

National Stock Exchange of India Limited  
Symbol – SHRIRAMEPC  
Exchange Plaza, 5th Floor,  
Plot No. C/1, G Block, Bandra-Kurla Complex  
Bandra (East), Mumbai - 400 051

BSE Limited  
Scrip Code - 532945  
Phiroze Jeejeebhoy Towers  
Dalai Street,  
Mumbai - 400 001

August 31, 2020

Dear Sir / Madam,

**Sub:** Submission of Twentieth Annual Report along with the Notice as per Regulation 34 (1) of 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 Twentieth Annual Report for the FY 2019-20 along with the Notice of Annual General Meeting of the Company to be held on Wednesday, 23<sup>rd</sup> September 2020 at 10.00 A.M, 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).

We request you to kindly take the same on record.

Thanking you,

Yours faithfully  
For **Shriram EPC Limited**



**K. SURESH**  
Vice President &  
Company Secretary.

Encl.:a.a.





**Shriram EPC Limited**

*Twentieth Annual Report 2019-2020*

# 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. R. Sundararajan	(DIN :00498404)	- Director
Mr. S. Bapu	(DIN :02541697)	- Director
Ms. Chandra Ramesh	(DIN :00938694)	- Director
Mr. K S Sripathi	(DIN :02388109)	- Director (w.e.f. 11.09.2018)
Mr. Kallika Prasad Agarwal	(DIN :02388109)	- Nominee Director – Punjab National Bank (erstwhile Oriental Bank of Commerce) w.e.f.04.10.2019

## CHIEF FINANCIAL OFFICER

Mr. R.S. Chandrasekharan

## VICE PRESIDENT & COMPANY SECRETARY

Mr. K. Suresh

## AUDITORS

M/s. MSKA & Associates, Chartered Accountants,  
No.443 & 445 Floor 5, Main Building, Guna Complex, Mount Road, Teynampet, Chennai 600 018, INDIA.

## BANKERS

Punjab National Bank  
Central Bank of India  
Axis Bank Limited  
State Bank of India  
The South Indian Bank Ltd  
ICICI Bank limited  
Indian bank  
Bank Of Maharashtra  
Bank Of India  
Indusind Bank Limited  
Lakshmi Vilas Bank Limited  
Union Bank of India  
Bank of Baroda  
Federal Bank Limited  
Yes Bank Limited  
IFCI Factors

## REGISTERED OFFICE

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



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## Chairman's Message

Date : 10.07.2020

Dear Shareholders,

During the year under review, the Construction and Engineering sector, which was already facing multiple challenges from lack of capital and credit to stressed financial situation of our clients, has now been marred by the Covid 19 pandemic, with no early relief in sight.

The Indian economy has been hit hard by the ongoing Corona virus pandemic-driven global crisis. There are, primarily, two major challenges that the Indian economy is facing at this juncture. First is to save the spread of Corona virus (COVID-19), which is a health emergency. Second the economic impact & uncertainty due to the effect of the global and lockdowns.

The Government's initiatives on the economic package consist of a mix of reforms, support to stressed businesses and a certain amount of direct cash support. However, more policy reforms and initiatives are awaited to specifically address short and medium term demand concerns, which have plagued the economy.

The economic slowdown has also significantly impacted revenue to the states, which in turn has impacted cash flows to contractors. We are, however, optimistic that the Government would provide necessary thrust and impetus in the road and water sectors in order to help revive the economy once we cross the hump of the immediate health-crisis.

The performance by your Company in the past one year has been primarily due to the significant progress in the execution of the overseas projects at Sohar and Basra as well as water projects in India. Although the current order book looks fairly satisfactory, in view of the current down-turn in the economy, it will not be unrealistic to expect the growth of your Company's business in immediate future to be somewhat erratic and uncertain. We expect the economic environment to improve considerably in 2021-22 and gain further momentum thereafter. The management of your Company is adequately geared to face the challenges and to exploit the emerging opportunities. The Company has also made necessary provision to cover the anticipated impact of COVID crisis.

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

Yours sincerely,

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



## Financial Performance - Standalone

₹ in Crores

Statement of Profit and Loss	As per IGAAP						As per IND AS			
	2010-11	2011-12	2012-13 (15 months)	2013-14 (9 months)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Gross Sales	1,282.17	1,382.20	1,705.13	495.09	547.66	547.6	519.69	615.04	740.66	681.05
Other Income	43.04	25.69	60.35	26.78	11.03	113.03	87.83	105.33	74.27	48.18
Interest	85.72	196.87	410.94	190.75	190.87	271.73	297.59	103.51	95.45	98.80
Profit Before Taxation	94.83	39.13	-305.13	-425.44	-252.62	-244.03	-226.39	24.26	28.62	-80.99
Profit After Taxation	69.61	25.51	-262.86	-439.37	-252.85	-244.03	-150.92	10.76	28.62	-80.99

Balance Sheet	As per IGAAP						As per IND AS			
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Fixed Assets (Net)	136.13	126.25	53.86	69.84	70.41	55.21	6,087.37	5,579.13	5,378.42	49.28
Investments (Current and Non current)	267.57	289.82	244.33	45.49	45.49	5.42	1.3345	1.31	1.12	1.02
Net Deferred Tax	-2,893.64	-30.73	13.93	-	-	414.26	489.74	476.24	476.24	476.24
Net Assets (Current and Non Current)	1,933.81	1,517.50	2,147.97	2,299.58	2,551.98	2128.43	1985.41	1793.44	2,006.19	1,236.38
Share Capital	44.26	44.34	44.36	344.36	386.36	330.63	936.97	971.53	971.53	971.53
Other Equity	442.18	463.14	200.30	-239.07	-324.38	-403.77	191.67	257.79	286.55	205.67
Loan Funds	1,212.23	1,793.50	1,559.74	1,724.20	2,121.42	1,878.88	836.19	793.28	632.60	658.32

## Notice of Twentieth Annual General Meeting

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of the Company will be held at 10.00 A.M on Wednesday, the 23<sup>rd</sup> September, 2020 through Video Conferencing/ Other Audio Visual Means ("VC/OAVM") facility to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 March, 2020 including audited Balance Sheet as at 31 March, 2020 and the Statement of Profit and Loss for the year ended on that date and Cash Flow Statement for the year ended on that date and the reports of the Board of Directors ("the Board") and Auditors thereon.

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

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

RESOLVED THAT Mr. S Babu (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. Re-Appointment of Mr. M Amjat Shariff (DIN No 00009562) as a Director:

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

RESOLVED THAT Mr. M Amjat Shariff (DIN no. 00009562) retires by rotation and who is eligible for re-appointment be and is hereby re-appointed as a Director of the Company.

### SPECIAL BUSINESS

4. Appointment of Mr. P D Karandikar (DIN: 02142050) as an Independent Director:

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

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory

modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. P D Karandikar (DIN: 02142050), Director of the Company, be and is hereby appointed as an Independent Director of the Company for the second term of 5 years, not liable to retire by rotation, to hold office from this Annual General Meeting till the conclusion of the Twenty fifth AGM for whom the Company has received a notice in writing from a member proposing his candidature as a Director.

5. Appointment of Ms. Chandra Ramesh (DIN: 00938694) as an Independent Director:

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

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Ms. Chandra Ramesh (DIN: 00938694) Director of the Company, be and is hereby appointed as an Independent Director of the Company for the second term of 5 years, not liable to retire by rotation, to hold office from this Annual General Meeting till the conclusion of the Twenty fifth AGM for whom the Company has received a notice in writing from a member proposing his candidature as a Director.

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

"RESOLVED that pursuant to the provisions of Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, Mr. G Sundaresan, CMA be appointed as Cost Auditors of the Company till the conclusion of the next Annual General Meeting (AGM) at Rs.50000/- p.a. plus service tax, out-of-pocket, travelling and living expenses, etc."

By Order of the Board of Directors

Chennai  
12<sup>th</sup> August, 2020

K SURESH  
Vice President & Company Secretary



## Notes

1. The Register of Members and Share Transfer Books of the Company shall remain closed from the Friday, 18<sup>th</sup> day of September, 2020 to the Wednesday 23<sup>rd</sup> day of September, 2020 (both days inclusive).
2. Pursuant to the provisions of Section 125 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto ('IEPF Rules') the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company filed Form IEPF for transfer of unpaid dividend of Rs, 70,465.20 as on 31<sup>st</sup> March 2012 and submitted the challan no U54939608 dated 12<sup>th</sup> November 2019 to Axis Bank for onward remittance to the Investor Education and Protection Fund (IEPF) but due to some technical reason, Axis Bank has failed to remit the amount before the due date and the Challan got cancelled. The Company has approached the Registrar of Companies (ROC), Chennai, Tamil Nadu for transfer of above unpaid dividend amount at the earliest. Due to the current COVID situation the process is getting delayed as ROC is working with limited staff.
3. At the 17<sup>th</sup> AGM held on 24<sup>th</sup> August 2017, the Members approved the appointment of /s. MSKA & Associates, as the Statutory Auditors of the Company having Registration No. 105047W, for an initial term of five consecutive years i.e, from the conclusion of the 17<sup>th</sup> AGM till the conclusion of the 22<sup>nd</sup> AGM of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every AGM of the Company. The requirement to place the matter relating to the appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the 20<sup>th</sup> AGM.
4. The Company has appointed Mr. Rajiblochan Sarangi, Practicing Company Secretary (Membership No.20312), Company Secretaries as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.
  - (i) Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e 17.9. 2020.
  - (ii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 17.9. 2020 only shall be entitled to avail the facility of remote e-voting.
  - (iii) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 17.9. 2020 , may obtain the User ID and password in the manner as mentioned below:By Order of the Board.

### **CDSL e-Voting System – For Remote e-voting and e-voting during AGM**

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 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 AGM 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/EGM 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/EGM 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 AGM 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.

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

- (i) The voting period begins on 19<sup>th</sup> September, 2020 and ends on 22<sup>nd</sup> September 2020. 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 17<sup>th</sup> September, 2020 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) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iv) Click on "Shareholders" module.
  - (v) 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.
- OR
- Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.
- (vi) Next enter the Image Verification as displayed and Click on Login.
  - (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.



(viii) If you are a first time user follow the steps given below:

<b>For Shareholders holding shares in Demat Form and Physical Form</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	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.
<b>OR</b> Date of Birth (DOB)	<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 as mentioned in instruction (v).</li> </ul>

- (xi) After entering these details appropriately, click on “SUBMIT” tab. on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (x) 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.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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 “CONFIRM”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) 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.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

- 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.
- For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self

attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/ RTA email id.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. 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.
5. 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 3 (Three) days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 3 (Three) days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

2. 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.
3. 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 shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**(xx) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://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](mailto: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 should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required 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; [suresh@shriramepc.com](mailto:suresh@shriramepc.com)



(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.

Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

Chennai  
12<sup>th</sup> August, 2020

K Suresh  
Vice President &  
Company Secretary

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill

Registered Office:  
Sigappi Achi Building, 4th Floor,  
18/3 Rukmini Lakshmi pathi Road,  
Egmore, Chennai-600008  
CIN: L74210TN2000PLC045167  
Tel:+91(44)49015678 Fax: 91(44)4901 5655  
E-mail:[suresh@shriramepc.com](mailto:suresh@shriramepc.com)  
Website: [www.shriramepc.com](http://www.shriramepc.com)

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

### **Item No. 4**

Mr. P D Karandikar is a Non-Executive Independent Director. He is on the board of the company from 29.6.2010.

In terms of the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. P D Karandikar (DIN: 02142050), Director of the Company, is proposed to be appointed as an Independent Director of the Company for the second term of five years, not liable to retire by rotation, to hold office for 5 consecutive years for a term upto Twenty fifth annual General meeting . The Company has received a notice in writing from a member proposing his candidature as a Director as required under Section 160 of the Companies Act, 2013 along with a deposit of Rs.100000/-.

A copy of the Draft letter of appointment of Mr. P D Karandikar as Independent Director setting out the terms and conditions is available for inspection without any fees at the Company's registered office during the normal business hours on any working day till the date of the Annual General Meeting.

None of the Directors, Key Managerial Personnel (KMPs) or relatives of Directors and KMPs, except Mr. P D Karandikar is concerned or interested in the resolution at Item No. 4 of the Notice.

### **Item No. 5**

Mrs. Chandra Ramesh is a Non-Executive Independent Director. She is on the board of the company from 23.03.2015.

In terms of the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Ms. Chandra Ramesh (DIN:00938694), Director of the Company, is proposed to be appointed as an Independent Director of the Company for the second term of five years, not liable to retire by rotation, to hold office for 5 consecutive years for a term upto Twenty fifth annual General meeting .

The Company has received a notice in writing from a member proposing her candidature as a Director as required under Section 160 of the Companies Act,2013 along with a deposit of Rs.100000/-.

A copy of the Draft letter of appointment of Ms. Chandra Ramesh as an Independent Director setting out the terms and conditions is available for inspection without any fees at the Company's registered office during the normal business hours on any working day till the date of the Annual General Meeting.

None of the Directors, Key Managerial Personnel (KMPs) or relatives of Directors and KMPs, except Ms. Chandra Ramesh is concerned or interested in the resolution at Item 5 of the Notice.

### **Item No.6**

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 Mr. G Sundaresan, CMA to audit the cost accounts of the Company for the financial year 2020 at a remuneration of Rs.50,000/- p.a. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members at a general meeting for ratification.

Accordingly, a Resolution seeking Member's ratification for the remuneration payable to Mr. G Sundaresan, CMA, Cost Auditor is included at Item 6 of the Notice convening the Annual General Meeting.

The Board commends the Resolution at Item No. 6 for approval by the Members.



**Details of Directors seeking Appointment / re-appointment at the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)**

Name of the Directors	Mr. S Babu	Mr. M Amjat Shariff	Mr. P D Karandikar	Ms. Chandra Ramesh
Date of Birth (Age in years)	24.7.1940 (79 years)	4.4.1955 (65 years)	30.12.1949 (70 years)	09.06.1960 (60 years)
Date of Appointment	30/03/2011	20/9/2007	29/6/2010	23/03/2015
Qualifications	Post-graduate in Mathematics	M Tech (Chem) from IIT, Chennai	IAS (Retd.)	FCA, ACS, AICWA, PGDM (IIM-A) and LICENTIATE IN INSURANCE.
Experience and expertise in specific functional area	conversant with income tax law & chit funds laws, Acquainted with regulations applicable to NBFCs, Insurance Regulations	project execution, sales, marketing and corporate planning. He has specialized in core sector, executing and management of projects, particularly related to steel, copper and power.	Experience of over 40 years. He has held several senior position as the Managing Director / CEO of Maharashtra Industrial Development Corporation, SICOM Ltd., Maharashtra State Road Development Corporation, etc.  He had also served as a Director on a number of PSUs of State and Central government including Nuclear Power Corporation, Uranium Corporation of India, Heavy Water Board, Indian Rare Earths Limited, Electronic Corporation of India etc.,  He is currently serving as the Corporate Advisor for esteemed Groups like Mahindra & Mahindra, Finolex etc.,	Cost and Management Accounting, budgeting and systems, Investment banking, lease / HP Financing, project counselling and Advisory services, stock broking, investment advisory and corporate insurance advisory
Shareholding in Shriram EPC Limited	NIL	282984 shares	NIL	NIL
Relationship with other Directors / KMPs	NIL	NIL	NIL	NIL
Directorships / held in other Listed Companies	NIL	NIL	Trigyn Technologies Limited	Orient Green Power Company Limited
Committee Membership and Chairmanship held in other Listed Companies	NIL	NIL	Member – Audit Committee – Trigyn Technologies	NIL

**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 re-appointment of Directors has been approved by the Board of Directors pursuant to the recommendation of Nomination and Remuneration Committee considering their skills, experience and positive outcome of performance evaluation.
3. Terms and conditions of re-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.

Chennai  
12<sup>th</sup> August, 2020

**K Suresh**  
Vice President &  
Company Secretary

Registered Office:  
Sigappi Achi Building, 4th Floor,  
18/3 Rukmini Lakshmi pathi Road,  
Egmore, Chennai-600008.

# Management Discussion and Analysis FY - 2019-20

## Company Overview

Headquartered in Chennai, Tamil Nadu, Shriram EPC Limited (SEPC) is one of the country's leading service provider of integrated design, engineering, procurement, construction and project management services for water and waste-water treatment plants, 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

FY20 was a challenging year for the global economy, recording its lowest growth of the decade at 2.4%, as an outcome of protracted trade disputes, reverse globalisation and the impact of the COVID-19 pandemic towards the end of the year. Unlike the previous financial crisis which was largely economic in nature, Covid-19 is a health crisis which has disrupted lives along with livelihoods. Governments across the world were forced to implement lockdowns and have announced a slew of monetary & fiscal measures in order to mitigate the economic impact and in order to set a base for a revival.

On the back of weakness in the global economy and structural changes being undertaken in India, GDP growth has dipped to an 11-year low of 4.2% in FY2019-20 (Source: <https://www.indiatoday.in/business/story/gdp-for-fourth-quarter-of-fy2019-20-plummets-to-3-1-1683379-2020-05-29>). Sluggish performance by the manufacturing, real estate and construction sectors and slower credit growth and continued asset quality stress in the financial sector are primary contributors to the slowdown. A normal monsoon, improved performance by the rural economy and the implementation of the Government's policies which have a clear focus on improving the capacity to spend for the rural sector, on infrastructure creation and inviting foreign investments are expected to revive economic growth going ahead.

## Industry Overview covering key sectors of operations

### Water and waste- water treatment and infrastructure

Water resources are under serious threat globally. The groundwater withdrawal rate as compared to available supplies is extremely high due to rapid industrialization coupled with population growth. Availability of safe drinking water, inefficient water and waste water treatment systems are some of the greatest challenges grappling the world at present.

India's water and wastewater sector has been a slow moving market and needs reforms. India has 2.45% of the land area in the world, is home to 16% of the world's population and accounts for 4% of the water resources of the planet. The obvious mismatch between demands of the population and water availability makes the judicious use and reuse of water important. 85% of India's water is being used for agriculture, making it the largest water consuming sector in the country by far. Further, with a steadily growing population availability of annual water per capita has been declining. Given this scenario, where fresh water availability is a challenge both from a quantity as well as a quality perspective, the ideal solution is to reuse and recycle water.

According to an estimate, major Indian cities generate about 0.038 billion cubic meters of sewage a day. However, the combined capacity of all the sewage treatment plant (STPs) is around 0.012 billion cubic meters per day. Similarly, out of all the industrial wastewater produced in the country, only 60% gets treated, which highlights the growing need for water treatment in the country.

The water market is mostly governed by the municipal segment which falls under the purview of utility sector. The utility market is set to top US\$14 billion within five years. Both water and wastewater treatment sector is expected to grow driven by the push to provide drinking water to every habitation and the renewed drive to mitigate the pollution in India's rivers. The cumulative water and wastewater capex increased by ~71% from 2013 to 2017 and is expected to further increase by ~59% in 2022 from 2013 levels. It is estimated that the cumulative expenditure may reach US\$17.3 billion.

Despite allocating significant water resources by the government, the delivery of water sources remains a challenge due to high costs and failure rates. The Swajal Scheme, launched by the Government of India, in the year 2018, aims at providing clean drinking water to the rural areas, covering over 115 districts across India. Similarly, the Swachh Bharat Mission (SBM) focuses on sanitation. Another such initiative is the watershed management programs, wherein efforts are made to increase the water table and develop man-made structures (bunds, tanks, etc.) for water storage. These are mainly for agricultural purposes.

### Metallurgy

The metal industry is a critical sector of the economy as it meets the requirements of a wide range of important industries such as engineering, electrical and electronics, infrastructure, automobile and automobile components, packaging etc.

The Steel Industry and its associated mining and metallurgy sectors have seen a number of major investments and developments in the recent years.



However, the industry has been going through challenging times in recent years on account of the global economic downturn & structural changes in many related industries. Also, Steel Industry in itself in a capital intensive sector – which in a rising interest rate environment poses challenges to the business. Further, the steel demand is also cyclical – during the downturn phase 2014-16, many steel makers had to face severe difficulties.

Going ahead though, as the country works towards becoming a manufacturing powerhouse through policy initiatives like Make in India, the steel industry has emerged as a major focus area given the dependence of a plethora of sectors on its output. While the industry has the potential to help India regain its positive trade balance in steel, there is an urgent need to boost the competitiveness of the country's steel industry.

## Company Overview

Your Company offers services relating to industrial processes, metallurgy, thermal 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 Grasim, Vedanta, SAIL, RINL, NMDC, Hindustan Copper, Kerala Feeds etc.

### KEY DEVELOPMENTS IN FY 2019-20

The overseas project in the Middle East contributed significantly to the Company's turnover and profitability. Future prospects have also immensely improved given the

widening of offerings and elevation of project execution skills.

### International Markets

#### Project in Sohar, Oman

The overseas project in the Oman for constructing Balance of Plant (BoP) for 1.2 MTPA Mini Mill Project in Sohar, Sultanate of Oman through its 100 % subsidiary, Shriram EPC FZE, , Sharjah is in advanced stage of completion. The plant is partially commissioned with some delays due to the COVID pandemic.

#### Project in Basra, Iraq

The Company had received a Contract (Mokul Shriram EPC JV) for Sewerage Water, Storm Water and Trunk Sewer Pipeline Project along with Civil Works and Road Works at Al Qibla area, Basra, for Basra Governorate, Basra, Iraq valued at USD 236 Mn. in joint venture with Mokul Infrastructure Private Limited in 2012.

This project is being executed through a local contractor and is progressing well.

## SWOT Analysis –

### Strengths –

**Strong Promoter Support** – SEPC is part of SVL Ltd, The support has been extremely valuable and has contributed largely in business growth sustenance during extremely challenging periods in recent times.

**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**

Increased impetus to develop infrastructure in the country is attracting both domestic and international players.

In the roads sector, the Government's policy to substantially increase the rate of implementation of highway projects has proved to be a boon for the infrastructure industry. 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) in infrastructure by 2022 to have sustainable development in the country.

The Government is also working on improving energy infrastructure in the country and investment opportunities worth US\$ 300 billion will be available in the sector in the coming 10 years.

The infrastructure sector has become the biggest focus area of the Government of India. Under Union Budget 2019-20, US\$ 63.20 billion was allocated to the sector.

##### **International Markets**

The completion of international projects will chart a new course for the business as it will set the base for the Company to bid for other International projects. Addition of International business in the project mix will also help the margin profile of the Company as the same attract higher margins due to multiple factors like profile of projects, labour availability, stringent norms and procedures.

#### **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 Company had been on a recovery path in recent years post overcoming the challenges of slowing capex activities and rising interest rates. The Company undertook a series of measures towards improving its operational efficiencies, cutting down on expenses and negotiating with the bankers for securing better terms on existing debt. The promoters as well stood firm behind the Company and the management team offering timely guidance and support. Further, it also offered monetary assistance towards strengthening the liquidity position of the Company. We are also pleased and heartened that similar kind of support was also extended by our clients in terms of awarding repeat contracts and orders – demonstrating their faith in our execution capabilities.

The Company's strategic initiatives were also ably supported by improving macro environment on the back of supportive policies of the Government.

The combination of the above has seen a meaningful improvement in the financial position of the Company. Operationally as well the performance has improved on multiple parameters with greater traction and stability. Diversification of customers, industries as well as geographies has enabled SEPC to emerge as a stronger and more 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.

#### **Financial Performance**

**Revenue** – Total income during the year stood at Rs.1207.94 crore when compared with Rs. 1201.96. crore generated during corresponding period last year.

**Other Income** – Other income comprising mainly of interest income for the period stood at Rs.50.92 crore as against Rs. 74.34 crore.

**Expenditure** – Total expenditure before interest and depreciation for the year stood at Rs. 1163.95 crore compared to Rs. 1139.14 crore during the previous year.

**Interest** – Interest expense for the year stood at Rs.100.44 crore as against Rs 95.45 crore.

**Depreciation** – Depreciation expense for the year stood at Rs. 5.67 crore as against Rs 5.67 crore.

**Provision for Taxation** – During the year the current taxation is NIL (Previous Year Nil). The provision for Deferred tax is NIL compared to Rs. 0.86 crore mainly on account of profits made during the year.



**Profit after Tax** – The Company reported a Loss of Rs.77.26 crore for the year as against Rs. 30.59 crore profit after tax during previous year.

**Equity** – The Company's share capital remained the same during the year

**Loan** – The loans (short term and long term) outstanding as on 31.03.2020 is Rs. 658.32 Crores compared to the position as on 31.03.2019 of Rs. 632.60 crores. Cash and bank balance as of 31.03. 2020 stood at Rs. 12.06 crore as against Rs. 30.60 crore in the previous year resulting in a net debt at Rs. 646.26 crore (Rs. 602 crores).

## **Risk Management and Internal Controls**

### **Risk Management**

Your Company's risk management policy, approved by the Board of Directors supports business endurance and ensures achievement of strategic goals. The purpose of risk assessment is to identify and analyze risks that could affect the achievement of specified targets, and to identify measures to reduce risks.

### **Project Risks:**

The Infrastructure Industry is going through a difficult period and the Compound Annual Growth Rate (CAGR) for the next five years is expected to be ~6.5 %. In the execution of large projects there could be exposure to time and cost overruns. To mitigate these risks, the project management team and the project accounting and governance framework has been further strengthened. The Company has developed a separate structure at Project sites with defined roles and accountability of individuals especially for large projects

### **Competition Risks:**

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

### **OH&S Risks:**

Safety of employees and workers is of utmost importance to the Company. To reinforce the safety culture in the Company, it has identified Occupational Health & Safety as one of its focus areas. Various training programmes have been conducted at the sites such as behavior based safety training program, Visible Safety Leadership

program, Logistics Safety program etc. The accountability structure has also been strengthened by integrating OH&S competencies into the job descriptions of all Line Management and Safety Professionals.

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

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

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

## **HUMAN RESOURCES**

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

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

The Company's HR processes follow an improved hiring and on-boarding, fair and transparent performance evaluation and talent management process, and market aligned policies.

### **Leadership Development**

As a part of leadership development, a number of senior, middle and other employees are identified for additional responsibilities or are assigned to small independent projects for identifying talent.

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

As of March 31 2020, the Company's total human capital comprising of experienced and well skilled employees stood at 406.

# Directors' Report

Dear Shareholder,

Your Directors present the Twentieth Annual Report together with the Audited Financial Statements of your Company for the financial year ended 31<sup>st</sup> March, 2020.

## FINANCIAL RESULTS

(₹ in Crores)

	Consolidated (12 months)	Consolidated (12 months)	Standalone (12 months)	Standalone (12 months)
	2019-20	2018-19	2019-20	2018-19
Total Income	125886.71	127629.56	72,923.19	81,493.07
Profit before Interest, Depreciation, tax and extra-ordinary items	9491.33	13255.84	8943.63	10952.72
Interest & depreciation	10610.67	10111.04	10435.48	7895.31
Profit before tax & before extra-ordinary items	(1,119.35)	3604.77	(1491.85)	3,321.93
Provision for taxation	-	86.22	-	-
Profit after tax & extra-ordinary items	(7,726.33)	3058.58	(8098.83)	2,861.96
Balance brought forward from last year	(167,762.49)	(170821.07)	(163228.67)	(166090.64)
Profit available for appropriation	0	0	0	0
Transfer to general reserves	(7711.93)	3058.58	(8098.84)	2861.96
Surplus carried forward	(175,474.42)	(167,762.49)	(171327.50)	(163228.67)

## OPERATING RESULTS & PERFORMANCE

During the financial year ended March 31, 2020 the company had recorded a total income at Rs. 681.05 Crores as against Rs. 740.66 Crores in the previous year on a standalone basis.

Loss was at Rs.80.81 crs as against a profit of Rs. 28.76 crs in the corresponding period.

## BUSINESS HIGHLIGHTS

During the past year, the operations of the Company completed > 90% of the overseas project at Sohar Oman even though it was scheduled to complete by March 2020. The project is partly commissioned. Commissioning of the balance portion has been delayed due to the COVID lockdown and is expected to be completed before September 2020. This will be a significant land mark for the Company to bid for other projects in the Middle East market.

The Company continued to be under some stress on cash flows primarily due to delays in approval and release of enhanced limits from Banks which affected the domestic project execution schedule and taking of new orders. The restructuring in banks also delayed availment of limits.

Company's Order Book was Rs 1736 crores as at March 31, 2020.

## BASRA PROJECT

The Company had received a Contract restored (in 2018) in Mokul Shriram EPC JV(MSJV) for 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. This project is being executed through a local contractor and is progressing well.

## DEVELOPMENTS DURING THE YEAR

### COVID Pandemic

The Construction and Engineering sector, was already facing multiple challenges from lack of capital and credit avenues to oversupply and lack of new projects in certain key areas. The impact of the COVID 19 pandemic is a new challenge.

Many upstream and midstream EPC projects across countries can potentially face an issue during this quarter and subsequent quarters.

This is likely to cause delays and cost escalation issues for the EPC projects in hand and also affect future projects pipeline, timelines, and project financing. Moreover, the prevailing economic situation may not be conducive for some new projects to come on-stream in the near future.



There are multiple consequences of the lockdown, which would increase the troubles for the sector like reverse migration of labour, disruption of supply chains, amongst others. Cumulatively, the above circumstances would cause hindrance in meeting the obligations under the construction and engineering contracts and would lead to multiple legal disputes for the industry post lifting of the current restrictions.

The various restrictions put in place by the Governments to control the effects of the virus may trigger shortage of raw material and manpower, disrupted supply chain, further creating handicaps in performing contractual obligations.

In order to safeguard against the inevitable, the company is evaluating the contract clause(s) to ascertain the extent of liabilities upon breach and proactively adopting all measures to mitigate the liability by timely invoking the correct legal doctrine(s).

The Company has evaluated its ongoing projects in light of the COVID pandemic and has made provisions on the expected losses on ongoing projects as per current estimates.

#### **BUSINESS RISK MANAGEMENT**

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

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

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

#### **Project Risks:**

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

- Client related details such as financial closure of the project, creditworthiness and reputation of the client 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 2020-21, the disruption due to the COVID 19 pandemic could have a significant impact on the business of the Company even though the Government are providing reliefs and measures to improve the Economy with focus on Infrastructure. Hence it is going to be a very challenging year ahead.

#### **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 and Renewable energy projects.

The order backlog was over Rs. 1736 crores as on March 31, 2020.

#### **GREEN INITIATIVE IN CORPORATE GOVERNANCE**

The Ministry of Corporate Affairs (MCA) has through Circular No.17/2011 pronounced a Green initiative in Corporate Governance that allows Companies to send notices/ documents to shareholders electronically. The Green Initiative endeavors to reduce consumption of paper, in turn preventing deforestation and contributes towards a green

and clean environment. In support of the initiative announced by MCA, your Company will send notices convening Annual General Meeting, Audited Financial Statements, Directors Report and Auditors' Report etc in electronic form in the current financial year. Your Company would like to continue the Green Initiative further and requests all shareholders to opt for electronic documents.

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

## **SUBSIDIARY**

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

During the year, the progress of the contract execution for constructing Balance of Plant (BoP) for 1.2 MTPA Mini Mill Project in Sohar, Sultanate of Oman has already been 90% executed. The project is expected to be completed before September 2020 which has been delayed due to COVID 19 Pandemic.

The contribution of the turnover from SEPC FZE Sharjah will be more than 20% of the turnover for the current financial year. To comply with the Regulation 24(J) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified on June 7, 2018 the Company had already appointed in 2018-19 Mr. K S Sripathi, an Independent Director on the Board of the Company also on the Board of Shriram EPC FZE, Sharjah Wholly Owned Subsidiary.

### **SHRIRAM EPC ARKAN LLC**

During the year, the Company's step down subsidiary Shriram EPC Arkan LLC (70 % subsidiary of SEPC FZE Sharjah) as already mentioned in the earlier report is exploring possibilities of bidding for new projects in the Middle East.

## **ASSOCIATES**

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

The Company has been referred to NCLT and the plans are being drawn for settlement with the creditors.

## **DIVIDEND**

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

## **SHARE CAPITAL**

The authorized and paid-up capital of your Company is Rs.1050 crores and Rs.971.53 crores respectively.

The shareholding pattern as on 31<sup>st</sup> March 2020 is as under:

Sl	Shareholders	% holding
1	SVL Ltd (promoters)	28.76
2	Bankers	66.52

The total net worth of the Company as at 31<sup>st</sup> March, 2020 on Standalone basis was Rs 1177.20. 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**

The Board of Directors of your Company appointed / re-appointed the following Directors during the financial year:

- At the 15<sup>th</sup> AGM of the Company held on September 24, 2015, Mr. S Babu was appointed as Director of the Company for a period of five years and therefore, his first term of appointment shall end at the conclusion of the ensuing AGM of the Company on September 23, 2020.

Considering his immense contribution to the Company and pursuant to the recommendations of the Nomination & Remuneration Committee, the Board in its meeting held on 10<sup>th</sup> July 2020 considered to recommend to the shareholders of the Company, the re-appointment of Mr. S Babu, as Director for a period of one year from the conclusion of this AGM of the Company scheduled on September 23, 2020 till the conclusion of the 21<sup>st</sup> AGM to be held in the year 2021.

- In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. M Amjat Shariff was re-appointed as the Joint Managing Director of the Company in the category of Non-Retiring Director in the AGM held on August 3, 2018 for a period of three years. However, pursuant to the Articles of Association of the Company, if at any



time, the number of Directors liable to retire by rotation fall below one-third of the total number of Directors (excluding Independent Directors), the term of Mr. M Amjat Shariff as a Director shall be liable to retire by rotation for the time such number is below one-third.

Currently, the number of Directors liable to retire by rotation has fallen below one-third. Accordingly, Mr. M Amjat Shariff shall retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment as Director of the Company. However, his term as Joint Managing Director of the Company would continue uninterrupted post his re-appointment as Director.

Necessary resolutions in respect of re-appointment of Directors mentioned above are included in the Notice convening the ensuing AGM.

- c. At the 15<sup>th</sup> AGM of the Company held on 24<sup>th</sup> September, 2015, Mr. P D Karandikar was appointed as Director of the Company for a period of five years. His appointment shall end at the conclusion of the ensuing AGM of the Company on 23 September 2020 and will be seeking reappointment for the 2<sup>nd</sup> term of 5 years.

Considering his immense contribution towards the Company and pursuant to the recommendations of the Nomination & Remuneration Committee, the Board in its meeting held on 10.7.2020 recommended to the shareholders of the Company, the re-appointment of Mr. P D Karandikar, as Director for a period of 5 years from the conclusion of this AGM of the Company scheduled on 23 September 2020 till the conclusion of the 25<sup>th</sup> AGM to be held in the year 2025.

- d. At the 15<sup>th</sup> AGM of the Company held on 24<sup>th</sup> September, 2015, Ms. Chandra Ramesh was appointed as Director of the Company for a period of five years. Her appointment shall end at the conclusion of the ensuing AGM of the Company to be held on 23 September 2020 and will be seeking reappointment for the 2<sup>nd</sup> term of 5 years.

Considering her immense contribution towards the Company and pursuant to the recommendations of the Nomination & Remuneration Committee, the Board in its meeting held on 10.7.2020 recommended to the shareholders of the Company, the re-appointment of Ms. Chandra Ramesh, as Director for a period of 5 years from the conclusion of this AGM of the Company scheduled to be held on 23 September 2020 till the conclusion of the 25<sup>th</sup> AGM to be held in the year 2025.

#### **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>

Further during the year, some of the Directors (all Independent Directors) were taken for a plant visit to Vizag Steel plant to see the execution of complex engineering projects of the Company –

##### **a. Wire Rod Mill**

Construction of stores, unloading, loading, storage, watch & ward and stores management of all plant & equipment, piping work, electrical items, spares etc., transportation & handling at site, erection, testing, commissioning & assistance during PG test of plant & equipment

##### **b. SPECIAL BAR MILL - Supply and Erection**

Design, Manufacture And Supply of Indigenous Equipment, Storage, handling, erection including imported equipment supplied by consortium members, testing, commissioning and PG tests of mechanical equipment & piping works as per agreed scope of work complete in all respects

##### **c. Revamping and Up-gradation of Sinter Machines 1 & 2**

- o Design and Engineering.
- o Indigenous and Imported Supply.
- o Civil Engineering work.
- o Dismantling of Existing Equipments and Erection of new Equipments.

#### **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 2019-20, 5(Five) meetings of the Board of Directors were held on 27<sup>th</sup> May 2019, 6<sup>th</sup> August 2019, 18<sup>th</sup> September 2019, 12<sup>th</sup> November 2019, 12<sup>th</sup> February 2020. The Audit Committee had met Four (4) times on 27<sup>th</sup> May 2019, 6<sup>th</sup> August 2019, 12<sup>th</sup> November 2019, 12<sup>th</sup> February 2020 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, 2020, 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, 2020 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>

#### **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**

##### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, 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, 2020 in respect of the following:

- i. Provisioning of overdue receivables and provisioning of advances which have been outstanding for a period of more than five years, which could potentially result in the Holding Company not recognizing a provision for the said receivables and advances.
- ii. Assessment on future taxable profits which could result in recognition of excess Deferred tax asset been which the Holding 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, except for the possible effects of the material weakness described



above on the achievement of the objectives of the control criteria, the Holding company have in all material respects, maintained internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as of March 31, 2020, 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 consolidated financial statements of the Company, and the material weakness does affect our opinion on the consolidated financial statements of the Company.

#### **QUALIFICATIONS BY SECRETARIAL AUDITOR**

NIL

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

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

#### **COMPOSITION OF AUDIT COMMITTEE**

The Present Audit Committee consists of the following Members:

1. Mr. P D Karandikar - Chairman
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.

#### **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 adopted a Whistle Blower Policy to provide a formal mechanism to the Directors' and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of employees, who avail of the mechanism and provides to employees' direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy has been posted on the website of the Company at HYPERLINK "<http://www.shriramepc.com>" [www.shriramepc.com](http://www.shriramepc.com)

#### **NOMINATION AND REMUNERATION COMMITTEE**

Pursuant to Section 178 of the Companies Act, 2013, during the year, the Board had reconstituted the Nomination and Remuneration Committee consisting of the following members:

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

The said committee has been empowered and authorized to exercise powers as entrusted under the provisions of Section 178 of the Companies Act, 2013. The Company had laid out the policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub section 3 of Section 178 of the Companies Act, 2013.

Policy on Criteria for Board Nomination and Remuneration 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. 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. The CSR Policy will be framed at the appropriate time by the Company.

#### **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 <http://www.shriramepc.com/investors-insider-trading-guidelines.aspx>.

#### **MATERIAL CHANGES AND COMMITMENTS**

There were no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

#### **AUDITORS**

The Company's auditors, M/s. MSKA & Associates (ICAI Firm Registration Number- 105047W) have been appointed for a period of 5 years till 2022.



## COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 (Act) read with Rule 14 of Companies (Audit and Auditors) Rules, 2014, (Rules) Mr. G Sundaresan, CMA (Membership No:11733) was appointed as Cost Auditor of the company for the financial year 2020-21 on a remuneration of Rs.50,000/- p.a. In terms of the Act and Rules referred above the remuneration payable to the cost auditor is required to be placed before the members in a general meeting for their ratification.

Accordingly, a resolution seeking member's ratification for the remuneration payable to Mr. G Sundaresan, CMA, Cost Auditor is included at Item No.6 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.

The Company has reappointed Mr. Rajiblochan Sarangi, Company Secretary in Practice as the Secretarial Auditor of the Company at a remuneration of Rs.1 lac p.a.

## 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 2019-20.

No. of complaints received – Nil

No. of complaints disposed off – Not Applicable

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

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

Earnings in Foreign Currency: Nil

Expenditure in Foreign Currency: Rs. 559.04 lakhs

Rs. In Lakhs

Travelling and conveyance	75.88
Professional and consultation fees	0.48
Erection, Construction & Operation Expenses	67.42
Others	415.26
Total	559.04

## Transfer to Investor Education and Protection Fund Authority

The amount pending to be transferred is Rs.70,465.20

Your Company filed Form IEPF for transfer of unpaid dividend of Rs. 70,465.20 as on 31<sup>st</sup> March 2012 and submitted the challan no U54939608 dated 12<sup>th</sup> November 2019 to Axis Bank for onward remittance to the Investor Education and Protection Fund (IEPF) but due to some technical reason, Axis Bank has failed to remit the amount before the due date and the Challan got cancelled. The Company has approached the Registrar of Companies (ROC), Chennai, Tamil Nadu for transfer of above unpaid dividend amount at the earliest. Due to the current COVID situation the process is getting delayed as ROC is working with limited staff.

## EXTRACT OF ANNUAL RETURN

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

## PARTICULARS OF EMPLOYEES

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



Statement containing the particulars of employees in accordance with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 or amendments made thereto

S.No	Name	Remuneration Received (Rs. In lakhs)	Designation	Qualification & Experience	Age (Years)	Last employment held
1	R. SRIRAM	80	EXECUTIVE DIRECTOR	B Tech, M S 23years	52	MD Saag RR Infra Ltd
2	K.P. MISHRA	65	EXECUTIVE DIRECTOR	BE-MECH 43years	67	Head SBU Tata Projects
3	M. AMJAT SHARIFF	62.15	JOINT MANAGING DIRECTOR	MTECH 48 years	65	President TTG Inds
4	T. SHIVARAMAN	62.15	MANAGING DIRECTOR & CEO	BTECH/MS 33 years	54	Chief-Technical services Shriram Towertech Ltd
5	R.S. CHANDRASEKHARAN	49.38	CHIEF FINANCIAL OFFICER	BCOM/FCA/ DIPIFR (ACCA-UK)- 32 years	60	Corporate Financial Controller Shasun Pharmaceuticals Ltd
6	D. ARIVALAGAN	48.73	SENIOR VICE PRESIDENT	BE-MECH 42 years	62	General Manager Shriram PPR Technology P Ltd
7	K. CHINNARAJU	48	PRESIDENT	BE-MECH 37 years	63	AGM Jindal stainless Ltd
8	K. SURESH	42.11	VICE PRESIDENT & COMPANY SECRETARY	B COM(HONS)/ ACS/PG DIP- CS- 34 years	57	Zonal Head(South) Tally Solutions P Ltd
9	R. VENKATARAMANAN	41.9	SENIOR VICE PRESIDENT	BE- CHEMICAL 37 years	55	Manager Nama Chemicals group, KSA
10	KHADER NAWAZ KHAN	40	SR.VP AND HEAD- WATER INFRA	DCE 27 Years	48	Sales Engineer Haffer Electro Plast Pvt Ltd.

#### 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

12<sup>th</sup> August, 2020  
Chennai

P D Karandikar  
(DIN: 02142050)  
Chairman

## FORM MGT-9

**Extract of Annual Return as on the financial year ended on 31 March, 2020**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

i	CIN	L74210TN2000PLC045167
ii	Registration Date	12 <sup>th</sup> June 2000
iii	Name of the Company	Shriram EPC Limited
iv	Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-Government Company
v	Address of the Registered office and contact details	Sigapi Achi Building, 4 <sup>th</sup> Floor No.18/3 Rukmani Lakshmi pathi Road, Egmore, Chennai-600 008
vi	Whether listed company Yes / No	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited Subramanian Building, V Floor No. 1, Club House Road Chennai 600 002 India Tel: (91 44) 2846 0390 / 40020700 (Board) Fax: (91 44) 2846 0129 Email: shriramepc@cameoindia.com Website: www.cameoindia.com Contact Person: Mr. R.D. Ramasamy

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

SI no	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	SVL Ltd 123, Angappa Naicken Street, Chennai- 600001	U74900TN1986PLC013431		28.76%	2(69)
2	Shriram EPC FZE, Sharjah	NA	Subsidiary	100%	2(87)
3	Shriram EPC Arkan LLC Muscat	NA	Step down subsidiary	-	2(87)
4	Haldia Coke & Chemicals Pvt Ltd. Sigapi Achi Building, 4 <sup>th</sup> Floor No.18/3, Rukmani Lakshmi pathi Road, Egmore, Chennai-600 008	U15541TN2004PTC054260	Associate	48.48%	2(6)



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

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

Name of the Company : SHRIRAM EPC LIMITED  
 Face Value : 10/-  
 Paidup Shares as on 01-Apr-2019 : 971529018  
 Paidup Shares as on 30-Mar-2020 : 971529018  
 For the Period From : 01-April-2019 To : 31-Mar-2020

Category code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b>									
1.	INDIAN									
a.	INDIVIDUALS/HINDU UNDIVIDED FAMILY	0	0	0	0.00	0	0	0	0.00	0.00
b.	CENTRAL GOVERNMENT/ STATE GOVERNMENT(S)	0	0	0	0.00	0	0	0	0.00	0.00
c.	BODIES CORPORATE	279391356	0	279391356	28.76	279391356	0	279391356	28.76	0.00
d.	FINANCIAL INSTITUTIONS/ BANKS	0	0	0	0.00	0	0	0	0.00	0.00
e.	ANY OTHER									
	<b>SUB - TOTAL (A)(1)</b>	<b>279391356</b>	<b>0</b>	<b>279391356</b>	<b>28.76</b>	<b>279391356</b>	<b>0</b>	<b>279391356</b>	<b>28.76</b>	<b>0.00</b>
2.	FOREIGN									
a.	INDIVIDUALS (NON-RESIDENT INDIVIDUALS/ FOREIGN INDIVIDUALS)	0	0	0	0.00	0	0	0	0.00	0.00
b.	BODIES CORPORATE	0	0	0	0.00	0	0	0	0.00	0.00
c.	INSTITUTIONS	0	0	0	0.00	0	0	0	0.00	0.00
d.	QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
e.	ANY OTHER									
	<b>SUB - TOTAL (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A) = (A)(1)+(A)(2)</b>	<b>279391356</b>	<b>0</b>	<b>279391356</b>	<b>28.76</b>	<b>279391356</b>	<b>0</b>	<b>279391356</b>	<b>28.76</b>	<b>0.00</b>
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>									
1.	INSTITUTIONS									
a.	MUTUAL FUNDS/UTI	0	0	0	0.00	0	0	0	0.00	0.00

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

Category code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
b.	FINANCIAL INSTITUTIONS/ BANKS	650598233	0	650598233	66.97	646583509	0	646583509	66.55	-0.42
c.	CENTRAL GOVERNMENT/ STATE GOVERNMENT(S)	0	0	0	0.00	0	0	0	0.00	0.00
e.	INSURANCE COMPANIES	0	0	0	0.00	0	0	0	0.00	0.00
f.	FOREIGN INSTITUTIONAL INVESTORS	0	0	0	0.00	0	0	0	0.00	0.00
g.	FOREIGN VENTURE CAPITAL INVESTORS	0	0	0	0.00	0	0	0	0.00	0.00
h.	QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
i.	ANY OTHER									
	Foreign Portfolio Investor (Corporate) Category II	450186	0	450186	0.05	0	0	0	0.00	-0.05
		<b>450186</b>	<b>0</b>	<b>450186</b>	<b>0.05</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>-0.05</b>
	<b>SUB - TOTAL (B)(1)</b>	<b>651048419</b>	<b>0</b>	<b>651048419</b>	<b>67.01</b>	<b>646583509</b>	<b>0</b>	<b>646583509</b>	<b>66.55</b>	<b>-0.46</b>
2.	NON-INSTITUTIONS									
a.	BODIES CORPORATE	5254043	0	5254043	0.54	2613267	0	2613267	0.27	-0.27
b.	INDIVIDUALS -									
	I INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH	12461254	1541	12462795	1.28	13607044	1241	13608285	1.40	0.12
	II INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH	20965769	0	20965769	2.16	26181595	0	26181595	2.69	0.53
c.	QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
d.	ANY OTHER									
	CLEARING MEMBERS	68103	0	68103	0.01	77492	0	77492	0.01	0.00
	DIRECTORS AND THEIR RELATIVES	579449	20	579469	0.06	579449	20	579469	0.06	0.00
	HINDU UNDIVIDED FAMILIES	1246352	0	1246352	0.13	1953525	0	1953525	0.20	0.07
	IEPF	2194	0	2194	0.00	2194	0	2194	0.00	0.00
	NON RESIDENT INDIANS	510518	0	510518	0.05	538326	0	538326	0.06	0.01
		<b>2406616</b>	<b>20</b>	<b>2406636</b>	<b>0.25</b>	<b>3150986</b>	<b>20</b>	<b>3151006</b>	<b>0.33</b>	<b>0.07</b>
	<b>SUB - TOTAL (B)(2)</b>	<b>41087682</b>	<b>1561</b>	<b>41089243</b>	<b>4.23</b>	<b>45552892</b>	<b>1261</b>	<b>45554153</b>	<b>4.69</b>	<b>0.46</b>
	<b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2)</b>	<b>692136101</b>	<b>1561</b>	<b>692137662</b>	<b>71.24</b>	<b>692136401</b>	<b>1261</b>	<b>692137662</b>	<b>71.24</b>	<b>0.00</b>



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

Category code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	<b>TOTAL (A)+(B)</b>	<b>971527457</b>	<b>1561</b>	<b>971529018</b>	<b>100.00</b>	<b>971527757</b>	<b>1261</b>	<b>971529018</b>	<b>100.00</b>	<b>0.00</b>
<b>C.</b>	<b>SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED</b>									
	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>TOTAL CUSTODIAN (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>971527457</b>	<b>1561</b>	<b>971529018</b>	<b>100.00</b>	<b>971527757</b>	<b>1261</b>	<b>971529018</b>	<b>100.00</b>	<b>0.00</b>

**ii) Shareholding of Promoters**

**Name of the Company: SHRIRAM EPC LIMITED**

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year	FOLIO/DP_CL_ID	PAN	Pledged Shares at beginning of the Year	Pledged Shares at end of the Year
		No of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged / encumbered to total shares					
1	SVL LIMITED	198339054	20.42	14.67	198339054	20.42	14.67	0.00	IN30002011730413	AAACS7696D	142489592	142489592
	HAVING SAME PAN											
1	SVL LIMITED	43395398	4.47	0.00	43395398	4.47	0.00	0.00	IN30131321128083	AAACS7696D	0	0
	HAVING SAME PAN											
1	SVL LIMITED	37656904	3.88	3.88	37656904	3.88	3.88	0.00	1203840001372810	AAACS7696D	37656904	37656904

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

**Name of the Company : SHRIRAM EPC LIMITED**

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year		FOLIO/DP_CL_ID	PAN
		No of shares	% of total shares of the company	No of shares	% of total shares of the company		
1	SVL LIMITED						
	At the beginning of the year 30-Mar-2019	198339054	20.42	198339054	20.42	'IN30002011730413	AAACS7696D
	At the end of the Year 31-Mar-2020	198339054	20.42	198339054	20.42		
	HAVING SAME PAN						
1	SVL LIMITED						
	At the beginning of the year 30-Mar-2019	43395398	4.47	43395398	4.47	'IN30131321128083	AAACS7696D
	At the end of the Year 31-Mar-2020	43395398	4.47	43395398	4.47		
	HAVING SAME PAN						
1	SVL LIMITED						
	At the beginning of the year 30-Mar-2019	37656904	3.88	37656904	3.88	'1203840001372810	AAACS7696D
	At the end of the Year 31-Mar-2020	37656904	3.88	37656904	3.88		

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

**Name of the Company : SHRIRAM EPC LIMITED**

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year		FOLIO/DP_CL_ID	PAN
		No of shares	% of total shares of the company	No of shares	% of total shares of the company		
1	STATE BANK OF INDIA						
	At the beginning of the year 30-Mar-2019	125634843	12.93	125634843	12.93	'IN30378610000023	AAACS8577K
	At the end of the Year 31-Mar-2020	125634843	12.93	125634843	12.93		
2	CENTRAL BANK OF INDIA						
	At the beginning of the year 30-Mar-2019	93570276	9.63	93570276	9.63	'IN30081210491515	AAACC2498P
	At the end of the Year 31-Mar-2020	93570276	9.63	93570276	9.63		
3	ORIENTAL BANK OF COMMERCE						
	At the beginning of the year 30-Mar-2019	68947217	7.10	68947217	7.10	'IN30081210491105	AAACO0191M
	At the end of the Year 31-Mar-2020	68947217	7.10	68947217	7.10		
	HAVING SAME PAN						
3	ORIENTAL BANK OF COMMERCE						
	At the beginning of the year 30-Mar-2019	116044	0.01	116044	0.01	'IN30002010060150	AAACO0191M
	At the end of the Year 31-Mar-2020	116044	0.01	116044	0.01		



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

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year		FOLIO/DP_CL_ID	PAN
		No of shares	% of total shares of the company	No of shares	% of total shares of the company		
4	IDBI BANK LTD.						
	At the beginning of the year 30-Mar-2019	57631183	5.93	57631183	5.93	'IN30081210495586	AABC18842G
	Sale 11-Oct-2019	-63364	0.01	57567819	5.93		
	Sale 18-Oct-2019	-290458	0.03	57277361	5.90		
	Sale 25-Oct-2019	-223546	0.02	57053815	5.87		
	Sale 01-Nov-2019	-106413	0.01	56947402	5.86		
	Sale 08-Nov-2019	-217075	0.02	56730327	5.84		
	Sale 15-Nov-2019	-134995	0.01	56595332	5.83		
	Sale 22-Nov-2019	-59386	0.01	56535946	5.82		
	Sale 29-Nov-2019	-10644	0.00	56525302	5.82		
	Sale 06-Dec-2019	-78861	0.01	56446441	5.81		
	Sale 13-Dec-2019	-127856	0.01	56318585	5.80		
	Sale 20-Dec-2019	-194967	0.02	56123618	5.78		
	Sale 27-Dec-2019	-115801	0.01	56007817	5.76		
	Sale 31-Dec-2019	-125000	0.01	55882817	5.75		
	Sale 03-Jan-2020	-161730	0.02	55721087	5.74		
	Sale 10-Jan-2020	-466294	0.05	55254793	5.69		
	Sale 17-Jan-2020	-203296	0.02	55051497	5.67		
	Sale 24-Jan-2020	-206605	0.02	54844892	5.65		
	Sale 31-Jan-2020	-225000	0.02	54619892	5.62		
	Sale 07-Feb-2020	-134679	0.01	54485213	5.61		
	Sale 14-Feb-2020	-19677	0.00	54465536	5.61		
	Sale 21-Feb-2020	-181526	0.02	54284010	5.59		
	Sale 28-Feb-2020	-28394	0.00	54255616	5.58		
	At the end of the Year 31-Mar-2020	54255616	5.58	54255616	5.58		
5	PUNJAB NATIONAL BANK						
	At the beginning of the year 30-Mar-2019	55282938	5.69	55282938	5.69	'IN30081210501028	AAACP0165G
	At the end of the Year 31-Mar-2020	55282938	5.69	55282938	5.69		
6	THE SOUTH INDIAN BANK LTD						
	At the beginning of the year 30-Mar-2019	39805326	4.10	39805326	4.10	'IN30009511274987	AABCT0022F
	Sale 28-Jun-2019	-39805326	4.10	0	0.00		
	At the end of the Year 31-Mar-2020	0	0.00	0	0.00		
	HAVING SAME PAN						



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

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year		FOLIO/DP_CL_ID	PAN
		No of shares	% of total shares of the company	No of shares	% of total shares of the company		
6	THE SOUTH INDIAN BANK LIMITED						
	At the beginning of the year 30-Mar-2019	0	0.00	0	0.00	'IN30081210505738	AABCT0022F
	Purchase 28-Jun-2019	39805326	4.10	39805326	4.10		
	At the end of the Year 31-Mar-2020	39805326	4.10	39805326	4.10		
7	AXIS BANK LIMITED						
	At the beginning of the year 30-Mar-2019	35664419	3.67	35664419	3.67	'IN30048410820757	AAACU2414K
	At the end of the Year 31-Mar-2020	35664419	3.67	35664419	3.67		
	HAVING SAME PAN						
7	AXIS BANK LIMITED						
	At the beginning of the year 30-Mar-2019	9149	0.00	9149	0.00	'IN30048412622255	AAACU2414K
	Sale 05-Apr-2019	-110	0.00	9039	0.00		
	Sale 03-May-2019	-1765	0.00	7274	0.00		
	Sale 30-Aug-2019	-100	0.00	7174	0.00		
	Sale 20-Sep-2019	-400	0.00	6774	0.00		
	Sale 27-Sep-2019	-1624	0.00	5150	0.00		
	Purchase 22-Nov-2019	3085	0.00	8235	0.00		
	Sale 29-Nov-2019	-150	0.00	8085	0.00		
	Sale 13-Dec-2019	-8085	0.00	0	0.00		
	At the end of the Year 31-Mar-2020	0	0.00	0	0.00		
8	BANK OF INDIA						
	At the beginning of the year 30-Mar-2019	27857738	2.87	27857738	2.87	'IN30074910000012	AAACB0472C
	At the end of the Year 31-Mar-2020	27857738	2.87	27857738	2.87		
9	BANK OF MAHARASHTRA						
	At the beginning of the year 30-Mar-2019	24398370	2.51	24398370	2.51	'IN30038610000287	AACCB0774B
	At the end of the Year 31-Mar-2020	24398370	2.51	24398370	2.51		
10	ALLAHABAD BANK						
	At the beginning of the year 30-Mar-2019	22860043	2.35	22860043	2.35	'IN30081210490813	AACCA8464F
	At the end of the Year 31-Mar-2020	22860043	2.35	22860043	2.35		



v) Shareholding of Directors and Key Managerial Personnel:

Name of the Company: SHRIRAM EPC LIMITED

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year		FOLIO/DP_CL_ID	PAN
		No of shares	% of total shares of the company	No of shares	% of total shares of the company		
1	AMJAD SHARIFF M						
	At the beginning of the year 01-Apr-2019	282974	0.03	282974	0.03	'IN30131320668989	AAQPS9393A
	Sale 17-May-2019	-282974	0.03	0	0.00	'	
	At the end of the Year 31-Mar-2020	0	0.00	0	0.00		
1	MOHAMMED AMJAT SHARIFF						
	At the beginning of the year 01-Apr-2019	0	0.00	0	0.00	'IN30131322305651	AAQPS9393A
	Purchase 17-May-2019	282974	0.03	282974	0.03	'	
	At the end of the Year 31-Mar-2020	282974	0.03	282974	0.03		
2	T SHIVARAMAN						
	At the beginning of the year 01-Apr-2019	282675	0.03	282675	0.03	'1203840001707045	AACPS3488G
	At the end of the Year 31-Mar-2020	282675	0.03	282675	0.03		
2	T SHIVARAMAN						
	At the beginning of the year 01-Apr-2019	3000	0.0003	3000	0.00	'IN30036022465056	AACPS3488G
	At the end of the Year 31-Mar-2020	3000	0.0003	3000	0.00		
3	RANGASWAMY SUNDARARAJAN						
	At the beginning of the year 01-Apr-2019	9800	0.00	9800	0.00	'1203840000800556	AACPR1580Q
	At the end of the Year 31-Mar-2020	9800	0.00	9800	0.00		
4	T SHIVARAMAN						
	At the beginning of the year 01-Apr-2019	1000	0.00	1000	0.00	'IN30036022567986	AAAHT0053L
	At the end of the Year 31-Mar-2020	1000	0.00	1000	0.00		
5	AMJAT SHERIFF M						
	At the beginning of the year 01-Apr-2019	10	0.00	10	0.00	'00000006	AAQPS9393A
	At the end of the Year 31-Mar-2020	10	0.00	10	0.00		
6	SHIVARAMAN T						
	At the beginning of the year 01-Apr-2019	10	0.00	10	0.00	'00000040	AACPS3488G
	At the end of the Year 31-Mar-2020	10	0.00	10	0.00		
7	SURESH K						
	At the beginning of the year 01-Apr-2019	50	0.00	10	0.00	'IN30177414854843	AAMPS5523L
	At the end of the Year 31-Mar-2020	50	0.00	10	0.00		

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

SI No	Particulars of Remuneration	Name of the MD/WTD		Total
		T Shivaraman Rs. In lacs	M Amjat Shariff Rs. In lacs	Amount Rs. In lacs
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	62.15	62.15	124.30
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–
2	Stock option	–	–	–
3	Sweat Equity	–	–	–
4	Commission	–	–	–
5	Others (Contribution to PF & Superannuation)	–	–	–
	Total (A)	62.15	62.15	124.30
	Ceiling as per the Act	142.64	142.64	–

**B. Remuneration to other Directors:**

Particulars of Remuneration	P D Karandikar	R Sundararajan	S Babu	Chandra Ramesh	K S Sripathi
	Independent	Non Independent*	Non Independent *	Independent	Independent
– Fee for attending Board /	67,500	27,000	27,000	67,500	67,500
Committee meetings	81,000	18,000	36,000	99,000	63,000
Total	1,48,500	45,000	63,000	1,66,500	1,30,500
Overall Ceiling as per the Act	Max of Rs.1 lac per each meeting of the board / committee	Max of Rs.1 lac per each meeting of the board / committee	Max of Rs.1 lac per each meeting of the board / committee	Max of Rs.1 lac per each meeting of the board / committee	Max of Rs.1 lac per each meeting of the board / committee

\* Non-Executive Non-Independent Director



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

	Particulars of Remuneration	Name of the KMP		Total Amount
		R S Chandrasekharan	K Suresh	
1	Gross salary	Amount (Rs. in Lakhs)	Amount (Rs. in Lakhs)	Amount (Rs. in Lakhs)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	49.38	42.11	91.49
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	—	—	—
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	—	—	—
2	Stock option	—	—	—
3	Sweat Equity	—	—	—
4	Commission	—	—	—
5	Others (Contribution to PF & Superannuation)	—	—	—
	Total (A)	49.38	42.11	91.49

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

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

#### Annexure to the Directors' Report

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

- i. Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2019-20, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the financial year 2019-20.

SI No	Name of Director/KMP	Designation	Remuneration (Rs.in lakhs)	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
<b>I</b>	<b>Non-Executive Directors</b>				
1	P D Karandikar	Chairman	1.49	0.34	--
2	R Sundararajan	Director	0.45	0.10	--
3	S Babu	Director	0.63	0.14	--
4	Chandra Ramesh	Director	1.67	0.38	--
5	K S Sripathi	Director	1.31	0.30	--
<b>II</b>	<b>Executive Directors</b>				
1	T Shivaraman	Managing Director & CEO	62.15	14.16	2.90%
2	M Amjat Shariff	Joint Managing Director	62.15	14.16	3.33%
<b>III</b>	<b>Governed under remuneration structure</b>				
3	R S Chandrasekharan	Chief Financial Officer	49.38	11.25	16.93%
4	K Suresh	Vice President & Company Secretary	42.11	9.59	14.43%

Note:

- a) The Non-Executive Directors of the Company are entitled for sitting fee as per the statutory provisions. The details of remuneration of Non- executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the above purpose.
- b) Percentage increase in remuneration indicates annual target total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the financial year 2019-20.

- ii. The median remuneration of Employees for the financial year 2019-20 was Rs.4.39 lacs compared to Rs.4.51 lacs during the corresponding period.
- iii. The Company has 406 permanent Employees on the rolls of Company as on 31<sup>st</sup> March, 2020.
- iv. Relationship between average increase in remuneration and Company's performance: The reward philosophy of the Company is to provide market competitive total reward opportunity that has a strong linkage to and drives performance culture. Every year, the salary increase for the Company are decided on the basis of a benchmarking exercise that is undertaken with similar profile organizations. The final salary increases given are a function of Company's market competitiveness in this comparator group as well as overall business affordability.
- v. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:  
In line with Company's reward philosophy, merit increases of its Employees including Key Managerial Personnel are directly linked to individual performance as well as that of the Company business. The increase in the remuneration of the CFO and Vice President & Company Secretary for the year was approved by the Nomination & Remuneration Committee.
- vi. The Market Capitalisation of the Company as on 31<sup>st</sup> March, 2020 was Rs. 291.45 crore.
- vii. Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 9%.
- viii. The key parameters for any variable component of remuneration:  
Variable compensation is an integral part of our total reward package for all Employees including Executive Directors. At the start of the year, every Employee (including Executive Directors), have the KRAs fixed and their roles assigned for the year in addition to their job fundamentals. These are drawn from the organizational strategic plan and are then reviewed for consistency and stretch. The Company's targets are a combination of goals such as Sales Growth, Operating Margin etc.
- ix. The ratio of the remuneration of the highest paid Director to that of the Employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:  
Managing Director & CEO - 3 : 4  
Joint Managing Director - 3 : 4
- x. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

## V . INDEBTEDNESS

The Company has loan funds outstanding as at March 31, 2020 of Rs 684.10 Crs.

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

Rs in Crs

Description	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	653.82	39.36	-	693.18
ii) Interest due but not paid	3.41	-	-	3.41
iii) Interest accrued but not due	-	-	-	-
<i>Total(i+ii+iii)</i>	<i>657.23</i>	<i>39.36</i>	<i>-</i>	<i>696.59</i>
<b>Change in Indebtedness during the financial year</b>				
- Addition	12.60	-		12.60
- Reduction	18.31	39.63		57.94
<i>Net Change</i>	<i>-5.71</i>	<i>-39.63</i>	<i>-</i>	<i>-45.34</i>
<b>Indebtedness at the end of of the financial Year</b>				
i) Principal Amount	675.22	-0.27	-	674.95
ii) Interest due but not paid	2.57	-	-	2.57
iii) Interest accrued but not due	6.31	-	-	6.31
<b>Total(i+ii+iii)</b>	<b>684.10</b>	<b>-0.27</b>	<b>-</b>	<b>683.83</b>



# Form AOC-1

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

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

### Part "A": Subsidiaries

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

Sl. No.	Particulars	Details
1	Name of the subsidiary	Shriram EPC FZE
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	AED
4	Share capital	Rs 30,76,500
5	Reserves & surplus	Rs 6,50,89,016
6	Total assets	Rs 21,24,420,905
7	Total Liabilities	Rs 20,56,255,410
8.	Investments	
9.	Turnover	Rs 58,49,278,633
10.	Profit before taxation	Rs 37,249,962
11.	Provision for taxation	Nil
12	Profit after taxation	Rs 37,249,962
13.	Proposed Dividend	---
14.	% of shareholding	100%

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

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

### Part "B": Associates and Joint Ventures

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

Name of associates/Joint Ventures	Haldia Coke and Chemicals Private Limited
1. Latest audited Balance Sheet Date	31.03.2020
2. Shares of Associate/Joint Ventures held by the company on the year end	
Amount of Investment in Associates/Joint Venture	Rs 4007.22 lakhs
Extent of Holding%	48.48%
3. Description of how there is significant influence	NA
4. Reason why the associate/joint venture is not consolidated	The carrying value of the investment as at 31st March 2015, after recognizing the group's share of loss in the Associate up to that date was NIL. Considering the erosion of net worth and continuing losses being incurred by it, the group's share of losses in the associate for the current year has not been recognized in these consolidated financial
5. Net worth attributable to shareholding as per latest audited Balance Sheet	Nil
6. Profit/Loss for the year	
i. Considered in Consolidation	NA
ii. Not Considered in Consolidation	Nil

1. Names of associates or joint ventures which are yet to commence operations.

2. Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

## 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 arm's length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis: - NIL**

(a) Name(s) of the related party and nature of relationship:

(b) Nature of contracts/arrangements/transactions:

(c) Duration of the co1. Details of contracts or arrangements or transactions not at arm's length basis:

(a) Name(s) of the related party and nature of relationship:

(b) Nature of contracts/arrangements/transactions:

(c) Duration of the contracts / arrangements/transactions:

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

(e) Justification for entering into such contracts or arrangements or transactions

(f) Date(s) of approval by the Board:

(g) Amount paid as advances, if any:

(h) 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**

(a) Name(s) of the related party and nature of relationship:

(b) Nature of contracts/arrangements/transactions:

(c) Duration of the contracts / arrangements/transactions:

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

(e) Date(s) of approval by the Board, if any:

(f) Amount paid as advances, if any:

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

**Shriram EPC Limited**

CIN: L74210TN2000PLC045167

**T. Shivaraman**  
Managing Director & CEO

**Chandra Ramesh**  
Director

**K.Suresh**  
Vice President & Company Secretary

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



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## Annexure to AOC-2

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

**Investing Party**

SVL Limited

**Subsidiary**

Shriram EPC FZE, Sharjah

**Step Down Subsidiary**

Shriram EPC Arkan LLC

**Subsidiary of Investing Party**

Shriram SEPL Composites Private Limited

**Enterprise under the joint control of the Investing Party:**

Leitwind Shriram Manufacturing Private Limited

**Associates**

Haldia Coke and Chemicals Private Limited

**Key management personnel**

T.Shivaraman - Managing Director

M.Amjat Shariff - Joint Managing Director

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

Orient Green Power Company Limited

Bharath Wind Farm Limited

Clarion Wind Farm Private Limited

Beta Wind Farm Private Limited

**Joint Operations**

Larsen & Toubro Limited Shriram EPC JV

Mokul Shriram EPC JV

Shriram EPC Eurotech Environmental JV

SEPC DRS ITPL JV



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

	31-Mar-20	31-Mar-19
<b>(i) Investing Party</b>		
Sale /transfer of advances / receivables	4,280.63	25,000.00
Expenses paid on our behalf by the party	908.65	-
Fund Received	1,141.63	-
<b>(ii) Subsidiary</b>		
Progressive billings/Revenue	4,274.30	1,352.00
Funds received	2,928.67	-
Management Fees	1,528.80	2,413.35
Expenses incurred on our behalf by the party	19.46	-
Funds received against on behalf of step down subsidiary	1,251.24	-
<b>(iii) Step Down Subsidiary</b>		
Progressive billings/Revenue	-	5.62
Expenses reimbursed by the party	(39.71)	439.22
	-	-
<b>(iv) Subsidiary of Investing Party</b>		
<b>Shriram SEPL Composites Private Limited</b>		
Progressive billings/Revenue	-	1.21
Purchases of Goods and Services	-	256.87
Expenses incurred on behalf of related party and recoverable	26.79	41.21
<b>(v) Enterprises under the joint control of the investing party:</b>		
<b>a) Leitwind Shriram Manufacturing Private Limited</b>		
Expenses incurred on behalf of related party and recoverable	9.29	22.31
Purchases of Goods and Services	-	0.59
Fund Recived	33.00	-
<b>(vi) Associates</b>		
<b>(b) Haldia Cokes and chemicals Pvt Ltd</b>		
Transfer of advances / receivables	-	4,702.65



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

	31-Mar-20	31-Mar-19
<b>(vii) Key Management Personnel (KMP)</b>		
<b>Compensation of key management personnel</b>		
T.Shivaraman	60.40	60.15
M.Amjad Shariff	60.15	60.15
<b>(viii) Other enterprises under the control of the key management personnel</b>		
<b>(a) Orient Green Power Company Limited</b>		
Expenses incurred and recoverable	0.93	31.30
Expenses reimbursed by the party	(24.68)	-
<b>(ix) Joint Operations</b>		
<b>(a) Larsen &amp; Toubro Limited Shriram EPC JV</b>		
Company's share in profit / Loss of Integrated Joint Ventures	(172.35)	259.39
Progressive billings / Revenue	512.18	231.52
<b>(b) Shriram EPC Eurotech Environmental Pvt Ltd - JV</b>		
Progressive billings / Revenue	1,076.42	1,821.83
	-	-
Expenses incurred on our behalf by the party	155.70	-
<b>(c) SEPC DRS ITPL JV</b>		
Progressive billings / Revenue	663.99	995.92
	-	-
Expenses incurred on our behalf by the party	158.83	-
<b>(d) Mokul Shriram EPC JV</b>		
Progressive billings / Revenue	30,379.93	19,549.70
	-	-
Expenses incurred on our behalf by the party	10.00	-

# 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 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 2019-20.

## BOARD OF DIRECTORS

### Composition of Board

Presently the Board comprises of eight directors of which Managing Director & CEO and Joint Managing Director are the Two Executive Directors. Out of the Six Non-Executive Directors, Three (3) including one Woman Director are Independent Directors and 2 Non Independent directors and 1 Nominee Director. The Board has the right mix of Executive, Independent directors. The composition of the Board is in conformity with Regulation 17 (1) of the regulations.

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 1.

Information provided to the Board

Among others, information supplied 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.

### INDEPENDENT DIRECTORS

As mandated by Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Independent Directors on the Board:

- a) are person of integrity and possesses relevant expertise and experience;
- b) (i) are not a promoter of the Company or its holding, subsidiary or associate Company;
- (ii) are not related to promoters or directors in the Company, its holding, subsidiary or associate Company;
- c) apart from receiving director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate Company or their promoters or directors, during the two immediately preceding financial years or during the current financial year;
- d) none of whose relatives has or had pecuniary relationship or transaction with the Company, its

holding, subsidiary or associate Company or their promoters or directors, amounting to 2% (Two per cent) or more of its gross turnover or total income or Rs.50,00,000/- (Rupees Fifty Lakhs only) or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

- e) who, neither himself/herself, nor any of his/her relatives:
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which he/she is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he/she is proposed to be appointed, of:
    - a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or
    - any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to 10% (Ten percent) or more of the gross turnover of such firm;
  - (iii) holds together with his/her relatives 2 (Two percent) or more of the total voting power of the Company; or
  - (iv) is a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives 25% (Twenty-five percent) or more of its receipts or corpus from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds 2% (Two percent) or more of the total voting power of the Company;
  - (v) is a material supplier, service provider or customer or a lessor or lessee of the Company.
- f) are not less than 21 (Twenty-one) years of age.

### 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. During the last financial year, we had a plant visit organised for the Directors on 4<sup>th</sup> February 2020. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent directors.

### **Prevention of Insider Trading**

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>.

### **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>.

[com/pdf/WHISTLE-BLOWER-AND-VIGIL-MECHANISM-NEW.pdf](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 in Directors Report.

### **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.

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 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.

Independent Non-Executive Directors, Mr. K P Agarwal (Nominee Director of Oriental Bank of Commerce) and Mrs. Chandra Ramesh, Mr. K.S. Sripathi as Non-Executive Independent Directors.

During the year 2019-20, 5(Five) meetings of the Board of Directors were held on 27<sup>th</sup> May 2019, 6<sup>th</sup> August 2019, 18<sup>th</sup> September 2019, 12<sup>th</sup> November 2019 and 12<sup>th</sup> February 2020. The maximum time gap between any two consecutive meetings did not exceed 120 days.

None of the Directors on the Board are Directors in more than eight listed Companies and Members 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, 2020 have been made by the Directors as per LODR Regulations, 2015 .

None of the Independent Director serves as an Independent Director in more than seven listed entities"

#### (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. M Amjat Shariff, Joint Managing Director, Mr. R Sundararajan & Mr. S Babu, Non-

Details of their Directorships and Chairmanship/Membership of Board Committees of the companies showing the position as on 31 March, 2020 are given below:

Name of Director	Position	Relationship with other Directors	Directorships held as on March 31, 2020 in other Indian Public Limited Companies	**Member in Committees -Position held in other Indian Public Limited Companies	
				Member	Chairman
Mr. P D Karandikar	Non – Executive Independent Chairman	None	1	--	1
Mr. T. Shivaraman	Executive – Managing Director & CEO	None	1	--	--
Mr. M Amjat Shariff	Executive – Joint Managing Director	None	--	--	--
Mr. R. Sundararajan	Non – Executive Non-Independent Director	None	3	2	2
Mr. S Babu	Non- Independent Director	None	--	--	--
Ms. Chandra Ramesh	Non – Executive Independent Director	None	1	--	--
Mr. K P Agarwal***	Nominee Director – Punjab National Bank (erstwhile Oriental Bank of Commerce)	None	--	--	--
Mr. K S Sripathi	Non – Executive Independent Director	None	1	1	-

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

\*\*Only membership in Audit Committee and Share Transfer and Investors' Grievance Committee are considered.

\*\*\* Appointed as Nominee Director on 04/10/2019

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, Stakeholders Relationship and Nomination and Remuneration Committees 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.

None of the Director of the Company is related to any other Director of the Company.

### Code of Conduct

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 Chairman and Managing Director 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 18<sup>th</sup> September, 2019.

#### (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 One Hundred Twenty days 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
- o Changes, if any, in accounting policies and practices and reasons for the same
  - o Major accounting entries involving estimates based on the exercise of judgment by management
  - o Significant adjustments made in the financial statements arising out of audit findings
  - o Compliance with listing and other legal requirements relating to financial statements
  - o Disclosure of any related party transactions
  - o 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, wherever it is necessary;
  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 Bapu, and Ms. Chandra Ramesh as members of the Committee.

During the year, 4 Audit Committee meetings were held on 27<sup>th</sup> May 2019, 6<sup>th</sup> August 2019, 12<sup>th</sup> November 2019 and 12<sup>th</sup> February 2020.

The composition of the Audit Committee, which has 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	4	4
Mr. S Bapu – Member	4	2
Ms. Chandra Ramesh – Member	4	4
Mr. K S Sripathi – Member	4	4



Mr. K Suresh, Company Secretary is the Secretary of the Audit Committee.

### Nomination and Remuneration Committee

#### (A) Constitution

The Nomination and Remuneration Committee has been reconstituted during the year and comprises of Ms. Chandra Ramesh – Chairman, Mr. R Sundararajan, 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 persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

#### Meetings and attendance during the year:

During the year, one meeting of Nomination and Remuneration Committee was held on 06<sup>th</sup> August 2019.

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	1	1
Mr. R Sundararajan – Member	1	1
Mr. P D Karandikar – Member	1	1
Mr. K S Sripathi – Member	1	1

#### (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 2019-20 was Rs. 62.15 Lakhs.

Details of Remuneration to MD & CEO	Amount (Rs / Lakh)
Salary	62.15
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 2019-20 was Rs.62.15 Lakhs.

Details of Remuneration to JMD	Amount (Rs / Lakh)
Salary	62.15
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	-
Mr. R Sundararajan	-
Mr. S Bapu	-
Ms. Chandra Ramesh	-
Mr. K P Agarwal	-
Mr. K S Sripathi	-
<b>Executive Directors</b>	-
Mr.T Shivaraman	14.16
Mr. Amjat Shariff	14.16

- (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. R Sundararajan	NIL
Mr. S Bapu	NIL
Ms. Chandra Ramesh	NIL
Mr. K P Agarwal	NIL
Mr. K S Sripathi	NIL
Mr.T Shivaraman, MD & CEO	2.90
Mr. Amjat Shariff, JMD	3.33
Mr. R Chandrasekharan, CFO	16.93
Mr. K Suresh, VP & Company Secretary	14.43

(c) the median remuneration of employees in the financial year 2019-20 was Rs.4.39 lacs compared to Rs.4.51 lacs in 2018-19.

(d) the number of permanent employees on the rolls of company: 406

(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/lac
Remuneration of Key Managerial Personnel (KMP) during financial year 2019-20 (aggregated)	215.79
Revenue from operations	72923.19
Remuneration (as % of revenue)	0.003
Profit before tax (PBT)	(1491.85)
Remuneration (as % of PBT)	-

#### Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company

Particulars	Managing Director & CEO	Joint Managing Director	Chief Financial Officer	Company Secretary
	Rs. in lac	Rs. in lac	Rs. in lac	Rs. in lac
Remuneration	62.15	62.15	49.38	42.11
Revenue	72923.19	72923.19	72923.19	72923.19
Remuneration (as % of revenue)	0.0008	0.0008	0.0006	0.0005
Profits before tax (PBT)	(1491.85)	(1491.85)	(1491.85)	(1491.85)
Remuneration (as % of PBT)	-	-	-	-

#### (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 holders relationship committee meeting, Nomination & Remuneration Committee, Borrowing Committee and Investment Committee meetings.

Payment of sitting fee to the Non-Executive Directors for the year ended 31 March, 2020 are as under:

Names of Directors	Board meeting (net of TDS) Rs	Audit Committee meeting (net of TDS) Rs	Stakeholders relationship committee (net of TDS) Rs	Nomination & remuneration Committee meeting (net of TDS) Rs	Borrowing committee (net of TDS) Rs	Investment Committee (net of TDS) Rs
P D Karandikar	67500	36000	36000	9000	---	---
R Sundararajan	27000	---	9000	9000	---	---
S Bapu	27000	18000	---	---	18000	---
Chandra Ramesh	67500	36000	36000	9000	18000	---
K P Agarwal	---	---	---	---	---	---
K S Sripathi	67500	36000	---	9000	18000	---

#### Notes:

- The Non-Executive Directors have disclosed separately the shares held by them in the Company.
- 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.

### 3.3 Stakeholders Relationship Committee

#### (A) Composition, Members, its meetings and attendance

Stakeholders Relationship Committee comprises of Mr. R Sundararajan as Chairman with Mr. P D Karandikar and Ms. Chandra Ramesh as members of the Committee.

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 27<sup>th</sup> May 2019, 6<sup>th</sup> August 2019, 12<sup>th</sup> November 2019 and 12<sup>th</sup> February 2020.

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

Members	No. of Meetings held	No. of Meetings Attended
Mr. R Sundararajan-Chairman	4	1
Mr. P D Karandikar-Member	4	4
Ms. Chandra Ramesh-Member	4	4

#### (B) Name and Designation of the Compliance Officer

Mr K Suresh, Vice President & Company Secretary has been designated as Compliance Officer of the Company in line with the requirement of Listing Agreement with the Stock Exchanges and can be contacted at:

Shriram EPC Ltd  
4<sup>th</sup> Floor, Sigappi Achi Building,  
Door no.18/3, Rukmini Lakshmiipathi Salai  
(Marshalls Road)  
Egmore, Chennai- 600 008  
India  
Tel: (91 44) 4901 5678  
Fax: (91 44) 4901 5655  
Email: suresh@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, atinfo@shriramepc.com. A link has been provided to the Shareholders to register their grievances to company's website [www.shriramepc.com](http://www.shriramepc.com).

#### (C) Complaints received and redressed during the year 2019-20

Opening Balance	Received during the year 2019-20	Resolved during the year 2019-20	Closing Balance
0	....	....	0

Pursuant to Regulation 40(9) & (10) of the regulations, a certificate on half-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 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 Mr. P D Karandikar, Ms. Chandra Ramesh and Mr. K S Sripathi met on 12<sup>th</sup> February 2020 without any Senior Management Personnel.

### 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.
- 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) Proceeds from public issues, right issues, preferential issues etc.

NIL

### (E) Secretarial Audit Report

The Company has obtained Secretarial Audit Report on quarterly/Annual basis from the Company Secretary in practice for compliance with Section 204(1) of the Companies Act, 2013, LODR Regulations, 2015, SEBI Regulations on Takeover, Insider Trading and Depositories & Participants. A text of the Secretarial Audit Report is annexed.

### (F) Annual Secretarial Compliance Report

The Company has undertaken an audit for the financial year 2019-20 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder.

The Annual Secretarial Compliance Report has been submitted to the stock exchanges within the stipulated period issued by SEBI for the financial year ended 31<sup>st</sup> March 2020.

## 8. General Body Meetings

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

Year	Date	Time	Venue
2016-17	24.08.2017	03.05 PM	SRI KRISHNA GANA SABHA, DR. NALLI GANA VIHAR, 20, MAHARAJAPURAM SANTHANAM ROAD, T.NAGAR, CHENNAI – 600 017
2017-18	03.08.2018	03.00 PM	SRI KRISHNA GANA SABHA, DR. NALLI GANA VIHAR, 20, MAHARAJAPURAM SANTHANAM ROAD, T.NAGAR, CHENNAI – 600 017
2018-19	18.09.2019	10.00 AM	SRI KRISHNA GANA SABHA, DR. NALLI GANA VIHAR, 20, MAHARAJAPURAM SANTHANAM ROAD, T.NAGAR, CHENNAI – 600 017

### (G) Management Discussion and Analysis Report

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

### (H) Shareholders

- (i) The quarterly results and presentations made by the Company to analysts 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, 2/3rd 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, 1/3rd shall retire at every Annual General Meeting. Accordingly, Mr. S Babu (DIN:02541697) and Mr. M Amjat Shariff (DIN:00009562) will retire by rotation at the ensuing Annual General Meeting. A brief profile is published elsewhere in the Annual Report.

## 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 of non-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
2016-17	26-8-2016	62,42	Preferential issue to the CDR lenders in lieu of the Working Capital Term Loan(WCTL)
		42,62(1)(c)	Preferential issue to the promoters for the capital infusion upto Rs. 265 crs
		Section 61 and clause V	Increase of Authorised Capital and alteration of Memorandum of Association
	24-2-2017	62,42	Preferential issue to the CDR lenders in lieu of the Working Capital Term Loan(WCTL) based on final reconciliation
		62(1)(c)	Preferential issue to KPR Investments P Ltd upto 35 crs
		Section 61	Increase of Authorised Capital
		Section 13 & Clause V	Alteration of Memorandum of Association
2017-18	04-05-2017	Section 62(1)(c)	Issue of equity shares on in terms of ICDR Regulations on conversion of the Working Capital Term Loan (WCTL) to CDR Lenders based on the final reconciliation
		Section 62	Issue of equity shares on preferential basis to KPR Investments Pvt Ltd.
		Section 13, Section 61	Increase of the Authorised Share Capital of the Company and approval for alteration the Memorandum of Association of the Company
		Section 14	Amendment of Articles of Association by insertion of new Articles
	06-10-2017		Disclosure of the correct name of the Allottee, Shares allotted to the allottees and Pre & Post Shareholding of the Allottee and the Company with respect to Item No.1 of the earlier Postal Ballot Notice dated 01st April 2017 pertaining to Preferential Issue to CDR Lenders
	Section 186	To increase the limit of guarantees, loans and advances / investments	
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

**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 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 (Tamil - Chennai edition)
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

## 10. General Shareholder Information

### Annual General Meeting:

(i) Date, time : 23<sup>rd</sup> September 2020 at 10.00 AM by video conferencing

(ii) Financial Year: 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020

(iii) Date of Book Closure: From Friday the 18<sup>th</sup> September 2020 to Wednesday, the 23<sup>rd</sup> September, 2020 (both days inclusive)

### (v) Listing

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

- a. BSE Limited
- b. National Stock Exchange of India Limited

### (vi) Stock Code

BSE Limited:532945

National Stock Exchange of India Limited: SHRIRAMEPC

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

### (vii) Market price information

- a. The reported high and low closing prices during the year ended 31 March, 2020 on the National Stock Exchange and the BSE, where your Company's shares are frequently traded vis-à-vis the Share Index, are given below:

Month	BSE PRICE		NSE PRICE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
Apr-19	8.94	7.70	8.20	7.95
May-19	9.19	6.72	9.35	8.55
Jun-19	8.23	6.65	9.25	8.50
Jul-19	8.84	7.77	8.10	7.55
Aug-19	8.13	7.60	10.30	9.85
Sep-19	10.04	9.70	12.95	12.35
Oct-19	12.85	7.40	8.50	8.10
Nov-19	7.64	5.66	6.65	6.55
Dec-19	7.02	4.16	5.15	4.95
Jan-20	5.29	4.12	4.40	4.15
Feb-20	4.17	3.60	3.70	3.65
Mar-20	3.65	1.96	2.30	2.10

**(x) Registrars and Share Transfer Agents**

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**

SHRIRAM EPC LIMITED			
SHAREHOLDING SUMMARY AS ON 31-Mar-2020			
CATEGORY	NO.OF HOLDERS	TOTAL POSITIONS	% OF HOLDINGS
PHYSICAL	126	1261	0.000129
NSDL	11453	905147604	93.167325
CDSL	9866	66380153	6.832544
<b>TOTAL</b>	<b>21445</b>	<b>971529018</b>	<b>100</b>

**B. DISTRIBUTION OF HOLDINGS AS ON 31.3.2020**

Share or Debenture holding Shares	No. of holders	% of Total holders	Total Shares	% of Total Shares	
1	100	8012	39.4874	384848	0.0396
101	500	6274	30.9216	1940968	0.1997
501	1000	2450	12.0749	2124491	0.2186
1001	2000	1488	7.3336	2366968	0.2436
2001	3000	598	2.9472	1568901	0.1614
3001	4000	283	1.3947	1037290	0.1067
4001	5000	329	1.6214	1578556	0.1624
5001	10000	469	2.3114	3507642	0.3610
10001	And Above	387	1.9073	957019354	98.5065
<b>Total</b>	<b>20290</b>	<b>100.0000</b>	<b>971529018</b>	<b>100.0000</b>	

**(c) Capital of the Company**

The authorized and paid-up capital of your Company is Rs.1050 crores and Rs.971.53 crores respectively.

**(d) Top ten Shareholders as on 31 March, 2020**

SL NO	DPID	CLID	NAME	SHARES	PERCENTAGE
1	IN300020	11730413	SVL LIMITED	279391356	28.76
2	IN303786	10000023	STATE BANK OF INDIA	125634843	12.93
3	IN300812	10491515	CENTRAL BANK OF INDIA	93570276	9.63
4	IN300812	10491105	ORIENTAL BANK OF COMMERCE	69063261	7.11
5	IN300812	10495586	IDBI BANK LTD.	54255616	5.58
6	IN300812	10501028	PUNJAB NATIONAL BANK	55282938	5.69
7	IN300095	11274987	THE SOUTH INDIAN BANK LTD	39805326	4.10
8	IN300484	10820757	AXIS BANK LIMITED	35664419	3.67
9	IN300749	10000012	BANK OF INDIA	27857738	2.87
10	IN300386	10000287	BANK OF MAHARASHTRA	24398370	2.51



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.

**(xiii) Plant locations**

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

**(xiv) Address for correspondence**

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

**(xv) Electronic Clearing Service (ECS)**

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

**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.

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

<b>I. Disclosure on website in terms of Listing Regulations</b>	
<b>Item</b>	<b>Compliance status(Yes/No/NA)</b>
Details of business	Yes
Terms and conditions of appointment of independent directors	Yes
Composition of various committees of board of directors	Yes
Code of conduct of board of directors and senior management personnel	Yes
Details of establishment of vigil mechanism/ Whistle Blower policy	Yes
Criteria of making payments to non-executive directors	Yes
Policy on dealing with related party transactions	Yes
Policy for determining ' material' subsidiaries	Yes
Details of familiarization programmes imparted to independent directors	Yes
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	Yes
Email address for grievance Redressal and other relevant details	Yes
Financial results	Yes
Shareholding pattern	Yes
Details of agreements entered into with the media companies and/or their associates	Not Applicable
New name and the old name of the listed entity	Not Applicable



<b>II Annual Affirmations</b>		
<b>Particulars</b>	<b>Regulation Number</b>	<b>Compliance status(Yes/No/NA)</b>
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b)&25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration committee	19(1)&(2)	Yes
Composition of Stakeholder Relationship Committee	20(1)&(2)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	Yes
Vigil Mechanism	22	Yes
Policy for Related Party Transaction	23(1),(5),(6),(7)&(8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2),(3)	Yes
Approval for material related party transactions	23(4)	Yes
Composition of Board of Directors of unlisted material Subsidiary	24(1)	Yes
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5)&(6)	Not Applicable
Maximum Directorship & Tenure	25(1)&(2)	Yes
Meeting of independent directors	25(3)&(4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to obligations of directors and senior management	26(2)&26(5)	Yes

#### **OTHER DISCLOSURES**

Details of Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, as per Regulation 34 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

<b>Particulars</b>	<b>Amount (Rs in Lacs)</b>
SEPC Statutory Audit Fees	30.55
FZE & Arkan Statutory Audit Fees	28.25
<b>Total</b>	<b>58.80</b>



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## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identification No : L74210TN2000PLC045167

To,

The Members

### SHRIRAM EPC LIMITED

Sigappi Achi Building, 4th Floor,  
No.18/3 Rukmini Lakshmi pathi Road, Egmore  
Chennai – 600008.

I have examined all relevant records of Shriram EPC Limited, having its Registered Office at Sigappi Achi Building, 4th Floor, No.18/3, Rukmini Lakshmi pathi Road, Egmore, Chennai – 600008, 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, 2020. 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, 2020.

Chennai  
10<sup>th</sup> July, 2020

For Rajiblochan Sarangi  
Practicing Company Secretaries  
ACS No. 20312  
CP No. 17498  
UDIN : A020312B000571929(01/08/2020)

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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 March, 2020.

Chennai  
10<sup>th</sup> July, 2020

T SHIVARAMAN  
Managing Director & CEO

# Secretarial Audit Report for the Financial year ended 31<sup>st</sup> March, 2020

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

To,

The Members,  
**Shriram EPC Limited**  
Sigapi Achi Building, 4<sup>th</sup> Floor  
18/3 Rukmini Lakshmi pathi Road,  
Egmore  
Chennai – 600 008

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shriram EPC Limited [Corporate 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 our 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, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 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. There was no External Commercial Borrowings during the Financial Year under review;
- (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 is not applicable; 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) We have reviewed the systems and mechanisms established by the Company for ensuring compliances under the other applicable Acts, Rules, Regulations and Guidelines prescribed under various laws which are applicable to the Company and categorized under the following major heads/groups:
  1. 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, Central Sales Tax & Local Sales 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.

**We 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 the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards etc. mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the 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.

**RAJIBLOCHAN SARANGI**

Place : Chennai  
Date : 23<sup>rd</sup> June, 2020

Practicing Company Secretary  
M No. A20312, CP No. 17498  
UDIN- A020312B000369386

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’

To,

The Members,  
**Shriram EPC Limited**  
Sigapi Achi Building, 4<sup>th</sup> Floor  
18/3 Rukmini Lakshmi pathi Road,  
Egmore  
Chennai – 600008

**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. We 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. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of 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. Due to the lockdown the soft copies of the documents were only verified for the last quarter.
8. We 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 our 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.
9. We 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.

**RAJIBLOCHAN SARANGI**

Place : Chennai

Date : 23<sup>rd</sup> June, 2020

Practicing Company Secretary

M No. A20312, CP No. 17498

UDIN- A020312B000369386



# Annual Secretarial Compliance Report of M/s. Shriram EPC Limited for the Year Ended 31<sup>st</sup> March, 2020

I Rajib Lochan Sarangi, Practicing Company Secretary have examined:

- a) all the documents and records made available to us and explanation provided by Shriram EPC Limited ("the listed entity") [CIN: L74210TN2000PLC045167], having registered office at Sigappi Achi Building, 04<sup>th</sup> Floor, 18/3, Rukmini Lakshmi pathi Road, Egmore, Chennai-600008
- b) the filings/ submissions made by the listed entity to the stock exchanges,
- c) website of the listed entity,
- d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2020 ("Review Period") in respect of compliance with the provisions of:

- a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued there under; and
- b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made there under and the Regulations, circulars, guidelines issued there under by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued there under, have been examined, include:-

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

I hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued there under, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations / Remarks of the Practicing Company Secretary
NIL			

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued there under insofar as it appears from my examination of those records.

- (c) The following are the details of actions taken against the listed entity/ 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.
NIL				

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the Secretarial Compliance Report for the year ended 31 <sup>st</sup> March, 2019	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
NIL				

Place : Chennai  
Date : 23<sup>rd</sup> June, 2020

**Rajiblochan Sarangi**  
Practicing Company Secretary  
M No. A20312, CP No. 17498  
UDIN- A020312B000369386

## 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

**SHRIRAM EPC LIMITED**

Sigappi Achi Building, 4th Floor,  
No.18/3 Rukmini Lakshmi pathi Road, Egmore  
Chennai – 600008.

I have examined all relevant registers, records, forms, returns and disclosures received from the Directors of **Shriram EPC Limited**, having its Registered Office at Sigappi Achi Building, 4<sup>th</sup> Floor, No.18/3, Rukmini Lakshmi pathi Road, Egmore, Chennai – 600008 (hereinafter referred to as '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, 2020 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. Rangaswamy Sundararajan	00498404	22/10/2005
5	Mr. Babu Srinivasan	02541697	30/03/2011
6	Ms. Chandra Ramesh	00938694	23/03/2015
7	Kodumudi Sambamurthi Sripathi	023881091	11/09/2018
8	Kalika 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 : 10<sup>th</sup> July, 2020

**Rajiblochan Sarangi**  
Practicing Company Secretary  
ACS No. 20312  
CP No. 17498



# Independent Auditor's Report to the Members of Shriram EPC Limited

## Report on the Audit of the Standalone Financial Statements

### Qualified Opinion

We have audited the standalone financial statements of Shriram EPC Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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 matters described in the Basis of 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, 2020, and loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Qualified Opinion

1. Financial Assets Loans (Non Current) include Rs. 3,800.40 Lakhs (March 31, 2019: Rs. 3,815.40 Lakhs) and Other Trade Receivables under "Other Non Current Financial Assets" include Rs. 310.04 Lakhs (March 31, 2019: Rs. 318.75 Lakhs), due from related party. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amounts and as these are outstanding for more than five years, we are unable to comment on the recoverability of the same. No provision with respect to the same is made in the books of accounts as explained in the Notes 9.2 of standalone financial Statements. The impact, if any, of the undetermined provision on the financial statements is not ascertainable currently.

This matter was also qualified in our report on the standalone financial statements for the year ended March 31, 2019.

2. The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. Rs. 43,520.00 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 considering the current pandemic situation, we are unable to ascertain the extent to which the deferred tax

asset can be utilized. Refer Note 40 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 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.

### Emphasis of Matter

We draw attention to Note 54 to the standalone financial statements, which fully describes that the Company has made an assessment to recognize and impairment loss of Rs. 2,748.97 Lakhs on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Further such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the 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 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 current period. 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 matters described in the Basis of Qualified Opinion section we have determined the matters described below to be key audit matter to be communicated in our report.

#### **A) Provision for Expected credit loss**

Refer to Note 9, 10, 11 & 14, 18 in the standalone IND AS Financial statements of 2019-20.

The company has measured Loan and account receivables at amortized cost using the effective interest method.

The company has used the Expected credit loss (ECL) provision in respect of loan and account receivables represent management's best estimate of the impairment losses incurred within the loan portfolio at the balance sheet date as per the Ind AS – 109 "Financial Instrument". The company's loan portfolio consists of loans given to related parties, trade receivables and unbilled revenue.

For trade receivables and loan 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 behavior 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 and assessed the management's estimate and related policies used in the credit loss analysis.
2. Performed test of key controls to analyse operating effectiveness relating to calculation of impairment provisions.
3. Reviewed the data flows from source systems to spreadsheet-based models to test their completeness and accuracy.

4. The management has assessed on individual level trade receivables and loan assets by Expected credit loss model laid down in Ind AS - 109 on "Financial Instrument", examined on a test check basis, the objective evidence relating to the impairment of trade receivables 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.
5. Obtained and assessed debtors' credit information on sample basis to ascertain whether the classification of debtors is in compliance with the company's policy.
6. Reviewed the appropriateness of management's ageing analysis based on days past due by examining the original documents (such as invoices and bank deposit advices).
7. Recalculated the ECL of each type of trade receivables and loan assets according to the provision matrix.
8. 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 implementation and maintenance of 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, management 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 management 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.



## **Auditors' 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, 2016 ("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, except for the possible effect 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 standalone financial statements.
  - (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, and the Cash Flow Statement and the Statement of Changes in Equity 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 Basis of Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

- (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 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 53 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
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, 2020

Membership No. : 029409  
UDIN: 20029409AAAAFB2361

# Annexure “A” to the Independent Auditor’s Report on even date on the Standalone Financial Statements of 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 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 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 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 financial statements, including the disclosures,

and whether the 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 financial statements of the current period 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, 2020

Membership No. : 029409  
UDIN: 20029409AAAAFB2361



# Annexure “B” to the Independent Auditors’ Report of even date on the Standalone Financial Statements of Shriram EPC Limited for the year ended March 31, 2020

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

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).
- (b) All the fixed assets (Property, Plant and Equipment) have not been physically verified by the management during the year but there is a regular program 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) In respect of immovable properties of land and building that have been taken on lease and disclosed as Fixed Assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (d) Immovable properties of land and buildings whose title deeds have been pledged with a bank as security for term loans, are held in the name of the Company based on the Mortgage deed executed between the bank and the Company for which confirmation has been obtained from the bank.
- ii. The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- iii. According to the information and explanation given to us, the Company has granted loans, secured or unsecured Companies covered in the register maintained under section 189 of the Act, in respect of which:
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the terms and conditions on which the loans have been granted by the Company are, in our opinion, prima facie, not prejudicial to the interest of the Company.
- (b) The schedule of repayment of principal and payment of interest have not been stipulated and in the absence of stipulation of repayment terms, we are unable to comment on the regularity of repayment of principal and payment of interest.
- (c) There are no overdue amounts remaining outstanding as at the Balance Sheet date, except for an amount of Rs. 4,110.44 Lakhs as referred to in Basis of Qualified opinion paragraph in the Independent Auditors’ Report, which have been outstanding for a considerable period of time, and as explained to us, the Management has taken reasonable steps for recovery of the principal amounts and interest.
- 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 securities, 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. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant as specified by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the 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, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it. There were no undisputed statutory dues in arrears, as at March 31, 2020 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	Period to which the amount relates	Forum where dispute is pending	Amount involved (Rs. In Lakhs)	Amount Unpaid (Rs. In Lakhs)
Income Tax Act, 1961	Income Tax, Interest and Penalty	2012-13	Income Tax Appellate Tribunal	1,800.58	1,800.58
Service Tax (Chapter V of the Finance Act, 1994)	Service Tax and Penalty	2010-11 to 2012-13	Customs Excise and Service Tax Appellate Tribunal	408.00	408.00
Service Tax (Chapter V of the Finance Act, 1994)	Service Tax and Penalty	2006-07 to 2008-09	Commissioner of Service Tax (Appeals)	133.00	133.00
Andhra Pradesh Value Added Tax Act	Value Added Tax	2008-09 and 2009-10	Supreme Court	223.33	223.33
Tamil Nadu Value Added Tax Act	Value Added Tax	2008-09 to 2014-15	High Court	57.16	57.00
West Bengal Value Added Tax Act	Value Added Tax	2007-08 to 2014-15	Revisional Board	1860.00	527.00
Orissa Value Added Tax Act	Value Added Tax	2011-12 and 2012-13	High Court	6,700.75	6,700.75
Jharkhand Value added tax act	Interest VAT Tax Amount	2013-14 to 2015-16	Dy. Commissioner of commercial tax	44.00	44.00
Kerala Value added tax act	Disputed on Penalty	2013-14 to 2016-17	Sales tax Officer	127.00	127.00
Kerala Value added tax act	Disputed on Tax & Interest	2009-10	Assistant commissioner	79.00	79.00
West Bengal Value Added Tax Act	Value Added Tax	2016-17	Revisional Board	25.00	25.00

viii. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institutions & Banks except for in the following cases:

Particulars	Amount of default for the year ended March 31, 2020 (Rs. In Lakhs)	Period of default	Remarks
Central Bank of India	773.76	Ranging from 3- 90 days	Principal amount subsequently cleared
	386.88	Ranging from 91- 180 days	Principal amount subsequently cleared
	1285.20	Range from 3-90 days	Interest amount subsequently cleared
	57.89	Ranging from 91- 180 days	Interest amount subsequently cleared
	238.18	Range from 3-90 days	Interest amount subsequently not cleared
IFCI	46.21	Ranging from 3- 90 days	Principal amount subsequently cleared
	23.02	Ranging from 91- 180 days	Principal amount subsequently cleared
	19.12	Range from 3-180 days	Principal amount subsequently not cleared
	22.39	Range from 3-90 days	Interest amount subsequently cleared
	35.60	Range from 91-180 days	Interest amount subsequently cleared
	19.33	Range from 3-90 days	Interest amount subsequently Not cleared



- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.
- x. 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 or on the Company by its officers or employees.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 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) 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 financial statements as required by the applicable accounting standards.
- xiv. 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 or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. 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) of the Order are not applicable to the Company.

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

**Geetha Jeyakumar**  
Partner

Place: Chennai  
Date: June 24, 2020

Membership No. : 029409  
UDIN: 20029409AAAAFB2361

# Annexure “C” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of 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”)**

We have audited the internal financial controls with reference to financial statements of Shriram EPC Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to 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”). 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 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 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 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 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.

### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, material weaknesses have been identified in the operating effectiveness of the Company’s



internal financial controls over financial reporting as at March 31, 2020 in respect of the following:

- i. Provisioning of overdue receivables and provisioning of advances which have been outstanding for a period of more than five years, which could potentially result in the Company not recognizing a provision for the said receivables and advances.
- ii. Assessment of future taxable profits which could enable the Company to realise the deferred tax asset recognised on carry forward business losses.

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, the Company has, in all material respects, maintained internal financial controls with reference to financial statements as of March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note,

and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as of March 31, 2020.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 financial statements of the Company, and the material weakness affects our opinion on the standalone financial statements of the Company.

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

**Geetha Jeyakumar**  
Partner

Place: Chennai  
Date: June 24, 2020

Membership No. : 029409  
UDIN: 20029409AAAAFB2361



## Standalone Balance Sheet as at March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

	Notes	As at 31-03-2020	As at 31-03-2019
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	6	4,888.30	5,330.39
Capital work-in-progress		-	14.84
Intangible assets	7	40.08	48.03
Financial assets			
Investments	8	101.59	112.21
Loans	9	12,301.03	17,675.67
Trade Receivables	10	19,848.34	25,256.19
Other Financial Assets	10	1,621.73	1,729.92
Deferred Tax Assets (Net)	40	47,623.70	47,623.70
Income Tax Assets (Net)	12	2,917.19	2,394.76
Other Non-Current Assets	11	3,956.02	3,956.02
Total Non-Current Assets		93,297.98	104,141.70
Current assets			
Inventories	13	324.86	3,849.24
Financial assets			
Trade receivables	14	37,744.42	34,421.44
Cash and cash equivalents	15	673.58	944.26
Other bank balances	16	4,885.40	8,116.89
Other Financial Assets	17	8,639.66	4,285.20
Other Current assets	18	95,089.13	97,975.53
Assets classified as held for sale	19	703.35	
Total Current Assets		148,060.40	149,592.56
Total Assets		241,358.38	253,734.26
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity share capital	20	97,152.90	97,152.90
Other equity	21	20,567.01	28,655.14
Total Equity		117,719.91	125,808.04
Liabilities			
Non-Current Liabilities			
Financial liabilities			
Borrowings	22	20,622.70	20,645.31
Other financial liabilities	23	5,642.52	5,690.66
Provisions	24	613.20	660.69
Other non-current liabilities	25	12,535.32	18,889.16
Total Non-Current Liabilities		39,413.74	45,885.83
Current liabilities			
Financial liabilities			
Borrowings	26	45,209.42	42,614.60
Trade payables			
Total outstanding dues of micro enterprises and small enterprises			-
Total outstanding dues of creditors other than micro enterprises and small enterprises	27	30,812.20	31,707.96
Other financial liabilities	28	2,579.27	2,465.70
Other current liabilities	29	5,065.32	4,719.07
Provisions	30	558.52	533.06
Total Current Liabilities		84,224.73	82,040.39
Total Liabilities		123,638.47	127,926.22
Total Equity and Liabilities		241,358.38	253,734.26

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**  
**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, 2020

**K.Suresh**  
Company Secretary

**R S Chandrasekharan**  
Chief Financial Officer



# Statement of Profit and Loss for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

	Notes	Year Ended 31-Mar-20	Year Ended 31-Mar-19
<b>Income</b>			
Revenue from operations	31	68,105.20	74,065.70
Other income	32	4,817.99	7,427.37
<b>Total income</b>		<b>72,923.19</b>	<b>81,493.07</b>
<b>Expenses</b>			
Erection, Construction & Operation Expenses	33	50,786.10	58,597.62
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	3,524.37	(83.67)
Employee benefits expense	35	5,004.17	5,229.68
Finance costs	36	9,879.96	9,544.54
Depreciation and amortization expense	37	555.53	559.53
Other expenses	38	4,664.91	4,323.44
<b>Total expenses</b>		<b>74,415.04</b>	<b>78,171.14</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(1,491.85)</b>	<b>3,321.93</b>
Exceptional items	39	(6,606.98)	(459.97)
<b>Profit/(Loss) before tax</b>		<b>(8,098.83)</b>	<b>2,861.96</b>
<b>Income tax expense</b>	40		
Current tax		-	-
Deferred tax		-	-
<b>Total income tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit/(Loss) for the year</b>		<b>(8,098.83)</b>	<b>2,861.96</b>
<b>Other Comprehensive Income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Re-measurement gains on defined benefit plans (Net of Taxes)		21.31	32.49
Fair Value of Equity Instruments through OCI (Net of Taxes)		(10.62)	(18.54)
<b>Other Comprehensive Income for the year</b>		<b>10.69</b>	<b>13.95</b>
<b>Total Comprehensive Income/(Loss) for the year</b>		<b>(8,088.14)</b>	<b>2,875.91</b>
Earnings / (Loss) per share			
Basic earnings /(loss) per share (₹)		(0.83)	0.30
Diluted earnings /(loss) per share (₹)		(0.83)	0.30
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

**For and on behalf of the Board of Directors**  
**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, 2020

**K.Suresh**  
Company Secretary

**R S Chandrasekharan**  
Chief Financial Officer

# Statement of changes in equity for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

(A) Equity share capital	As at 31-03-2020		As at 31-03-2019	
	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	971,529,018	97,152.90	971,529,018	97,152.90
Add: Shares issued during the year	-	-	-	-
Outstanding at the End of the year	<b>971,529,018</b>	<b>97,152.90</b>	<b>971,529,018</b>	<b>97,152.90</b>

## (B) Other equity

	Share Application money pending allotment	Reserve and surplus					Components of Other Comprehensive Income		Total
		Share options outstanding account	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	
<b>Balance as at 1 April 2019</b>		0.17	191,225.43	561.75	12.92	(163,228.69)	105.94	(22.39)	28,655.16
Loss for the year	-	-	-	-	-	(8,098.83)	-	-	(8,098.83)
Other comprehensive income	-	-	-	-	-	-	21.31	(10.62)	10.69
<b>Total other comprehensive loss for the year</b>	-	<b>0.17</b>	<b>191,225.43</b>	<b>561.75</b>	<b>12.92</b>	<b>(171,327.52)</b>	<b>127.25</b>	<b>(33.01)</b>	<b>20,567.02</b>
Issue of Equity shares	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	-	<b>0.17</b>	<b>191,225.43</b>	<b>561.75</b>	<b>12.92</b>	<b>(171,327.52)</b>	<b>127.25</b>	<b>(33.01)</b>	<b>20,567.02</b>

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, 2020

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

**K.Suresh**  
Company Secretary

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

**Chandra Ramesh**  
Director  
DIN: 00938694

**R S Chandrasekharan**  
Chief Financial Officer



# Statement of cash flows for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

Particulars	Year Ended 31-Mar-20	Year Ended 31-Mar-19
<b>Cash flow from operating activities</b>		
Profit /(Loss) before tax	(8,098.83)	2,861.96
Adjustments for:		
Depreciation and amortization expenses	555.53	559.53
Provision for Gratuity	75.62	134.22
Provision for Compensated Absences	93.31	109.39
Finance cost	11,355.31	10,606.00
Interest income	(3,875.46)	(6,805.35)
Liabilities written back	(719.65)	(501.23)
(Gain)/ loss on sale of fixed assets	(5.95)	-
Loss on write off of CWIP	14.84	-
Loss on write off of Inventory	3,414.26	-
Impairment loss allowance on contract assets and Receivables	6,606.98	4,702.65
<b>Operating profit before working capital changes</b>	<b>9,415.96</b>	<b>11,667.17</b>
<b>Changes in working capital</b>		
Decrease in trade payables	(895.76)	245.54
Decrease/ (Increase) in inventories	110.13	(83.67)
Decrease in trade receivables	(1,773.15)	(3,820.29)
Decrease in loans and advances	5,374.63	18,246.71
Increase/(Decrease) in other current liabilities	346.25	(4,179.95)
Decrease in other non current liabilities	(6,353.84)	5,771.36
Decrease in Short Term provisions	25.46	117.40
Increase/(Decrease) in Long Term provisions	(47.49)	128.42
Increase/(Decrease) in other financial liabilities	65.43	1,465.28
Decrease/(Increase) in other financial assets	(4,246.27)	7,210.22
Decrease/(Increase) in other current assets	137.44	(16,322.83)
Increase in non-current assets	-	5,364.40
Increase in assets held for sale	(703.35)	-
<b>Cash generated used in operations</b>	<b>1,455.44</b>	<b>25,809.76</b>
Income tax paid	(522.14)	623.53
<b>Net cash flows used in operating activities (A)</b>	<b>933.30</b>	<b>26,433.29</b>
<b>Cash flow from Investing activities</b>		
Payment for property, plant and equipment and intangible assets	(118.99)	(485.97)
Movement in Bank balances not considered as Cash and cash equivalents (Net)	3,231.57	(4,418.97)
Proceeds from sale/ disposal of fixed assets	19.43	84.70
Interest received	667.51	1,012.37

## Statement of cash flows for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>Net cash flow from investing activities (B)</b>	3,799.52	(3,807.87)
<b>Cash flow from Financing activities</b>		
Proceeds/ Repayment of Short term borrowings(net)	1,971.63	(8,549.24)
Proceeds / Repayment of Long term borrowings	(22.61)	(7,519.25)
Interest and Finance Charges Paid	(6,952.52)	(7,738.31)
<b>Net cash flow from financing activities (C)</b>	(5,003.50)	(23,806.80)
<b>Net increase in cash and cash equivalents (A+B+C)</b>	(270.69)	(1,181.38)
Cash and cash equivalents at the beginning of the year	944.26	2,125.64
Cash and cash equivalents at the end of the Year	673.58	944.26
<b>Cash and cash equivalents comprise</b>		
Cash and cash equivalents as per Balance Sheet	5,558.98	9,061.15
Less: Other bank balances disclosed separately under Note 16	4,885.40	8,116.89
<b>Total cash and bank balances at end of the Year</b>	673.58	944.26
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, 2020

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

**K.Suresh**  
Company Secretary

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

**Chandra Ramesh**  
Director  
DIN: 00938694

**R S Chandrasekharan**  
Chief Financial Officer



# Notes forming part of Financial Statements for the year ended March 31, 2020

## 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.

Financial statements include company's share of assets, liabilities, income and expenses relating to jointly controlled operations of below entities:

- Larsen & Toubro Limited Shriram EPC JV
- Shriram EPC Eurotech Environmental Pvt Ltd - JV
- SEPC DRS ITPL JV
- Mokul Shriram EPC JV

## 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, 2020..

#### (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. For all other segments, the normal operating cycle has been considered as a duration of 12 months.

#### (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 judgments.

**(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**

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:

<b>Intangible assets</b>	
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.

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 judgments 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 that 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 Contract Assets. 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 held by the customers is disclosed as part of other current assets and is reclassified as trade receivables when it becomes due for payment.

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 Act, 1961, as introduced by the taxation laws (Amendment) Ordinance, 2019 and decided to continue with the existing rate of income 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 substantively 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 Company as a lessee

The Company's lease asset classes primarily consist of leases for building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The company have evaluated all the lease agreements and concluded that the existing accounting policies are in line with Ind AS 116. Adoption of Ind AS 116 did not have any material impact on the financial statements of the company

## 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 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 judgments, estimates and assumptions**

The preparation of financial statements requires management to make judgments, 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.

**5 Standards (including amendments) issued but not yet effective**

**Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 6 Property, plant and equipment - Current Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1 April 2019	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2020	As at 1 April 2019	For the year	Deductions/ Adjustments	As at 31 March 2020	As at 31 March 2020	As at 1 April 2019
<b>Owned assets</b>										
Freehold land	241.50	-	-	241.50	-	-	-	-	241.50	241.50
Leasehold Improvements	318.15	34.48	2.48	350.15	149.22	40.79	-	190.01	160.14	168.93
Buildings	149.90	-	2.41	147.49	16.55	5.09	-	21.64	125.85	133.35
Plant and Machinery	5,923.73	66.62	45.45	5,944.90	1,273.82	447.77	34.74	1,686.85	4,258.05	4,649.91
Furniture and Fixtures	61.15	-	0.59	60.56	23.61	7.02	-	30.63	29.93	37.54
Office Equipment	22.16	-	(3.94)	26.10	21.95	1.94	-	23.89	2.21	0.21
Computers	128.10	17.89	0.75	145.24	72.37	31.49	0.96	102.90	42.33	55.73
Vehicles	74.16	-	20.96	53.20	30.94	13.48	19.52	24.90	28.30	43.23
<b>Total</b>	<b>6,918.85</b>	<b>118.99</b>	<b>68.70</b>	<b>6,969.14</b>	<b>1,588.46</b>	<b>547.58</b>	<b>55.22</b>	<b>2,080.82</b>	<b>4,888.30</b>	<b>5,330.40</b>

## Property, plant and equipment - Previous Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1 April 2018	Additions/ Adjustments	Deductions/ Adjustments	As at 31 Mar 2019	As at 1 April 2018	For the year	Deductions/ Adjustments	As at 31 Mar 2019	As at 31 Mar 2019	As at 1 Apr 2018
<b>Owned assets</b>										
Freehold land	241.50	-	-	241.50	-	-	-	-	241.50	241.50
Leasehold Improvements	318.15	-	-	318.15	111.44	37.78	-	149.22	168.93	206.71
Buildings	152.15	-	2.25	149.90	13.65	5.15	2.25	16.55	133.35	138.50
Plant and Machinery	5,659.57	420.07	155.91	5,923.73	909.09	425.51	60.78	1,273.82	4,649.91	4,750.48
Furniture and Fixtures	60.16	2.83	1.84	61.15	17.02	7.81	1.22	23.61	37.54	43.14
Office Equipment	38.57	0.21	16.62	22.16	25.39	24.23	27.67	21.95	0.21	13.18
Computers	111.77	20.41	4.08	128.10	47.93	28.52	4.08	72.37	55.73	63.84
Vehicles	74.16	-	-	74.17	15.56	15.38	-	30.94	43.23	58.60
<b>Total</b>	<b>6,656.03</b>	<b>443.52</b>	<b>180.69</b>	<b>6,918.86</b>	<b>1,140.08</b>	<b>544.38</b>	<b>96.00</b>	<b>1,588.46</b>	<b>5,330.40</b>	<b>5,515.95</b>



## Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

### 7 Intangible assets - Current Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1 April 2019	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2020	As at 1 April 2019	For the year	Deductions/ Adjustments	As at 31 March 2020	As at 31 March 2020	As at 1 April 2019
Computer Software	43.12	-	-	43.12	15.11	4.34	-	19.75	23.37	28.01
Technical Knowhow	54.22	-	-	54.22	34.20	3.31	-	37.51	16.71	20.02
<b>Total</b>	<b>97.34</b>	<b>-</b>	<b>-</b>	<b>97.34</b>	<b>49.31</b>	<b>7.95</b>	<b>-</b>	<b>57.26</b>	<b>40.08</b>	<b>48.03</b>

### Intangible assets - Previous Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1-04-2018	Additions/ Adjustments	Deductions/ Adjustments	As at 31-03- 2019	As at 1-04-2018	For the year	Deductions/ Adjustments	As at 31-03- 2019	As at 31-03- 2019	As at 1-04- 2018
Computer Software	43.12	-	-	43.12	15.11	6.72	-	15.11	28.01	28.01
Technical Knowhow	54.22	-	-	54.22	19.05	8.43	-	34.20	20.02	35.17
<b>Total</b>	<b>97.34</b>	<b>-</b>	<b>-</b>	<b>97.34</b>	<b>34.16</b>	<b>15.15</b>	<b>-</b>	<b>49.31</b>	<b>48.03</b>	<b>63.18</b>



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

8 Financial Assets- Investments (Non Current)	As at 31 Mar 2020	As at 31 March 2019
<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 Associate - Non Trade</b>		
<b>Unquoted</b>		
22,239,167 Equity Shares (Previous year: 22,239,167 Equity Shares) of ₹ 10/- each fully paid up in Haldia Coke and Chemicals Private Limited	-	4,007.22
Less: Provision for Diminution in value of Investments	-	(4,007.22)
	-	-
8.1 Consequent to the initiation of insolvency proceedings of Haldia Coke and Chemicals Private Limited (HCCPL) by the shareholders of HCCPL during year 2019-20, the investments in HCCPL amounting to Rs.4007.22 lakhs has been written off against the provision carried towards this investment. (Refer note 38 for disclosure of write off in statement of profit and loss).		
<b>(C) Investments in Others - Trade - Fair value through Other Comprehensive Income</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	11.20	21.82
<b>Unquoted</b>		
661,300 Equity shares (Previous year: 661,300 Equity shares) of ₹ 10/- each fully paid in Hexa Wind Farm Private Limited	66.13	66.13
4,076,474 Equity shares (Previous year: 4,076,474 Equity Shares) of ₹ 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>Total ( A+B+C)</b>	<b>101.59</b>	<b>112.21</b>
<b>Aggregate book value of:</b>		
Quoted investments	11.20	21.82
Unquoted investments	90.39	90.39
<b>Aggregate amount of impairment in value of Investments</b>	<b>407.56</b>	<b>4,414.78</b>

## Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>9 Non-Current Financial assets - Loans</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<u>Unsecured</u>		
Considered Good	22,878.20	29,168.74
Considered doubtful	306.10	5,108.10
Less: Provision made	(306.10)	(5,108.10)
<b>Net</b>	<b>22,878.20</b>	<b>29,168.74</b>
Less: Provision for Expected Credit Loss	(10,577.17)	(11,493.08)
<b>Total</b>	<b>12,301.03</b>	<b>17,675.68</b>

<b>9.1 Loans includes due from:</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>i) Related Parties:</b>		
SVL Limited	-	3,936.03
Leitwind Shriram Manufacturing Private Limited (Net of Provision for Expected Credit Loss of ₹ 9,141.70 Lakhs (March 31, 2019: ₹ 8,436.86 Lakhs)	3800.40	3,815.40
Bharath Wind Farm Limited	4.71	5.76
Shriram EPC Arkan LLC	-	1272.14

9.2 Financial Assets Loans (Non Current) include Rs. 3,800.40 Lakhs (March 31, 2019: Rs. 3,815.40 Lakhs) and Other Trade Receivables under "Other Non Current Financial Assets" include Rs. 310.04 Lakhs (March 31, 2019: Rs. 318.75 Lakhs), due from related party, due from Leitwind Shriram Manufacturing Pvt Limited (LSML) (a related party). LSML is in the process of restructuring their operations and the dues are expected to be recovered earlier than the original repayment plan. Considering the developments, the management is confident of realizing the dues.

9.3 During the year, advances receivable amounting to Rs. 4587.30 Lakhs (Net of Unexpired expired credit loss provision of Rs.4280.30 lakhs) has been sold to the Company's Entity exercising significant influence over the Company. Consequently, the corresponding deferred tax asset on unexpired credit loss provision amounting to Rs. 482.31 Lakhs has been reversed during the year.

9.4 During the previous year, advances receivable from an associate company and its subsidiary amounting to Rs. 29,702.65 Lakhs (Net of Unexpired expired credit loss provision of Rs.48,311.07 lakhs) had been sold to the Company's Entities exercising significant influence over the Company for a total consideration of Rs. 25,000 Lakhs along with rights attached to it. Pursuant to this transaction the Company had written off a net amount of Rs 4,702.65 lakhs. Refer Note 39 for disclosure of write off under exceptional item in Statement of Profit and Loss. Consequently, the corresponding deferred tax asset on unexpired credit loss provision amounting to Rs. 16,881.90 Lakhs has been reversed during the previous year.

<b>10 Other Non-Current Financial assets</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Trade Receivables - Retention Money		
Considered Good	19,848.34	25,256.19
Considered doubtful	990.14	2,235.38
Less: Provision for doubtful receivables	(990.14)	(2,235.38)
	<b>19,848.34</b>	<b>25,256.19</b>
Trade Receivables - Others		
Considered Good		
Considered doubtful	1,562.72	1,562.72
Less: Provision for doubtful receivables	(1,562.72)	(1,562.72)
Deposits	1,180.69	1,253.63
Other receivables	441.03	476.29
	1,621.73	1,729.92
<b>Total</b>	<b>21,470.07</b>	<b>26,986.11</b>



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

**10.1** Other Receivables includes an amount of ₹ 441.03 Lakhs (March 31, 2019 ₹ 476.29 Lakhs and the balance consideration receivable from My Home Industries Limited (“MHIL”) towards the value of certain receivables due from Sree Jayajothi Cements Limited (“SJCL”) taken over by MHIL pursuant to an agreement dated 11 August 2013 entered into with them. This amount has been deposited in a Joint Escrow Account to be received by the Company after completion of certain formalities of Sree Jayajothi Cements Limited.

<b>11 Other Non-Current Assets</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Contract Assets (Also Refer note 11.1 below)	4,883.00	9,299.45
Less: Provision for Expected Credit Loss	(926.98)	(5,343.43)
<b>Total</b>	<b>3,956.02</b>	<b>3,956.02</b>

**11.1** The Company entered into a contract to construct Ammonia plant for Bharath Coal and Chemicals Limited (BCCL) (related party). 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, 2019 - ₹ 3,956.02 Lakhs) and Contract Work in process has been written off during the current year which amounts to ₹ 3414.26 Lakhs. Considering the continued efforts by BCCL in identifying alternate options to complete the project, the viability of the project, management is of the view that BCCL will be in a position to settle company's dues in full on commencement of the project work.

<b>12 Income Tax Assets (Net)</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Advance Tax (Net of Provision for Tax ₹ 5,540.74 lakhs)(March 31,2019 ₹ 7,260.29 lakhs)	2,917.17	2,394.75
<b>Total</b>	<b>2,917.17</b>	<b>2,394.75</b>

<b>13 Inventories</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Work in progress in stock (Valued at lower of cost and net realizable value) (Also refer Note 11.1 above)	324.86	3,849.23
<b>Total</b>	<b>324.86</b>	<b>3,849.23</b>

<b>14 Trade receivables</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Unsecured		
-Considered good	38,166.92	35,021.09
-Considered doubtful	4,777.98	4,607.90
Less: Provision for doubtful debts	(4,777.98)	(4,607.90)
Net	<b>38,166.92</b>	<b>35,021.09</b>
Less: Provision for Expected Credit Losses	(422.50)	(599.65)
<b>Total</b>	<b>37,744.42</b>	<b>34,421.44</b>

**14.1** Trade Receivables include due from related parties amounting to ₹ 1,957.44 Lakhs (March 31, 2019 - ₹ 1,818.89 Lakhs)

## Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

15 Cash and bank balances	As at 31 March 2020	As at 31 March 2019
<b>Cash and cash equivalents</b>		
<b>Balances with banks</b>		
In current accounts	201.32	231.90
Margin Money (Original maturity of 3 months or less)	466.54	712.00
Cash on hand	5.73	0.36
<b>Total</b>	<b>673.59</b>	<b>944.26</b>
<b>16 Other Bank Balances</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Deposit Account (Original maturity of more than 3 months)	1,137.59	4,194.40
Margin Money (Original maturity of more than 3 months)	3,747.81	3,922.49
<b>Total</b>	<b>4,885.40</b>	<b>8,116.89</b>
<b>17 Other Current Financial assets</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Security deposit	116.40	164.35
Interest Receivable	549.26	786.87
Trade Receivable - Retention monies	7,974.00	3,334.00
<b>Total</b>	<b>8,639.66</b>	<b>4,285.22</b>
<b>18 Other current assets</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Advances to Employees	48.12	93.60
Balance with Government Authorities (GST- ITC)	5,532.47	4,430.12
Prepaid Expenses	106.98	38.51
Contract Assets	82,236.06	92,969.75
Less: Provision for Expected Credit Loss	(1,855.98)	(8,028.38)
Other Advances	1,775.88	848.16
<b>Advances to Suppliers</b>		
- Considered good	7,245.59	7,623.78
- Considered doubtful	1,640.30	1,640.30
Less : Provision for doubtful Advances	(1,640.30)	(1,640.30)
	<b>7,245.59</b>	<b>7,623.78</b>
<b>Total</b>	<b>95,089.13</b>	<b>97,975.53</b>
<b>19 Assets classified as held for sale</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Asset held for Sale	703.36	-
<b>Total</b>	<b>703.36</b>	<b>-</b>



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

19.1 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 20-21

19.2 **Disclosure pursuant to Ind AS 105 - Major classes of assets and liabilities classified as held for sale:**

	As at 31 Mar 2020	As at 31 March 2019
Property, Plant and Equipment	703.35	-

20 Equity Share capital	As at 31 March 2020	As at 31 March 2019
<b>Authorized</b>		
1,050,000,000 (31 March 2019: 1,050,000,000,) Equity Shares of ₹ 10 each	105,000.00	105,000.00
	<b>105,000.00</b>	<b>105,000.00</b>
<b>Issued, subscribed and paid up</b>		
971,529,018 (31 March 2019: 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**

	As at 31 Mar 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	971,529,018	97,152.90	971,529,018	97,152.90
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>971,529,018</b>	<b>97,152.90</b>	<b>971,529,018</b>	<b>97,152.90</b>

**(b) Details of shareholders holding more than 5% shares**

	As at 31 Mar 2020		As at 31 March 2019	
	No of Shares	% holding	No of Shares	% holding
<b>Name of Shareholder</b>				
<b>Equity Shares</b>				
SVL Limited (Refer Note (i) Below)	279,391,356	28.76%	279,391,356	28.76%
State Bank of India	125,634,843	12.93%	125,634,843	12.93%
Punjab National Bank (Refer (ii) Note below)	124,392,428	12.80%	55,282,938	5.69%
Central Bank of India	93,570,276	9.63%	93,570,276	9.63%
IDBI Bank Limited	54,255,616	5.58%	57,631,183	5.93%
Oriental Bank of Commerce	-	0.00%	69,063,261	7.11%

(i) SVL ceased to be the Holding Company with effect from July 2016 consequent to issue of shares to CDR lenders on conversion of working capital term loan into Equity Shares.

(ii) The increase in No. of shares is on account of merger of Oriental Bank of Commerce with Punjab National Bank

**(c) Details of shares held by Promoter - Investing Party**

	As at 31 Mar 2020		As at 31 March 2019	
	No of Shares	% holding	No of Shares	% holding
<b>Name of Shareholder</b>				
SVL Limited	279,391,356	28.76%	279,391,356	28.76%

Note: SVL ceased to be the Holding Company with effect from July 2016 consequent to issue of shares to CDR lenders on conversion of working capital term loan into Equity Shares.

**(d) There is no Preferential issue of Equity during the year ended March 31, 2020 & March 31, 2019**

**(e) Terms/rights attached to the shares**

# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

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.

(f) The Authorised Equity Share Capital has been increased to ₹ 105,000 Lakhs with effect from 4th May 2017.

## 21 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 31 March 2020	As at 31 March 2019
<b>Authorized</b>		
30,000,000 (31 March 2019: 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 31 March 2020	As at 31 March 2019
Capital Reserve (Refer Note (iii) below)	12.92	12.92
Securities premium reserve (Refer Note (i) below)	191,225.43	191,225.43
General reserve (Refer Note (ii) below)	561.75	561.75
Deficit in the Statement of Profit and Loss (Refer Note (iv) below)	(171,327.50)	(163,228.67)
Employee Stock options outstanding account (ESOOA) (Refer Note (v) below)	0.17	0.17
Re-measurement gains/ (losses) on defined benefit plans (Net of Tax) (Refer Note (vii) below)	127.25	105.94
Investments FVTOCI Reserve on equity instruments (Refer Note (vi) below)	(33.01)	(22.39)
<b>Total</b>	<b>20,567.02</b>	<b>28,655.17</b>

  

(i) Securities premium reserve	As at 31 March 2020	As at 31 March 2019
Opening balance	191,225.43	191,225.43
Add : Securities premium credited on issue of shares	-	-
<b>Closing balance</b>	<b>191,225.43</b>	<b>191,225.43</b>

  

(ii) General reserve	As at 31 March 2020	As at 31 March 2019
Opening balance	561.75	561.75
Additions/(Transfers)	-	-
<b>Closing balance</b>	<b>561.75</b>	<b>561.75</b>

  

(iii) Capital Reserve	As at 31 March 2020	As at 31 March 2019
Opening balance	12.92	12.92
Additions/(Transfers)	-	-
<b>Closing balance</b>	<b>12.92</b>	<b>12.92</b>



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

(iv) Deficit in the Statement of Profit and Loss	As at 31 March 2020	As at 31 March 2019
Opening balance	(163,228.69)	(166,090.65)
Add: Net Profit / (loss) for year	(8,098.84)	2,861.96
<b>Closing balance</b>	<b>(171,327.53)</b>	<b>(163,228.69)</b>

  

(v) Employee Stock options outstanding account	As at 31 March 2020	As at 31 March 2019
Opening Balance	0.17	0.17
Additions/(Transfers)	-	-
<b>Closing Balance</b>	<b>0.17</b>	<b>0.17</b>

  

(vi) Investments FVTOCI Reserve on equity instruments	As at 31 March 2020	As at 31 March 2019
Opening balance	(22.39)	(3.85)
-Fair valuation changes for the year (net of tax)##	(10.62)	(18.54)
-Transfer to equity on disposal of investments	-	-
<b>Closing balance</b>	<b>(33.01)</b>	<b>(22.39)</b>

##Includes cumulative fair valuation changes in equity shares (net of tax)

  

(vii) Re-measurement (gain)/loss on post employment benefit obligation (net of tax)	As at 31 March 2020	As at 31 March 2019
Opening Balance	105.94	73.46
Additions	21.31	32.48
<b>Closing Balance</b>	<b>127.25</b>	<b>105.94</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.



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

22 Non-current borrowings	As at 31 March 2020	As at 31 March 2019
<u>Secured - At Amortized Cost</u>		
<b>From Bank</b>		
- Term Loans	12,291.06	12,380.10
<b>From Others</b>		
- Term Loans ( Refer Note 22.3)	7,781.35	7,621.60
- Working Capital Term Loans	31.28	566.65
- Funded Interest Term Loans	518.31	69.95
<u>Others</u>		
Finance Lease Obligations	0.67	7.03
<b>Total</b>	<b>20,622.67</b>	<b>20,645.33</b>

## 22.1 Terms of Repayment and Security details

	As at 31 March 2020	As at 31 March 2019	Interest Rate	Terms of repayment	Secured by
Term Loans from Banks	2139.69	2,255.10	11.20%	32 Structured quarterly instalments, commencing from Jun 2016 and ending with March 2024	Primary exclusive charge on 5 Wind Electric Generator of 1.5 MW from Leitwind Shriram Manufacturing Private Limited
Term Loans from Banks	10,151.37	10,125.00	11.20%		
Term Loans from Others	7,781.35	7,621.60	-	27 structured quarterly instalments, commencing from June 2019 and ending with March 2025.	First Paripassu Charge on Pooled Assets ie all movable( both fixed, current and non current assets) immovable assets of the company and corporate guarantee of SVL and SVL Trust
Funded Interest Term Loan from Others	31.28	69.96	11.25%	32 structured quarterly instalments, commencing from June 2016 and ending with March 2024.	
Working Capital Term Loan from Others	518.31	566.65	11.25%		
Finance Lease Obligations from Bank	0.67	7.03	11.25%	36 to 60 months	Secured by Vehicles purchased under Hire Purchase schemes
	<b>20,622.67</b>	<b>20,645.33</b>			



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 22.2 Corporate Debt Restructuring

- Company undertook a Corporate Debt Restructuring (CDR) under CDR mechanism w.e.f. April 01, 2014 and all the terms were compiled including right to recompense by way of allotment of equity shares.
- Working Capital Term Loan (WCTL) amounting to Rs 1226.72 Cr have been converted into equity based on the approval by CDR EG and lenders at the price determined in accordance with SEBI (Issue of Capital and Disclosure) Regulations, 1999 (the Regulations).
- All amounts due under CDR are covered by Corporate Guarantee of SVL Limited, Entity exercising significant influence over the Company and SVL Trust.
- 18,01,46,496 Equity shares of the Company have been pledged with the CDR lenders by SVL Limited, Entity exercising significant influence over the Company.

22.3 During the previous year, the Company had entered into settlement agreement with M/s ACRE (an Asset Reconstruction Company) who had bought company's exposure to DBS bank aggregating to Rs 17,374.11 lakhs as on May 31, 2018, at Rs 18,000 Lakhs. The dues are to be settled over a period of seven years ending 2025 on deferred payment basis without interest. The Present value of the amount payable to ACRE as on the date of agreement is Rs. 10,725.08 Lakhs and the resultant gain of Rs. 6,649.03 Lakhs has been disclosed as an exceptional item in the Statement of Profit and Loss.

## 22.4 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 31-03-2020
<b>Term Loans from Banks:</b>			
Central Bank of India	Principal paid subsequently	52	386.88
	Principal paid subsequently	72	386.88
	Principal paid subsequently	115	386.88
	Principal which has been under Moratorium	Under Moratorium	386.88
	Interest paid subsequently	14 days to 109 Days	1,343.75
	Interest pending to be repaid	3 days to 90 Days	238.18
	Interest which has been under Moratorium	Under Moratorium	142.17
IFCI	Principal paid subsequently	61	29.45
	Principal paid subsequently	92	39.79
	Principal pending to be repaid	92	19.12
	Principal which has been under Moratorium	Under Moratorium	16.78
	Interest which have been repaid subsequently	30 days to 152 days	57.99
	Interest pending to be repaid	30 days to 91 days	19.33
	Interest which has been under Moratorium	Under Moratorium	6.13

\* As per RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27 March 2020, permitted moratorium of three months on payment of all instalment falling due between March 1,2020 and May 31,2020

23 Other financial liabilities	As at 31 March 2020	As at 31 March 2019
Sundry Creditors- Retention	5,642.53	5,690.66
<b>Total</b>	<b>5,642.53</b>	<b>5,690.66</b>

## Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>24 Long Term Provisions</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Provision for gratuity	613.20	660.68
<b>Total</b>	<b>613.20</b>	<b>660.68</b>

<b>25 Other non-current liabilities</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Contract Liabilities		
Advance from Customers	12,535.32	18,889.16
<b>Total</b>	<b>12,535.32</b>	<b>18,889.16</b>

<b>26 Short -term borrowings (Secured)</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>From bank</b>		
Cash Credit and Overdraft facilities (Refer Note 26.1)	27,133.79	42,192.52
Working Capital Demand Loans	16,984.60	-
<b>From others ( Secured) ( Refer Note 26.1)</b>		
Cash Credit facilities - IFCI	432.06	422.09
SVL Limited (Investing Party)	27.48	-
Interest accrued not due	631.47	-
<b>Total</b>	<b>45,209.42</b>	<b>42,614.60</b>

**26.1** First Paripassu Charge on Pooled Assets ie all movable( both fixed, current and non current assets) immovable assets of the company and corporate guarantee of SVL and SVL Trust.

<b>27 Trade payables</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
<b>Total outstanding dues of creditors other than micro enterprises and small enterprises</b>		
Acceptances	8,435.70	8,132.94
Trade payables	12,660.08	11,370.88
Other Payables	9,716.40	12,204.13
<b>Total</b>	<b>30,812.18</b>	<b>31,707.96</b>

**27.1** 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.

<b>28 Other financial liabilities</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Current Maturities of Long Term Debts		
- From banks	1,159.99	1,547.50
- From Others	1,418.01	916.93
Unclaimed Dividend	1.27	1.27
<b>Total</b>	<b>2,579.27</b>	<b>2,465.70</b>

**28.1** There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2020



## Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>29 Other current liabilities</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Contract Liabilities		
- Advance from customers	4,600.00	4,301.00
Statutory dues payable	317.33	278.12
Advance Billing	147.99	139.95
<b>Total</b>	<b>5,065.32</b>	<b>4,719.07</b>

<b>30 Short Term Provisions</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Provision for gratuity	25.42	28.59
Provision for Compensated Absences	533.10	502.26
Other provisions	-	2.21
<b>Total</b>	<b>558.52</b>	<b>533.06</b>

<b>31 Revenue from operations</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Revenue from Engineering and Construction Contracts	66,576.40	70,953.74
<b>Other operating Revenue</b>		
Company's share in profit of Integrated Joint Ventures	-	259.39
Management and Technical Fees (Refer Note 45(B))	1,528.80	2,852.57
<b>Total</b>	<b>68,105.20</b>	<b>74,065.70</b>

<b>32 Other income</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Interest income		
- Margin Money deposits	493.70	481.08
- Income Tax Refunds	-	120.79
- Interest income on Fin Assets	2,970.34	6,275.26
Export Incentive	216.93	-
Liabilities no longer required written back	719.65	501.23
Profit on sale of fixed assets	5.95	-
Miscellaneous income	411.41	49.01
<b>Total</b>	<b>4,817.98</b>	<b>7,427.37</b>

<b>33 Erection, Construction &amp; Operation Exps</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Cost of Materials and Labour (Refer Below Point)	49,553.85	58,279.60
Other Contract Related Costs	1,232.25	318.01
<b>Total</b>	<b>50,786.10</b>	<b>58,597.61</b>

**33.1** Cost of Materials and Labour for the year ended March 31, 2020 includes Rs. 30,379.93 lakhs (Year Ended March 31, 2019 Rs. 21,601.46 Lakhs) being proportionate share of cost relating to the Mokul Shriram EPC JV(MSJV) project in Basra, Iraq.

## Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>34 Change in Inventories of Contract WIP</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Inventories at the beginning of the year	3,849.23	3,765.57
	<b>3,849.23</b>	<b>3,765.57</b>
Less: Inventories at the end of the year	(324.86)	(3,849.23)
	<b>324.86</b>	<b>3,849.23</b>
Net decrease / (Increase)	3,524.37	(83.67)
<b>Total</b>	<b>3,524.37</b>	<b>(83.67)</b>

  

<b>35 Employee benefits expense</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Salaries, wages, bonus and other allowances	4,210.30	4,342.08
Contribution to Provident and Other funds	353.58	321.88
Contribution to Gratuity (Refer Note 43)	75.62	202.68
Staff welfare expenses	364.67	363.04
<b>Total</b>	<b>5,004.17</b>	<b>5,229.68</b>

  

<b>36 Finance costs</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Interest on Cash Credits	5,141.43	5,098.47
Interest on Term Loans	1,811.09	2,210.71
Interest - Others	1,438.81	1,158.32
Interest on financial liabilities measured at Effective Interest Rate	1,488.63	1,077.03
<b>Total</b>	<b>9,879.96</b>	<b>9,544.53</b>

  

<b>37 Depreciation and amortization expense</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Depreciation (Refer Note 6)	547.58	544.38
Amortization (Refer Note 7)	7.95	15.15
<b>Total</b>	<b>555.53</b>	<b>559.53</b>

  

<b>38 Other expenses</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Electricity and water	173.01	336.73
Rates and taxes	117.63	30.59
Rent	204.52	255.49
<b>Repairs and Maintenance:</b>		
Building	9.11	14.27
Plant and Machinery, Equipments	31.80	43.46
Others	10.78	17.48



## Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

Auditors' Remuneration (Refer Note 38.1)	31.17	30.55
Bank Charges, Letter of Credit / Guarantee charges	1,475.35	1,061.46
Travel and conveyance	422.62	703.36
Insurance premium	190.90	96.46
Printing & Stationery	35.98	39.87
Communication, broadband and internet expenses	60.79	64.63
Sitting Fees	6.15	5.88
Consultancy charges	563.20	929.17
Legal Expenses	189.78	167.07
Advertisement	77.42	35.95
Donation	0.11	1.73
Company's share of Loss of Integrated Joint Ventures	172.36	-
Impairment loss allowances on Trade receivable & contract assets	478.67	179.44
CWIP - Written off	14.84	-
Investment on Haldia Coke and Chemicals Private Limited- Written off	4007.22	-
Provision for Diminution in value of Investments reversed	(4007.22)	-
Provision for doubtful trade and Other receivables and Loans and Advances	78.40	-
Miscellaneous Expenses	320.33	309.84
<b>Total</b>	<b>4,664.91</b>	<b>4,323.44</b>

<b>38.1 The following is the break-up of Auditors remuneration (exclusive of GST)</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
<b>As auditor:</b>		
Statutory audit	24.00	24.00
Other matters	6.00	6.00
Reimbursement of expenses	1.17	0.55
<b>Total</b>	<b>31.17</b>	<b>30.55</b>

<b>39 Exceptional Items</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Interest income on Financial Assets	-	(6,649.03)
Advance written off	-	4,702.65
Claim from vendor	-	2,406.35
Impairment loss allowance on contract asset (net) (Also refer note 54)	6,606.98	-
<b>Total</b>	<b>6,606.98</b>	<b>459.97</b>

# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 40 Disclosure pursuant to Ind AS 12 "Income Taxes"

(A) Components of Deferred Tax Assets and Liabilities recognised in Balance Sheet:

<b>CURRENT YEAR</b>				
	Balance as at April 1, 2019	Recognized in profit or loss during 2019-20	Recognized in OCI during 2019-20	Balance as at March 31, 2020
<b>Deferred tax assets</b>				
Expenditure allowed on payment basis for Income tax purpose	416.37	0.52	(7.45)	409.44
Impairment loss on Financial Assets and Contract Assets	6,743.43	(2,539.06)	-	4,204.37
Deferred tax asset on account of unabsorbed losses and depreciation allowance	41,013.89	2,506.09	-	43,519.98
	<b>48,173.69</b>	<b>(32.45)</b>	<b>(7.45)</b>	<b>48,133.79</b>
<b>Deferred tax liabilities</b>				
On Property, Plant and Equipment	549.99	(39.90)	-	510.09
On Others	-	-	-	-
	<b>549.99</b>	<b>(39.90)</b>	<b>-</b>	<b>510.09</b>
<b>Deferred tax asset, net</b>	<b>47,623.70</b>	<b>7.45</b>	<b>(7.45)</b>	<b>47,623.70</b>

- (B) i) 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.1,82,359 lakhs, the company has recognized deferred tax asset on a carry forward loss to the extent of Rs.1,28,911 lakhs which results in DTA of Rs. 43,520.00 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.
- ii) Also, Refer Note 9.3 on reversal of deferred tax asset of Rs. 482.31 Lakhs relating to deferred tax asset on unexpired credit loss provision.

## PREVIOUS YEAR

(C)	Balance as at April 1, 2018	Recognized in profit or loss during 2018-19	Recognized in OCI during 2018-19	Balance as at March 31, 2019
<b>Deferred tax assets</b>				
Expenditure allowed on payment basis for Income tax purpose	317.27	110.46	(11.36)	416.37
Impairment loss on Financial Assets and Contract Assets	25,856.76	(19,113.33)	-	6,743.43
Deferred tax asset on account of unabsorbed losses and depreciation allowance	21,864.19	19,149.70	-	41,013.89
	<b>48,038.22</b>	<b>146.83</b>	<b>(11.36)</b>	<b>48,173.69</b>
<b>Deferred tax liabilities</b>				



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

On Property, Plant and Equipment	414.52	135.47	-	549.99
On Others	-	-	-	-
	<b>414.52</b>	<b>135.47</b>	-	<b>549.99</b>
<b>Deferred tax asset, net</b>	<b>47,623.70</b>	<b>11.36</b>	<b>(11.36)</b>	<b>47,623.70</b>

i) 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 total unabsorbed business loss of Rs.1,71,133 lakhs available for set off against future profits, Company has recognized deferred tax asset only to the extent of Rs 41,013.89 lakhs up to the previous year (including Rs.19,150 lakhs created during the previous year) on a loss of Rs. 1,21,133 lakhs which in the opinion of the management is realizable based on the future business plan and estimated future taxable profits of the company.

ii) Also, Refer Note 9.4 on reversal of deferred tax asset of Rs.16,881.90 lakhs relating to deferred tax asset on unexpired credit loss provision.

(D) Reconciliation of tax charge	2019-20	2018-19
<b>(a) Profit/(Loss) before tax</b>	<b>(8,098.84)</b>	<b>2,861.96</b>
(b) Corporate Tax Rate as per Income Tax Act, 1961	34.94%	34.94%
<b>(c) Tax on Accounting Profit</b>	<b>(2,829.73)</b>	<b>999.97</b>
	(c) = (a) * (b)	
<b>(d) Tax adjustments</b>		
(i) Tax on share of profit in Joint Operations - Tax on Income Exempt from Tax	-	-
(ii) Tax effect on impairment losses recognised and on which deferred tax asset is not recognised	-	-
(iii) Tax effect of losses of current year on which no deferred tax benefit is recognised	(2,811.31)	(197.67)
(iv) Tax effect of various other items	(18.43)	(802.30)
(v) Effect of difference in tax rates of subsidiaries operating in other jurisdiction	-	-
<b>Total effect of Tax Adjustments (Sum of (i) to (iv))</b>	<b>(2,829.73)</b>	<b>(999.97)</b>
(e) Tax expenses recognised during the year	(e) = (c) + (d)	0.00
<b>(f) Effective Tax Rate</b>	<b>(f) = (e)/(a)</b>	<b>0.00%</b>

(E) There is no provision for tax in view of the brought forward losses/unabsorbed depreciation relating to earlier years available for set off while computing income both under the provisions of 115 JB and those other than Sections 115 JB of the Income Tax Act 1961.



## Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

41 Basic and Diluted Earnings Per Share (EPS) computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings Per Share":		Year ended 31st March 2020	Year ended 31st March 2019
<b>Basic EPS</b>			
Profit/(Loss) after Tax as per Accounts (₹ lakhs)	A	(8,088.15)	2,875.91
Weighted Average Number of Equity Shares Outstanding	B	9,715.29	9,715.29
<b>Basic EPS (₹)</b>	A/B	<b>(0.83)</b>	<b>0.30</b>
<b>Diluted EPS</b>			
Profit/(Loss) after Tax as per Accounts (₹ lakhs)	A	(8,088.15)	2,875.91
Weighted Average Number of Equity Shares Outstanding	B	9,715.29	9,715.29
<b>Diluted EPS (₹)</b>	A/B	<b>(0.83)</b>	<b>0.30</b>

42 Disclosures in relation to EPC Contracts:		
S. Particulars No	Year ended March 31, 2020	Year ended March 31, 2019
1 Contract revenue recognised for the financial year	66,576.40	70,953.74
2 Aggregate amount of Contract costs incurred and recognized profits (less recognized losses) upto the reporting date	54,310.48	58,513.95
3 Advances received for contracts in progress	17,135.32	23,190.16
4 Retention amount by customers for contracts in progress	28,812.49	30,825.57
5 Gross amount due from customers for contract work (Asset)	84,336.10	88,897.39
6 Gross amount due to customers for contract work (Liability)	147.99	139.95

43 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	Year ended 31st March 2020	Year ended 31st March 2019
Employers' Contribution to Provident Fund and Employee State Insurance (Refer note 35)	353.58	321.88

### (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.



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

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, 2020 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.

i) Actuarial assumptions	Year ended 31st March 2020	Year ended 31st March 2019
Discount rate (per annum)	6.64%	7.58%
Rate of increase in Salary	5.00%	5.00%
Expected average remaining working lives of employees (years)	IALM (2012-14)	Ind. (2006-8) table
Attrition rate	3.00%	3.00%

ii) Changes in the present value of defined benefit obligation	Gratuity		Long Term Compensated Absences	
	Year ended 31st March 2020	Year ended 31st March 2019	Year ended 31st March 2020	Year ended 31st March 2019
<b>Present value of obligation at the beginning of the year</b>	689.28	555.06	502.27	392.88
Interest cost	45.59	45.89	34.03	29.22
Past service cost	-	-	-	-
Current service cost	30.04	156.52	1,282.09	1,032.28
Curtailements	-	-	-	-
Settlements	-	-	-	-
Benefits paid	(104.97)	(35.69)	(61.11)	(18.44)
Actuarial gain on obligations	(21.31)	(32.50)	(1,222.81)	(933.66)
<b>Present value of obligation at the end of the year*</b>	<b>638.62</b>	<b>689.28</b>	<b>534.47</b>	<b>502.27</b>

\*Included in provision for employee benefits (Refer notes 24 and 30)

iii) Expense recognized in the Statement of Profit and Loss	Gratuity		Long Term Compensated Absences	
	Year ended 31st March 2020	Year ended 31st March 2019	Year ended 31st March 2020	Year ended 31st March 2019
Current service cost	30.04	156.52	1,282.09	1,032.28
Past service cost	-	-	-	-
Interest cost	45.59	45.89	34.03	29.22
Expected return on plan assets	-	-	-	-
Actuarial gain on obligations	(21.31)	(32.50)	(1,222.81)	(933.66)
Settlements	-	-	-	(18.44)
Curtailements	-	-	-	-
<b>Total expenses recognized in the Statement Profit and Loss</b>	<b>54.32</b>	<b>169.91</b>	<b>93.31</b>	<b>109.40</b>

## Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

iv) Assets and liabilities recognized in the Balance Sheet:	Gratuity		Long Term Compensated Absences	
	Year ended 31st March 2020	Year ended 31st March 2019	Year ended 31st March 2020	Year ended 31st March 2019
Present value of unfunded obligation as at the end of the year	(638.63)	(689.28)	(534.48)	(502.28)
Unrecognized actuarial (gains)/losses	-	-	-	-
<b>Unfunded net liability recognized in Balance Sheet*</b>	<b>(638.63)</b>	<b>(689.28)</b>	<b>(534.48)</b>	<b>(502.28)</b>

\*Included in provision for employee benefits (Refer notes 24 and 30)

v) A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:	Year ended 31st March 2020	Year ended 31st March 2019
<b>Impact on defined benefit obligation</b>		
Discount rate		
0.5% increase	(3.19%)	(3.07%)
0.5% decrease	3.41%	3.28%
Rate of increase in salary		
0.5% increase	3.41%	3.28%
0.5% decrease	(3.19%)	(3.07%)

vi) Maturity profile of defined benefit obligation	31-Mar-20	31-Mar-19
<b>Period</b>		
By the end of the First Year	193.33	210.33
Between Year 1 and Year 2	27.87	40.75
Between Year 2 and Year 3	36.13	37.61
Between Year 3 and Year 4	9.11	36.84
Between Year 4 and Year 5	57.87	10.84
Between Year 5 and Year 10	473.55	544.54

#### 44 Disclosure in respect of leases pursuant to Indian Accounting Standard (Ind AS) 116, "Leases"

##### Operating leases where Company is a lessee:

The operating lease payments recognized in the Statement of Profit and Loss amount to ₹ 204.52 lakhs (31 March 2019: ₹ 255.49 lakhs) included in Note 38. The future expected minimum lease payments under operating leases are given below. The terms of lease include terms of renewal, increase in rents in future periods, which are in line with general inflation, and terms of cancellation.

Future minimum rentals payable under non-cancellable operating leases are, as follows:	31-Mar-20	31-Mar-19
Within one year	204.52	112.59
After one year but not more than five years	-	250.70
More than five years	-	-
<b>Total</b>	<b>204.52</b>	<b>363.29</b>



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

Yearwise future minimum lease rental payments on contracts:	As at March 31, 2020		As at March 31, 2019	
	Total Minimum Lease Payments	Present Value of Minimum Lease Payments	Total Minimum Lease Payments	Present Value of Minimum Lease Payments
Within one year	3.45	3.36	6.35	5.99
After one year but not more than five years			4.50	3.81
More than five years			-	-
<b>Total</b>	<b>3.45</b>	<b>3.36</b>	<b>10.85</b>	<b>9.80</b>
Less: Future Finance Charges	(0.10)	-	1.05	-
<b>Present Value of Minimum lease payments</b>	<b>3.35</b>	<b>3.36</b>	<b>9.80</b>	<b>9.80</b>

#### 45 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

Shriram EPC FZE, Sharjah

##### Step Down Subsidiary

Shriram EPC Arkan LLC

##### Subsidiary of Entities exercising significant influence over the Company

Shriram SEPL Composites Private Limited

##### Enterprise under the joint control of the Entities exercising significant influence over the Company:

Leitwind Shriram Manufacturing Private Limited

##### Associates (Upto March 31, 2020)

Haldia Coke and Chemicals Private Limited

Ennore Coke Limited (Subsidiary of Haldia Coke and Chemicals Private Limited)

Wellman Coke India Limited (Subsidiary of Haldia Coke and Chemicals Private Limited)

##### 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

Orient Eco Energy Private Limited

# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## Joint Operations

Larsen & Toubro Limited Shriram EPC JV  
Mokul Shriram EPC JV  
Shriram EPC Eurotech Environmental JV  
SEPC DRS ITPL JV

<b>(B) Details of transactions with related party in the ordinary course of business for the year ended:</b>		
<b>(i) Entities exercising significant influence over the Company</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Sale consideration on transfer of advances / receivables (Also refer note 9.3)	4,280.63	25,000.00
Expenses reimbursed by the party	908.65	-
<b>(ii) Subsidiary</b>		
Progressive billings/Revenue	4,274.30	1,352.00
Management Fees	1,528.80	2,413.35
Expenses incurred by the party	19.46	-
<b>(iii) Step Down Subsidiary</b>		
Progressive billings/Revenue	-	5.62
Expenses reimbursed by the party	39.71	439.22
<b>(iv) Subsidiary of Entities exercising significant influence over the Company</b>		
<b>Shriram SEPL Composites Private Limited</b>		
Progressive billings/Revenue	-	1.21
Purchases of Goods and Services	-	256.87
Expenses incurred and recoverable	26.79	41.21
<b>(v) Enterprises under the joint control of the Entities exercising significant influence over the Company:</b>		
<b>a) Leitwind Shriram Manufacturing Private Limited</b>		
Expenses incurred and recoverable	9.29	22.31
Purchases of Goods and Services	-	0.59
<b>(vi) Associates</b>		
<b>(a) Haldia Cokes and chemicals Pvt Ltd</b>		
Transfer of advances / receivables	-	4,702.65



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>(vii) Key Management Personnel (KMP)</b>		
<b>Compensation of key management personnel</b>		
T.Shivaraman	60.40	60.15
M.Amjad Shariff	60.15	60.15
<b>(viii) Other enterprises under the control of the key management personnel</b>		
<b>(a) Orient Green Power Company Limited</b>		
Expenses incurred and recoverable	0.93	31.30
<b>(ix) Joint Operations</b>		
<b>(a) Larsen &amp; Toubro Limited Shriram EPC JV</b>		
Company's share in profit / (Loss) of Integrated Joint Ventures	(172.35)	259.39
Progressive billings / Revenue	512.18	231.52
<b>(b) Shriram EPC Eurotech Environmental Pvt Ltd - JV</b>		
Progressive billings / Revenue	1,076.42	1,821.83
Expenses reimbursed by the party	155.70	-
<b>(c) SEPC DRS ITPL JV</b>		
Progressive billings / Revenue	663.99	995.92
Expenses reimbursed by the party	158.83	-
<b>(d) Mokul Shriram EPC JV</b>		
Progressive billings / Revenue	30,379.93	19,549.70
Expenses reimbursed by the party	10.00	-
Cost incurred for Materials and Labour	30,379.93	19,549.70
<b>(C) Amount due (to)/from related party as on:</b>		
<b>(i) Particulars</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>Advances / (Borrowings):</b>		
SVL Limited	(27.48)	3,936.03
Leitwind Shriram Manufacturing Private Limited (Net of Provision for Expected Credit Loss of ₹ 9,141.70 Lakhs (March 31, 2019: ₹ 8,436.86 Lakhs)	3,800.40	3,815.40
Bharat Wind Farm Limited	4.71	5.76
Orient Green Power Company Limited	1.41	-

## Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>Receivables / (Payables):</b>		
Leitwind Shriram Manufacturing Private Limited	4,110.44	4,134.15
Shriram EPC FZE, Sharjah	2,312.94	-1,029.50
Shriram EPC Arkan LLC	-	1,272.14
Orient Green Power Company Limited	1.41	25.15
Shriram EPC Eurotech Environmental Pvt Ltd - JV	-70.45	-163.62
SEPC DRS ITPL JV	93.75	627.34
Larsen & Toubro Limited Shriram EPC JV	256.14	112.89
Beta Wind Farm Private Limited	-	1,381.84
Shriram SEPL Composites Private Limited	259.93	611.81
Mokul Shriram EPC JV	1,786.43	1,998.19

(D) The Company accounts for costs incurred by Related parties based on the actual invoice/debit notes raised and accruals as confirmed by such parties. The related parties have confirmed to the Management that as at March 31, 2020, March 31, 2019 there are no further amounts payable to/receivable from them, other than disclosed above.

### 46 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, 2020			As at March 31, 2019		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Inventories - Note 13	324.86	-	324.86	3,849.23	-	3,849.23
Trade Receivables - Note 14	37,744.42	-	37,744.42	34,421.44	-	34,421.44
Other Current Financial Assets - Note 17	8,639.66	-	8,639.66	4,285.20	-	4,285.20

#### (B) Current liabilities expected to be settled within twelve months and after twelve months from the reporting date

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Acceptances - Note 27	8,435.70	-	8,435.70	8,132.94	-	8,132.94
Trade and Other Payables - Note 27	12,660.08	9,716.40	22,376.49	11,370.88	12,204.13	23,575.02
Other Current Financial Liabilities - Note 28	2,579.27	-	2,579.27	2,465.70	-	2,465.70



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 47 Segment reporting

The Chief Operating Decision Maker (CODM) reviews the operations of the Company for the year ended March 31, 2020 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-20	31-Mar-19
<b>Rest of the World</b>		
Revenue	31,908.73	26,169.90
Assets	7,632.74	10,423.51
<b>India</b>		
Revenue	36,196.46	47,895.80
Assets	233,695.65	243,310.79
Capital Expenditure	118.99	443.52

## 48 Expenditure in Foreign Currency

	2019-20	2018-19
Professional & Consultancy Fees	0.48	1.26
Material Consumed in Execution of Engineering Contracts	43.28	3,182.04
Erection ,Construction & Operation Exp	24.14	32.09
Travelling & Conveyance	75.88	80.21
Salary & Wages	181.53	-
Others	4.84	3.96
<b>Total</b>	<b>330.15</b>	<b>3,299.56</b>



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 49 Fair Value Measurement

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

31-Mar-20

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>										
<b>Financial Assets Measured at Fair Value</b>										
Investments	8	-	-	-	38.65	38.65	11.20	-	-	11.20
<b>Financial Assets not Measured at Fair Value*</b>										
Investments	8	-	-	-	90.39	90.39	-	-	90.39	90.39
Loans	9	12,301.03	-	-	-	12,301.03	-	-	-	-
Trade Receivables	10 & 14	57,592.76	-	-	-	57,592.76	-	-	-	-
Cash and Cash Equivalents	15	673.58	-	-	-	673.58	-	-	-	-
Other Bank balances	16	4,885.40	-	-	-	4,885.40	-	-	-	-
Other financial assets	10 & 17	10,261.39	-	-	-	10,261.39	-	-	-	-
<b>Total</b>		<b>85,714.16</b>	-	-	-	<b>85,843.20</b>	<b>11.20</b>	-	<b>90.39</b>	<b>101.59</b>
<b>Liabilities</b>										
<b>Financial Liabilities not Measured at Fair Value*</b>										
Non Current Borrowings	22	-	-	20,622.70	-	20,622.70	-	-	-	-
Current Borrowings	26	-	-	45,209.42	-	45,209.42	-	-	-	-
Trade payables	27	-	-	30,812.20	-	30,812.20	-	-	-	-
Other financial liabilities	23 & 28	-	-	8,221.79	-	8,221.79	-	-	-	-
<b>Total</b>		-	-	<b>104,866.11</b>	-	<b>104,866.11</b>	-	-	-	-



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

31-Mar-19

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>										
<b>Financial Assets Measured at Fair Value</b>										
Investments	8	-	-	-	38.65	38.65	21.82	-	-	21.82
<b>Financial Assets not Measured at Fair Value*</b>										
Investments	8	-	-	-	90.39	90.39	-	-	90.39	90.39
Loans	9	17,675.67	-	-	-	17,675.67	-	-	-	-
Trade Receivables	10 & 14	59,677.63	-	-	-	59,677.63	-	-	-	-
Cash and Cash Equivalents	15	944.26	-	-	-	944.26	-	-	-	-
Other Bank balances	16	8,116.89	-	-	-	8,116.89	-	-	-	-
Other financial assets	10 & 17	6,015.11	-	-	-	6,015.11	-	-	-	-
<b>Total</b>		<b>92,429.56</b>	-	-	-	<b>92,558.60</b>	<b>21.82</b>	-	<b>90.39</b>	<b>112.21</b>
<b>Liabilities</b>										
<b>Financial Liabilities not measured at fair value*</b>										
Non Current Borrowings	21	-	-	20,645.33	-	20,645.33	-	-	-	-
Current Borrowings	25	-	-	42,614.61	-	42,614.61	-	-	-	-
Trade payables	26	-	-	31,707.96	-	31,707.96	-	-	-	-
Other financial liabilities	23 & 28	-	-	8,156.36	-	8,156.36	-	-	-	-
<b>Total</b>		-	-	<b>103,124.26</b>	-	<b>103,124.26</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, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 50 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, 2020 - Nil (March 31, 2019 - Nil)

b) Foreign Currency exposure

Particulars	31-Mar-20		
	Currency	Amount in Foreign Currency (In Lakhs)	In ₹ lakhs
Cash and Bank Balances	OMR	-	0.24
	AED	0.05	1.00
	EURO	-	0.11
	USD	-	0.01
	YUAN	0.01	0.06
	IQD	-	-
Trade Payables (including Payables on purchase of fixed assets)	USD	1.11	83.95
	EUR	35.71	2,968.55
Trade and Other Receivables	USD	36.51	2,751.08
	OMR	(0.14)	(27.96)



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

Particulars	31-Mar-19		
	Currency	Amount in Foreign Currency (In Lakhs)	In ₹ lakhs
Bank Balances	IQD	2.43	0.14
	USD	0.07	4.75
Trade Payables (including Payables on purchase of fixed assets)	USD	1.20	77.88
	EUR	45.71	3,528.78
	SGD	0.06	3.05
Trade and Other Receivables	USD	75.83	5,139.73

## (B) Credit risk

The Company's customer profile include public sector enterprises, state owned companies and large private corporates. Accordingly, the Company's customer credit risk is low. The Company's average project execution cycle is around 24 to 36 months. General payment terms include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 90 days and certain retention money to be released at the end of the project. In some cases retentions are substituted with bank/corporate guarantees. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation.

Credit risk management has been further enhanced to keep pace with COVID-19 developments

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-20

Particulars	Estimated Gross Carrying Amount at default	Provision/ Expected Credit Loss	Carrying amount net of impairment provision
Trade receivables	42,944.90	(5,200.48)	37,744.42
Contract asset	82,236.06	(1,855.98)	80,380.08
Advances to Suppliers	8,885.89	(1,640.30)	7,245.59

### 31-Mar-19

Particulars	Estimated Gross Carrying Amount at default	Provision/ Expected Credit Loss	Carrying amount net of impairment provision
Trade receivables	39,628.99	(5,207.55)	34,421.44
Contract asset	92,969.75	(8,028.38)	84,941.37
Advances to Suppliers	9,264.08	(1,640.30)	7,623.78

### Reconciliation of Provision and Expected Credit Loss - Other financial assets

Particulars	Trade receivables	Unbilled revenue	Advances to suppliers
<b>Provision and Expected Credit Loss on March 31, 2019</b>	<b>5,207.55</b>	<b>8,028.38</b>	<b>1,640.30</b>
Allowance for Doubtful Debts	78.40	-	-
Provision no longer required	-	(4,295.64)	-
Interest income on Financial Assets	(85.47)	(1,876.75)	-
<b>Provision and Expected Credit Loss on March 31, 2020</b>	<b>5,200.48</b>	<b>1,855.98</b>	<b>1,640.30</b>

# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## (C) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse projects, and to meet the debt servicing obligations of the Company, the Company maintains flexibility in funding through committed credit lines, short term borrowings and trade receivables. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections, assessment of maturity profiles of financial assets and financial liabilities including debt financing plans.

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-20</b>					
Short term borrowings	-	45,209.42	-	-	45,209.42
Long-term borrowings	-	-	20,622.70	-	20,622.70
Trade payables	-	30,812.18	-	-	30,812.18
Other financial liability	-	2,579.27	-	-	2,579.27
	-	<b>78,600.87</b>	<b>20,622.70</b>	-	<b>99,223.57</b>
<b>31-Mar-19</b>					
Short term borrowings	-	42,614.59	-	-	42,614.59
Long-term borrowings	-	-	20,645.33	-	20,645.33
Trade payables	-	31,707.95	-	-	31,707.95
Other financial liability	-	2,465.70	-	-	2,465.70
	-	<b>76,788.24</b>	<b>20,645.33</b>	-	<b>97,433.57</b>

## 51 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-20	31-Mar-19
Total equity	(i)	<b>117,719.93</b>	<b>125,808.03</b>
Total debt	(ii)	68,410.09	65,724.34
Cash and Cash Equivalents	(iii)	673.58	944.26
Net Debt	(iv) = (ii) - (iii)	<b>67,736.51</b>	<b>64,780.08</b>
Total Capital	(v) = (i) + (iv)	185,456.44	190,588.11
Net Debt to Capital ratio	(iv)/ (v)	0.37	0.34

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.



# Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 52 Movement in Provisions, Expected Credit Losses, Contingent Liabilities and Contingent Assets

Particulars	Expected Credit Loss		Provision for Doubtful Receivables	Provision for Advances
	Current	Non-Current	Non-Current	Current
<b>Opening Balance as on April 01, 2019</b>	<b>13,235.94</b>	<b>21,944.60</b>	<b>3,798.11</b>	<b>1,640.30</b>
Add: Additional Provision during the year	78.40	-	-	-
Less: Interest income on Financial Assets	(2,053.89)	(915.08)	-	-
Provision no longer required	(4,203.98)	(9,218.55)	(1,245.24)	
Less: Movement on Account of Transfer of advances to Group Companies				
<b>Closing Balance as on March 31, 2020</b>	<b>7,056.47</b>	<b>22,859.68</b>	<b>2,552.87</b>	<b>1,640.30</b>

## 53 Contingent Liabilities And Commitments

### (a) Contingent Liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
a) Claims against the Company not acknowledged as debts	10,879.39	12,251.54
b) Central Excise, Service Tax and customs Duties demands contested in Appeals, not provided for	541.00	541.00
c) Disputed VAT/ Central Sales tax demands contested in Appeals, not provided for	9,115.00	8,841.00
d) Income tax demands contested in Appeals, not provided for	1,800.58	3,668.58

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

### (b) Commitments

Particulars	As at 31 March 2020	As at 31 March 2019
Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for	-	67.25

54 The SARS – CoV-2 virus responsible for COVID -19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID -19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and Companies have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended many times across the country to contain the spread of virus. The extent to which the COVID -19 pandemic will impact the company's financials will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID -19 pandemic and any action to contain its spread or mitigate its impact whether government -mandated or elected by the Company.

The Company's assessment of impairment loss allowance on its loans and other assets is subject to a number of management judgments and estimates. The Company has measured impairment loss allowance on loans and other assets and recognized the incremental impairment provision for Rs. 2,748.97 lakhs in the Standalone Financial statement which is adequate in the view of the Company considering the current information available. Given the dynamic nature of pandemic situation, the Company's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic. The Company will continue to monitor any material changes to the future economic conditions.

## Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

- 55** The Company was in the course of executing project for Governorate of Basra, Government of Iraq ('the customer') in the year- along with MSJV (Joint venture partner) . There were some delays in commencement of the project due to regulatory compliances. However the said contract was cancelled by the Customer during February 2014. During 2018-19, the Governorate of Basra, has revoked the work withdrawal and permitted sub contracting of balance works to a local contractor at Iraq. The construction activities have been resumed by the said contractor and Company has withdrawn all legal cases and recovery of dues. The total amounts due to Company recorded under Trade Receivables, Unbilled revenue of Rs. 1,786.43 Lakhs ( As at March 31,2019 - Rs. 7,954.04 Lakhs). Revenue includes Rs. 30,380.40 lakhs (for the year ended March 31, 2020) , being share of revenue relating to the Basra project, billed from Mokul Shriram EPC JV ( MSJV), a jointly controlled operation, wherein the company owns 50% interest.
- 56** The Company has not opted to exercise the option under Section 115BAA of the Income Tax Act,1961, as introduced by the taxation laws (Amendment) Ordinance, 2019 and decided to continue with the existing rate of income tax for the purpose of deferred tax computation.
- 57** The Board, duly taking into account all the relevant disclosures made has approved these financial statements in its meeting held on June 24, 2020.
- 58** The previous year figures have been reclassified/regrouped to wherever necessary.

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, 2020

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

**K.Suresh**  
Company Secretary

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

**Chandra Ramesh**  
Director  
DIN: 00938694

**R S Chandrasekharan**  
Chief Financial Officer



# Independent Auditors' Report to the Members of Shriram EPC Limited

## Report on the Audit of the Consolidated Financial Statements

### Qualified Opinion

We have audited the consolidated financial statements of 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, 2020, and the consolidated statement of Profit and Loss, the consolidated Statement of Changes in Equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (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 matters 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, 2020, consolidated loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Qualified Opinion

1. Financial Assets Loans (Non Current) include Rs. 3,800.40 Lakhs (March 31, 2019: Rs. 3,815.40 Lakhs) and Other Trade Receivables under "Other Non Current Financial Assets" include Rs. 310.04 Lakhs (March 31, 2019: Rs. 318.75 Lakhs), due from related party. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amounts and as these are outstanding for more than five years, we are unable to comment on the recoverability of the same. No provision with respect to the same is made in the books of accounts as explained in the Notes 9.2 of consolidated financial Statements. The impact, if any, of the undetermined provision on the financial statements is not ascertainable currently.

This matter was also qualified in our report on the consolidated financial statements for the year ended March 31, 2019.

2. The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. Rs. 43,520.00 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 considering the current pandemic situation, we are unable to ascertain the extent to which the deferred tax asset can be utilized. Refer to Note 40 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 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.

### Emphasis of Matter

- a) We draw attention to the following matters in the Notes to the consolidated financial statements:

We draw attention to Note 54 to the consolidated financial statements, which fully describes that the Company has made an assessment to recognize and impairment loss of Rs. 2,748.97 Lakhs on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Further such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of these matters.

### 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 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 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 of the current period. 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 we have determined the matter described below to be the key audit matters to be communicated in our report.

#### **Provision for Expected credit loss**

Refer to Note 9, 10, 11 & 14, 18 in the Consolidated IND AS Financial statements of 2019-20

The group has measured Loan and account receivables at amortized cost using the effective interest method.

The group has used the Expected Credit Loss (ECL) provision in respect of loan and account receivables represent management's best estimate of the impairment losses incurred within the loan portfolio at the balance sheet date as per the Ind AS – 109 "Financial Instrument". The group's loan portfolio consists of loans given to related parties, trade receivables and unbilled revenue.

For trade receivables and loan assets that are individually significant, 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 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 behavior and estimating the level and timing of expected future cash flows.

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

Our audit procedure in respect of this area included:

1. Obtained an understanding and assessed the management's estimate and related policies used in the credit loss analysis.
2. Performed test of key controls to analyze operating effectiveness relating to calculation of impairment provisions.
3. Reviewed the data flows from source systems to spreadsheet-based models to test their completeness and accuracy.
4. The management has assessed on individual level trade receivables and loan assets by Expected credit loss model laid down in Ind AS - 109 on "Financial Instrument", examined on a test check basis, the objective evidence relating to the impairment of trade receivables 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.
5. Obtained and assessed debtors' credit information on sample basis to ascertain whether the classification of debtors is in compliance with the company's policy.
6. Reviewed the appropriateness of management's ageing analysis based on days past due by examining the original documents (such as invoices and bank deposit advices).
7. Recalculated the ECL of each type of trade receivables and loan assets according to the provision matrix.
8. 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 including 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 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

a. We did not audit the financial statements one subsidiary, whose financial statements reflect total assets of Rs.21,244.19 Lakhs as at March 31, 2020, total revenues of Rs. 58,492.79 Lakhs and net cash flows amounting to (Rs. 1,761.62 Lakhs) for the year ended on that date, as considered in the consolidated financial statements. The financial statements of the subsidiary 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 the subsidiary, and our report in terms of

sub-sections (3) and (11) 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 effect 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 Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. 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 Basis of Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
  - f. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company, none of the directors are disqualified as on March 31, 2020 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 53 to the consolidated financial statements.
- ii. Except for the possible effect of the matters described in the Basis for 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company incorporated in India.
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.

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

**Geetha Jeyakumar**  
Partner  
Membership No. : 029409  
UDIN: 20029409AAAAFC3486

Place: Chennai  
Date: June 24, 2020



# Annexure “A” to the Independent Auditor’s Report on Even date on the Consolidated Financial Statements of 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 and its associate 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 and its associate 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 and its associate 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 statements of the current period 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, 2020

Membership No. : 029409  
UDIN: 20029409AAA AFC3486

# Annexure “B” to the Independent Auditors’ Report of even date on the Consolidated Financial Statements of Shriram EPC Limited

[Referred to in paragraph 1 (h) under ‘Report on Other Legal and Regulatory Requirements’ in the Independent Auditors’ Report of even date to the Members of Shriram EPC Limited on the Financial Statements for the year ended March 31, 2020]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of Shriram EPC Limited (hereinafter referred to as “the Holding Company”) as of that date.

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

The respective Board of Directors of the Holding company is 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 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 Company’s internal financial controls with reference to financial statements.

### **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.

### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, 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, 2020 in respect of the following:

- i. Provisioning of overdue receivables and provisioning of advances which have been outstanding for a period of more than five years, which could potentially result in the Holding Company not recognizing a provision for the said receivables and advances.
- ii. Assessment of future taxable profits which could enable the Holding Company to realise the deferred tax asset recognised on carry forward business losses.

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, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Holding company have in all material respects, maintained internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as of March 31, 2020, 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 consolidated financial statements of the Company, and the material weakness does affect our opinion on the consolidated financial statements of the Company.

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

**Geetha Jeyakumar**  
Partner

Place: Chennai  
Date: June 24, 2020

Membership No. : 029409  
UDIN: 20029409AAAAFC3486

# Consolidated Balance Sheet as at March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

	Notes	As at 31-03-2020	As at 31-03-2019
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	6	5,011.26	5,424.52
Capital work-in-progress		-	14.84
Intangible assets	7	40.08	48.03
Financial assets			
Investments	8	77.33	87.95
Loans	9	12,301.03	17,675.67
Trade Receivables	10	19,848.34	25,256.19
Other Financial Assets	10	1,634.87	1,729.92
Deferred Tax Assets (Net)	40	47,623.70	47,623.70
Income Tax Assets (Net)	12	2,917.18	2,394.76
Other Non-Current Assets	11	3,956.02	3,968.43
<b>Total Non-Current Assets</b>		<b>93,409.81</b>	<b>104,224.01</b>
Current assets			
Inventories	13	324.86	3,849.24
Financial assets			
Trade receivables	14	47,996.51	48,482.69
Cash and cash equivalents	15	1,205.55	3,060.04
Other bank balances	16	4,885.40	8,116.89
Other Financial Assets	17	8,639.66	4,285.20
Other Current assets	18	103,100.26	125,103.25
Assets classified as held for sale	19	703.35	-
<b>Total Current Assets</b>		<b>166,855.59</b>	<b>192,897.27</b>
<b>Total Assets</b>		<b>260,265.40</b>	<b>297,121.28</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity share capital	20	97,152.90	97,152.90
Other equity	21	21,237.64	28,758.64
Non-Controlling Interest		146.76	135.54
<b>Total Equity</b>		<b>118,537.30</b>	<b>126,047.08</b>
Liabilities			
Non-Current Liabilities			
Financial liabilities			
Borrowings	22	20,622.70	20,645.33
Other financial liabilities	23	5,642.52	5,690.66
Provisions	24	613.20	660.69
Other non-current liabilities	25	12,535.32	20,683.41
<b>Total Non-Current Liabilities</b>		<b>39,413.74</b>	<b>47,680.09</b>
Current liabilities			
Financial liabilities			
Borrowings	26	45,209.42	42,614.60
Trade payables			
Total outstanding dues of creditors other than micro enterprises and small enterprises	27	43,808.29	53,876.32
Other financial liabilities	28	2,579.27	2,465.70
Other current liabilities	29	10,158.86	23,817.73
Provisions	30	558.52	619.76
<b>Total Current Liabilities</b>		<b>102,314.36</b>	<b>123,394.11</b>
<b>Total Liabilities</b>		<b>141,728.10</b>	<b>171,074.20</b>
<b>Total Equity and Liabilities</b>		<b>260,265.40</b>	<b>297,121.28</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, 2020

**T. Shivaraman**

Managing Director & CEO

DIN: 01312018

**K.Suresh**

Company Secretary

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

**Shriram EPC Limited**

CIN: L74210TN2000PLC045167

**Chandra Ramesh**

Director

DIN: 00938694

**R S Chandrasekharan**

Chief Financial Officer



# Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

	Notes	Year Ended 31-Mar-20	Year Ended 31-Mar-19
<b>Income</b>			
Revenue from operations	31	120,794.88	120,195.88
Other income	32	5,091.83	7,433.68
<b>Total income</b>		<b>125,886.71</b>	<b>127,629.56</b>
<b>Expenses</b>			
Erection, Construction & Operation Expenses	33	99,953.89	100,156.03
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	3,524.37	(83.67)
Employee benefits expense	35	5,726.01	5,751.52
Finance costs	36	10,043.86	9,544.55
Depreciation and amortization expense	37	566.81	566.50
Other expenses	38	7,191.12	8,089.88
<b>Total expenses</b>		<b>127,006.06</b>	<b>124,024.80</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(1,119.35)</b>	<b>3,604.76</b>
Exceptional items	39	(6,606.98)	(459.97)
<b>Profit/(Loss) before tax</b>		<b>(7,726.33)</b>	<b>3,144.79</b>
<b>Income tax expense</b>			
Current tax	40	-	86.22
Deferred tax		-	-
<b>Total income tax expense</b>		<b>-</b>	<b>86.22</b>
<b>Profit/(Loss) for the year</b>		<b>(7,726.33)</b>	<b>3,058.57</b>
<b>Other Comprehensive Income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Re-measurement gains on defined benefit plans (Net of Taxes)		25.03	32.49
Fair Value of Equity Instruments through OCI (Net of Taxes)		(10.62)	(18.54)
<b>Other Comprehensive Income for the year</b>		<b>14.41</b>	<b>13.95</b>
<b>Total Comprehensive Income/(Loss) for the year</b>		<b>(7,711.92)</b>	<b>3,072.52</b>
<b>Earnings / (Loss) per share</b>			
Basic earnings /(loss) per share (₹)		(0.79)	0.32
Diluted earnings /(loss) per share (₹)		(0.79)	0.32
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

For and on behalf of the Board of Directors  
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, 2020

**K.Suresh**  
Company Secretary

**R S Chandrasekharan**  
Chief Financial Officer



# Consolidated Statement of changes in equity for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

(A) Equity share capital	As at 31-03-2020		As at 31-03-2019	
	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	971,529,018	97,152.90	971,529,018	97,152.90
Add: Shares issued during the year			-	-
Outstanding at the End of the year	<b>971,529,018</b>	<b>97,152.90</b>	<b>971,529,018</b>	<b>97,152.90</b>

(B) Other equity

	Share Application money pending allotment	Reserve and surplus							Components of Other Comprehensive Income			Total
		Share options outstanding account	Securities premium account	General reserve	Capital reserve	Share of reserve from an associate	Foreign Currency Monetary Item Translation Diff Account	Non Controlling Interest	Retained earnings	Re-measurement gains/ (losses) on defined benefit plans (Net of Tax)	Equity instruments through Other Comprehensive Income	
Balance as at 1 April 2019		0.17	191,225.43	561.75	12.92	4,700.99	(63.68)	135.54	(167,762.48)	105.94	(22.39)	28,894.21
Loss for the year	-	-	-	-	-	-	190.90	11.22	(7,726.34)	-	-	(7,524.22)
Other comprehensive income	-	-	-	-	-	-	-	-	-	25.03	(10.62)	14.41
<b>Total other comprehensive loss for the year</b>	-	<b>0.17</b>	<b>191,225.43</b>	<b>561.75</b>	<b>12.92</b>	<b>4,700.99</b>	<b>127.22</b>	<b>146.76</b>	<b>(175,488.82)</b>	<b>130.97</b>	<b>(33.01)</b>	<b>21,384.40</b>
Issue of Equity shares	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	-	<b>0.17</b>	<b>191,225.43</b>	<b>561.75</b>	<b>12.92</b>	<b>4,700.99</b>	<b>127.22</b>	<b>146.76</b>	<b>(175,488.82)</b>	<b>130.97</b>	<b>(33.01)</b>	<b>21,384.40</b>

The accompanying notes are an integral part of the financial statement

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**  
**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, 2020

**K. Suresh**  
Company Secretary

**R S Chandrasekharan**  
Chief Financial Officer



# Consolidated Statement of Cash Flows

## for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>Cash flow from operating activities</b>		
Profit before tax	(7,726.33)	3,144.80
Adjustments for:		
Depreciation and amortization expenses	566.81	566.50
Provision for Gratuity	75.62	134.22
Provision for Compensated Absences	93.31	109.39
Finance cost	11,519.21	12,509.57
Interest income	(3,875.46)	(6,811.66)
Liabilities written back	(719.65)	(501.23)
(Gain)/ loss on sale of fixed assets	(5.95)	-
Loss on write off of CWIP	14.84	-
Loss on write off of Inventory	3,414.26	-
Impairment loss allowance on contract assets and Receivables	6,606.98	4,702.65
<b>Operating profit before working capital changes</b>	<b>9,963.65</b>	<b>13,854.24</b>
<b>Changes in working capital</b>		
Increase/(Decrease) in trade payables	(10,068.03)	9,431.55
Decrease/(Increase) in inventories	110.13	(83.66)
Decrease/(Increase) in trade receivables	2,036.01	(19,506.37)
Decrease/(Increase) in loans and advances	5,374.64	18,257.37
Increase/(Decrease) in other current liabilities	(13,658.87)	(19,187.67)
Increase/(Decrease) in other non current liabilities	(8,148.09)	7,565.62
Increase/(Decrease) in Short Term provisions	(61.24)	134.22
Increase/(Decrease) in Long Term provisions	(47.49)	109.39
Increase/(Decrease) in other financial liabilities	65.43	(357.05)
Decrease/(Increase) in other financial assets	(4,308.11)	20,596.98
Decrease/(Increase) in other current assets	19,254.03	(43,433.83)
Decrease/(increase) in non(current assets	12.42	42,206.98
Decrease/(increase) in assets held for sale	(703.35)	
<b>Cash generated used in operations</b>	<b>(178.88)</b>	<b>29,587.77</b>
Income tax paid	(522.42)	623.53
<b>Net cash flows used in operating activities (A)</b>	<b>(701.30)</b>	<b>30,211.30</b>
<b>Cash flow from Investing activities</b>		
Payment for property, plant and equipment and intangible assets	(147.82)	(499.24)
Movement in Bank balances not considered as Cash and cash equivalents (Net)	3,231.48	(4,418.97)
Proceeds from sale/ disposal of fixed assets	19.43	84.70
Interest received	919.43	1,019.26
<b>Net cash flow from investing activities (B)</b>	<b>4,022.52</b>	<b>(3,814.25)</b>

## Consolidated Statement of Cash Flows for the year ended March 31, 2020

<b>Cash flow from Financing activities</b>		
Proceeds/ Repayment of Short term borrowings(net)	1,963.33	(8,549.26)
Proceeds / Repayment of Long term borrowings	(22.63)	(7,519.25)
Interest and Finance Charges Paid	(7,116.42)	(9,641.88)
<b>Net cash flow from financing activities (C)</b>	<b>(5,175.72)</b>	<b>(25,710.39)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		
	(1,854.49)	686.66
Cash and cash equivalents at the beginning of the year	3,060.04	2,373.38
Cash and cash equivalents at the end of the Year	1,205.55	3,060.04
<b>Cash and cash equivalents comprise</b>		
Cash and cash equivalents as per Balance Sheet	6,090.95	11,176.93
Less: Other bank balances disclosed separately under Note 16	4,885.40	8,116.89
<b>Total cash and bank balances at end of the Year</b>	<b>1,205.55</b>	<b>3,060.04</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, 2020

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

**K.Suresh**  
Company Secretary

**For and on behalf of the Board of Directors**  
**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, 2020

## 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.

Financial statements include company’s share of assets, liabilities, income and expenses relating to jointly controlled operations of below entities:

- Larsen & Toubro Limited Shriram EPC JV
- Shriram EPC Eurotech Environmental Pvt Ltd - JV
- SEPC DRS ITPL JV
- Mokul Shriram EPC JV

## 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

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### (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. For all other segments, the normal operating cycle has been considered as a duration of 12 months.

#### (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, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

#### (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

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

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	
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.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

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.

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-

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

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 judgments 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 held by the customers is disclosed as part of other current assets and is reclassified as trade receivables when it becomes due for payment.

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



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

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 Act, 1961, as introduced by the taxation laws (Amendment) Ordinance, 2019 and decided to continue with the existing rate of income 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 Company as a lessee

The Company's lease asset classes primarily consist of leases for building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The company have evaluated all the lease agreements and concluded that the existing accounting policies are in line with Ind AS 116. Adoption of Ind AS 116 did not have any material impact on the financial statements of the company

## 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.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

## 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



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

- 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

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

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.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

## (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 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.

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

### 3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, 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.

### 5 Standards (including amendments) issued but not yet effective

#### Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 6 Property, plant and equipment - Current Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1 April 2019	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2020	As at 1 April 2019	For the year	Deductions/ Adjustments	As at 31 March 2020	As at 31 March 2020	As at 1 April 2019
<b>Owned assets</b>										
Freehold land	241.50	-	-	241.50	-	-	-	-	241.50	241.50
Leasehold Improvements	318.15	34.48	2.48	350.15	149.22	40.79	-	190.01	160.14	168.93
Buildings	151.11	-	2.41	148.70	17.02	5.09	-	22.11	126.59	134.09
Plant and Machinery	5,981.12	95.45	45.66	6,030.91	1,274.99	447.77	34.74	1,688.02	4,342.89	4,706.13
Furniture and Fixtures	99.21	-	0.59	98.62	27.10	7.02	-	34.12	64.50	72.11
Office Equipment	22.89	-	-4.15	27.04	22.89	1.94	-	24.83	2.21	-
Computers	131.72	17.89	0.75	148.86	73.21	31.49	0.96	103.74	45.12	58.51
Vehicles	74.16	-	20.96	53.20	30.93	13.48	19.52	24.89	28.31	43.24
<b>Total</b>	<b>7,019.86</b>	<b>147.82</b>	<b>68.70</b>	<b>7,098.98</b>	<b>1,595.36</b>	<b>547.58</b>	<b>55.22</b>	<b>2,087.71</b>	<b>5,011.26</b>	<b>5,424.52</b>

## Property, plant and equipment - Previous Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1 April 2018	Additions/ Adjustments	Deductions/ Adjustments	As at 31 Mar 2019	As at 1 April 2018	For the year	Deductions/ Adjustments	As at 31 Mar 2019	As at 31 Mar 2019	As at 1 Apr 2018
<b>Owned assets</b>										
Freehold land	241.50	-	-	241.50	-	-	-	-	241.50	241.50
Leasehold Improvements	318.15	-	-	318.15	111.44	37.78	-	149.22	168.93	206.71
Buildings	152.15	1.21	2.25	151.11	13.65	5.62	2.25	17.02	134.09	138.50
Plant and Machinery	5,704.86	432.17	155.91	5,981.12	909.09	426.68	60.78	1,274.99	4,706.13	4,795.77
Furniture and Fixtures	60.16	40.89	1.84	99.21	17.02	11.30	1.22	27.10	72.11	43.14
Office Equipment	38.57	0.94	16.62	22.89	25.39	25.17	27.67	22.89	-	13.18
Computers	111.77	24.03	4.08	131.72	47.93	29.36	4.08	73.21	58.51	63.84
Vehicles	74.16	-	-	74.17	15.56	15.37	-	30.93	43.24	58.60
<b>Total</b>	<b>6,701.32</b>	<b>499.25</b>	<b>180.71</b>	<b>7,019.87</b>	<b>1,140.08</b>	<b>551.28</b>	<b>96.00</b>	<b>1,595.35</b>	<b>5,424.52</b>	<b>5,561.24</b>

## 7 Intangible assets - Current Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1 April 2019	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2020	As at 1 April 2019	For the year	Deductions/ Adjustments	As at 31 March 2020	As at 31 March 2020	As at 1 April 2019
Computer Software	43.12	-	-	43.12	15.11	4.64	-	19.75	23.37	28.01
Technical Knowhow	54.22	-	-	54.22	34.20	3.31	-	37.51	16.71	20.02
<b>Total</b>	<b>97.34</b>	<b>-</b>	<b>-</b>	<b>97.34</b>	<b>49.31</b>	<b>7.95</b>	<b>-</b>	<b>57.26</b>	<b>40.08</b>	<b>48.03</b>

## Intangible assets - Previous Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1-04-2018	Additions/ Adjustments	Deductions/ Adjustments	As at 31-03- 2019	As at 1-04-2018	For the year	Deductions/ Adjustments	As at 31-03-2019	As at 31-03-2019	As at 1-04-2018
Computer Software	43.12	-	-	43.12	15.11	6.72	-	15.11	28.01	28.01
Technical Knowhow	54.22	-	-	54.22	19.05	8.43	-	34.20	20.02	35.17
<b>Total</b>	<b>97.34</b>	<b>-</b>	<b>-</b>	<b>97.34</b>	<b>34.16</b>	<b>15.15</b>	<b>-</b>	<b>49.31</b>	<b>48.03</b>	<b>63.18</b>

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

8 Financial Assets- Investments (Non Current)	As at 31 Mar 2020	As at 31 March 2019
<b>(A) Investment in Associate - Non Trade</b>		
<b>Unquoted</b>		
22,239,167 Equity Shares (Previous year: 22,239,167 Equity Shares) of ₹ 10/- each fully paid up in Haldia Coke and Chemicals Private Limited (Refer Note 8.1 below)	-	4,007.22
Less: Provision for Diminution in value of Investments	-	(4,007.22)
	-	-
<p>8.1 Consequent to the initiation of insolvency proceedings of Haldia Coke and Chemicals Private Limited (HCCPL) by the shareholders of HCCPL during year 2019-20, the investments in HCCPL amounting to Rs.4007.22 lakhs has been written off against the provision carried towards this investment. (Refer note 38 for disclosure of write off in statement of profit and loss).</p>		
<b>(B) Investments in Others - Trade - Fair value through Other Comprehensive Income</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	11.20	21.82
<b>Unquoted</b>		
661,300 Equity shares (Previous year: 661,300 Equity shares) of ₹ 10/- each fully paid in Hexa Wind Farm Private Limited	66.13	66.13
4,076,474 Equity shares (Previous year: 4,076,474 Equity Shares) of ₹ 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>Total ( A+B)</b>	<b>77.33</b>	<b>87.95</b>
<b>Aggregate book value of:</b>		
Quoted investments	11.20	21.82
Unquoted investments	66.13	66.13
<b>Aggregate amount of impairment in value of Investments</b>	<b>407.56</b>	<b>4,414.78</b>
<b>9 Non-Current Financial assets - Loans</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
<b>Unsecured</b>		
Considered Good	22,878.20	29,168.74
Considered doubtful	306.10	5,108.10
Less: Provision made	(306.10)	(5,108.10)
Net	<b>22,878.20</b>	<b>29,168.74</b>
Less: Provision for Expected Credit Loss	(10,577.17)	(11,493.08)
<b>Total</b>	<b>12,301.03</b>	<b>17,675.68</b>



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

9.1 Loans includes due from:	As at 31 March 2020	As at 31 March 2019
<b>Other Related Parties:</b>		
SVL Limited (Refer Note 9.3 below)	-	3,936.03
Leitwind Shriram Manufacturing Private Limited (Net of Provision for Expected Credit Loss of ₹ 9,141.70 Lakhs (March 31, 2019: ₹ 8,436.86 Lakhs)	3,800.40	3,815.40
Shriram EPC Arkan	-	1,272.14
Bharath Wind Farm Limited	4.71	5.76

9.2 Financial Assets Loans (Non Current) include Rs. 3,800.40 Lakhs (March 31, 2019: Rs. 3,815.40 Lakhs) and Other Trade Receivables under "Other Non Current Financial Assets" include Rs. 310.04 Lakhs (March 31, 2019: Rs. 318.75 Lakhs), due from related party, due from Leitwind Shriram Manufacturing Pvt Limited (LSML) (a related party). LSML is in the process of restructuring their operations and the dues are expected to be recovered earlier than the original repayment plan. Considering the developments, the management is confident of realizing the dues.

9.3 During the year, advances receivable amounting to Rs. 4587.30 Lakhs (Net of Unexpired expired credit loss provision of Rs.4280.30 lakhs) has been sold to the Company's Entity exercising significant influence over the Company. Consequently, the corresponding deferred tax asset on unexpired credit loss provision amounting to Rs. 482.31 Lakhs has been reversed during the year.

9.4 During the previous year, advances receivable from an associate company and its subsidiary amounting to Rs. 29,702.65 Lakhs (Net of Unexpired expired credit loss provision of Rs. 48,311.07 lakhs) had been sold to the Company's Entities exercising significant influence over the Company for a total consideration of Rs. 25,000 Lakhs along with rights attached to it. Pursuant to this transaction the Company had written off a net amount of Rs. 4,702.65 lakhs. Refer Note 39 for disclosure of write off under exceptional item in Statement of Profit and Loss. Consequently, the corresponding deferred tax asset on unexpired credit loss provision amounting to Rs. 16,881.90 Lakhs has been reversed during the previous year

10 Other Non-Current Financial assets	As at 31 Mar 2020	As at 31 March 2019
Trade Receivables - Retention Money		
Considered Good	19,848.34	25,256.19
Considered doubtful	990.14	2,235.38
Less: Provision for doubtful receivables	(990.14)	(2,235.38)
	<b>19,848.34</b>	<b>25,256.19</b>
Trade Receivables - Others		
Considered Good		
Considered doubtful	1,562.72	1,562.72
Less: Provision for doubtful receivables	(1,562.72)	(1,562.72)
	-	-
Deposits	1,180.69	1,253.63
Other receivables (Refer Note 10.1 below)	454.18	476.29
	1,634.87	1,729.92
<b>Total</b>	<b>21,483.21</b>	<b>26,986.11</b>

10.1 Other Receivables includes an amount of ₹ 441.03 Lakhs (March 31, 2019 ₹ 476.29 Lakhs) and the balance consideration receivable from My Home Industries Limited ("MHIL") towards the value of certain receivables due from Sree Jayajothi Cements Limited ("SJCL") taken over by MHIL pursuant to an agreement dated 11 August 2013 entered into with them. This amount has been deposited in a Joint Escrow Account to be received by the Company after completion of certain formalities of Sree Jayajothi Cements Limited.

11 Other Non-Current Assets	As at 31 Mar 2020	As at 31 March 2019
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# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

Contract Assets (Also Refer note 11.1 below)	4,883.00	9,311.86
Less: Provision for Expected Credit Loss	(926.98)	(5,343.43)
<b>Total</b>	<b>3,956.02</b>	<b>3,968.43</b>

11.1 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, 2019 - ₹ 3,956.02 Lakhs) and Contract Work in process has been written off during the current year which amounts to Rs.3414.26 Lakhs. Considering the continued efforts by BCCL in identifying alternate options to complete the project, the viability of the project, management is of the view that BCCL will be in a position to settle company's dues in full on commencement of the project work.

<b>12 Income Tax Assets (Net)</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Advance Tax (Net of Provision for Tax ₹ 5,540.74 lakhs) (March 31, 2019 ₹ 7,260.29 lakhs)	2,917.18	2,394.76
<b>Total</b>	<b>2,917.18</b>	<b>2,394.76</b>

<b>13 Inventories</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Work in progress in stock (Valued at lower of cost and net realizable value) (Also refer Note 11.1 above)	324.86	3,849.23
<b>Total</b>	<b>324.86</b>	<b>3,849.23</b>

<b>14 Trade receivables</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Unsecured		
-Considered good	48,419.01	49,082.34
-Considered doubtful	4,777.98	4,607.90
Less: Provision for doubtful debts	(4,777.98)	4,607.90
Net	48,419.01	49,082.34
Less: Provision for Expected Credit Losses	(422.50)	(599.65)
<b>Total</b>	<b>47,996.51</b>	<b>48,482.69</b>

14.1 Trade Receivables include due from related parties amounting to ₹ 1,957.44 Lakhs (March 31, 2019 - ₹ 1,818.89 Lakhs )

<b>15 Cash and bank balances</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
<b>Cash and cash equivalents</b>		
<b>Balances with banks</b>		
In current accounts	733.28	2,338.56
Margin Money (Original maturity of 3 months or less)	466.54	712.00
Cash on hand	5.73	9.48
<b>Total</b>	<b>1,205.55</b>	<b>3,060.04</b>

<b>16 Other Bank Balances</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

Deposit Account (Original maturity of more than 3 months)	1,137.59	4,194.40
Margin Money (Original maturity of more than 3 months)	3,747.81	3,922.49
<b>Total</b>	<b>4,885.40</b>	<b>8,116.89</b>

<b>17 Other Current Financial assets</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Security deposit	116.40	164.35
Interest Receivable	549.26	786.87
Trade Receivable - Retention monies	7,974.00	3,334.00
<b>Total</b>	<b>8,639.66</b>	<b>4,285.22</b>

<b>18 Other current assets</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Advances to Employees	48.12	93.60
Balance with Government Authorities (GST- ITC)	5,532.47	4,512.66
Prepaid Expenses	106.98	38.51
Contract Assets	82,236.06	92,969.75
Less: Provision for Expected Credit Loss	(1,855.98)	(8,028.38)
Other Advances	1,775.88	849.98
<b>Advances to Suppliers</b>		
-Considered good	15,256.72	34,667.13
-Considered doubtful	1,640.30	1,640.30
Less : Provision for doubtful Advances	(1,640.30)	(1,640.30)
	<b>15,256.72</b>	<b>34,667.13</b>
<b>Total</b>	<b>103,100.27</b>	<b>125,103.25</b>

<b>19 Assets classified as held for sale</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Asset held for Sale	703.35	-
<b>Total</b>	<b>703.35</b>	<b>-</b>

19.1 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 FY20-21.

<b>19.2 Major classes of assets and liabilities classified as held for sale:</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Property, Plant and Equipment	703.35	-

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

20 Equity Share capital	As at 31 Mar 2020	As at 31 March 2019
<b>Authorized</b>		
1,050,000,000 (31 March 2019: 1,050,000,000,) Equity Shares of ₹ 10 each	105,000.00	105,000.00
	<b>105,000.00</b>	<b>105,000.00</b>
<b>Issued, subscribed and paid up</b>		
971,529,018 (31 March 2019: 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				
	As at 31 Mar 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	971,529,018	97,152.90	971,529,018	97,153.00
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	971,529,018	97,152.90	<b>971,529,018</b>	<b>97,153.00</b>

(b) Details of shareholders holding more than 5% shares				
Name of Shareholder	As at 31 Mar 2020		As at 31 March 2019	
	No of Shares	% holding	No of Shares	% holding
<b>Equity Shares</b>				
SVL Limited (Refer Note (i) Below)	279,391,356	28.76%	279,391,356	28.76%
State Bank of India	125,634,843	12.93%	125,634,843	12.93%
Central Bank of India	93,570,276	9.63%	93,570,276	9.63%
Oriental Bank of Commerce	-	-	69,063,261	7.11%
IDBI Bank Limited	54,255,616	5.58%	57,631,183	5.93%
Punjab National Bank (Refer Note (ii) Below)	124,392,428	12.80%	55,282,938	5.69%

- (i) SVL ceased to be the Holding Company with effect from July 2016 consequent to issue of shares to CDR lenders on conversion of working capital term loan into Equity Shares.  
(ii) The increase in No. of shares is on account of merger of Oriental Bank of Commerce with Punjab National Bank.

(c) Details of shares held by Promoter - Investing Party				
Name of Shareholder	As at 31 Mar 2020		As at 31 March 2019	
	No of Shares	% holding	No of Shares	% holding
SVL Limited (Refer Note below)	279,391,356	28.76%	279,391,356	28.76%

Note: SVL ceased to be the Holding Company with effect from July 2016 consequent to issue of shares to CDR lenders on conversion of working capital term loan into Equity Shares.

(d) There is no Preferential issue of Equity during the year ended March 31, 2020 & March 31, 2019

**(e) 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.

(f) The Authorised Equity Share Capital has been increased to ₹ 105,000 Lakhs with effect from 4th May 2017



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>21 Other equity</b>		
<b>(A) The Company has preference share capital having a par value of ₹ 100 per share, referred to herein as preference share capital</b>		
<b>Authorized</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
30,000,000 (31 March 2019: 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>(B) Other equity</b>		
	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Capital Reserve (Refer Note (iii) below)	12.92	12.92
Securities premium reserve (Refer Note (i) below)	191,225.43	191,225.43
General reserve (Refer Note (ii) below)	561.75	561.75
Deficit in the Statement of Profit and Loss (Refer Note (iv) below)	(175,488.82)	(167,762.48)
Employee Stock options outstanding account (ESOOA) (Refer Note v)	0.17	0.17
Re-measurement gains/ (losses) on defined benefit plans (Net of Tax) (Refer Note viii)	130.97	105.94
Investments FVTOCI Reserve on equity instruments (Refer Note no vii)	(33.01)	(22.39)
Foreign Currency Monetary Item Translation Diff Account (Refer Note (ix) below)	127.22	(63.68)
Share of reserve from an associate	4,700.99	4,700.99
Non Controlling Interest	146.76	135.54
<b>Total</b>	<b>21,384.40</b>	<b>28,758.66</b>
<b>(i) Securities premium reserve</b>		
	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Opening balance	191,225.43	191,225.43
Add : Securities premium credited on issue of shares	-	-
<b>Closing balance</b>	<b>191,225.43</b>	<b>191,225.43</b>
<b>(ii) General reserve</b>		
	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Opening balance	561.75	561.75
Additions/(Transfers)	-	-
<b>Closing balance</b>	<b>561.75</b>	<b>561.75</b>
<b>(iii) Capital Reserve</b>		
	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Opening balance	12.92	12.92
Additions/(Transfers)	-	-
<b>Closing balance</b>	<b>12.92</b>	<b>12.92</b>
<b>(iv) Deficit in the Statement of Profit and Loss</b>		
	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Opening balance	(167,762.49)	(170,821.07)
Add: Net Profit / (loss) for year	(7,726.33)	3,058.58
<b>Closing balance</b>	<b>(175,488.82)</b>	<b>(167,762.49)</b>

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

(v) Employee Stock options outstanding account	As at 31 Mar 2020	As at 31 March 2019
Opening Balance	0.17	0.17
Additions/(Transfers)	-	-
<b>Closing Balance</b>	<b>0.17</b>	<b>0.17</b>

  

(vi) Investments FVTOCI Reserve on equity instruments	As at 31 Mar 2020	As at 31 March 2019
Opening balance	(22.39)	(3.85)
-Fair valuation changes for the year (net of tax)##	(10.62)	(18.54)
-Transfer to equity on disposal of investments	-	-
<b>Closing balance</b>	<b>(33.01)</b>	<b>(22.39)</b>
##Includes cumulative fair valuation changes in equity shares (net of tax)		

  

(vii) Re-measurement (gain)/loss on post employment benefit obligation (net of tax)	As at 31 Mar 2020	As at 31 March 2019
Opening Balance	105.94	73.46
Additions	25.03	32.48
<b>Closing Balance</b>	<b>130.97</b>	<b>105.94</b>

  

(viii) Foreign Currency Monetary Item Translation Diff Account	As at 31-03-2020	As at 31-03-2019
Opening Balance	(63.68)	(64.57)
Additions	190.90	0.89
<b>Closing Balance</b>	<b>127.22</b>	<b>(63.68)</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.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

22 Non-current borrowings	As at 31 Mar 2020	As at 31 March 2019
<u>Secured - At Amortized Cost</u>		
<b>From Bank</b>		
- Term Loans	12,291.06	12,380.10
<b>From Others</b>		
- Term Loans ( Refer Note 22.3)	7,781.35	7,621.60
- Working Capital Term Loans	31.28	566.65
- Funded Interest Term Loans	518.31	69.95
<u>Others</u>		
Finance Lease Obligations	0.67	7.03
<b>Total</b>	<b>20,622.67</b>	<b>20,645.33</b>

## 22.1 Terms of Repayment and Security details

S.No	As at 31 March 2020	As at 31 March 2019	Interest Rate	Terms of repayment	Secured by	
Term Loans from Banks	2,139.69	2,255.10	11.20%	32 Structured quarterly instalments, commencing from Jun 2016 and ending with March 2024	Primary exclusive charge on 5 Wind Electirc Generator of 1.5 MW from Leitwind Shriram Manufacturing Private Limited	
Term Loans from Banks	10,151.37	10,125.00	11.20%			
Term Loans from Others	7,781.35	7,621.60	-	27 structured quarterly instalments, commencing from June 2019 and ending with March 2025.	First Paripassu Charge on Pooled Assets ie all movable( both fixed, current and non current assets) immovable assets of the company and corporate guarantee of SVL and SVL Trust	
Working Capital Term Loan from Banks	31.28	-	11.25%	32 structured quarterly instalments, commencing from June 2016 and ending with March 2024.		
Funded Interest Term Loan from Banks	518.31	-	13.50%			
Working Capital Term Loan from Others	-	566.64	11.25%			
Funded Interest Term Loan from Others	-	69.96	11.25%			
Finance Lease Obligations from Bank	0.67	7.03	13.50%	36 to 60 months		Secured by Vehicles purchased under Hire Purchase schemes
	<b>20,622.67</b>	<b>20,645.33</b>				

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 22.2 Corporate Debt Restructuring

- Company undertook a Corporate Debt Restructuring (CDR) under CDR mechanism w.e.f. April 01, 2014 and all the terms were compiled including right to recompense by way of allotment of equity shares.
- Working Capital Term Loan (WCTL) amounting to Rs 1226.72 Cr have been converted into equity based on the approval by CDR EG and lenders at the price determined in accordance with SEBI (Issue of Capital and Disclosure) Regulations, 1999 (the Regulations).
- All amounts due under CDR are covered by Corporate Guarantee of SVL Limited, Entity exercising significant influence over the Company and SVL Trust.
- 18,01,46,496 Equity shares of the Company have been pledged with the CDR lenders by SVL Limited, Entity exercising significant influence over the Company.

22.3 During the previous year, the Company had entered into settlement agreement with M/s ACRE (an Asset Reconstruction Company) who had bought company's exposure to DBS bank aggregating to Rs 17,374.11 lakhs as on May 31,2018, at Rs 18,000 Lakhs. The dues are to be settled over a period of seven years ending 2025 on deferred payment basis without interest. The Present value of the amount payable to ACRE as on the date of agreement is Rs. 10,725.08 Lakhs and the resultant gain of Rs. 6,649.03 Lakhs has been disclosed as an exceptional item in the Statement of Profit and Loss.

## 22.4 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 31-03-2020
<b>Term Loans from Banks:</b>			
Central Bank of India	Principal paid subsequently	52	386.88
	Principal paid subsequently	72	386.88
	Principal paid subsequently	115	386.88
	Principal which has been under Moratorium	Under Moratorium	386.88
	Interest paid subsequently	14 days to 109 Days	1,343.75
	Interest pending to be repaid	3 days to 90 Days	238.18
	Interest which has been under Moratorium	Under Moratorium	142.17
IFCI	Principal paid subsequently	61	29.45
	Principal paid subsequently	92	39.79
	Principal pending to be repaid	92	19.12
	Principal which has been under Moratorium	Under Moratorium	16.78
	Interest which have been repaid subsequently	30 days to 152 days	57.99
	Interest pending to be repaid	30 days to 91 days	19.33
	Interest which has been under Moratorium	Under Moratorium	6.13

\* As per RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27 March 2020, permitted moratorium of three months on payment of all instalment falling due between March 1,2020 and May 31,2020



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>23 Other financial liabilities</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Sundry Creditors- Retention	5,642.52	5,690.66
<b>Total</b>	<b>5,642.52</b>	<b>5,690.66</b>

<b>24 Long Term Provisions</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Provision for gratuity	613.20	660.69
<b>Total</b>	<b>613.20</b>	<b>660.69</b>

<b>25 Other non-current liabilities</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Contract Liabilities		
- Advance from Customers	12,535.32	20,683.41
<b>Total</b>	<b>12,535.32</b>	<b>20,683.41</b>

<b>26 Short -term borrowings (Secured)</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
<b>From bank</b>		
Cash Credit and Overdraft facilities (Refer Note 26.1)	27,133.79	42,192.52
Working Capital Demand Loans	16,984.60	-
<b>From others ( Secured) ( Refer Note 26.1)</b>		
Cash Credit facilities - IFCI	432.06	422.09
SVL Limited (Investing Party)	27.48	-
Interest accrued not due	631.47	
<b>Total</b>	<b>45,209.42</b>	<b>42,614.60</b>

**26.1** First Paripassu Charge on Pooled Assets ie all movable( both fixed, current and non current assets) immovable assets of the company and corporate guarantee of SVL and SVL Trust

<b>27 Trade payables</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
<b>Total outstanding dues of creditors other than micro enterprises and small enterprises</b>		
Acceptances	8,435.70	8,132.92
Trade payables	12,660.09	11,370.88
Other Payables	22,712.50	34,372.51
<b>Total</b>	<b>43,808.29</b>	<b>53,876.31</b>

**27.1** 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.



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>28 Other financial liabilities</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Current Maturities of Long Term Debts		
- From banks	1,159.99	1,547.50
- From Others	1,418.01	916.93
Unclaimed Dividend	1.27	1.27
<b>Total</b>	<b>2,579.27</b>	<b>2,465.70</b>

**28.1** There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2020

<b>29 Other current liabilities</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Contract Liabilities		
- Advance from Customers	5,678.40	14,793.52
Statutory dues payable	322.03	302.79
Advance Billing	4,158.44	8,721.42
<b>Total</b>	<b>10,158.86</b>	<b>23,817.73</b>

<b>30 Short Term Provisions</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 March 2019</b>
Provision for gratuity	25.42	28.59
Provision for Compensated Absences	533.10	502.26
Other provisions	-	88.91
<b>Total</b>	<b>558.52</b>	<b>619.76</b>

<b>31 Revenue from operations</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Revenue from Engineering and Construction Contracts	119,266.08	117,048.50
<b>Other operating Revenue</b>		
Company's share in profit of Integrated Joint Ventures	-	294.81
Management and Technical Fees (Refer Note 45(B))	1,528.80	2,852.57
<b>Total</b>	<b>120,794.88</b>	<b>120,195.88</b>

<b>32 Other income</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Interest income		
- Margin Money deposits	767.55	484.80
- Income Tax Refunds	-	120.79
- Interest income on Fin Assets	2,970.34	6,275.26
Export Incentive	216.93	-
Liabilities no longer required written back	719.65	501.23
Profit on sale of fixed assets	5.95	-
Miscellaneous income	411.42	51.60
<b>Total</b>	<b>5,091.84</b>	<b>7,433.68</b>



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>33 Erection, Construction &amp; Operation Exps</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Cost of Materials and Labour	98,721.64	99,838.00
Other Contract Related Costs	1,232.25	318.02
<b>Total</b>	<b>99,953.89</b>	<b>100,156.02</b>

33.1 Cost of Materials and Labour for the year ended March 31, 2020 includes Rs.30379.93 lakhs ( Year Ended March 31, 2019 Rs 21,601.46 Lakhs) being proportionate share of cost relating to the Mokul Shriram EPC JV (MSJV) project in Basra, Iraq.

<b>34 Change in Inventories of Contract WIP</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Inventories at the beginning of the year	3,849.23	3,765.57
	3,849.23	3,765.57
Less: Inventories at the end of the year	(324.86)	(3,849.23)
	324.86	3,849.23
Net decrease/(Increase)	3,524.37	(83.67)
<b>Total</b>	<b>3,524.37</b>	<b>(83.67)</b>

34.1 Cost of Materials and Labour for the year ended March 31, 2020 includes Rs.30379.93 lakhs ( Year Ended March 31, 2019 Rs 21,601.46 Lakhs) being proportionate share of cost relating to the Mokul Shriram EPC JV( MSJV) project in Basra, Iraq.

<b>35 Employee benefits expense</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Salaries, wages, bonus and other allowances	4,490.24	4,622.48
Contribution to Provident and Other funds	776.67	338.75
Contribution to Gratuity (Refer Note 43)	75.62	202.68
Staff welfare expenses	383.48	587.61
<b>Total</b>	<b>5,726.01</b>	<b>5,751.52</b>

<b>36 Finance costs</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Interest on Cash Credits	5,141.43	5,098.47
Interest on Term Loans	1,975.00	2,210.72
Interest - Others	1,438.81	1,158.32
Interest on financial liabilities measured at Effective Interest Rate	1,488.63	1,077.03
<b>Total</b>	<b>10,043.87</b>	<b>9,544.54</b>

<b>37 Depreciation and amortization expense</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Depreciation (Refer Note 6)	558.86	551.35
Amortization (Refer Note 7)	7.95	15.15
<b>Total</b>	<b>566.81</b>	<b>566.50</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>38 Other expenses</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Electricity and water	173.67	337.39
Rates and taxes	117.63	30.61
Rent	218.55	255.49
<b>Repairs and Maintenance:</b>		
Building	9.11	101.16
Plant and Machinery, Equipments	31.80	43.46
Others	58.32	21.85
Auditors' Remuneration	31.17	30.55
Bank Charges, Letter of Credit / Guarantee charges	1,475.35	2,965.03
Travel and conveyance	747.38	1,042.27
Insurance premium	240.14	140.30
Printing & Stationery	44.91	51.14
Communication, broadband and internet expenses	110.63	96.16
Sitting Fees	6.15	5.88
Consultancy charges	2,449.88	2,134.48
Legal Expenses	189.78	167.07
Advertisement	77.42	35.95
Donation	0.11	1.73
Company's share in loss of Integrated Joint Ventures	172.36	-
CWIP - Written off	14.84	-
Haldia Coke and Chemicals Private Limited- Written off	4,007.22	-
Provision for Diminution in value of Investments reversed	(4,007.22)	-
Impairment loss allowances on Trade receivable & contract assets	478.67	179.44
Provision for doubtful trade and Other receivables and Loans and Advances	78.40	-
Miscellaneous Expenses	464.85	449.92
<b>Total</b>	<b>7,191.12</b>	<b>8,089.88</b>
<b>38.1 The following is the break-up of Auditors remuneration (exclusive of GST)</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
<b>As auditor:</b>		
Statutory audit	24.00	24.00
Other matters	6.00	6.00
Reimbursement of expenses	1.17	0.55
<b>Total</b>	<b>31.17</b>	<b>30.55</b>
<b>39 Exceptional Items</b>	<b>Year Ended Mar 31, 2020</b>	<b>Year Ended Mar 31, 2019</b>
Interest income on Financial Assets	-	(6,649.03)
Advance written off	-	4,702.65
Claim from vendor	-	2,406.35
Impairment loss allowance on contract asset (net) (Also Refer note 54)	6,606.98	-
<b>Total</b>	<b>6,606.98</b>	<b>459.97</b>



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 40 Disclosure pursuant to Ind AS 12 "Income Taxes"

### CURRENT YEAR

(a)	Balance as at April 1, 2019	Recognized in profit or loss during 2019-20	Recognized in OCI during 2019-20	Balance as at March 31, 2020
<b>Deferred tax assets</b>				
Expenditure allowed on payment basis for Income tax purpose	416.37	0.52	(7.45)	409.44
Impairment loss on Financial Assets and Contract Assets	6,743.43	(2,539.06)	-	4,204.37
Deferred tax asset on account of unabsorbed losses and depreciation allowance	41,013.89	2,506.09	-	43,519.98
	<b>48,173.69</b>	<b>(32.45)</b>	<b>(7.45)</b>	<b>48,133.79</b>
<b>Deferred tax liabilities</b>				
On Property, Plant and Equipment	549.99	(39.90)	-	510.09
On Others	-	-	-	-
	<b>549.99</b>	<b>(39.90)</b>	<b>-</b>	<b>510.09</b>
<b>Deferred tax asset, net</b>	<b>47,623.70</b>	<b>7.45</b>	<b>(7.45)</b>	<b>47,623.70</b>

(B) i) 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.1,82,359 lakhs, the company has recognized deferred tax asset on a carry forward loss to the extent of Rs.1,28,911 lakhs which results in DTA of Rs. 43,520.00 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.

ii) Also, Refer Note 9.3 on reversal of deferred tax asset of Rs. 482.31 Lakhs relating to deferred tax asset on unexpired credit loss provision.

### PREVIOUS YEAR

(C)	Balance as at April 1, 2018	Recognized in profit or loss during 2018-19	Recognized in OCI during 2018-19	Balance as at March 31, 2019
<b>Deferred tax assets</b>				
Expenditure allowed on payment basis for Income tax purpose	317.27	110.46	(11.36)	416.37
Impairment loss on Financial Assets and Contract Assets	25,856.76	(19,113.33)	-	6,743.43
Deferred tax asset on account of unabsorbed losses and depreciation allowance	21,864.19	19,149.70	-	41,013.89
	<b>48,038.22</b>	<b>146.83</b>	<b>-11.36</b>	<b>48,173.69</b>
<b>Deferred tax liabilities</b>				
On Property, Plant and Equipment	414.52	135.47	-	549.99
On Others	-	-	-	-
	<b>414.52</b>	<b>135.47</b>	<b>-</b>	<b>549.99</b>
<b>Deferred tax asset, net</b>	<b>47,623.70</b>	<b>11.36</b>	<b>(11.36)</b>	<b>47,623.70</b>

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

i) 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 total unabsorbed business loss of Rs.1,71,133 lakhs available for set off against future profits, Company has recognized deferred tax asset only to the extent of Rs 41,013.89 lakhs up to the previous year (including Rs.19,150 lakhs created during the previous year) on a loss of Rs. 1,21,133 lakhs which in the opinion of the management is realizable based on the future business plan and estimated future taxable profits of the company.

ii) Also, Refer Note 9.4 on reversal of deferred tax asset of Rs.16,881.90 lakhs relating to deferred tax asset on unexpired credit loss provision.

<b>(C) Reconciliation of tax charge</b>	<b>2019-20</b>	<b>2018-19</b>
<b>(a) Profit/(Loss) before tax</b>	<b>(7,726.33)</b>	<b>3,144.80</b>
(b) Corporate Tax Rate as per Income Tax Act, 1961	34.94%	34.94%
<b>(c) Tax on Accounting Profit</b>	<b>(2,699.58)</b>	<b>1,098.79</b>
	(c) = (a) * (b)	
<b>(d) Tax adjustments</b>		
(i) Tax on share of profit in Joint Operations - Tax on Income Exempt from Tax	-	-
(ii) Tax effect on impairment losses recognised and on which deferred tax asset is not recognised	-	-
(iii) Tax effect of losses of current year on which no deferred tax benefit is recognised	(2,681.15)	(197.67)
(iv) Tax effect of various other items	(18.43)	(814.90)
(v) Effect of difference in tax rates of subsidiaries operating in other jurisdiction	-	-
<b>Total effect of Tax Adjustments (Sum of (i) to (iv))</b>	<b>(2,699.58)</b>	<b>(1,012.57)</b>
(e) Tax expenses recognised during the year	-	86.22
	(e) = (c) + (d)	
<b>(f) Effective Tax Rate</b>	<b>-</b>	<b>2.74%</b>
	(f) = (e)/(a)	

(D) There is no provision for tax in view of the brought forward losses/unabsorbed depreciation relating to earlier years available for set off while computing income both under the provisions of 115 JB and those other than Sections 115 JB of the Income Tax Act 1961.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

41 Basic and Diluted Earnings Per Share (EPS) computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings Per Share":		As at 31 Mar 2020	As at 31 March 2019
<b>Basic EPS</b>			
Profit/(Loss) after Tax as per Accounts (₹ lakhs)	A	(7,711.93)	3,072.52
Weighted Average Number of Equity Shares Outstanding	B	9,715.29	9,715.29
<b>Basic EPS (₹)</b>	A/B	<b>(0.79)</b>	<b>0.32</b>
<b>Diluted EPS</b>			
Profit/(Loss) after Tax as per Accounts (₹ lakhs)	A	(7,711.93)	3,072.52
Weighted Average Number of Equity Shares Outstanding	B	9,715.29	9,715.29
<b>Diluted EPS (₹)</b>	A/B	<b>(0.79)</b>	<b>0.32</b>

42 Disclosures in relation to EPC Contracts:	Year ended March 31, 2020	Year ended March 31, 2019
1 Contract revenue recognised for the financial year	119,266.08	119,901.07
2 Aggregate amount of Contract costs incurred and recognized profits (less recognized losses) upto the reporting date	103,478.27	100,072.35
3 Advances received for contracts in progress	18,213.72	35,476.93
4 Retention amount by customers for contracts in progress	28,812.49	30,825.57
5 Gross amount due from customers for contract work (Asset)	84,336.10	88,909.80
6 Gross amount due to customers for contract work (Liability)	4,158.44	8,721.42

## 43 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	As at 31 Mar 2020	As at 31 March 2019
Employers' Contribution to Provident Fund and Employee State Insurance (Refer note 35)	353.58	338.75

### (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, 2020 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, 2020

(Amount in ₹ lakhs, unless otherwise stated)

i) Actuarial assumptions	Year ended 31st	Year ended 31st
	March 2020	March 2019
Discount rate (per annum)	6.64%	7.58%
Rate of increase in Salary	5%	5.00%
Expected average remaining working lives of employees (years)	IALM (2012-14)	Ind. (2006-8) table
Attrition rate	3%	3.00%

ii) Changes in the present value of defined benefit obligation	Gratuity		Long Term Compensated Absences	
	Year ended 31st	Year ended 31st	Year ended 31st	Year ended 31st
	March 2020	March 2019	March 2020	March 2019
<b>Present value of obligation at the beginning of the year</b>	689.28	555.06	502.27	392.88
Interest cost	45.59	45.89	34.03	29.22
Past service cost	-	-	-	-
Current service cost	30.04	156.52	1,282.09	1,032.28
Curtailments	-	-	-	-
Settlements	-	-	-	-
Benefits paid	(104.97)	(35.69)	(61.11)	(18.44)
Actuarial gain on obligations	(21.31)	(32.50)	(1,222.81)	(933.66)
<b>Present value of obligation at the end of the year*</b>	<b>638.62</b>	<b>689.28</b>	<b>534.47</b>	<b>502.28</b>

\*Included in provision for employee benefits (Refer notes 24 and 30)

iii) Expense recognized in the Statement of Profit and Loss	Gratuity		Long Term Compensated Absences	
	Year ended 31st	Year ended 31st	Year ended 31st	Year ended 31st
	March 2020	March 2019	March 2020	March 2019
Current service cost	30.04	156.52	1,282.09	1,032.28
Past service cost	-	-	-	-
Interest cost	45.59	45.89	34.03	29.22
Expected return on plan assets	-	-	-	-
Actuarial gain on obligations	(21.31)	(32.50)	(1,222.81)	(933.66)
Settlements	-	-	-	(18.44)
Curtailments	-	-	-	-
<b>Total expenses recognized in the Statement Profit and Loss</b>	<b>54.32</b>	<b>169.91</b>	<b>93.31</b>	<b>109.40</b>

iv) Assets and liabilities recognized in the Balance Sheet:	Gratuity		Long Term Compensated Absences	
	Year ended 31st	Year ended 31st	Year ended 31st	Year ended 31st
	March 2020	March 2019	March 2020	March 2019
Present value of unfunded obligation as at the end of the year	(638.62)	(689.28)	(534.46)	(502.27)
Unrecognized actuarial (gains)/losses	-	-	-	-
<b>Unfunded net liability recognized in Balance Sheet*</b>	<b>(638.62)</b>	<b>(689.28)</b>	<b>(534.46)</b>	<b>(502.27)</b>

\*Included in provision for employee benefits (Refer notes 24 and 30)



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

v) A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

Impact on defined benefit obligation	Year ended 31st March 2020	Year ended 31st March 2019
Discount rate		
0.5% increase	(3.19%)	(3.07%)
0.5% decrease	3.41%	3.28%
Rate of increase in salary		
0.5% increase	3.41%	3.28%
0.5% decrease	(3.19%)	(3.07%)

vi) **Maturity profile of defined benefit obligation**

Period	31-Mar-20	31-Mar-19
By the end of the First Year	193.33	210.33
Between Year 1 and Year 2	27.87	40.75
Between Year 2 and Year 3	36.13	37.61
Between Year 3 and Year 4	9.11	36.84
Between Year 4 and Year 5	57.87	10.84
Between Year 5 and Year 10	473.55	544.54

## 44 Disclosure in respect of leases pursuant to Indian Accounting Standard (Ind AS) 116, "Leases"

### Operating leases where Company is a lessee:

The operating lease payments recognized in the Statement of Profit and Loss amount to ₹ 204.52 lakhs (31 March 2019: ₹ 255.49 lakhs) included in Note 38. The future expected minimum lease payments under operating leases are given below. The terms of lease include terms of renewal, increase in rents in future periods, which are in line with general inflation, and terms of cancellation.

Future minimum rentals payable under non-cancellable operating leases are, as follows:	31-Mar-20	31-Mar-19
Within one year	207.97	112.59
After one year but not more than five years	-	250.70
More than five years	-	-
<b>Total</b>	<b>207.97</b>	<b>363.29</b>

Yearwise future minimum lease rental payments on contracts:	As at March 31, 2020		As at March 31, 2019	
	Total Minimum Lease Payments	Present Value of Minimum Lease Payments	Total Minimum Lease Payments	Present Value of Minimum Lease Payments
Particulars				
Within one year	3.45	3.36	6.35	5.99
After one year but not more than five years	-	-	4.50	3.81
More than five years	-	-	-	-
<b>Total</b>	<b>3.45</b>	<b>3.36</b>	<b>10.85</b>	<b>9.80</b>
Less: Future Finance Charges	0.10	-	1.05	-
<b>Present Value of Minimum lease payments</b>	<b>3.36</b>	<b>3.36</b>	<b>9.80</b>	<b>9.80</b>



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 45 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:

### Entity exercising significant influence over company:

SVL Limited

### Subsidiary

Shriram EPC FZE, Sharjah

### Step Down Subsidiary

Shriram EPC Arkan LLC

### Subsidiary of Entity exercising significant influence over company

Shriram SEPL Composites Private Limited

### Enterprises under the joint control of the Entity exercising significant influence over company:

Leitwind Shriram Manufacturing Private Limited

### Associates (Upto March 31, 2020)

Haldia Coke and Chemicals Private Limited

Ennore Coke Limited (Subsidiary of Haldia Coke and Chemicals Private Limited)

Wellman Coke India Limited (Subsidiary of Haldia Coke and Chemicals Private Limited)

### 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

Orient Eco Energy Private Limited

### Joint Operations

Larsen & Toubro Limited Shriram EPC JV

Shriram EPC Eurotech Environmental Pvt Ltd - JV

Mokul Shriram EPC JV

SEPC DRS ITPL JV



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>(B) Details of transactions with related party in the ordinary course of business for the year ended:</b>		
<b>(i) Investing Party</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Sale consideration on transfer of advances / receivables (Also refer note 9.3)	4,280.63	25,000.00
Expenses reimbursed by the party	908.65	-
<b>(ii) Subsidiary</b>		
Progressive billings/Revenue	4,274.30	1,352.00
Management Fees	1,528.80	2,413.35
Expenses reimbursed by the party	19.46	-
<b>(iii) Step Down Subsidiary</b>		
Progressive billings/Revenue	-	5.62
Expenses reimbursed by the party	39.71	439.22
<b>(iv) Subsidiary of Investing Party</b>		
<b>Shriram SEPL Composites Private Limited</b>		
Progressive billings/Revenue	-	1.21
Purchases of Goods and Services	-	256.87
Expenses incurred and recoverable	26.79	41.21
<b>(v) Enterprises under the joint control of the investing party:</b>		
<b>Leitwind Shriram Manufacturing Private Limited</b>		
Expenses incurred and recoverable	9.29	22.31
Purchases of Goods and Services	-	0.59
<b>(vi) Associates</b>		
<b>(a) Haldia Cokes and chemicals Pvt Ltd</b>		
Transfer of Advances / Receivables	-	4,702.65
<b>(vii) Key Management Personnel (KMP)</b>		
<b>Compensation of key management personnel</b>		
T.Shivaraman	60.40	60.15
M.Amjad Shariff	60.15	60.15
<b>(viii) Other enterprises under the control of the key management personnel</b>		
<b>(a) Orient Green Power Company Limited</b>		
Expenses incurred and recoverable	0.93	31.30
<b>(ix) Joint Operations</b>		
<b>(a) Larsen &amp; Toubro Limited Shriram EPC JV</b>		
Company's share in profit of Integrated Joint Ventures	(172.35)	259.39
Progressive billings / Revenue	512.18	231.52

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

<b>(b) Shriram EPC Eurotech Environmental Pvt Ltd - JV</b>		
Progressive billings / Revenue	1,076.42	1,821.83
Expenses reimbursed by the party	155.70	-
<b>(c) SEPC DRS ITPL JV</b>		
Progressive billings / Revenue	663.99	995.92
Expenses reimbursed by the party	158.83	-
<b>(d) Mokul Shriram EPC JV</b>		
Progressive billings / Revenue	30,379.93	19,549.70
Expenses reimbursed by the party	10.00	-
Cost incurred for Materials and Labour	30,379.93	19,549.70
<b>(C) Amount due (to)/from related party as on:</b>		
<b>(i) Particulars</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>Advances / (Borrowings):</b>		
SVL Limited	(27.48)	3,936.03
Leitwind Shriram Manufacturing Private Limited (Net of Provision for Expected Credit Loss of ₹ 9,141.70 Lakhs (March 31, 2019: ₹ 9,141.70 Lakhs)	3,800.40	3,815.40
Bharat Wind Farm Limited	4.71	5.76
Orient Green Power Company Limited	1.41	-
<b>Receivables /(Payables):</b>		
Leitwind Shriram Manufacturing Private Limited	4,110.44	4,134.15
Shriram EPC FZE, Sharjah	2,312.94	(1,029.50)
Shriram EPC Arkan LLC	-	1,272.14
Orient Green Power Company Limited	1.41	25.15
Shriram EPC Eurotech Environmental Pvt Ltd - JV	(70.45)	(163.62)
SEPC DRS ITPL JV	93.75	627.34
Larsen & Toubro Limited Shriram EPC JV	256.14	112.89
Beta Wind Farm Private Limited	-	1,381.84
Shriram SEPL Composites Private Limited	259.93	611.81
Mokul Shriram EPC JV	1,786.43	1,998.19

(D) The Company accounts for costs incurred by Related parties based on the actual invoice/debit notes raised and accruals as confirmed by such parties. The related parties have confirmed to the Management that as at March 31, 2020, March 31, 2019 there are no further amounts payable to/receivable from them, other than disclosed above.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 46 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, 2020			As at March 31, 2019		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Inventories - Note 13	324.86	-	324.86	3,849.23	-	3,849.23
Trade Receivables - Note 14	47,996.51	-	47,996.51	48,482.69	-	48,482.69
Other Current Financial Assets - Note 17	8,639.66	-	8,639.66	4,285.20	-	4,285.20

### (B) Current liabilities expected to be settled within twelve months and after twelve months from the reporting date

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Acceptances - Note 27	8,435.70	-	8,435.70	8,132.94	-	8,132.94
Trade and Other Payables - Note 27	12,660.09	22,712.51	35,372.60	11,370.88	34,372.51	45,743.40
Other Current Financial Liabilities - Note 28	2,579.27	-	2,579.27	2,465.70	-	2,465.70

## 47 Segment reporting

The Chief Operating Decision Maker (CODM) reviews the operations of the Company for the year ended March 31, 2019 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 :

	31-Mar-20	31-Mar-19
<b>Rest of the World</b>		
Revenue	52,689.69	72,300.08
Assets	5,442.75	53,810.49
<b>India</b>		
Revenue	68,105.20	47,895.80
Assets	254,822.64	286,697.77
Capital Expenditure	147.82	499.24

48 Expenditure in Foreign Currency	2019-20	2018-19
Professional & Consultancy Fees	0.48	1.26
Material Consumed in Execution of Engineering Contracts	43.28	3,182.04
Erection ,Construction & Operation Exp	24.14	32.09
Travelling & Conveyance	75.88	80.21
Salary & Wages	181.53	-
Others	4.84	3.96
<b>Total</b>	<b>330.15</b>	<b>3,299.56</b>

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 49 Fair Value Measurement

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

**31-Mar-20**

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>										
<b>Financial Assets Measured at Fair Value</b>										
Investments	8	-	-	-	38.65	38.65	11.20	-	-	11.20
<b>Financial Assets not Measured at Fair Value*</b>										
Investments	8	-	-	-	90.39	90.39	-	-	66.13	66.13
Loans	9	12,301.03	-	-	-	12,301.03	-	-	-	-
Trade Receivables	10 & 14	67,844.85	-	-	-	67,844.85	-	-	-	-
Cash and Cash Equivalents	15	1,205.55	-	-	-	1,205.55	-	-	-	-
Other Bank balances	16	4,885.40	-	-	-	4,885.40	-	-	-	-
Other financial assets	10 & 17	10,274.54	-	-	-	10,274.54	-	-	-	-
<b>Total</b>		<b>96,511.37</b>	-	-	<b>129.04</b>	<b>96,640.41</b>	<b>11.20</b>	-	<b>66.13</b>	<b>77.33</b>
<b>Liabilities</b>										
<b>Financial Liabilities not Measured at Fair Value*</b>										
Non Current Borrowings	22	-	-	20,622.70	-	20,622.70	-	-	-	-
Current Borrowings	26	-	-	45,209.42	-	45,209.42	-	-	-	-
Trade payables	27	-	-	43,808.28	-	43,808.28	-	-	-	-
Other financial liabilities	23 & 28	-	-	8,221.79	-	8,221.79	-	-	-	-
<b>Total</b>		-	-	<b>117,862.19</b>	-	<b>117,862.19</b>	-	-	-	-



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

31-Mar-19

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>										
<b>Financial Assets Measured at Fair Value</b>										
Investments	8	-	-	-	38.65	38.65	21.82	-	-	21.82
<b>Financial Assets not Measured at Fair Value*</b>										
Investments	8	-	-	-	90.39	90.39	-	-	66.13	66.13
Loans	9	17,675.67	-	-	-	17,675.67	-	-	-	-
Trade Receivables	10 & 14	73,738.88	-	-	-	73,738.88	-	-	-	-
Cash and Cash Equivalents	15	3,060.04	-	-	-	3,060.04	-	-	-	-
Other Bank balances	16	8,116.89	-	-	-	8,116.89	-	-	-	-
Other financial assets	10 & 17	6,015.12	-	-	-	6,015.12	-	-	-	-
<b>Total</b>		<b>108,606.60</b>	-	-	<b>129.04</b>	<b>108,735.64</b>	<b>21.82</b>	-	<b>66.13</b>	<b>87.95</b>
<b>Liabilities</b>										
<b>Financial Liabilities not measured at fair value*</b>										
Non Current Borrowings	22	-	-	20,645.33	-	20,645.33	-	-	-	-
Current Borrowings	26	-	-	42,614.60	-	42,614.60	-	-	-	-
Trade payables	27	-	-	53,876.32	-	53,876.32	-	-	-	-
Other financial liabilities	23 & 28	-	-	8,156.36	-	8,156.36	-	-	-	-
<b>Total</b>		-	-	<b>125,292.61</b>	-	<b>125,292.61</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.

## 50 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.

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## (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, 2020 - Nil (March 31, 2019- Nil)

## (B) Credit risk

The Company's customer profile include public sector enterprises, state owned companies and large private corporates. Accordingly, the Company's customer credit risk is low. The Company's average project execution cycle is around 24 to 36 months. General payment terms include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 90 days and certain retention money to be released at the end of the project. In some cases retentions are substituted with bank/corporate guarantees. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. Credit risk management has been further enhanced to keep pace with COVID-19 developments.

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-20

Particulars	Estimated Gross Carrying Amount at default	Provision/ Expected Credit Loss	Carrying amount net of impairment provision
Trade receivables	53,196.99	(5,200.48)	47,996.51
Unbilled Revenue	82,236.06	(1,855.98)	80,380.08
Advances to Suppliers	16,897.02	(1,640.30)	15,256.72

### 31-Mar-19

Particulars	Estimated Gross Carrying Amount at default	Provision/ Expected Credit Loss	Carrying amount net of impairment provision
Trade receivables	53,690.24	(5,207.55)	48,482.69
Unbilled Revenue	92,969.75	(8,028.38)	84,941.37
Advances to Suppliers	36,307.43	(1,640.30)	34,667.13

### Reconciliation of Provision and Expected Credit Loss - Other financial assets

Particulars	Trade receivables	Unbilled revenue	Advances to suppliers
<b>Provision and Expected Credit Loss on March 31, 2019</b>	<b>5,207.55</b>	<b>8,028.38</b>	<b>(1,640.30)</b>
Allowance for Doubtful Debts	78.40	-	-
Provision no longer required	-	(4,295.64)	-
Interest income on Financial Assets	(85.47)	(1,876.75)	-
<b>Provision and Expected Credit Loss on March 31, 2020</b>	<b>5,200.48</b>	<b>1,855.99</b>	<b>(1,640.30)</b>



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## (C) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse projects, and to meet the debt servicing obligations of the Company, the Company maintains flexibility in funding through committed credit lines, short term borrowings and trade receivables. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections, assessment of maturity profiles of financial assets and financial liabilities including debt financing plans.

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-20</b>					
Short term borrowings	-	45,209.42	-	-	45,209.42
Long-term borrowings	-	-	20,622.70	-	20,622.70
Trade payables	-	30,812.18	-	-	30,812.18
Other financial liability	-	2,579.27	-	-	2,579.27
	-	<b>78,600.87</b>	<b>20,622.70</b>	-	<b>99,223.57</b>
<b>31-Mar-19</b>					
Short term borrowings	-	42,614.60	-	-	42,614.60
Long-term borrowings	-	-	20,645.33	-	20,645.33
Trade payables	-	53,876.32	-	-	53,876.32
Other financial liability	-	2,465.70	-	-	2,465.70
	-	<b>98,956.62</b>	<b>20,645.33</b>	-	<b>119,601.96</b>

## 51 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-20	31-Mar-19
Total equity	(i)	<b>118,537.31</b>	<b>126,047.09</b>
Total debt	(ii)	68,410.12	65,724.37
Cash and Cash Equivalents	(iii)	1,205.55	3,060.04
<b>Net Debt</b>	(iv) = (ii) - (iii)	<b>67,204.57</b>	<b>62,664.33</b>
<b>Total Capital</b>	(v) = (i) + (iv)	<b>185,741.88</b>	<b>188,711.42</b>
Net Debt to Capital ratio	(iv)/ (v)	0.36	0.33

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

## 52 Movement in Provisions, Expected Credit Losses, Contingent Liabilities and Contingent Assets

Particulars	Expected Credit Loss		Provision for Doubtful Receivables	Provision for Advances
	Current	Non-Current	Non-Current	Current
<b>Opening Balance as on April 01, 2019</b>	<b>13,235.94</b>	<b>21,944.60</b>	<b>3,798.11</b>	<b>1,640.30</b>
Add: Additional Provision during the year	78.40	-	-	-
Less: Interest income on Financial Assets	(2,053.89)	(915.08)	-	-
Provision no longer required	(4,203.98)	(9,218.55)	(1,245.24)	
Less: Movement on Account of Transfer of advances to Group Companies				
<b>Closing Balance as on March 31, 2020</b>	<b>7,056.47</b>	<b>11,810.97</b>	<b>2,552.87</b>	<b>1,640.30</b>

## 53 Contingent Liabilities And Commitments

### (a) Contingent Liabilities

	As at 31 March 2020	As at 31 March 2019
a) Corporate Guarantees issued to a related party	-	-
b) Claims against the Company not acknowledged as debts	10,879.39	12,251.54
c) Central Excise, Service Tax and customs Duties demands contested in Appeals , not provided for	541.00	541.00
d) Disputed VAT/ Central Sales tax demands contested in Appeals, not provided for	9,115.00	8,841.00
e) Income tax demands contested in Appeals, not provided for	1,800.58	3,668.58

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

### (b) Commitments

	As at 31 March 2020	As at 31 March 2019
Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for	-	67.25



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(Amount in ₹ lakhs, unless otherwise stated)

- 54 The SARS – CoV-2 virus responsible for COVID -19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID -19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and Companies have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended many times across the country to contain the spread of virus. The extent to which the COVID -19 pandemic will impact the company's financials will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID -19 pandemic and any action to contain its spread or mitigate its impact whether government -mandated or elected by the Company. The Company's assessment of impairment loss allowance on its loans and other assets is subject to a number of management judgments and estimates. The Company has measured impairment loss allowance on loans and other assets and recognized the incremental impairment provision for Rs. 2,748.97 lakhs in the Consolidated Financial statement which is adequate in the view of the Company considering the current information available. Given the dynamic nature of pandemic situation, the Company's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic. The Company will continue to monitor any material changes to the future economic conditions.
- 55 The Company was in the course of executing project for Governorate of Basra, Government of Iraq ('the customer') in the year- along with MSJV (Joint venture partner) . There were some delays in commencement of the project due to regulatory compliances. However the said contract was cancelled by the Customer during February 2014. During 2018-19, the Governorate of Basra, has revoked the work withdrawal and permitted sub contracting of balance works to a local contractor at Iraq. The construction activities have been resumed by the said contractor and Company has withdrawn all legal cases and recovery of dues. The total amounts due to Company recorded under Trade Receivables, Unbilled revenue of Rs. 1,786.43 Lakhs ( As at March 31,2019 - Rs. 7,954.04 Lakhs). The revenue and cost relating to the jointly controlled operations of this project is included in the financials for the year ended March 31, 2020.  
Revenue includes Rs. 30,380.40 lakhs (for the year ended March 31, 2020) , being share of revenue relating to the Basra project, billed from Mokul Shriram EPC JV ( MSJV), a jointly controlled operation, wherein the company owns 50% interest
- 56 The Company has not opted to exercise the option under Section 115BAA of the Income Tax Act,1961, as introduced by the taxation laws (Amendment) Ordinance, 2019 and decided to continue with the existing rate of income tax for the purpose of deferred tax computation.
- 57 The Board, duly taking into account all the relevant disclosures made has approved these financial statements in its meeting held on June 24, 2020.
- 58 The previous year figures have been reclassified/regrouped to wherever necessary.

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, 2020

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

**K.Suresh**  
Company Secretary

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

**Chandra Ramesh**  
Director  
DIN: 00938694

**R S Chandrasekharan**  
Chief Financial Officer

**Shriram****epc**  
Engineering the future

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**CIN:L74210TN2000PLC045167**

# Disclaimer

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

## **Shriram EPC Limited**

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