsidiary of Entities exercising significant influence over the Company

Shriram SEPL Composites Private Limited

Bharat Coal Chemicals Limited (BCCL)

### Enterprises under the joint control of the Entiteis exercising significant influence over the Company:

Leitwind Shriram Manufacturing Private Limited

### Key Management Personnel

T.Shivaraman - Managing Director

M.Amjad Shariff - Joint Managing Director

### Other enterprises under the control of the Key Management Personnel

Orient Green Power Company Limited

Bharath Wind Farm Limited

Clarion Windfarms Private Limited

Beta Wind Farm Private Limited

Amrit Enviornmental Technologies P Ltd

### Joint Operations

Larsen & Toubro Limited Shriram EPC JV

Mokul Shriram EPC JV

Shriram EPC Eurotech Environmental Pvt Ltd - JV

SEPC DRS ITPL JV

(B) Details of transactions with related party in the ordinary course of business for the year ended:

| (i) Entities exercising significant influence over the Company | 2021-22  | 2020-21  |
|--|----------|----------|
| Transfer of Advances / Receivables / Investments               | 2,793.80 | 4,758.88 |
| Fund Received (Net)  | 2,454.85 | 5,194.75 |
| <b>(ii) Key Management Personnel (KMP)</b>                     |          |          |
| <b>Compensation of Key Management Personnel</b>                |          |          |
| T.Shivaraman   | 60.40    | 60.40    |
| M.Amjad Shariff  | 60.15    | 60.15    |

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

(iii) **Other enterprises under the control of the key management personnel**

**(a) Orient Green Power Company Limited**

Payments made

0.41 -

**(b) Bharath Wind Farm Limited**

Fund Receipts

4.11 -

(iv) **Joint Operations**

**(a) Larsen & Toubro Limited Shriram EPC JV**

Company's share in profit of Integrated Joint Ventures

1.48 286.15

Funds Received

390.77 -

**(b) Shriram EPC Eurotech Environmental Pvt Ltd - JV**

Progressive Billings/ Revenue

698.18 532.66

Expenses reimbursed by the party

4.51 125.33

**(c) SEPC DRS ITPL JV**

Progressive Billings/ Revenue

1.99 590.73

Expenses reimbursed by the party

- 260.85

**(d) Mokul Shriram EPC JV**

Progressive Billings/ Revenue

8,624.17 25,983.90

Cost incurred for Materials and Labour

8,624.17 25,983.90

(C) **Amount due (to)/from related party as on:**

| Particulars   | 2021-22  | 2020-21  |
|---|----------|----------|
| (i) Advances / (Borrowings):  |          |          |
| SVL Limited   | -        | (339.55) |
| Leitwind Shriram Manufacturing Private Limited (Expected Credit Loss of ₹ 9,141.70 Lakhs (March 31, 2021: ₹ 9,141.70 Lakhs) | 477.77   | 3,201.62 |
| Bharat Wind Farm Limited  | -        | 4.71     |
| Orient Green Power Company Limited  | -        | (0.41)   |
| (ii) Receivables /(Payables):   |          |          |
| Amrit Environmental Technologies P Ltd  | 1,966.38 | 2,300.00 |
| Shriram EPC Eurotech Environmental Pvt Ltd - JV   | -        | (0.11)   |
| SEPC DRS ITPL JV  | -        | 523.85   |
| Larsen & Toubro Limited Shriram EPC JV  | 0.90     | 445.71   |
| Mokul Shriram EPC JV  | 1,669.28 | 3,338.55 |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 50 Disclosure pursuant to Ind AS 1 "Presentation of Financial Statements"

### (A) Current Assets expected to be recovered within twelve months and after twelve months from the reporting date

| Particulars                              | As at March 31, 2022 |                     |           | As at March 31, 2021 |                     |           |
|--|----------------------|---------------------|-----------|----------------------|---------------------|-----------|
|  | Within twelve months | After twelve months | Total     | Within twelve months | After twelve months | Total     |
| Inventories - Note 15                    | -                    | -                   | -         | 248.20               | -                   | 248.20    |
| Trade Receivables - Note 17              | 37,250.48            | -                   | 37,250.48 | 40,207.54            | -                   | 40,207.54 |
| Other Current Financial Assets - Note 20 | 879.24               | -                   | 879.24    | 844.27               | -                   | 844.27    |

### (B) Current liabilities expected to be settled within twelve months and after twelve months from the reporting date

| Particulars                                   | As at March 31, 2022 |                     |           | As at March 31, 2021 |                     |           |
|---|----------------------|---------------------|-----------|----------------------|---------------------|-----------|
|   | Within twelve months | After twelve months | Total     | Within twelve months | After twelve months | Total     |
| Acceptances - Note 30                         | 323.42               | -                   | 323.42    | 842.43               | -                   | 842.43    |
| Trade and Other Payables - Note 30            | 33,644.84            | -                   | 33,644.84 | 33,160.17            | -                   | 33,160.17 |
| Other Current Financial Liabilities - Note 26 | 4,465.38             | -                   | 4,465.38  | 4,363.37             | -                   | 4,363.37  |

## 51 Segment reporting

The Chief Operating Decision Maker (CODM) reviews the operations of the Company for the year ended March 31, 2021 as one operating segment being Construction Contracts. Hence no separate primary segment information has been furnished herewith as required by Ind AS 108, "Operating segment". However, Geographical Segments being secondary segments are disclosed below :

| Particulars              | 31-Mar-22   | 31-Mar-21   |
|--------------------------|-------------|-------------|
| <b>Rest of the World</b> |             |             |
| Revenue                  | 11,291.17   | 31,069.19   |
| Assets                   | 819.18      | 7,004.55    |
|                          |             | -           |
| <b>India</b>             |             |             |
| Revenue                  | 21,653.00   | 26,925.18   |
| Assets                   | 2,19,268.01 | 2,20,142.91 |
| Capital Expenditure      | 14.97       | 628.89      |

## 52 Expenditure in Foreign Currency

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars   | 31-Mar-22     | 31-Mar-21     |
|---|---------------|---------------|
| Professional & Consultancy Fees                         | 4.85          | 0.48          |
| Material Consumed in Execution of Engineering Contracts | 201.72        | 43.28         |
| Erection ,Construction & Operation Exp                  | 59.00         | 24.14         |
| Travelling & Conveyance                                 | 3.74          | 75.88         |
| Salaries and wages                                      | 67.95         | 181.53        |
| Others  | 154.84        | 4.84          |
| <b>Total</b>  | <b>492.10</b> | <b>330.15</b> |

## 53 Fair Value Measurement

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

### 31-Mar-22

| Particulars                                       | Note    | Carrying Amount                    |                      |   |  |                      | Fair Value   |          |          |              |
|---|---------|------------------------------------|----------------------|---|--|----------------------|--------------|----------|----------|--------------|
|   |         | Financial Assets at amortised cost | Mandatorily at FVTPL | Other Financial liabilities at amortised cost | Investments at Fair Value through Other comprehensive income | Total carrying value | Level 1      | Level 2  | Level 3  | Total        |
| <b>Assets</b>                                     |         |                                    |                      |   |  |                      |              |          |          |              |
| Financial Assets Measured at Fair Value           |         |                                    |                      |   |  |                      |              |          |          |              |
| Investments                                       | 9       | -                                  | -                    | -   | 38.65  | 38.65                | 52.72        | -        | -        | 52.72        |
| Financial Assets not Measured at Fair Value*      |         |                                    |                      |   |  |                      |              |          |          |              |
| Investments                                       | 9       | -                                  | -                    | -   | -  | -                    | -            | -        | -        | -            |
| Loans   | 10      | 8,131.35                           | -                    | -   | -  | 8,131.35             | -            | -        | -        | -            |
| Trade Receivables                                 | 11 & 17 | 56,018.99                          | -                    | -   | -  | 56,018.99            | -            | -        | -        | -            |
| Cash and Cash Equivalents                         | 18      | 582.67                             | -                    | -   | -  | 582.67               | -            | -        | -        | -            |
| Other Bank balances                               | 19      | 2,387.49                           | -                    | -   | -  | 2,387.49             | -            | -        | -        | -            |
| Other financial assets                            | 12 & 20 | 1,970.81                           | -                    | -   | -  | 1,970.81             | -            | -        | -        | -            |
| <b>Total</b>                                      |         | <b>69,091.31</b>                   | <b>-</b>             | <b>-</b>                                      | <b>38.65</b>   | <b>69,129.96</b>     | <b>52.72</b> | <b>-</b> | <b>-</b> | <b>52.72</b> |
| <b>Liabilities</b>                                |         |                                    |                      |   |  |                      |              |          |          |              |
| Financial Liabilities not Measured at Fair Value* |         |                                    |                      |   |  |                      |              |          |          |              |
| Non Current Borrowings                            | 25      | -                                  | -                    | 15,364.47                                     | -  | 15,364.47            | -            | -        | -        | -            |
| Current Borrowings                                | 29      | -                                  | -                    | 82,462.97                                     | -  | 82,462.97            | -            | -        | -        | -            |
| Trade payables                                    | 30      | -                                  | -                    | 33,968.26                                     | -  | 33,968.26            | -            | -        | -        | -            |
| Other financial liabilities                       | 26 & 31 | -                                  | -                    | 6,340.63                                      | -  | 6,340.63             | -            | -        | -        | -            |
| <b>Total</b>                                      |         | <b>-</b>                           | <b>-</b>             | <b>1,38,136.33</b>                            | <b>-</b>   | <b>1,38,136.33</b>   | <b>-</b>     | <b>-</b> | <b>-</b> | <b>-</b>     |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

31-Mar-21

| Particulars  | Note    | Carrying Amount                    |                      |   |   | Fair Value           |              |          |          |              |
|--|---------|------------------------------------|----------------------|---|---|----------------------|--------------|----------|----------|--------------|
|  |         | Financial Assets at amortised cost | Mandatorily at FVTPL | Other Financial liabilities at amortised cost | Investments at Fair Value thorough Other comprehensive income | Total carrying value | Level 1      | Level 2  | Level 3  | Total        |
| <b>Assets</b>  |         |                                    |                      |   |   |                      |              |          |          |              |
| <b>Financial Assets Measured at Fair Value</b>           |         |                                    |                      |   |   |                      |              |          |          |              |
| Investments  | 9       | -                                  | -                    | -   | 13.71   | 13.71                | 13.71        | -        | -        | 13.71        |
| <b>Financial Assets not Measured at Fair Value*</b>      |         |                                    |                      |   |   |                      |              |          |          |              |
| Investments  | 9       | 66.13                              | -                    | -   | 66.13   | 66.13                | -            | -        | -        | -            |
| Loans  | 10      | 10,913.30                          | -                    | -   | 10,913.30   | 10,913.30            | -            | -        | -        | -            |
| Trade Receivables  | 11 & 17 | 61,222.68                          | -                    | -   | 61,222.68   | 61,222.68            | -            | -        | -        | -            |
| Cash and Cash Equivalents                                | 18      | 840.86                             | -                    | -   | 840.86  | 840.86               | -            | -        | -        | -            |
| Other Bank balances                                      | 19      | 2,866.88                           | -                    | -   | 2,866.88  | 2,866.88             | -            | -        | -        | -            |
| Other financial assets                                   | 12 & 20 | 2,030.33                           | -                    | -   | 2,030.33  | 2,030.33             | -            | -        | -        | -            |
| <b>Total</b>   |         | <b>77,940.18</b>                   | <b>-</b>             | <b>-</b>                                      | <b>13.71</b>  | <b>77,953.89</b>     | <b>13.71</b> | <b>-</b> | <b>-</b> | <b>13.71</b> |
| <b>Liabilities</b>                                       |         |                                    |                      |   |   |                      |              |          |          |              |
| <b>Financial Liabilities not measured at fair value*</b> |         |                                    |                      |   |   |                      |              |          |          |              |
| Non Current Borrowings                                   | 25      | -                                  | -                    | 20,072.85                                     | 20,072.85   | 20,072.85            | -            | -        | -        | -            |
| Current Borrowings                                       | 29      | -                                  | -                    | 63,515.81                                     | 63,515.81   | 63,515.81            | -            | -        | -        | -            |
| Trade payables   | 30      | -                                  | -                    | 34,002.60                                     | 34,002.60   | 34,002.60            | -            | -        | -        | -            |
| Other financial liabilities                              | 26 & 31 | -                                  | -                    | 6,026.62                                      | 6,026.62  | 6,026.62             | -            | -        | -        | -            |
| <b>Total</b>   |         | <b>-</b>                           | <b>-</b>             | <b>1,23,617.88</b>                            | <b>1,23,617.88</b>  | <b>1,23,617.88</b>   | <b>-</b>     | <b>-</b> | <b>-</b> | <b>-</b>     |

\* The Company has not disclosed the fair value for Financial instruments mentioned above because their carrying amounts are a reasonable approximation of fair value.

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 54 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

### (A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's outstanding debt in local currency is on fixed rate basis and hence not subject to interest rate risk.

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The net exposure to foreign currency in respect of recognized financial assets, recognized financial liabilities and derivatives is as follows:

a) Forward exchange contracts entered into by the Company and outstanding as on March 31, 2022 - Nil (March 31, 2021 - Nil)

#### b) Foreign Currency exposure

| Particulars                 | 31-Mar-22 |                                       |            |
|-----------------------------|-----------|---------------------------------------|------------|
|                             | Currency  | Amount in Foreign Currency (In Lakhs) | In ₹ lakhs |
| Bank Balances               | USD       | 0.07                                  | 5.16       |
|                             | IQD       | 2.43                                  | 0.13       |
| Trade Payables              | USD       | 1.11                                  | 84.44      |
|                             | EURO      | 37.17                                 | 3,130.82   |
| Trade and Other Receivables | USD       | 31.62                                 | 2,396.93   |



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

| Particulars                 | 31-Mar-21 |                                       |            |
|-----------------------------|-----------|---------------------------------------|------------|
|                             | Currency  | Amount in Foreign Currency (In Lakhs) | In ₹ lakhs |
| Bank Balances               | OMR       | 0.05                                  | 0.98       |
|                             | AED       | 0.01                                  | 0.07       |
|                             | EURO      | 0.01                                  | 0.82       |
|                             | USD       | 0.01                                  | 1.55       |
|                             | YUAN      | 0.01                                  | 0.61       |
|                             | IQD       | 2.43                                  | 0.14       |
| Trade Payables              | USD       | 1.11                                  | 81.45      |
|                             | EUR       | 42.22                                 | 3,620.71   |
| Trade and Other Receivables | USD       | 39.54                                 | 2,890.77   |
|                             | OMR       | (0.14)                                | (27.12)    |

(B) Credit risk

The credit risk to the Company arises from two sources:

a) Customers, who default on their contractual obligations, thus resulting in financial loss to the Company

Company evaluates the credentials of a customer at a very early stage of the bid. Company has adopted a policy of 3 tier verification before participating for any bid. The first step of such verification includes verification of customer credentials. The Company, as part of verification of the customer credentials, ensures the compliance with the following criterion,

(i) Customer's financial health by examining the audited financial statements

(ii) Whether the Customer has achieved the financial closure for the work for which the Company is bidding

(iii) Where the customer is Public Sector Undertaking, sanction and availability of adequate financial resources for the proposed work.

Company makes provision on its financial assets, on every reporting period, as per Expected Credit Loss Method. The provision is made separately for each financial assets of each business line. The percentage at which the provision is made, is determined on the basis of historical experience of such provisions, modified to the current and prospective business and customer profile.

Trade receivables consist of large number of customers, spread across diverse industries and geographical areas. Majority of the customers of the Company comprise of Public Sector Undertakings, with whom the company does not perceive any credit risk. As regards the customers from private sector, company carries out financial evaluation on regular basis and provides for any amount perceived as non realisable, in the books of accounts.

b) Non certification by the customers, either in part or in full, the works billed as per the contract, being non claimable cost as per the terms of the contract with the customer



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

Non certification of works billed The Company has contract claims from customers including costs on account of account of delays / changes in scope / design by them etc. which are at various stages of discussions / negotiations or under arbitrations. The realisability of these claims are estimated based on contractual terms, historical experience with similar claims as well as legal opinion obtained from internal and external experts, wherever necessary. Changes in facts of the case or the legal framework may impact realisability of these claims

The Company provides for doubtful receivables/advances and expected credit loss based on 12 months and lifetime expected credit loss basis for following financial assets:

### 31-Mar-22

| Particulars           | Estimated Gross Carrying Amount at default | Provision/ Expected Credit Loss | Carrying amount net of impairment provision |
|-----------------------|--|---------------------------------|---|
| Trade receivables     | 46,326.35                                  | (9,075.87)                      | 37,250.48                                   |
| Contract Assets       | 83,029.75                                  | (3,321.01)                      | 79,708.74                                   |
| Advances to Suppliers | 14,992.40                                  | (1,640.30)                      | 13,352.09                                   |

### 31-Mar-21

| Particulars           | Estimated Gross Carrying Amount at default | Provision/ Expected Credit Loss | Carrying amount net of impairment provision |
|-----------------------|--|---------------------------------|---|
| Trade receivables     | 47,179.01                                  | (6,971.47)                      | 40,207.54                                   |
| Contract Assets       | 83,594.70                                  | (910.95)                        | 82,683.42                                   |
| Advances to Suppliers | 15,008.20                                  | (1,640.30)                      | 13,367.90                                   |

Reconciliation of Provision and Expected Credit Loss - Other financial assets

| Particulars  | Trade receivables | Contract Asset | Advances to suppliers |
|--|-------------------|----------------|-----------------------|
| Provision and Expected Credit Loss on March 31, 2021 | 6,971.47          | 910.95         | 1,640.30              |
| Allowance for Doubtful Debts                         | 3,152.14          | 2,410.06       | -                     |
| Provision and Expected Credit Loss on March 31, 2022 | 9,075.87          | 3,321.01       | 1,640.30              |

### (C) Liquidity risk

Company being an EPC contractor, has a constant liquidity pressures to meet the project requirements. These requirements are met by a balanced mix of borrowings and project cash flows. Cash flow forecast is made for all projects on monthly basis and the same are tracked for actual performance on daily basis. Shortfall in cash flows are matched through short term borrowings and other strategic financing means. The daily project requirements are met by allocating the daily aggregated cash flows among the projects. Company has established practice of prioritising the site level payments and regulatory payments above other requirements.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

The table below summarizes the maturity profile of the Company's financial liabilities:

| Particulars               | Less than 3 months | 3 to 12 months     | 1 to 5 years     | More than 5 years | Total              |
|---------------------------|--------------------|--------------------|------------------|-------------------|--------------------|
| <u>31-Mar-22</u>          |                    |                    |                  |                   |                    |
| Short term borrowings     | -                  | 82,462.97          |                  |                   | 82,462.97          |
| Long-term borrowings      | -                  |                    | 15,364.47        |                   | 15,364.47          |
| Trade payables            | -                  | 26,874.24          | 7,094.02         |                   | 33,968.22          |
| Other financial liability | -                  | 2,202.91           |                  |                   | 2,202.91           |
|                           | -                  | <b>1,11,540.12</b> | <b>22,458.49</b> | -                 | <b>1,33,998.57</b> |
| <u>31-Mar-21</u>          |                    |                    |                  |                   |                    |
| Short term borrowings     | -                  | 53,515.81          |                  |                   | 53,515.81          |
| Long-term borrowings      | -                  |                    | 20,072.84        |                   | 20,072.84          |
| Trade payables            | -                  | 24,818.32          | 9,184.28         |                   | 34,002.60          |
| Other financial liability | -                  | 4,676.53           |                  |                   | 4,882.17           |
|                           | -                  | <b>93,216.30</b>   | <b>29,257.12</b> | -                 | <b>1,22,473.42</b> |

## 55 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors Net Debt to Capital ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of term loans and cash credits. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

| Particulars               |                     | 31-Mar-22        | 31-Mar-21          |
|---------------------------|---------------------|------------------|--------------------|
| Total equity              | (i)                 | <b>73,946.64</b> | <b>1,00,510.81</b> |
| Total debt                | (ii)                | 97,827.44        | 83,588.66          |
| Cash and Cash Equivalents | (iii)               | 582.67           | 840.86             |
| Net Debt                  | (iv) = (ii) - (iii) | <b>97,244.77</b> | <b>67,736.54</b>   |
| Total Capital             | (v) = (i) + (iv)    | 1,71,191.41      | 1,85,456.44        |
| Net Debt to Capital ratio | (iv)/ (v)           | 0.57             | 0.37               |

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 56 Disclosures pursuant to Ind AS 37 “Provisions, Contingent Liabilities and Contingent Assets”

### Movement in Provisions:

| Particulars                               | Provision for Expected Credit Losses |             | Provision for Doubtful Receivables | Provision for Advances |
|---|--------------------------------------|-------------|------------------------------------|------------------------|
|   | Current                              | Non-Current | Non-Current                        | Current                |
| Opening Balance as on April 01, 2021      | 7,882.42                             | 11,198.05   | 1,521.48                           | 1,640.30               |
| Add: Additional Provision during the year | 4,514.46                             | 132.86      | 1,047.75                           |                        |
| Closing Balance as on March 31, 2022      | 12,396.88                            | 11,330.91   | 2,569.23                           | 1,640.30               |

## 57 Commitments

| Particulars   | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---|------------------------|------------------------|
| Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for | Nil                    | Nil                    |

## 58 Contingent liabilities

| Particulars  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| a) Claims against the Company not acknowledged as debts  | 15,835.06              | 10,879.21              |
| b) Central Excise, Service Tax and customs Duties demands contested in Appeals, not provided for | 408.00                 | 408.00                 |
| c) Disputed VAT/ Central Sales tax demands contested in Appeals, not provided for                | 9,669.88               | 9,256.75               |
| d) Income tax demands contested in Appeals, not provided for                                     | -                      | 1,800.58               |
| e) Bank Guarantees outstanding   | 32,002.18              | 41,353.20              |

Management is confident of winning the appeals in respect of the above, hence no provision has been made. Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

- 59** The Company (SEPC) is one of the Respondent along with Twarit Consultancy Private Limited (TCPL) in respect of an Arbitration by The Singapore International Arbitration Centre (SIAC) filed by GPE (INDIA) Ltd, GPE JV1Ltd, Gaja Trustee Company Private Ltd (the Claimants) in connection with the claimants' investments in an associate company of the Company. SIAC vide their Order dated January 07, 2021 awarded damages Jointly and Severally on the Respondents to the tune of ₹ 1,98,54.10 lakhs and a sum of SGD 372,754.79 towards Arbitration expenses. These are to be paid along with simple interest @ 7.25% pa from July 21, 2017 until the date of payment. The Respondents have already preferred an appeal before the High Court of Republic of Singapore against the award of SIAC and the same is pending as on date. However, the Company has entered into an Inter -se arrangement dated September 29, 2015 with TCPL and Shri Housing Pvt Ltd by which, Company will be fully indemnified, in case of any liability arising out of any Suits, Proceedings, Disputes, Damages payable by the Company on any defaults arising out of the investments made by the Complainant in the associate. In view of the said Inter-se Arrangements, the Company do not have any liability whatsoever, on account of this award which is subject to the outcome of the Respondents appeal before all appropriate Jurisdictional Courts / Forums.
- 60** Mokul Shriram EPC JV (JV Company) have won the complaint against Export Credit Guarantee Corporation of India Limited (ECGC) before the National Consumer Disputes Redressal Commission,(NCDRC) New Delhi, in connection with the project executed in Basra, Iraq. NCDRC, vide their order dated January 27, 2021, allowed the claims and directed ECGC to pay a sum of ₹ 26,501 lakhs along with simple interest @ 10% pa. with effect from September 19, 2016 till the date of realisation to the JV Company within a period of three months from the date of order, failing which ECGC will be liable to pay compensation in the form of simple interest @ 12% pa. ECGC had filed an appeal against the order of NCDRC New Delhi, before Supreme Court, and the case is pending for disposal.
- 61** The outbreak of Coronavirus (COVID -19) pandemic globally and in India caused significant disturbance and slowdown of economic activity. The Company has assessed the impact of pandemic on its financial results/position based on the principle of prudence in applying judgements, estimates and assumptions including sensitivity analysis and has concluded that there is no major impact of COVID 19 on the recoverability of carrying values of assets and expects to recover the carrying value of its assets other than the provision made as mentioned in Note 43.1. Considering that it is a dynamic and evolving situation, the management will continue to closely monitor and evaluate the impact of any material change in macro-economic and other related factors, which may have bearing on the Company's operations.
- 62** The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.
- The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published."
- 63** Relationship with Struck off Companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956,

| Name of struck off Company    | Nature of transactions with struck-off Company | Relationship with the Struck off company, if any | Balance outstanding as at March 2022 | Balance outstanding as at March 2021 |
|-------------------------------|--|--|--------------------------------------|--------------------------------------|
| MODY INDUSTRIES (FC) P LTD    | Payables                                       | NA   | -                                    | (2.91)                               |
| SCHNEIDER ELECTRIC            | Payables                                       | NA   | -                                    | (13.29)                              |
| Hariom Tradewing Pvt Ltd      | Payables                                       | NA   | -                                    | (0.05)                               |
| ORIENT CARGO MOVERS (P) LTD.  | Payables                                       | NA   | -                                    | (0.22)                               |
| DEVACHANDANA FOUNDATIONS      | Payables                                       | NA   | -                                    | (0.40)                               |
| FILTREX CONSULTANTS&ENGINEERS | Payables                                       | NA   | -                                    | (11.91)                              |

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Amount in ₹ lakhs, unless otherwise stated)

## 64 Utilisation of Borrowed funds:

- a) The Company and its subsidiary has not advanced or loaned or invested funds during the reporting periods to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding whether recorded in writing or otherwise that the Intermediary shall: (i) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- b) The Company and its subsidiary has not received any fund during the reporting periods from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 65 Details of Benami Property held

The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

## 66 Compliance with number of layers of companies

The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

## 67 Undisclosed income

The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

## 68 Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

## 69 Registration of charges or satisfaction with Registrar of Companies

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

## 70 The Board, duly taking into account all the relevant disclosures made has approved these financial statements in its meeting held on June 24, 2022.

## 71 The figures for the previous year have been reclassified/ regrouped wherever necessary for better understanding and comparability.

As per our report of even date  
**For MSKA & Associates**  
**Chartered Accountants**  
Firm Registration No.:105047W

**For and on behalf of the Board of Directors**  
**SEPC Limited (Formerly Known as Shriram EPC Limited)**  
CIN: L74210TN2000PLC045167

**Geetha Jeyakumar**  
Partner  
Membership No : 029409

**T. Shivaraman**  
Managing Director & CEO  
DIN: 01312018

**Chandra Ramesh**  
Director  
DIN: 00938694

Place: Chennai  
Date: June 24, 2022

**T. Sriraman**  
Company Secretary

**R S Chandrasekharan**  
Chief Financial Officer



Note

A series of 20 horizontal dotted lines for writing notes.

## *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.



## **SEPC Limited**

**(formerly Shriram EPC Limited)**

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Parthasarathy Puram, T. Nagar, Chennai- 600 017.  
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**CIN: L74210TN2000PLC045167**