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BUSINESS SCOPE REPORT

SHRIRAM EPC LIMITED
D&B D-U-N-S[®] NUMBER: 65-004-7991



Decide with Confidence

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TABLE OF CONTENTS

SUMMARY3

LINE OF BUSINESS4

RATING KEY4

CURRENT INVESTIGATION5

COMPANY PROFILE6

MILESTONES7

FINANCIAL SNAPSHOT.....8

CUSTOMERS16

FOREIGN EXCHANGE TRANSACTIONS.....17

EMPLOYEES.....17

CAPACITY AND PRODUCTION OUTPUT18

REGISTRATION DETAILS19

CAPITAL DETAILS19

STOCK EXCHANGE.....20

REGISTRAR AND SHARE TRANSFER AGENT20

SHAREHOLDING PATTERN.....21

AUDITORS.....22

CORPORATE DIRECTORS.....23

EXECUTIVES.....23

BANK24

ISO CERTIFICATION29

HEAD OFFICE LOCATION DETAILS29

BRANCH DETAILS30



SUBSIDIARIES.....	31
JOINT VENTURES.....	31
AFFILIATES.....	32
GROUP ENTITIES	33
CERTIFICATES / AWARDS	34
FINANCIAL ANALYSIS	35
SWOT.....	45
ANNEXURE I - CORPORATE DIRECTORS	48
ANNEXURE II - FINANCIAL STATEMENTS	54



SUMMARY

D&B D-U-N-S® NUMBER : 65-004-7991

COMPANY NAME : SHRIRAM EPC LIMITED

TRADESTYLE : Shriram EPC

ADDRESS : No. 9, Vanagaram Road
Ayanambakkam
Chennai – 600095
Tamil Nadu
India

TELEPHONE : (91) (44) (26533109)
(91) (44) (26531592)
(91) (44) (26533313)

FAX : (91) (44) (26532780)

WEB PAGE : www.shriramepc.com

EMAIL : info@shriramepc.com

D&B RATING : 5A2 Condition: Good

REGISTRATION NUMBER : 45167

START DATE : 12th June 2000

CONTROL DATE : 12th June 2000

HISTORY : Clear

EMPLOYEES (TOTAL) : 528

IMPORTS : Yes

EXPORTS : Yes

SALES : INR 9,187,655 Thousand for the year ended 31st March 2009

TANGIBLE NETWORTH : INR 3,730,481 Thousand as on 31st March 2009

AUTHORIZED CAPITAL : INR 850,000 Thousand as on 30th September 2009

ISSUED CAPITAL : INR 434,916 Thousand as on 30th September 2009

PAID-UP CAPITAL : INR 434,916 Thousand as on 30th September 2009



CHIEF EXECUTIVE : Thyagarajan Shivaraman
Managing Director and Chief Executive Officer

LINE OF BUSINESS

The Company is primarily engaged in the business of Engineering, Procurement and Construction (EPC) of projects offering turnkey solution from conceptualization to commissioning

Standard Industrial Classification (SIC) Code

1629-9905
General Contractors - power plant construction

1629-0504
General Contractors - waste disposal plant construction

1629-0505
General Contractors - waste water/sewage treatment plant construction

3443-0206
Manufactures cooling towers, metal plate

1629-0500
General Contractors - Industrial plant construction

RATING KEY

D&B Indicative Risk Rating of 5A2 implies that the subject has a tangible networth of INR 645,950,000 and above as per latest available audited financial statements. Composite appraisal 2 indicates that the overall status of the subject is good. This rating is assigned to businesses that are financially sound and with competitive trading record. Associated risk is low & considered better than average.

D&B's Rating consists of 2 parts, the Financial Strength and the Composite Appraisal / Condition. Financial Strength is an indication of the tangible networth (that is, the shareholder's funds less any intangible assets). The Composite Appraisal / Condition is linked to the level of risk and is an overall evaluation of credit worthiness. It takes into account the financial condition and several factors such as trade reference history, legal structure, management experience and any adverse listings.



CURRENT INVESTIGATION

On 4th March 2010, Mr. Sathiamurthy, General Manager – Finance provided the relevant information.



COMPANY PROFILE

Shriram EPC Limited (hereinafter referred to as 'Shriram EPC' or 'the Company') was incorporated on 12th June 2000 as a public limited company for the purpose of carrying on the business of Engineering, Procurement and Construction (EPC) projects.

The Company came up with an Initial Public Offering (IPO) in February 2008 and its shares are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

The Company is a part of Shriram Group, headquartered in Chennai, India. The Group, established in the 1970s, is a financial services network in India having substantial interest in truck and consumer finance. The Group has diversified into insurance, pharmaceuticals, automobile components, software, property development and project engineering.

Shriram EPC is primarily engaged in the following activities:

✓ **EPC**

- Renewable energy projects consisting of biomass-based power projects, small hydel power projects.
- Providing integrated turnkey solutions for iron and steel, cement, aluminum, copper and thermal power plants, water and wastewater treatment plants, water and sewer infrastructure and pipe rehabilitation.

The Company was also involved in development, sale and maintenance of KW & MW Class Wind Turbine Generators (WTG). This WTG Business is done by Leitner Shriram Manufacturing Limited (LSML), an associate Company with effect from 1st April 2008

Shriram EPC is headquartered in Chennai, India with offices in Mumbai, New Delhi and Kolkata. It also has representative offices in Beijing and Bangkok. The Company's EPC projects span across 16 Indian states and it has also executed projects in Zambia and Thailand.

Shriram EPC has been awarded ISO 9001:2008 certification by M/s. TUV India (TUV Nord).

**MILESTONES**

Year	Description
2000	Execution of first Biomass power plant project in Mancherial village district, Andhra Pradesh.
2003	Commencement of process and metallurgy business.
2004	Acquisition of the cooling towers business of Shriram Tower Tech Limited.
2004	Commencement of the business of erection, testing and commissioning of wind generators.
2004	Execution of joint operations with the Hamon Group.
2004	Commencement of rehabilitation business.
2004	By an order of the High Court of Madras dated 22 nd July 2005, Shriram Engineering Construction Company Limited (SHRENCO) was merged into the Company with effect from 1 st April 2004 as both the companies were engaged in the same line of business.
2005	Investment by UNO Investments.
2006	Investment by Bessemer Venture Partners Trust.
2006	Certification by DEWI - OCC for designing and manufacturing 250 KW WTGs.
2006	Execution of MOU with Leitner Technologies for manufacture and marketing of megawatt class WTGs.
2006	Purchase of equity shares by UTI Investment Advisory Services Limited.
2007	Joint Venture Agreement entered into between the Company and Hamon Thermopack Engineers Private Limited.
2007	Exclusive agreement with Hamon Shriram Cotrell Inc for use of technology and in the air control pollution business.
2007	ISO 9001:2000 certification for manufacture, supply, installation, commissioning and maintainance of WTG and development of wind farms.
2007	Installation of 1,350 KW capacity wind electric generators.
2007	Awarded the first contract for setting up coal gasification and gas purification plants.
2007	Commencement of joint venture Hamon Shriram Cotrell Private Limited (HSC) with Hamon Group, headquartered in Brussels for the cooling tower business. HSC operates from offices in Mumbai and Chennai and factory in Umbergoan, Gujrat.
2008	Company's Shares were listed in BSE and NSE. There was an IPO of 5,000,000 equity shares to public.
2008	The Company invested in Shriram Strategic Engineering Private Limited which is engaged in the manufacturing of GRP Pipes.
2008	The Company has acquired 49% stake in Blackstone Group Technologies Private Limited in January 2009. Blackstone group technologies help in catering the designing and engineering requirement of the company. It has increased the prequalification strength of the Company.
2009	Leitner Shriram Manufacturing Limited (LSML) as associate of Shriram EPC Limited started the commercial production of Mega Watt class WTGs at its plant at Gummidipundi, Chennai.
2009	SAP-ERP system was implemented across the Company
2010	Company increased its stake in Blackstone Group of Technologies Private Limited from 49% to 55%



FINANCIAL SNAPSHOT

Comparative Figures (INR in Thousand)			
	FY 2007	FY 2008	FY 2009
Revenue	2,957,171	6,462,993	9,187,655
Net Profit after Tax	131,364	353,986	400,168
Current Assets	2,614,472	6,492,400	8,887,675
Current Liabilities	1,245,288	3,488,238	6,257,870
Working Capital	1,369,184	3,004,162	2,629,805
Other Tangible Assets	289,084	1,439,019	2,720,740
Non-Current Liabilities	11,619	1,069,635	1,620,064
Tangible Networth	1,646,649	3,373,546	3,730,481
Total Borrowings	199,526	1,337,672	2,780,500
Inventory	275,064	481,372	782,967
Cash and Bank	269,326	1,417,377	345,282
Accounts Receivable	1,356,366	3,111,041	4,921,776
Fixed Assets	117,007	426,755	1,000,618
Accounts Payable	621,783	1,519,239	4,068,755

KEY RATIOS			
	FY 2007	FY 2008	FY 2009
Gross Profit Margin (%)	16.36	18.47	15.76
Operating Profit Margin (%)	6.51	9.54	7.17
Return on Revenue (%)	4.44	5.48	4.36
Return on Networth (%)	7.98	10.49	10.73
Return on Capital Employed (%)	13.24	13.69	10.81
Total Debt Equity Ratio (Times)	0.12	0.40	0.75
Interest Coverage Ratio (Times)	8.79	6.65	9.41

Refer Annexure II for details

**CONSOLIDATED – 3 YEAR KEY FINANCIAL INDICATORS**

(INR in Thousand)

Consolidated Figures			
	FY 2007	FY 2008	FY 2009
Revenue (INR in Thousand)	2,957,171	6,999,067	10,058,086
Profit After Tax (INR in Thousand)	131,364	350,244	413,012
Tangible Networth (INR in Thousand)	1,645,179	3,373,657	3,807,171
Total Borrowings (INR in Thousand)	199,526	1,247,074	2,819,784
Net Profit Margin (%)	4.44	5.00	4.11
Total Debt Equity Ratio (Times)	0.12	0.37	0.74
Interest Coverage Ratio (Times)	8.79	6.62	8.38

**PROVISIONAL FINANCIAL PERFORMANCE**

(INR in Thousand)

For the Period Ended	31st December 2009	30th September 2009	30th June 2009
Number of Months	3	3	3
Sales	2,382,930	1,937,721	1,978,614
Other Income	21,020	33,869	21,598
Net Profit before Tax	109,810	111,800	123,000
Net Profit after Tax	74,450	90,500	80,600

The Company's sales in last quarter of the financial year are generally more than of the preceding three quarters, the Company has projected the FY 2010 sales to be more than that of FY 2009.



OPERATIONS

The Company is primarily engaged in the business of Engineering, Procurement and Construction (EPC) of projects offering turnkey solution from conceptualization to commissioning

Business activities

The Company's strategic business segments can be broadly classified under the following heads:

- **EPC Business**

EPC business involves turnkey services relating to metallurgical and process plants, biomass-based power plants, water and wastewater treatment plants; water and sewer infrastructure and pipe rehabilitation projects.

- ✓ *Renewable Energy*

The Company is engaged in the design, engineering, construction, and erection & commissioning of biomass power plants and co-generation power plants. Currently the Company is establishing over 100 Mega Watts (MW) of bio-mass based power projects across Tamilnadu, Andhra Pradesh, Chattisgarh, Punjab and Maharashtra.

Shriram EPC began its operations in the biomass power plant business in December 2000 with the execution of first biomass power plant project in Andhra Pradesh. On 28th August 2007 the Company entered into Memorandum of Understanding (MoU) with Bessemer Venture Partners Trust for power generation through renewable energy assets through its associate Company viz., Orient Green Power Limited. OGPL has plans to increase its portfolio of renewable energy assets going forward.

- ✓ *Process and Metallurgy*

The Company provides integrated turnkey solutions for iron and steel, cement, aluminium, copper and thermal power plants. The Company is involved in various projects relating to the design, engineering and construction of blast furnace, auxiliaries, rolling mills, aluminium refining, copper smelting, thermal power plants, cement plants material handling system and coke oven batteries.

Shriram EPC has initiated projects relating to design, engineering and construction of coal gasification (producer gas) plants. The Company has also entered into joint venture agreement with an international partner Hamon Group to manufacture cooling towers and air pollution control systems based on technology from Hamon and Cie, Europe and Hamon Research Cottrell, USA.



The Company has executed LSTK (Lump Sum Turn Key) projects for customers like Grasim Industries Limited, Steel Authority of India Limited and Jindal Steel and Power Limited.

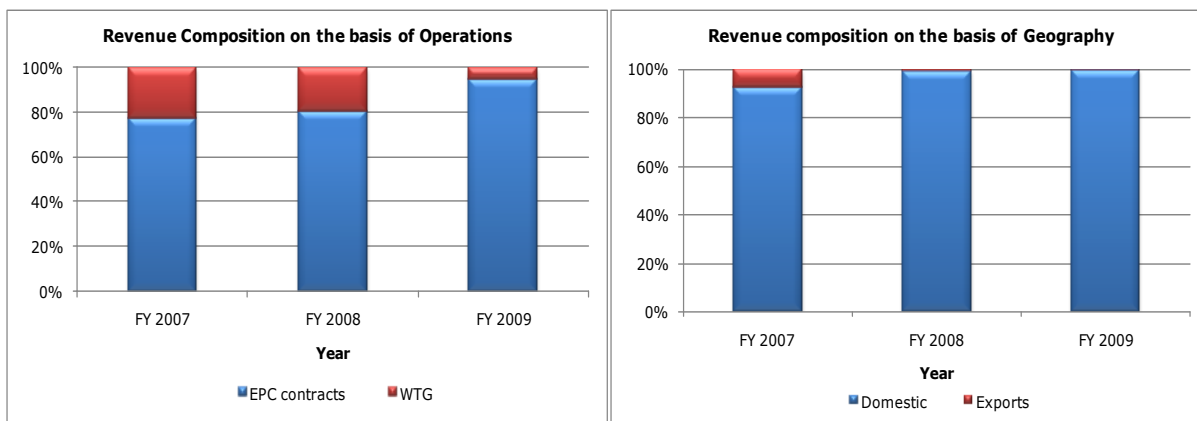
✓ Municipal Services

The Company offers design and implementation of turnkey design-build environmental projects catering to water and wastewater distribution, water and sewage treatment and pipe rehabilitation. The Company provides advanced pipe rehabilitation solutions that allow for trenchless renovation, rehabilitation and/or repair of water and sewer pipes without the need for excavation.

The Company is the licensee in India of Chevalier Pipe Technology (CPT) - Rib loc™ technology and Perco Engineering Services Limited's (UK) - EXPANDIT™ pipe-bursting technology. Rib loc™ technology provides pipe rehabilitation solutions that allow for trenchless renovation, rehabilitation and repair of water and sewer pipes without the need for excavation.

The Company has undertaken various projects in this vertical for private projects as well as municipalities. Traction in the business is good since the potential of the segment is very large.

Sales Composition



The Company derives most of its sales from EPC operations. In FY 2009 EPC segment constituted 94.53% of total sales while the remaining 5.47% came from WTG sale.



Sales Territory

The Company caters to primarily to the domestic market with around 99% of its sales derived from domestic market. Its clientele includes Grasim Industries Limited, Madras Aluminum Company Limited, Bharat Heavy Electrical Limited, Reliance Industries Limited and Steel Authority of India Limited.

Purchases

Engineering equipments like boiler and furnaces are the major procurement items for EPC projects. The supplier for the same is finalized based on the project requirement. Other raw materials include steel, cement and copper for EPC projects. The Company plans to book futures for mitigating price fluctuation risk, as prices of these commodities are highly volatile.

In spite of the transfer of its WTG business, the Company continues to sell the 250 KW wind turbines pending receipt of the necessary statutory approvals by LSML.

Technology Partners of the Company

- CPT Asia Holdings Limited
Hong Kong
Technological Arrangement - Rib loc™ technology which provides pipe rehabilitation solutions that allow for trenchless renovation, rehabilitation and repair of water and sewer pipes without the need for excavation.
- Perco Engineering Services Limited
United Kingdom
Technological Arrangement - EXPANDIT™ pipebursting technology which provides pipe rehabilitation solutions that allow for trenchless renovation, rehabilitation and repair of water and sewer pipes without the need for excavation.
- Angerlehner
Austria
Technological Arrangement – The Company has technological arrangement for cleaning the water and sewer pipes.
- Danieli Corporation.
Italy
Technological Arrangement – The Company has technological arrangement for certain process and metallurgy projects of rolling mill contract.
- Waterbury Farrel Technologies Inc.
Canada
Technological Arrangement – The Company has technological arrangement for certain process and metallurgy projects of stainless steel mill for integrated steel plant.



- SSIT Corporation
China
Technological Arrangement – The Company has technological arrangement for process and metallurgy projects of coal dust injection.

- S.W.Electronics and Manufacturing Corporation (SWEMCO)
United States of America
Technological Arrangement – The Company has technological arrangement for design and construction of drawings for a gas cleaning equipment to be located at Konkola Copper Mines Plc, Chingola, Zambia.

- Envirotherm GmbH
Germany
Technological Arrangement – The Company has technological arrangement for coal gasification technology.



PURCHASES

LOCAL : 88.92%
INTERNATIONAL : 11.08%

IMPORTS FROM

Germany : 49.04%
United States of America : 23.69%
Singapore : 11.32%
China : 7.48%
Austria : 4.04%
Belgium : 2.24%
Australia : 2.02%
London : 0.16%
Zambia : 0.02%

PURCHASING TERMS

LOCAL TERMS

Open account : 90 days
Letter of Credit : 90 days

IMPORT TERMS

Letter of Credit : 180 Days

**SALES**

LOCAL : 99.47%
INTERNATIONAL : 0.53%

EXPORTS TO

Zambia : 62.99%
Netherlands : 37.01%

SELLING TERMS**LOCAL TERMS**

Percentage of Completion & Progressive billing

CUSTOMERS

The Company maintains around 110 customers

MAJOR CUSTOMER TYPES

Manufacturers

MAJOR CUSTOMER NAMES

Name of Customer	Country	% share in Sales	Length of Relationship (in years)
Sree Jayajothi Cements Limited	India	36.85	2
OPG Power Generation Private Limited	India	13.87	2
Ennore Coke Limited	India	8.36	2
Theolia Wind Energy Private Limited	India	3.70	3
Clarion Wind Farm Private Limited	India	3.72	2
Global Powertech Equipments Limited	India	2.36	2
Jindal Steel Limited	India	1.95	2
Bokaro Steel Plant Limited (SAIL)	India	1.91	6
Arora Infraventures Private Limited	India	1.82	4
P S R Green Power Projects Private Limited	India	1.67	2

**FOREIGN EXCHANGE TRANSACTIONS**

(INR in Thousand)

	FY 2007	FY 2008	FY 2009
Exports			
Exports at FOB value	223,487	54,243	48,943
Imports on CIF basis			
Raw materials and components	50,753	123,443	Nil
Capital goods	13,011	6,128	3,807
Materials consumed in execution of engineering construction contracts	185,406	33,659	828,353

*Source: Annual Reports***SUPPLIERS**

Name of Supplier	Country	% share in Purchase	Length of Relationship (in years)
Lnv Technology Private Limited	India	21.87	2
Ansaldocaldaie Boilers India Private Limited	India	8.28	2
Loesche India Private Limited	India	4.30	2
Leitner Shriram Manufacturing Limited	India	4.01	1
GEI Industrial Systems Limited	India	3.50	5
Hyquip Projects Private Limited	India	2.12	5
Bharat Bijlee Limited	India	1.48	5
Sourabh Rolling Mills Private Limited	India	1.34	3

EMPLOYEES

Current Employees : 528



CAPACITY AND PRODUCTION OUTPUT

PRODUCT NAME : Wind Turbine Generators – 250 KW

Particulars	FY 2007	FY 2008	FY 2009
Actual Production (in Numbers)	55	119	49
Installed Capacity (in Numbers)			
Capacity Utilization (%)	-	-	-

Installed capacity has not been disclosed since the production of Wind Turbines is variable subject to utilization of manufacturing facilities given the nature of its operations.

Source: Annual Report

**REGISTRATION DETAILS**

LEGAL STRUCTURE	: Public Limited Company
INCORPORATED	: 12 th June 2000
REGISTRATION BODY	: Registrar of Companies
REGISTRATION NUMBER	: 45167 Tamil Nadu India
REGISTERED OFFICE	: No. 5, T.V. Street Chetpet Chennai – 600031 Tamil Nadu India
LAST AGM DATE	: 31 st August 2009
LAST ANNUAL RETURN DATE	: 07 th October 2009
LAST FINANCIAL STATEMENT DATE	: 31 st March 2009

CAPITAL DETAILS

AUTHORIZED CAPITAL	: INR 850,000,000 as on 30 th September 2009*
ISSUED CAPITAL	: INR 434,916,960 as on 30 th September 2009
PAID-UP CAPITAL	: INR 434,916,960 as on 30 th September 2009
ORDINARY SHARES	: 43,491,696 equity shares of INR 10/- each

**includes 65,000,000 equity shares of INR 10 each and 20,000,000 convertible preference shares of INR 10 each*



STOCK EXCHANGE

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

- Bombay Stock Exchange Limited
- The National Stock Exchange of India Limited

REGISTRAR AND SHARE TRANSFER AGENT

Cameo Corporate Services Limited

Subramanian Building, V Floor
No. 1, Club House Road
Chennai – 600002
Tamil Nadu
India



SHAREHOLDING PATTERN

	Particulars	Shares held	% Held
(A)	Promoter and Promoter Group		
	Shriram Industrial Holdings Private Limited	13,335,123	30.66
	Vathsala Ranganathan	5,123,231	11.78
	Sub Total (A)	18,458,354	42.44
(B)	Public Shareholding		
	(i) Institutions Investors:		
	Mutual Funds and Unit Trust of India	2,131,453	4.90
	Foreign Institutional Investors	979,012	2.25
	(ii) Non-Institution Investors:		
	Bessemer Venture Partners Trust	10,481,762	24.10
	Unit Trust of India Investment Advisory Services Limited (Ascent India Fund)	3,786,779	8.71
	Bodies Corporate	1,318,102	3.03
	Individual shareholders holding nominal share capital up to INR 1 Lakh	985,014	2.26
	Individual shareholders holding nominal share capital in excess of INR 1 Lakh	102,690	0.24
	Other Foreign Corporate Bodies	5,140,835	11.82
	Others	107,695	0.25
	Sub Total (B)	25,033,342	57.56
	Total (A+B)	43,491,696	100.00

Total number of Shareholders : 8,064

Shareholding as on : 30th September 2009

Source: BSE website



AUDITORS

Deloitte Haskins and Sells

ASVN Ramana's Towers, No. 52
Venkat Narayana Road, T. Nagar
Chennai - 600017
Tamil Nadu
India

**CORPORATE DIRECTORS**

Name of Directors	Current Title
Thyagarajan Shivaraman	Managing Director and Chief Executive Officer
Mohammed Amjad Shariff	Joint Managing Director
Vathsala Ranganathan	Director
Srirangam Rangaswamy Ramakrishnan	Director
Arun Duggal	Chairman
Rangachary Nambi Iyengar	Director
Robin Chandra	Director
Rangaswamy Sundararajan	Director
Kalavakolanu Madhava Sarma	Director
Sunil Varma	Director
Sunil Kolangara	Nominee Director
Subramanian Krishnamurthy	Director

Refer Annexure I for details

EXECUTIVES

Name of Executives	Current Title
Vivek Sharma	Chief Financial Officer
K. Suresh	Company Secretary
K. Ponram	General Manager – Purchase
G. Ramesh	Deputy General Manager – Personnel
V. Jayanarayanan	Group Financial Controller
G. Sugathan	Senior Vice President – Process and Metallurgy
Parthasarathi	Vice President – Water
M. Radhakrishnan	Vice President – Biomass
D. Arivalagan	Vice President – Pipe Rehab

**BANK**

NAME : ABN AMRO BANK N. V.

CREDIT TYPE : Total Bank Facilities

BANKER'S REPORT:

The Company deals with the ABN AMRO Bank N. V. since 2007.

The Company enjoys the following credit facilities from the bank as on 31st December 2009.

(INR in Thousand)

Nature of Facility	Amount Sanctioned	Amount Disbursed
Fund Based		
Cash Credit / Working Capital Demand Loan	5,000	-
Non-Fund Based	40,000	2,000
Total	45,000	2,000

BANK

NAME : ALLAHABAD BANK

CREDIT TYPE : Total Bank Facilities

BANKER'S REPORT:

The Company deals with the Allahabad Bank since 2008.

The Company enjoys the following credit facilities from the bank as on 22nd January 2010.

(INR in Thousand)

Nature of Facility	Amount Sanctioned	Amount Disbursed
Fund Based		
Cash Credit / Working Capital Demand Loan	200,000	195,705
Other Fund Based Facilities	500,000	499,849
Non-Fund Based	400,000	368,976
Total	11,00,000	1,064,530

**BANK**

NAME : PUNJAB NATIONAL BANK

CREDIT TYPE : Total Bank Facilities

BANKER'S REPORT:

The Company deals with the Punjab National Bank since 2009.

The Company enjoys the following credit facilities from the bank as on 22nd January 2010.

(INR in Thousand)

Nature of Facility	Amount Sanctioned	Amount Disbursed
Fund Based		
Cash Credit / Working Capital Demand Loan	400,000	151,159
Term Loan	670,000	521,891
Other Fund Based Facilities	2,000,000	1,500,000
Non-Fund Based	600,000	1,761,888
Total	3,670,000	3,934,938

BANK

NAME : YES BANK

CREDIT TYPE : Total Bank Facilities

BANKER'S REPORT:

The Company deals with the Yes Bank since 2006.

The Company enjoys the following credit facilities from the bank as on 21st January 2010.

(INR in Thousand)

Nature of Facility	Amount Sanctioned	Amount Disbursed
Fund Based		
Cash Credit / Working Capital Demand Loan	100,000	-
Non-Fund Based	300,000	200,800
Total	400,000	200,800

**BANK**

NAME : CITI BANK

CREDIT TYPE : Total Bank Facilities

BANKER'S REPORT:

The Company deals with the Citi Bank since 2008.

The Company enjoys the following credit facilities from the bank as on 25st January 2010.

(INR in Thousand)

Nature of Facility	Amount Sanctioned	Amount Disbursed
Fund Based		
Cash Credit / Working Capital Demand Loan	200,000	200,000
Non-Fund Based	300,000	275,000
Total	500,000	475,000

BANK

NAME : DBS BANK LIMITED

CREDIT TYPE : Total Bank Facilities

BANKER'S REPORT:

The Company deals with the DBS Bank Ltd. since 2009.

The Company enjoys the following credit facilities from the bank as on 22nd January 2010.

(INR in Thousand)

Nature of Facility	Amount Sanctioned	Amount Disbursed
Fund Based		
Any Other Fund Based	300,000	300,000
Non-Fund Based	500,000	453,200
Total	800,000	753,200

**BANK**

NAME : STATE BANK OF TRAVANCORE

CREDIT TYPE : Total Bank Facilities

BANKER'S REPORT:

The Company deals with the State Bank of Travancore since 2009.

The Company enjoys the following credit facilities from the bank as on 22nd January 2010.

(INR in Thousand)

Nature of Facility	Amount Sanctioned	Amount Disbursed
Fund Based		
Cash Credit / Working Capital Demand Loan	500,000	252,150
Non-Fund Based	300,000	28,518
Total	800,000	280,668

BANK

NAME : INDUSIND BANK

CREDIT TYPE : Total Bank Facilities

BANKER'S REPORT:

The Company deals with the IndusInd Bank since 2008.

The Company enjoys the following credit facilities from the bank as on 21st January 2010.

(INR in Thousand)

Nature of Facility	Amount Sanctioned	Amount Disbursed
Fund Based		
Cash Credit / Working Capital Demand Loan	400,000	293,532
Term Loan	160,000	128,000
Non-Fund Based	600,000	489,600
Total	1,160,000	911,132

**BANK**

NAME : AXIS BANK

CREDIT TYPE : Total Bank Facilities

BANKER'S REPORT:

The Company deals with the Axis Bank since 2005.

The Company enjoys the following credit facilities from the bank as on 21st January 2010.

(INR in Thousand)

Nature of Facility	Amount Sanctioned	Amount Disbursed
Fund Based		
Cash Credit / Working Capital Demand Loan	250,000	81,732
Non-Fund Based	1,850,000	860,913
Total	2,100,000	942,645

BANK

NAME : BARCLAYS BANK

CREDIT TYPE : Total Bank Facilities

BANKER'S REPORT:

The Company deals with the Barclays Bank since 2008.

The Company enjoys the following credit facilities from the bank as on 18th January 2010.

(INR in Thousand)

Nature of Facility	Amount Sanctioned	Amount Disbursed
Fund Based		
Cash Credit / Working Capital Demand Loan	200,000	200,000
Non-Fund Based	500,000	139,748
Total	700,000	339,748



ISO CERTIFICATION

- ✓ The company has been awarded ISO 9001 : 2008 certification by TUV NORD CERT GmbH for Design, Engineering, Project Management, Supply, Construction and Commissioning of Power Plants, Process & Metallurgical Plants, Water & Waste Water Treatment Plants and Pipe Rehabilitation Projects..

HEAD OFFICE LOCATION DETAILS

SIZE OF PREMISE : 2.10 Acres
PREMISES USED AS : Administrative office

PREVIOUS ADDRESS

FORMER REGISTERED OFFICE ADDRESS

304/305, Anna Salai, 6th Floor
Guna Building, Teynampet
Chennai - 600018
Tamilnadu
India

Date of Change : 26th May 2001

6th Floor, Mookambika Complex, No. 4
Lady Desika Road, Mylapore
Chennai - 600004
Tamilnadu
India

Date of Change : 18th January 2003

4th Floor, Mookambika Complex, No. 4
Lady Desika Road, Mylapore
Chennai - 600004
Tamilnadu
India

Date of Change : 10th September 2007

**BRANCH DETAILS**

D&B D-U-N-S® Number	Address	City	Pin code	State and Country	Location Type
65-040-1198	104/1A, Sarat Bose Road	Kolkata	700026	West Bengal India	Divisional office
65-040-1180	D – 120, Basement, Defence Colony	New Delhi	110024	Delhi, India	Branch office
65-040-1156	Number 31/ A12, North Phase II, Sidco Industrial Estate, Ambattur	Chennai	600098	Tamil Nadu, India	Factory
65-040-1164	R. S. Number 4/4. Trirubhuvani, R. S. Number 95/3, Sanyasikuppam Village, Mannadipet Commune Panchayat	Pondicherry	605107	Puducherry, India	Factory

**SUBSIDIARIES**

D&B D-U-N-S® Number	Name of the Subsidiary	Legal Status	Address	City	Pin Code	State and Country	% Held
67-582-8916	Hamon Shriram Cottrell Private Limited	Private Limited Company	48 - 50, Surve Industrial Premises, Sonawala Cross Road, No. 1, Goregaon (East)	Mumbai	400063	Maharashtra , India	50% + 1 Share
65-040-1230	Shriram SEPL Composites Private Limited	Private Limited Company	No. 9, Vanagara m Road, Ayanamb akkam	Chennai	600095	Tamil Nadu, India	50% + 1 Share
59-514-1246	Shriram EPC (Singapore) Pte. Limited	Private Limited Company	17, Phillips Street, Number 05-01, Grand Building	Singapore	048695	Singapore	100%

JOINT VENTURES

- ✓ Hamon Shriram Cottrell Private Limited
- ✓ Leitner Shriram Manufacturing Limited



AFFILIATES

D&B D-U-N-S® Number: 65-034-9223

Leitner Shriram Manufacturing Limited

D-17, SIPCOT Industrial Complex
Gummidipoondi – 601201
District - Thiruvallur
Tamil Nadu
India

% of shares owned : 49%

D&B D-U-N-S® Number: 67-594-6012

Ennore Coke Limited

Number 36, College Road
Nungambakkam
Chennai – 600006
Tamil Nadu
India

% of shares owned : 31.74%

D&B D-U-N-S® Number: 65-039-8188

Orient Green Power Company Limited

No. 9, Vanagaram Road
Ayanambakkam
Chennai – 600095
Tamil Nadu
India

% of shares owned : 50%



D&B D-U-N-S® Number: 65-032-1248

Shriram Industrial Holdings Private Limited

123, Angappa
Naicken Street
Chennai – 600001
Tamil Nadu
India

Share held by them in the Company : 30.88%

GROUP ENTITIES

Name of Entity	Legal Structure	Line of Business	Key Financials as on 31 st March 2009				
			(INR in Thousand)			Total Debt Equity Ratio	Return on Networth (%)
			Sales / Income	Profit after Tax	Networth		
Leitner Shriram Manufacturing Limited	Public Limited Company	Manufacture of Mega Watt Wind Turbine Generators	499,686	(14,500)	510,071	1.63	(2.84)
Ennore Coke Limited	Public Limited Company	Manufacture of Coke from Coal	1,010,507	782	347,914	2.52	0.22
Shriram SEPL Composites Private Limited	Private Limited Company	Manufacture of GRP Pipes	12,478	(1,887)	100,000	0.78	(1.89)



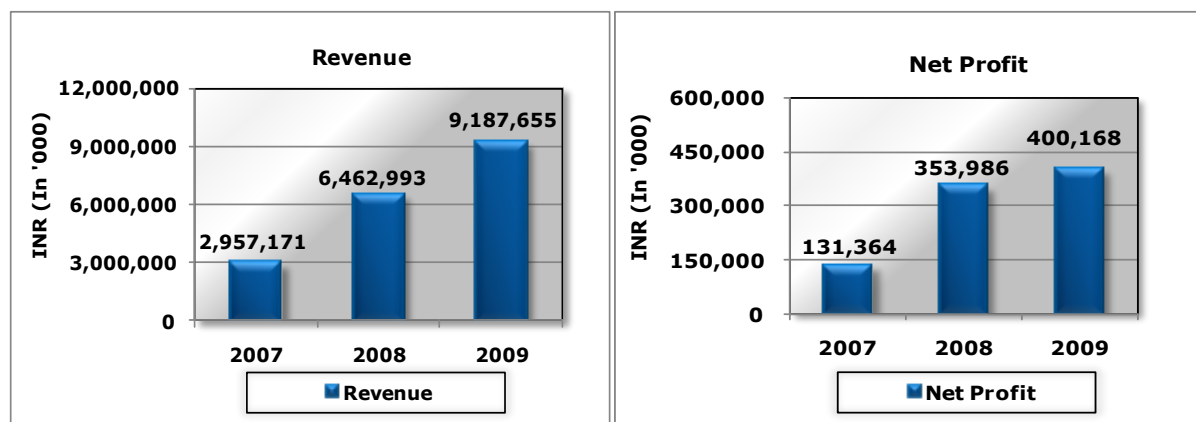
CERTIFICATES / AWARDS

- ✓ The company has received certification by DEWI - OCC for designing and manufacturing of 250 KW wind turbine in August 2006.
- ✓ The company has been awarded ISO 9001 : 2008 certification by TUV NORD CERT GmbH for Design, Engineering, Project Management, Supply, Construction and Commissioning of Power Plants, Process & Metallurgical Plants, Water & Waste Water Treatment Plants and Pipe Rehabilitation Projects



FINANCIAL ANALYSIS

➤ Revenue and Net Profit



The Company is primarily engaged in the business of Engineering, Procurement and Construction (EPC) of projects offering turnkey solution from conceptualization to commissioning

Revenue Bifurcation

(INR in Thousand)

Particulars	FY 2007	FY 2008	FY 2009
Revenue from EPC contracts	2,291,422	5,208,930	8,684,652
Revenue from Wind Turbine Generators (WTG) Division	665,184	1,253,029	503,003
Revenue from Annual Maintenance contracts (AMC)	565	1,034	-
Total Revenue	2,957,171	6,462,993	9,187,655

Revenue from EPC contracts constituted a major portion of total revenue during the period under review.



Revenue

FY 2008

Revenue growth of the Company for FY 2008 was 118.55%. This can be attributed to the following reasons:

- ✓ Revenue from EPC contracts increased by 127.32% and accounted for 80.60% of the total revenue. The increase was mainly due to a rise in revenue from process and metallurgy and municipal services.
- ✓ Revenue from WTG division increased by 88.37% as a result of higher number of turbines sold during the year.
- ✓ The Company also earned revenue from annual maintenance contracts though the same contributed a minor proportion to the revenue.
- ✓ The Company received various orders like contract of a coal gasification project from Jindal Steel and Power Limited, order from Delhi Jal Board for pipe rehabilitation, etc in FY 2008.

FY 2009

- ✓ Revenue growth of the Company for FY 2009 was 42.16% despite of lower revenue from WTG division and absence of revenue from annual maintenance contracts on account of an increase in Revenue from EPC contracts by 66.73 %. Revenue from EPC accounted for 94.53% of the total revenue. The increase was mainly due to a rise in revenue from process and metallurgy and municipal services.

Net Profit

FY 2008

Net profit growth of the Company for FY 2008 was 169.47% despite of an increase in the cost of raw material consumed by 123%, increase in depreciation by 103.72%. Increase in bank and other financial charges by 249% and increase in Interest expenses by 248.99% on account of the following reasons:

- ✓ Increase in revenue by 118.55%.
- ✓ Marginal increase in gross profit margin mainly on account of decline in other direct expenditure as a percentage of revenue mainly due to the decrease in the infrastructure development charges payable to electricity board during the year both in absolute terms and as a percentage of revenue. According to the management, earlier these charges were borne by the Company. But on account of the contracts allotted to the subcontractors on turnkey basis, the expenses were borne by the subcontractors in FY 2008.

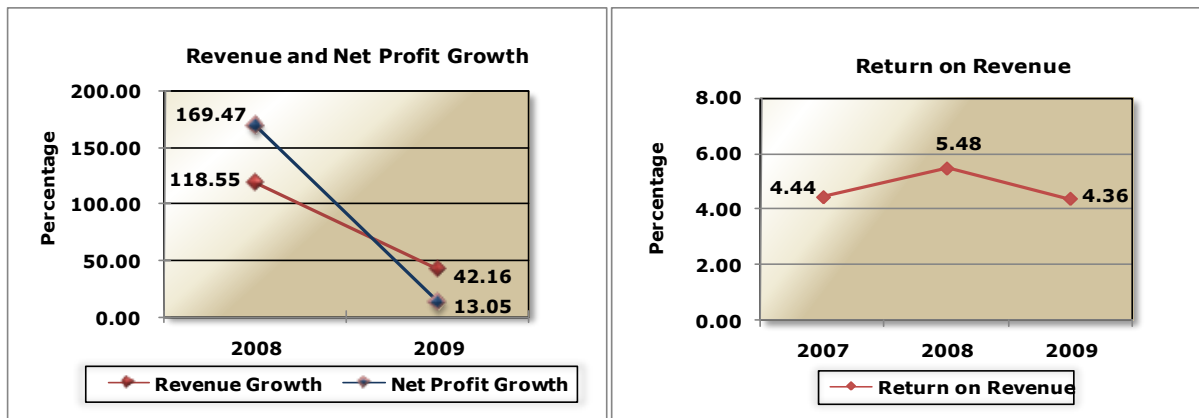


- ✓ Decrease in employee cost as a percentage of revenue from 3.45% in FY 2007 to 2.72% in FY 2008.
- ✓ Decline in general and administrative expenses as a percentage of revenue mainly on account of decline in travelling and conveyance expenses as percentage of revenue.
- ✓ Decline in selling and distribution expenses mainly on account of decline in advertising and marketing expenses and business promotion expenses by 45.02% and 3.68%.

FY 2009

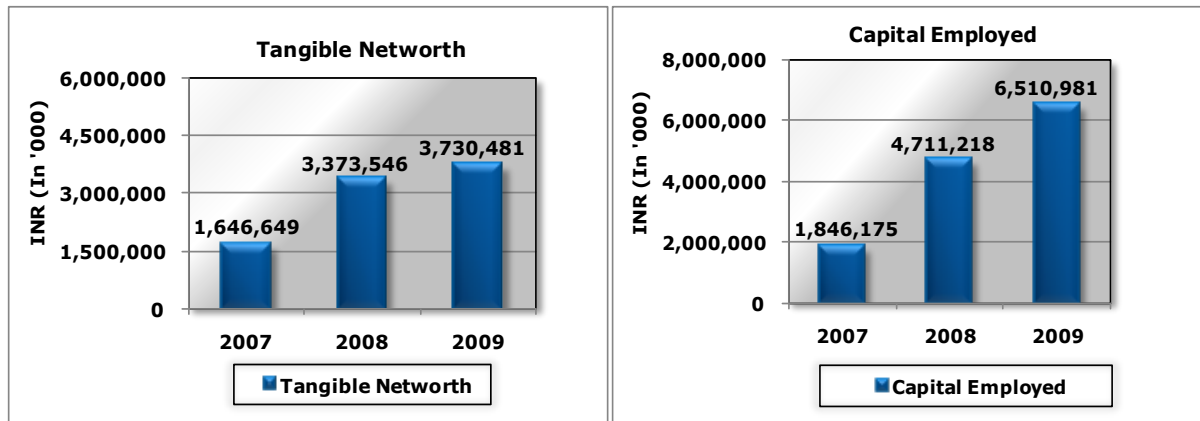
Net profit growth of the Company for FY 2009 was 13.05% in FY 2009 despite of an increase in the cost of raw material consumed from 74.60% in FY 2008 to 78.40% in FY 2009 and increase in depreciation by 126.09% on account the following reasons:

- ✓ Increase in revenue by 42.16%.
- ✓ Sharp increase in other operating income comprising of income from sale of power by 4,291.30% in absolute terms. It increased due to additional income received from the wind mills installed in FY 2008.
- ✓ Decline in selling and distribution expenses mainly on account of decline in advertising and marketing expenses and business promotion expenses by 31.55% and 85.61%.
- ✓ Decline in provision for bad debt by 39.18% in absolute terms
- ✓ Increase in other non operating income by 57.60% mainly on account of substantial increase in miscellaneous income and profit earned on foreign exchange transaction. Miscellaneous income comprises of share of employee stock option expenses received from subsidiary companies, management fee and other income received from Kolkata projects. The company earned a profit of INR 1,066 thousand on foreign exchange transaction.
- ✓ Decline in interest cost by 22.90%.





➤ **Tangible Network and Capital Employed**



Tangible network includes equity capital, reserves and surplus less intangible assets, miscellaneous expenditure and accumulated losses, if any.

Tangible network increased in FY 2008 mainly on account of

- ✓ 100% retention of profit.
- ✓ Issue of 5,000,000 equity shares of INR 10 each at a premium of INR 290 per share in FY 2008 through IPO.
- ✓ The Company raised INR 1,500,000 thousand from IPO in FY 2008 which was utilized for the following:

Particulars	Amount in INR Thousand
	Actual utilisation
Investment on Subsidiary - Shriram Leitwind Limited	83,190
Investment in Associates:-	
Leitner Shriram Manufacturing Limited	190,240
Orient Green Power Company Limited	400,000
Expenditures towards purchase of capital equipment for pipe rehabilitation projects	115
General corporate purposes	149,182
Issue related expenses	162,689
Total	985,416

The Balance amount of INR 514,584 was utilized in FY 2009 for funding the working capital requirements of the Company.



Tangible network increased in FY 2009 mainly on account of

- ✓ 84.79% retention of profit.

Capital employed comprises of tangible network and total debt. Capital employed increased in FY 2008 on account of

- ✓ Increase in both tangible network and total debt. Total debt increased in FY 2008 due to a significant increase in term loans availed from banks and financial institutions for erecting wind mills.

Capital employed further increased in FY 2009 mainly on account of

- ✓ Increase in both tangible network and total debt. Total debt increased in FY 2009 due to a significant increase in secured loans availed from banks for funding the working capital requirement of the Company.

Composition of Sources of Funds

(In Percentage)

Particulars	2007	2008	2009
Tangible Network	89.19	71.61	57.30
Total Debt	10.81	28.39	42.70
Capital Employed	100.00	100.00	100.00

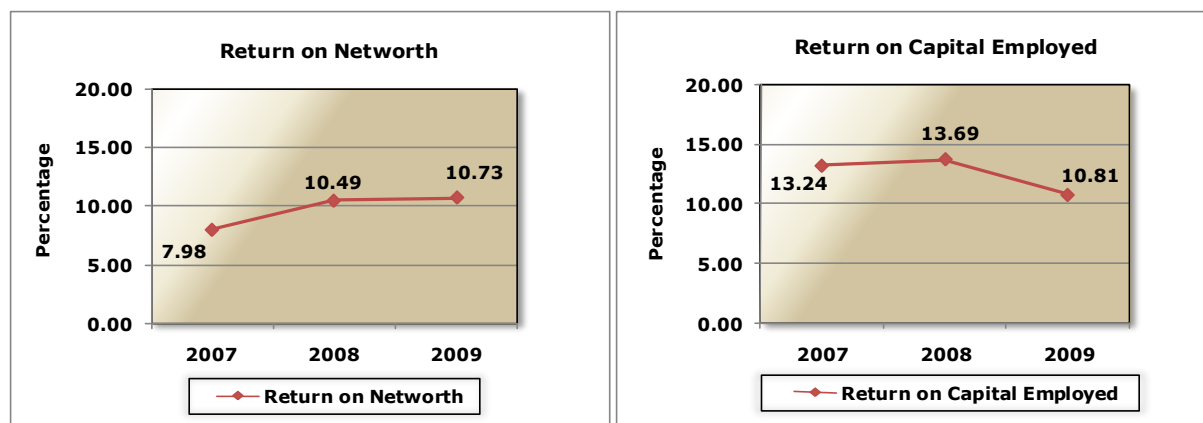
Composition of Borrowed Funds

(In Percentage)

Particulars	2007	2008	2009
Short Term Loans	98.69	24.28	47.28
Long Term Loans	1.31	75.72	52.72
Total Debt	100.00	100.00	100.00



➤ **Return on Network and Return on Capital Employed**



Return on network increased in FY 2008 on account of significant increase in net profit. It further increased marginally in FY 2009 as the growth in net profit was more than the increase in tangible network.

(In Percentage)

Particulars	2008	2009
Growth in Net Profit	169.47	13.05
Increase in Tangible Network	104.87	10.58

Return on capital employed increased in FY 2008 due to a significant increase in Earnings before Interest and Tax (EBIT). It declined in FY 2009 as the increase in capital employed was more than the increase in EBIT.

(In Percentage)

Particulars	2008	2009
Growth in EBIT	163.95	9.14
Increase in Capital Employed	155.19	38.20

(In Percentage)

Particulars	2008	2009
Return on Average Tangible Network	14.10	11.27
Return on Average Capital Employed	19.68	12.55

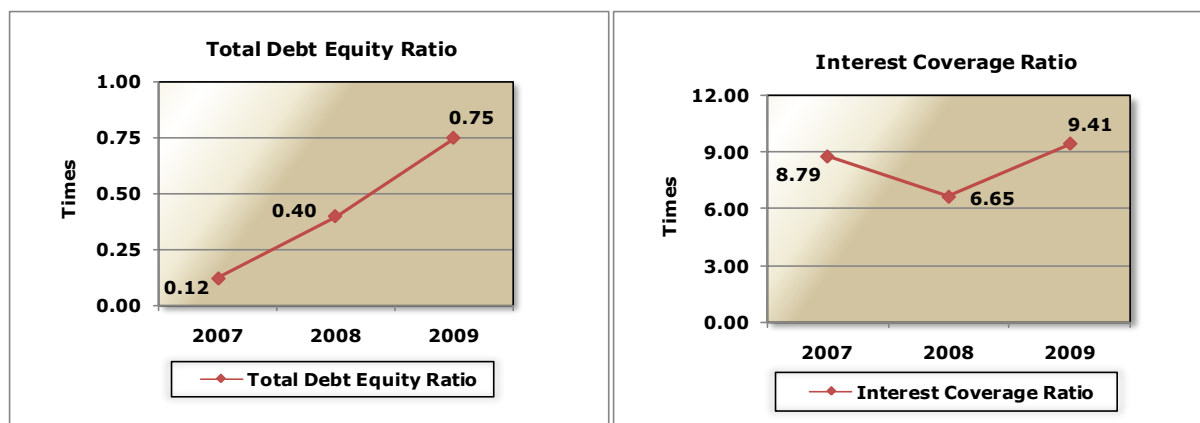


(INR in Thousand)

Particulars	2007	2008	2009
Interest Expenses (INR in Thousand)	27,815	97,072	74,844
Average Total Debt (INR in Thousand)	-	768,599	2,059,086
Average Cost of Borrowed Funds (%)	-	12.63	3.63
Return on Average Capital Employed (%)	-	19.68	12.55



➤ **Total Debt Equity Ratio and Interest Coverage Ratio**



Total debt equity ratio is calculated as total debt divided by tangible network.

Total debts increased in FY 2008 and FY 2009 due to an increase in secured loans availed from banks and financial institutions

(In Percentage)

Particulars	FY 2008	FY 2009
Increase in Total Debt	570.42	107.86
Increase in Tangible Network	104.87	10.58

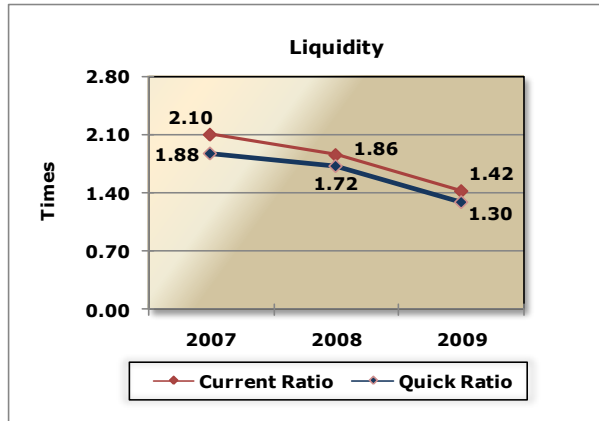
Interest coverage ratio declined in FY 2008 due to a significant increase in interest expense. However, it increased in FY 2009 on account of decline in interest expense coupled with increase in EBIT.

(In Percentage)

Particulars	FY 2008	FY 2009
Growth in EBIT	163.95	9.14
Increase / (Decline) in Interest Expenses	248.99	-22.90



➤ **Liquidity Ratios**



Short term liquidity position of the Company is indicated by current ratio and quick ratio.

Current ratio showed a decreasing trend during the period under study. The current liabilities decreased due to a significant increase in accounts payable in both FY 2008 and FY 2009.

Quick ratio also depicted a declining trend during the period under study.

Composition of Current Assets

(In Percentage)

Particulars	FY 2007	FY 2008	FY 2009
Accounts Receivable	51.88	47.92	55.38
Other Loans and Advance	24.62	18.15	23.65
Inventory	10.52	7.41	8.81
Cash and Bank	10.30	21.83	3.88
Due from Subsidiaries	-	0.60	4.03
Other Current Assets	2.68	4.09	4.25
Total Current Assets	100.00	100.00	100.00

Accounts receivable constituted a major portion of current assets during the period under study. Other current assets comprised mainly of tax deducted at source & advance tax and other deposits.

**Composition of Current Liabilities**

(In Percentage)

Particulars	2007	2008	2009
Accounts Payable	49.93	43.55	65.02
Bank Loan	15.81	4.07	18.99
Provision for Income Tax	6.55	6.54	5.75
Due to Customers	23.49	37.28	5.36
Other Current liabilities	4.22	8.56	4.88
Total	100.00	100.00	100.00

Accounts payable constituted a major portion of current liabilities during FY 2009. Other current liabilities comprised mainly of due to subsidiaries, provision for dividend and provision for retirement benefits.

**SWOT**

STRENGTH**✓ Group Support**

The Company is a part of Shriram Group, headquartered in Chennai, India. The Group, established in the 1970s, is a financial services network in India having substantial interest in truck and consumer finance. The Group has diversified into insurance, pharmaceuticals, automobile components, software, property development and project engineering. In case of any adverse event the Company has back-up to overcome any unforeseen contingencies.

✓ Technical alliances with international companies

The Company has technological agreements with various companies like Chevalier Pipe technology (CPT), Angerlehner, Waterbury Farrel Technologies Inc. etc. These alliances enable the Company to make use of technologies and expertise developed by its partners.

✓ Diversified product profile and end-user industry

The Company has a diversified product profile with EPC services offered to metallurgical and process plants, biomass-based power plants, water and wastewater treatment plants; water and sewer infrastructure and pipe rehabilitation projects. It caters to the customers in industries like iron and steel, cement, aluminium, copper and thermal power plants. This reduces the Company's risk of dependence on any particular industry for generating sales.

✓ Experienced and qualified management

The Company is controlled and managed by qualified management with average experience of more than 12 years.

✓ Reputed clientele

The Company deals with clients like Steel Authority of India Limited, Grasim Industries Limited, Tata Steel Limited, Vedanta Aluminum Limited, Bharat Heavy Electricals Limited, The Madras Aluminum Company Limited which are well reputed in their respective fields.

✓ Low external debt

Shriram EPC had relatively low total debt equity ratio of 0.75 in FY 2009, indicating less reliance on external funds.



WEAKNESS

✓ **High collection period**

The collection period of the Company was relatively high during the period under review viz 167 days, 176 days and 196 days in FY 2007, FY 2008 and FY 2009 respectively. High collection period was the prime reason that resulted in negative cash from operations in FY 2007 and FY 2009.

✓ **High payable days may prompt the suppliers to adopt stricter credit terms in future**

As against the Management policy of 90 days credit, the account payable days of the Company was high during the period under study. It significantly increased to 219 days in FY 2009.

✓ **Low operating margin**

The Company's operating margin is low during the period under study. It was only around 7% in FY 2009.

OPPORTUNITIES

✓ **Driver for domestic demand**

Demand for power and energy will continue to rise due to rapid increase in industrialization and rising population. This would result in the growth of the power plants industry. India being fast growing emerging economy with huge domestic demand for Infrastructure there is huge potential for the company's products & services. Further the Government emphasize on Urban infrastructure schemes like JNRUM etc., provides good opportunity to the Company.

✓ **Opportunities to explore other international market**

The Company plans to increase the contribution of export revenue as a percentage of total sales by exploring other international market. With the vast experience in the engineering sector, the Company is well equipped to undertake contracts in other developing countries.

✓ **Growth potential in power sector**

The government has revised its target of power capacity addition to 92,700 MW in the 11th Five Year Plan (2007-12), from the earlier estimate of 78,577 MW (as of June 2007) to sustain the growth momentum of the economy. Further, according to Planning Commission estimates, renewable energy (RE) projects worth US\$ 16.50 billion, for the generation of 15,000 MW power, would come up in the 11th Plan. The Company is engaged in the design, engineering, construction, and erection & commissioning of biomass power plants and co-generation power plants. Thus opportunity in power sector would help increasing the top line of the Company.



THREATS

✓ **Competition**

Shriram EPC faces competition from players like Alstom projects India Limited, Larsen and Toubro Limited, Nixon engineering Services Limited, etc. As informed by the management, the Company has an upper edge over its competitors on account of its technological arrangements.

✓ **Dependency on government policies**

The decrease in / elimination of government tax incentives like accelerated depreciation allowance, tax holiday for new projects relating to renewable energy may have an adverse impact on the revenue from renewable energy segment of the Company.

**ANNEXURE I - CORPORATE DIRECTORS**

Name	: Thyagarajan Shivaraman
Address	: 12, Besant Road (Off Lloyds Road), Royapettah Chennai – 600014 Tamil Nadu India
Year of Birth	: 1966
Directors Identification Number	: 01312018
Current Title	: Managing Director and Chief Executive Officer
Started with Subject	: 2000
Appointed to Present Position	: 10 th September 2007
Education	: Bachelor of Chemical Engineering from Indian Institute of Technology, Madras Master of Science (M. S.) from Indian Institute of Technology, Madras
Related Experience Since	: 1989
Active in daily operations	: Yes

Name	: Mohammed Amjad Shariff
Address	: 8/38, I Block 10 th Street, Anna Nagar (East) Chennai – 600102 Tamil Nadu India
Year of Birth	: 1956
Directors Identification Number	: 00009562
Current Title	: Joint Managing Director
Started with Subject	: 2000
Appointed to Present Position	: 10 th September 2007
Education	: Master of Chemical Engineering
Related Experience Since	: 1985
Active in daily operations	: Yes



Name	: Vathsala Ranganathan
Address	: 15, Sarangapani Street T. Nagar Chennai – 600017 Tamil Nadu India
Year of Birth	: 1953
Directors Identification Number	: 00006028
Current Title	: Director
Started with Subject	: 2000
Appointed to Present Position	: 23 rd March 2006
Education	: Post-Graduation in Economics
Related Experience Since	: 1988
Active in daily operations	: No
Founder of the Subject	

Name	: Srirangam Rangaswamy Ramakrishnan
Address	: 1005, Nanda Block Kaushambi Apartments, Sahibabad Ghaziabad – 201010 Uttar Pradesh India
Year of Birth	: 1936
Directors Identification Number	: 00015839
Current Title	: Director
Started with Subject	: 2005
Appointed to Present Position	: 14th May, 2005
Education	: Bachelor of Mechanical Engineering
Related Experience Since	: 1958
Active in daily operations	: No



Name	: Arun Duggal
Address	: A-4, West End New Delhi – 110021 Delhi India
Year of Birth	: 1947
Directors Identification Number	: 24262
Current Title	: Chairman
Started with Subject	: 2007
Appointed to Present Position	: 20th September 2007
Education	: Bachelor of Mechanical Engineering Master of Business Administration
Related Experience Since	: 1982
Active in daily operations	: No

Name	: Rangachary Nambi Iyengar
Address	: C - 101, B Wing Rns Santhi Nivas Near Rns Motors Bangalore Tumkur Road Bangalore – 560022 Karnataka India
Year of Birth	: 1938
Directors Identification Number	: 00054437
Current Title	: Director
Started with Subject	: 2009
Appointed to Present Position	: 25th May 2009
Education	: Member of Institute of Chartered Accountants of India Member of Institute of Company Secretaries of India Member of Institute of Cost and Works Accountants of India
Related Experience Since	: 2000
Active in daily operations	: No



Name	: Robin Chandra
Address	: 555, Bryant Street Apartment number 310, Palo Alto California – 94301 United States
Year of Birth	: 1967
Directors Identification Number	: 00396361
Current Title	: Director
Started with Subject	: 2006
Appointed to Present Position	: 31st March 2006
Education	: Bachelor of Arts Master of Business Administration
Related Experience Since	: 1996
Active in daily operations	: No

Name	: Rangaswamy Sundararajan
Address	: 30/A, Davis Road Cooke Town Bangalore – 560084 Karnataka India
Year of Birth	: 1949
Directors Identification Number	: 00498404
Current Title	: Director
Started with Subject	: 2005
Appointed to Present Position	: 22nd October 2005
Education	: Bachelor of Mechanical Engineering Master of Business Administration Associate of the Insurance Institute of India Chartered Engineer
Related Experience Since	: 1977
Active in daily operations	: No



Name	: Kalavakolanu Madhava Sarma
Address	: Ab 50 (New No.4, Second Street, Ab Block) Anna Nagar Chennai – 600040 Tamil Nadu India
Year of Birth	: 1938
Directors Identification Number	: 00518521
Current Title	: Director
Started with Subject	: 2006
Appointed to Present Position	: 11th July 2006
Education	: Post Graduate degree in Mathematics Post Graduate in Statistics from Indian Statistical Institute
Related Experience Since	: 1997
Active in daily operations	: No

Name	: Sunil Varma
Address	: 104 Aradhana Apartments R.K.Puram, Sec-13 New Delhi – 110066 Delhi India
Year of Birth	: 1943
Directors Identification Number	: 01020611
Current Title	: Director
Started with Subject	: 2008
Appointed to Present Position	: 16th May 2008
Education	: Member of the Institute of Chartered Accountants of India Member of All India Cost and Management Accountant Society
Related Experience Since	: 1973
Active in daily operations	: No



Name	: Sunil Kolagara
Address	: Number A 301, Kumaradhara National Games Village, Koramangala, Bangalore 560047, Karnataka, India.
Year of Birth	: 1966
Directors Identification Number	: 00022480
E-Mail ID	: sunil@utiventurefunds.com; sunil@utiventures.com sunil@ascentcapital.in
Current Title	: Director – Nominee of UTI Venture Funds Management Company Private Limited
Started with Subject	: 2010
Appointed to Present Position	: 18th January, 2010
Education	: B. Tech – IIT Chennai Master of Business Administration IIM (Ahmedabad)
Related Experience Since	: 2010
Active in daily operations	: No

Name	: Subramanian Krishnamurthy
Address	: C/39, Ashtalakshmi Apartments 59, Anundale Beach Road Beseant Nagar Chennai – 600090 Tamil Nadu India
Year of Birth	: 1939
Directors Identification Number	: 00140414
Current Title	: Additional Director
Started with Subject	: 2009
Appointed to Present Position	: 22nd December, 2009
Education	: Bachelor of Arts in Mathematics and Economics, Master in Labour Management, Diploma in Industrial Relations & Personnel Management, Associate of the Indian Institute of Bankers
Related Experience Since	: 2000
Active in daily operations	: No



ANNEXURE II - FINANCIAL STATEMENTS

Fiscal Balance Sheet as on 31st March 2009(INR in Thousand)			
Cash and Bank	345,282	Accounts Payable	4,068,755
Inventory	782,967	Bank Loans	1,188,603
Deposit-Short Term	22,639	Due to Customers	335,589
Accounts Receivable	4,921,776	Provision for Income Tax	359,584
Loans and Advances	2,101,532	Provisions	19,508
Interest Receivable	570	Provision for Dividend	60,860
Tax Deducted at Source and Advance Tax	340,050	Due from Subsidiaries	126,113
Due from Subsidiaries	357,798	Other Current Liabilities	98,858
Balance with Customs, Port Trust and Excise Authorities	15,061		
Total Current Assets	8,887,675	Total Current Liabilities	6,257,870
Land and Buildings	37,659	Loans Secured	499,946
Plant and Equipment	848,532	Bank Loans	954,430
Transportation Vehicles	22,037	Loans Hire Purchase	11,408
Furniture, Fixtures and Fittings	4,853	Deferred Taxation	154,280
Office Equipments	5,722		
Computers	23,904	Total Non-Current Liabilities	1,620,064
Leasehold Improvements	22,557		
Assets in Construction	35,354	Capital	433,489
		Employee Stock Option	23,872
Total Fixed Assets	1,000,618	Capital Reserve	1,292
		General Reserve	10,010
Investments in Subsidiaries	1,174,622	Share Premium	2,414,941
Quoted Shares	96,532	Retained Earnings	911,782
Unquoted Shares	448,968		
Total Investments	1,720,122		
Technical Knowhow	64,905		
Total Intangibles	64,905	Total Equity	3,795,386
TOTAL ASSETS	11,673,320	TOTAL LIABILITIES AND EQUITY	11,673,320



Profit and Loss Account (INR in Thousand)			
For the year ended	31-Mar-07	31-Mar-08	31-Mar-09
Number of months	12	12	12
	Fiscal	Fiscal	Fiscal
Revenue	2,957,171	6,462,993	9,187,655
Less: Cost of Revenue	-2,473,335	-5,269,351	-7,739,987
Gross Profit	483,836	1,193,642	1,447,668
Other Operating Income	-	184	8,080
General Operating Expenses	-250,212	-453,955	-598,810
Depreciation	-13,682	-27,873	-63,019
Net Operating Profit after Depreciation and before Interest	219,942	711,998	793,919
Other Non-Operating Income	51,870	28,742	45,298
Total Finance Expenses	-55,199	-192,650	-209,906
Net Profit before Tax	216,613	548,090	629,311
Income Tax	-85,249	-194,104	-229,143
Net Profit after Tax	131,364	353,986	400,168
Less: Dividends	-	-	-60,860
Less: Transfer to Reserves	-	-	-10,010
Plus Retained Earnings B/F	97,134	228,498	582,484
Retained Earnings C/F	228,498	582,484	911,782

The accounts are audited by Deloitte Haskins & Sells



Contingent Liabilities as on 31st March 2009:

(INR in Thousand)

Particulars		Outstanding as on 31 st March 2009
Letter of Guarantee issued by the banks		1,681,223
Letter of Credit issued by the banks		1,737,947
Bills Discounted		183,372
Corporate Guarantees issued		919,250
Claims against the Company not acknowledged as debts		91,070
Disputed Income Tax demands contested in appeals not provided for		
Assessment Year	Appeal Pending Before	
2000-01	Appellate Tribunal	5,594
2001-02	Appellate Tribunal	2,159
2002-03	Appellate Tribunal	5,190
2003-04	Appellate Tribunal	16,325
2004-05	Commissioner of Income Tax (Appeals)	3,058
2005-06	Commissioner of Income Tax (Appeals)	34,053
2006-07	Commissioner of Income Tax (Appeals)	31,895
Total		4,711,136



KEY RATIOS			
	2007	2008	2009
GROWTH TREND			
Revenue Growth (%)	-	118.55	42.16
Net Profit Growth (%)	-	169.47	13.05
LIQUIDITY			
Quick Ratio (Times)	1.88	1.72	1.30
Current Ratio (Times)	2.10	1.86	1.42
SOLVENCY			
Interest Coverage Ratio (Times)	8.79	6.65	9.41
Current Liabilities to Inventory (%)	452.73	724.64	799.25
Current Liabilities to Networth (%)	75.63	103.40	167.75
LEVERAGE			
Total Debt Equity Ratio (Times)	0.12	0.40	0.75
Total Liabilities to Networth (%)	76.33	135.11	211.18
Fixed Assets to Networth (%)	7.11	12.65	26.82
EFFICIENCY			
Collection Period (Days)	167	176	196
Revenue to Inventory (Times)	10.75	13.43	11.73
Assets to Sales (%)	98.19	122.72	126.35
Revenue to Net Working Capital (Times)	2.16	2.15	3.49
Account Payable Days	100	110	219
PROFITABILITY			
Gross Profit Margin (%)	16.36	18.47	15.76
Operating Profit Margin (%)	6.51	9.54	7.17
Return on Revenue (%)	4.44	5.48	4.36
Return on Assets (%)	4.52	4.46	3.45
Return on Networth (%)	7.98	10.49	10.73
Return on Capital Employed (%)	13.24	13.69	10.81



CURRENCY: All amounts in this report are in local currency unless otherwise stated.

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