



**SEPC**

Engineering the Future

**SEPC Limited**

(formerly Shriram EPC Limited)

*Twenty first Annual Report 2020-21*

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

## CHIEF FINANCIAL OFFICER

### Compliance Officer(interim)

Mr. R.S. Chandrasekharan

## VICE PRESIDENT & COMPANY SECRETARY

Mr. K. Suresh (Resigned w.e.f. 04. 06.2021)

## AUDITORS

MSKA & Associates, Chartered Accountants

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

## BANKERS

Punjab National Bank

Central Bank of India

Axis Bank Limited

IDBI Bank Limited

State Bank of India

The South Indian Bank Ltd

ICICI Bank limited

Indian Bank

Bank Of Maharashtra

Bank Of India

Indusind Bank Limited

DBS Bank Limited (e-Lakshmi Vilas Bank)

Union Bank of India

Federal Bank Limited

Yes Bank Limited

Bank of Baroda

IFCI Factors

## REGISTERED OFFICE

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



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## Chairman's Message

Date : 13.08.2021

Dear Shareholders,

During the year under review, the Construction and Engineering sector, which was already facing multiple challenges from lack of capital and credit avenues to challenges from client financial situations and regulatory burden, is now marred by the Covid 19 pandemic, with no early relief in sight.

The Indian economy has been hit hard by the ongoing Coronavirus pandemic-driven global crisis. With the things improving end of 2020, the 2<sup>nd</sup> wave of the COVID has also throttled the progress of completion of projects. There are, primarily, two major challenges that the Indian economy is facing at this juncture. Primary concern is to save the spread of Coronavirus (COVID-19), which is a health emergency. Secondly, to save the economy from the unfolding economic uncertainty due to the dual effects of the Coronavirus pandemic and the national lockdown.

The Government initiatives are quite robust in terms of providing impetus to infrastructure. However, the economic package has not addressed short and long term demand concerns, which may in turn pull down the economy even more.

The slowdown has also significantly impacted revenue to the states which in turn has impacted cashflows to contractors.

The outlook in the next couple of years is extremely challenging with the overall economic scenario globally and in India and with the tight cash flows.

The past year performance by the Company has been primarily due to the progress in the execution and completion of the overseas project at Sohar and Basra as well as water projects in India.

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				
	2011-12	2012-13 (15 months)	2013-14 (9 months)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Sales	1,382.20	1,705.13	495.09	547.60	547.66	519.69	615.04	740.66	681.05	531.93
Other Income	25.69	60.35	26.78	11.03	113.03	87.83	105.33	74.27	48.18	21.31
Interest	196.87	410.94	190.75	190.87	271.73	297.59	103.51	95.45	98.80	106.56
Profit/(Loss) before taxation	39.13	(305.13)	(425.44)	(252.62)	(244.03)	(226.39)	24.26	28.62	(80.99)	(182.89)
Profit/(loss) after taxation	25.51	(262.86)	(439.37)	(252.85)	(244.03)	(150.92)	10.76	28.62	(80.99)	(182.89)

Balance Sheet	As per IGAAP					As per IND AS				
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Fixed Assets (Net)	126.25	53.86	69.84	70.41	55.21	6,087.37	5,579.13	5,378.42	49.28	44.04
Investments (Current and Non current)	289.82	244.33	45.49	45.49	5.42	1.3345	1.31	1.12	1.02	1.04
Net Deferred Tax	(30.73)	13.93	-	-	414.26	489.74	476.24	476.24	476.24	476.24
Net Assets (Current and Non Current)	1,517.50	2,147.97	2,299.58	2,551.98	2,128.43	1,985.41	1,793.44	2,007.32	1,888.06	2,271.47
Share Capital	44.34	44.36	344.36	386.36	330.63	936.97	971.53	971.53	971.53	971.53
Other Equity	463.14	200.30	(239.07)	(324.38)	(403.77)	191.67	257.79	286.55	205.67	22.98
Loan Funds	1,793.50	1,559.74	1,724.20	2,121.42	1,878.88	836.19	793.28	632.60	658.32	789.12

# Notice of Twenty First Annual General Meeting

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of the Company will be held at 10.00 A.M on Tuesday, the 28<sup>th</sup> September, 2021 through Video Conferencing/ Other Audio Visual Means ("VC/OAVM") facility to transact the following business:

## ORDINARY BUSINESS:

- To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2021 including audited Balance Sheet as at 31<sup>st</sup> March, 2021 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.
- 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.

## SPECIAL BUSINESS:

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

"**RESOLVED that** M/s. GSVK & Co., Cost Accountants, Firm Registration No. 002371 be and are hereby appointed as Cost Auditors of the Company in terms of Section 148(3) of the Companies Act, 2013 for the year 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.

**RESOLVED further that** the Board of Directors be and are hereby authorized severally to fix the remuneration at Rs.50000/- p.a payable to the said auditors.

**RESOLVED further that** Mr. T Shivaraman, Managing Director & CEO of the Company be and is hereby authorized to file necessary e-Forms, if any, with Registrar of Companies, Tamilnadu, Chennai."

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

**RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 under

Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and the Equity Listing Agreement entered with the Stock Exchanges, Regulation 23 of SEBI(LODR) Regulations, 2015 governing the Related Party Transaction and such other rule as may be applicable and amended from time to time, consent of the members of the Company be and is hereby accorded for the following proposed Related Party Transactions with respect to rendering of services by the Company with effect from April 2021 and every year thereafter, up to the maximum per annum amounts as appended in table below provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company:

Sl No	Name of the Related party	Relationship	Maximum Value of Transactions per annum (Rs. in crores)
1	SVL Limited	Promoter Company	10.00
2	Shriram EPC FZE Sharjah	100% Subsidiary	25.00

**RESOLVED further that** the Board of Directors be and are hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution."

- Re-appointment of Mr. T Shivaraman as Managing Director & CEO

To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, including any Statutory modification or re-enactment thereof, for the time being in force, the Company in general meeting hereby approves the re-appointment of Mr. T Shivaraman as Managing Director & CEO of the Company for a period of one year with effect from 20<sup>th</sup> September 2021 on the same terms and conditions which are set out in the explanatory statement annexed to this Notice."



"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in the financial year during the aforesaid period, the Company shall pay to Mr. T Shivaraman remuneration and perquisites not exceeding the ceiling limit laid down in Section II of Part II of Schedule V of the Companies Act, 2013, as may be decided by the Board of Directors".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to vary any of the terms of remuneration in consultation with Managing Director & CEO provided such variation is in accordance with the provisions of Schedule V of the Companies Act, 2013 and/ or the provisions of law as may be applicable thereto from time to time."

6. Re-appointment of Mr. M Amjat Shariff as Joint Managing Director

To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, including any Statutory modification or re-enactment thereof, for the time being in force, the Company in

general meeting hereby approves the re-appointment of Mr. M Amjat Shariff as Joint Managing Director for period of one year with effect from 20<sup>th</sup> September 2021 on the same terms and conditions which are set out in the explanatory statement annexed to this Notice."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in the financial year during the aforesaid period, the Company shall pay to Mr. M Amjat Shariff remuneration and perquisites not exceeding the ceiling limit laid down in Section II of Part II of Schedule V of the Companies Act, 2013, as may be decided by the Board of Directors".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to vary any of the terms of remuneration in consultation with Joint Managing Director provided such variation is in accordance with the provisions of Schedule V of the Companies Act, 2013 and/ or the provisions of law as may be applicable thereto from time to time."

By Order of the Board of Directors

Chennai  
13<sup>th</sup> August, 2021

P.D. Karandikar  
Chairman

## Notes

1. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 23<sup>rd</sup> day of September, 2021 to Tuesday 28<sup>th</sup> day of September, 2021 (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 transferred the unpaid dividend of Rs, 70,465.20 for the year ended 31<sup>st</sup> March 2012. The Company has since sent letters to the shareholders by registered post for any further clarifications sought.
3. At the 17<sup>th</sup> AGM held on 24<sup>th</sup> August 2017, the Members approved the appointment of M/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 this 21<sup>st</sup> AGM.

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

### Item no.3

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. GSVK & Co., Cost Accountants, Firm Registration No. 002371. As required under the Companies Act, 2013, the remuneration of Rs.50000/- p.a. 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 appointment and remuneration payable to M/s. GSVK & Co., Cost Accountants, Firm Registration No. 002371, is included in Item 3 of the Notice convening the Annual General Meeting.

The Board commends the Resolution in Item No. 3 for approval by the Members.

### Item no.4

Pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 under Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and the Equity Listing Agreement entered with the Stock Exchanges, Regulation 23 of SEBI(LODR) Regulations, 2015 governing the Related Party Transaction and such other rule as may be applicable and amended from time to time, shall require approval of Shareholders through Ordinary Resolution to enable the Company to enter into Related Party Transactions in one or more trenches.

Section 188 of the Act and the applicable Rules framed thereunder provide that any Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial statements of the Company.

The value of proposed aggregate transactions with the below mentioned Companies is likely to exceed the said threshold limit, during the financial year 2021-22.

Accordingly, transaction(s) entered into with the below mentioned companies comes within the meaning of Related Party transaction(s) in terms of provisions of the Act, applicable Rules framed thereunder read with the Listing Regulations.

Hence, approval of the shareholders is being sought for the said Related Party Transaction(s) proposed to be entered into by your Company with the below mentioned companies for the financial year 2021-22.

The Particulars of the Related Party transactions, which are required to be stated in the Explanatory Statement, as per Rule 15 of the Companies (Meeting of Board and its Power) Rules, 2014 are as follows:

Sl No	Name of the Related party	Relationship	Maximum Value of Transactions per annum (Rs. in crores)
1	SVL Limited	Promoter Company	10.00
2	Shriram EPC FZE Sharjah	100% Subsidiary	25.00

Name of the Related Party	As per table above
Name of the Director or Key Managerial Personnel who is related, if any	Mr. T. Shivaraman may be deemed to be interested in his capacity as Director of SVL Limited and Shriram EPC FZE Sharjah.  Mr. M. Amjat Shariff may be deemed to be interested in his capacity as Manager, Shriram EPC FZE Sharjah  Mr. K S Sripathi may be deemed to be interested in his capacity as Director of Shriram EPC FZE Sharjah.
Nature of Relationship	As per table above
The nature, material terms, monetary value and particulars of the contract or arrangement	All proposed transactions are proposed to be carried out based on business requirements of the Company and shall be in ordinary course of business and at arms' length. All the transactions are for availing or rendering of services within SEPC group, details of value and material terms of which are given in table above
Any other information relevant or important for the members to take a decision on the proposed resolution	None



The above contracts / arrangements / transactions were approved by the Audit Committee at its meeting held on 13<sup>th</sup> August 2021 and recommended by the Board of Directors of the Company at the meeting held on the same date 13.8.2021.

As per Regulation 23(7) of SEBI(LODR) Regulations, 2015 all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Accordingly, all related parties of the Company, including, the Directors and Key Managerial Personnel of SEPC will not vote on this resolution.

None of the other Directors or any of the Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 4 of the Notice.

However, Mr. T. Shivaraman ,Mr. M Amjat Shariff and Mr. K S Sripathi may be deemed to be concerned in their capacity as Directors and Manager as detailed above.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

Item no. 5 & 6

The Board vide its Resolution dated 7<sup>th</sup> June 2018 had approved the re-appointments of Mr. T Shivaraman as the Managing Director & CEO and Mr. M Amjat Shariff as Joint Managing Director of the Company for a further period of 3 years from 20<sup>th</sup> September 2018 to 19<sup>th</sup> September 2021 and the shareholders had further approved the same at the Annual General meeting held on 3.8.2018.

The Board at its meeting held on 13.8.2021 approved the reappointment of Mr. T Shivaraman, Managing Director & CEO and Mr. M Amjat Shariff as Joint Managing Director for a period of 1 year effective from 20/9/2021 on the recommendation of the Nomination Remuneration Committee held on that date i.e.13<sup>th</sup> August 2021. The present reappointments for a further period of 1year will be at the same salary as recommended by the Nomination & Remuneration Committee and approved by the Board on 13.8.2021.

Gross Annual Salary (Basic Pay)

Rs. 48, 00,000 (Rupees Forty-Eight Lakhs only)

CATEGORY "A"

House Rent Allowance, Leave Travel Concession, Medical Reimbursement, fees of clubs and personal Accident Insurance as under.

- (i) Housing:  
Annual House Rent Allowance - Rs. 1200000/-
- (ii) Medical re-imburement - Rs.15000/- per annum
- (iii) Leave Travel Concession: Rs.200000/- per annum

- (iv) Club fees:  
Fees of clubs subject to a maximum of 2 clubs and amount not exceeding Rs 50,000/ p.a. This will not include admission and life membership.
- (v) Personal Accident Insurance:  
Premium not to exceed Rs.15000/- p.a.
- (vi) Contribution to Provident Fund: 12% of Basic-Rs.576000/- p.a
- (vii) Commission: 0.5% of Net profit upto a limit not exceeding Rs.20,00,000/- in a year

CATEGORY "B"

Gratuity payable Rs.154000/- per annum.

CATEGORY "C"

1. Provision for car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to MD & CEO and JMD.
2. The perquisites mentioned above are interchangeable within the overall ceiling of the Annual salary of Managing Director & CEO and JMD.

Mr. T Shivaraman is a B.Tech (Chemical Engineering) and an M.S from IIT. He started his career as a management Trainee in ICI India Ltd at their Fertilizer Plant in Kanpur. He has more 31 years' experience in plant operations and project engineering. He has been involved with the EPC Business since 1992. He is well versed in technical handling of projects, studying its viability and feasibility.

Mr. M Amjat Shariff is a Chemical Engineer with M.Tech (Chem), IIT, Chennai. He started his career as Chief Engineer and was involved in design and installation of hi-tech projects for a variety of industrial applications in the areas of fertilizer, chemical, ferrous and non-ferrous and other industries. He has over 40 years' experience in 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. He has vast experience in imparting training to professionals.

3. Where in any financial year during the currency of tenure of the Managing Director and Joint Managing Director the Company has no profits or inadequate profits, the Company would pay Mr. T Shivaraman and Mr. M Amjat Shariff, remuneration, perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule V of the Companies Act, 2013, and as would be decided by the Board of Directors.

4. The terms and conditions of remuneration may be varied from time to time by the Board as it may, in its discretion, deem fit, in consultation with Managing Director and Joint Managing Director provided such variation is in accordance with the provisions of Schedule V of the Companies Act, 2013 and/ or the provisions of law as may be applicable thereto from time to time.
5. The Managing Director and Joint Managing Director shall not be entitled to receive any fees for attending the Meetings of the Board of Directors of the Company or Committees thereof.
6. The remuneration package of Mr. T Shivaraman, Managing Director & CEO and Mr. M Amjat Shariff, Joint Managing Director and other details such as remuneration, service contract, notice period, etc. have been disclosed above. The Company does not have any scheme for grant of stock options.

The Board recommends the approval by the members of the re-appointments of Mr. T Shivaraman as the Managing Director & CEO and Mr. M Amjat Shariff, Joint Managing Director and for payment of remuneration to them.

Mr. T Shivaraman and Mr. M Amjat Shariff is concerned or interested in the said resolution set out in at item no. 5 & 6 accompanying the notice.

The above may be treated as an abstract of the terms of re-appointment & remuneration payable to Mr. T Shivaraman, as Managing Director & CEO and Mr. M Amjat Shariff, Joint Managing Director as required, pursuant to section 196 of the Companies Act, 2013.

#### Memorandum of Interest

Except Mr T. Shivaraman, and Mr. Amjat Shariff being the Appointees, none of the other Directors or Key Managerial Personnel of the company or their relatives is interested or concerned, financially or otherwise in the aforesaid Special Resolutions.

#### 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 Bapu	Mr. T Shivaraman	Mr. M Amjat Shariff
Date of Birth (Age in years)	24.7.1940	18.11.1965	4.4.1955
Date of Appointment	30/03/2011	20/9/2007	20/9/2007
Qualifications	Post-graduate in Mathematics	B.Tech (Chemical Engineering) and an M.S from IIT	M Tech (Chem) from IIT, Chennai
Experience and expertise in specific functional area	He is a Retired Chief Commissioner of Income Tax conversant with income tax law & chit funds laws, with over 5 decades experience and Acquainted with regulations applicable to NBFCs, Insurance Regulations	He has more 31 years' experience in plant operations and project engineering. He has been involved with the EPC Business since 1992. He is well versed in technical handling of projects, studying its viability and feasibility	With over 40 years' experience in 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.
Shareholding in SEPC Limited	NIL	282965 shares	282984 shares
Relationship with other Directors / KMPs	NIL	NIL	NIL
Directorships / held in other Listed Companies	NIL	Orient Green Power Company Limited	NIL
Committee Membership and Chairmanship held in other Listed Companies	NIL	NIL	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.
5. The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday 23<sup>rd</sup> September 2021 to Tuesday, 28<sup>th</sup> September, 2021(both days inclusive), for the purpose of Annual General Meeting.

By Order of the Board of Directors

Chennai  
13<sup>th</sup> August, 2021

P.D. Karandikar  
Chairman

Registered Office:  
10/1, Bascon Futura, 4th Floor, Venkatnarayana Road,  
T. Nagar, Chennai – 600 017.  
CIN: L74210TN2000PLC045167  
Tel:+91(44)4900 5555  
E-mail:info@shriramepc.com  
Website: www.shriramepc.com

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

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM 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/EGM. 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 EGM/AGM will be provided by CDSL.
3. The Members can join the EGM/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 EGM/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 EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM/EGM 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/EGM. 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/EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM/EGM 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.
8. In continuation of this Ministry's General Circular No. 20/2020, dated 05<sup>th</sup> May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021.



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

- (i) The voting period begins on 25<sup>th</sup> September, 2021 at 09.00 a.m and ends on 27<sup>th</sup> September, 2021 at 05.00 p.m.. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21<sup>st</sup> September, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders /retail shareholders is at a negligible level.
- (iv) Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.
- In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
- In terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<p>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</p> <p>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>

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

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

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

Login type Helpdesk details

Individual Shareholders holding securities in Demat mode with CDSL Members facing any technical issue in login can contact CDSL helpdesk by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 and 22-23058542-43.

Individual Shareholders holding securities in Demat mode with NSDL Members facing any technical issue in login can contact NSDL helpdesk by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call at toll free no.: 1800 1020 990 and 1800 22 44 30

- (v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.
- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - 2) Click on “Shareholders” module.
  - 3) Now enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
  - 4) Next enter the Image Verification as displayed and Click on Login.
  - 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.



6) If you are a first-time user follow the steps given below:

<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>	
<b>PAN</b>	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>
<b>D i v i d e n d Bank Details</b>  <b>OR Date of Birth (DOB)</b>	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

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

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

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/ EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 3 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 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.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/ EGM 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 EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/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.

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

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

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.



# Management Discussion and Analysis FY - 2020-21

## Company Overview

Headquartered in Chennai, Tamil Nadu, SEPC Limited (formerly Shriram EPC Limited) 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

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads, and urban infrastructure development.

## Market Size

According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDIs in the construction development sector (townships, housing, built up infrastructure and construction development projects) and construction (infrastructure) activities stood at US\$ 25.78 billion and US\$ 17.22 billion, respectively, between April 2000 and September 2020.

## Government Initiative and investment

In Union Budget 2021, the government has given a massive push to the infrastructure sector by allocating Rs. 233,083 crore (US\$ 32.02 billion) to enhance the transport infrastructure. The government expanded the 'National Infrastructure Pipeline (NIP)' to 7,400 projects. ~217 projects worth Rs. 1.10 lakh crore (US\$ 15.09 billion) were completed as of 2020. The key highlights of the Budget 2021 are:

Rs. 1,18,101 crore (US\$ 16.20 billion) has been allocated towards road transport and highway sector.

The government announced Rs. 18,998 crore (US\$ 2.61 billion) for metro projects.

The government announced Rs. 305,984 crore (US\$ 42 billion) over the next five years for a revamped, reforms-based and result-linked new power distribution sector scheme.

## Road Ahead

The infrastructure sector has become the biggest focus area for the Government of India. India plans to spend US\$ 1.4 trillion on infrastructure during 2019-23 to have a

sustainable development of the country. The Government has suggested investment of Rs. 5,000,000 crore (US\$ 750 billion) for railways infrastructure from 2018-30.

India and Japan have joined hands for infrastructure development in India's Northeast states and are also setting up an India-Japan Coordination Forum for Development of Northeast to undertake strategic infrastructure projects for the region.

## Water Industry

COVID-19 pandemic brought clean water, basic hygiene practices and sanitation to the centre stage with these becoming crucial to deal with the health crisis.

Approximately 77,352 crore rupees has been proposed for the water domain that spreads across the Ministry of Jal Shakti, Ministry of Agriculture and Farmers' Welfare, Ministry of Rural Development and Ministry of Housing and Urban Affairs[ii]. This allocation is almost double of last year's budget estimate. Most of the credit goes to the allocation to Jal Jeevan Mission (JJM) of almost 50,000 crores for providing functional household tap connection (FHTC) in rural India. The target for the financial year 2021-22 is to achieve an additional 3 crore FHTCs.

Comprised of the Department of Drinking Water and Sanitation and the Department of Water Resources, River Development and Ganga Rejuvenation, the Ministry of Jal Shakti has been allotted a budget of 69,052 crores, which is 130% more than last financial year's allocation. Almost all of the increased budget is for JJM-Rural.

For the Department of Drinking Water and Sanitation, there is a considerable change in the total allocation of 60,030 crores as compared to last year's 21,518 crores. The Jal Jeevan Mission (JJM)/National Rural Drinking Water Mission is allocated a sum of 50,011 crores. This indicates the priority of the state to ensure clean and accessible water to all. The Swachh Bharat Mission (Rural) has been allocated a sum of 9,994 crores to ensure the sustainability of Open Defecation Free (ODF) status in rural areas and to cover all the villages of the country with solid and liquid waste management arrangements.

## Steel Industry

India was the world's second-largest steel producer with production standing at 111.2 million tonnes (MT) in 2019. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

## Market Size

India's finished steel consumption grew at a CAGR of 5.2% during FY16-FY20 to reach 100 MT. India's crude steel and

finished steel production increased to 108.5 MT and 101.03 MT in FY20, respectively.

## Investments

Steel industry and its associated mining and metallurgy sectors have seen major investments and developments in the recent past.

According to the data released by Department for Promotion of Industry and Internal Trade (DPIIT), the Indian metallurgical industries attracted Foreign Direct Investment (FDI) to the tune of US\$ 14.24 billion in the period April 2000-September 2020.

Some of the major investments in the Indian steel industry are as follows:

- In a move towards becoming self-reliant, Indian steel companies have started boosting steel production capacity. To this end, SAIL announced doubling of its at 5 of its steel plants capacity in September 2020.
- For FY20, JSW Steel set a target of supplying around 1.5 lakh tonnes of TMT Rebars to metro rail projects across the country.
- JSW Steel has planned a US\$ 4.14 billion capital expenditure programme to increase its overall steel output capacity from 18 million tonnes to 23 million tonnes by 2020.
- Ministry of Steel plans to invest US\$ 70 million in the eastern region of the country through accelerated development of the sector.
- The production capacity of SAIL is expected to increase from 13 MTPA to 50 MTPA in 2025 with total investment of US\$ 24.88 billion.
- Tata Steel has decided to increase the capacity of its Kalinganagar integrated steel plant from 3 million tonnes to 8 million tonnes at an investment of US\$ 3.64 billion.

## Government Initiatives

Some of the other recent Government initiatives in this sector are as follows:

Under the Union Budget 2020-21, the government allocated Rs. 39.25 crore (US\$ 5.4 million) to the Ministry of Steel.

In September 2020, the Ministry of Steel prepared a draft framework policy for development of steel clusters in the country.

The Union Cabinet, Government of India approved the National Steel Policy (NSP) 2017, as it intends to create a globally competitive steel industry in India.

## Road ahead

The National Steel Policy, 2017 envisage 300 million tonnes of production capacity by 2030-31. The per capita consumption of steel has increased from 57.6 kgs to 74.1 kgs during the last five years. The government has a fixed objective of increasing rural consumption of steel from the current 19.6 kg/per capita to 38 kg/per capita by 2030-31.

As per Indian Steel Association (ISA), steel demand will grow by 7.2% in 2019-20 and 2020-21.

Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

## Company Overview

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

## Water and Waste Water Management

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

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

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

## Process & Metallurgy, Mining

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

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

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

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

## KEY DEVELOPMENTS IN FY 2020-21

The overseas project in the Middle East contributed significantly to the Company's turnover. Future prospects have also immensely improved given the elevation of project execution skills.



## CHANGE IN NAME OF THE COMPANY

During the year, the Company decided to change its name from Shriram EPC Limited to SEPC Limited which would give better representation in the Market. The Company had approached the shareholders in this regard and got their approval on 11<sup>th</sup> January 2021, based on which the Registrar of Companies, Tamilnadu, Chennai had approved the name SEPC Limited effective from February 12 2021. The Company have applied to the stock exchanges for their approval of the Name change. Bombay Stock Exchange have already accorded their mail approval but are awaiting the approval of National Stock Exchange.

## DISCUSSIONS WITH PROSPECTIVE INVESTOR

During the year, the Company held discussions with MARK AB Capital which is a Middle East based fund with substantial investments in EPC companies in the MENA region as well as Eastern Europe.

MARK AB presented an investment and Business Plan to the Company, which had been submitted as a Resolution Plan to the Punjab National Bank, the Lead Banker under RBI Circular dated June 07,2019.

Based on the Resolution Plan submitted, there had been a proposal from Markab to infuse Rs.350 crores (by issue of equity shares on a preferential basis) into the Company for a 26.48% stake in the Company:

In addition to the issue of the equity shares, Mark AB Capital has requested the lenders to convert Rs.350 crs of debt into suitable long tenor debt instruments and release sanctioned non fund working capital limits.

The Company is in discussions with the lenders for approval of the proposal, following which it will approach shareholders, regulatory authorities and statutory authorities for their approval.

## International Markets

### Project in Sohar, Oman

The overseas project in the Middle East 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 has been completed 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 in the completion stage.

## 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**

In Union Budget 2021, the government has given a massive push to the infrastructure sector by allocating Rs. 233,083 crore (US\$ 32.02 billion) to enhance the transport infrastructure. The government expanded the 'National Infrastructure Pipeline (NIP)' to 7,400 projects. ~217 projects worth Rs. 1.10 lakh crore (US\$ 15.09 billion) were completed as of 2020. 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 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. The Company's strategic initiatives were also ably supported by improving macro environment on the back of supportive policies of the Government.

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



# Directors' Report

Dear Shareholder,

Your Directors present the Twenty First Annual Report together with the Audited Financial Statements of your Company for the financial year ended 31<sup>st</sup> March, 2021.

## FINANCIAL RESULTS

(₹ in lakhs)

	Consolidated (12 months)	Consolidated (12 months)	Standalone (12 months)	Standalone (12 months)
	2020-21	2019-20	2020-21	2019-20
Total Income	<b>60,613.31</b>	1,25,886.71	<b>55,324.01</b>	72,923.19
Profit before Interest, Depreciation, tax and extra-ordinary items	(5,461.06)	9,491.33	(5,938.81)	8,943.63
Interest & depreciation	11,214.97	10,610.67	11,200.61	10,435.48
Profit before tax & before extra-ordinary items	<b>(16,676.03)</b>	(1,119.35)	<b>(17,139.42)</b>	(1,491.85)
Provision for taxation	<b>122.17</b>	-	-	-
Profit after tax & extra-ordinary items	<b>(17,947.31)</b>	(7,726.33)	<b>(18,288.53)</b>	(8,098.83)
Balance brought forward from last year	(1,75,474.42)	(1,67,762.49)	(1,71,327.50)	(1,63,228.67)
Profit available for appropriation	-	-	-	-
Transfer to general reserves	<b>0.17</b>	-	0.17	-
Surplus carried forward	<b>(1,93,436.13)</b>	(1,75,488.82)	<b>(1,89,616.05)</b>	(1,71,327.50)

## OPERATING RESULTS & PERFORMANCE

During the financial year ended March 31, 2021 the company had recorded a total income at Rs. 553.24 Crores as against Rs. 729.23 Crores in the previous year on a standalone basis. Loss was at Rs 182.89 Crores as against a loss of Rs. 80.99 crs crs during the corresponding period.

### BUSINESS HIGHLIGHTS

During the past year, the Company completed the overseas project at Sohar Oman even though it was delayed due to the COVID lockdown. This is 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. 1483 Crores as at March 31, 2021.

### Basra Project

The Company had received a Contract restored (in 2018) 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 (Mokul Shriram EPC JV(MSJV)). This project

is being executed through a local contractor and is in the final stages of completion.

## DEVELOPMENTS DURING THE YEAR

### CHANGE IN NAME OF THE COMPANY

During the year, the Company decided to change its name from Shriram EPC Limited to SEPC Limited which would give better representation in the Market. The Company had approached the shareholders in this regard and got their approval on 11<sup>th</sup> January 2021, based on which the Registrar of Companies, Tamilnadu, Chennai had approved the name SEPC Limited effective from February 12 2021. The Company have applied to the stock exchanges for their approval of the Name change. Bombay Stock Exchange have already accorded their mail approval but are awaiting the approval of National Stock Exchange.

### DISCUSSIONS WITH MARK A B CAPITAL

During the year, the Company held discussions with MARK AB Capital which is a Middle East based fund with substantial investments in EPC companies in the MENA region as well as Eastern Europe.

MARK AB presented an investment and Business Plan to the Company, which had been submitted as a Resolution Plan to the Punjab National Bank, the Lead Banker under RBI Circular dated June 07, 2019.

Based on the Resolution Plan submitted, there had been a proposal from Markab to infuse Rs.350 crores (by issue of equity shares on a preferential basis) into the Company for a 26.48% stake in the Company:

In addition to the issue of the equity shares, Mark AB Capital has requested the lenders to convert Rs.350 crs of debt into suitable long tenor debt instruments and release sanctioned non fund working capital limits.

The Company is in discussions with the lenders for approval of the proposal, following which it will approach shareholders, regulatory authorities and statutory authorities for their approval.

### **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.

#### **Foreign Exchange and Commodity Price Risks**

The businesses of the Company are exposed to fluctuations in foreign exchange rates and commodity prices. Additionally, it has exposures to foreign currency denominated financial assets and liabilities. The business related financial risks, especially involving commodity prices, by and large, are managed contractually through price variation clauses, while the foreign exchange rate risks and residual commodity price risks are managed by treasury products.

Financial risk management is governed by the Risk Management framework and policy approved by the Audit Committee and authorised by the Board. Financial risks in each business portfolio are measured and managed by corporate treasury.

Despite currency weakness and elevated financial market volatility, the Company's robust financial risk management processes ensured financial costs remain under control.

#### **ECONOMIC SCENARIO AND OUTLOOK**

In the coming year 2021-22, the disruption due to the second wave of 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.

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

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

However, on request by any member of the Company/ Statutory Authority interested in obtaining full text of the financial statements, these documents will be made available for examination, at its registered office. On personal request by any shareholder, a physical copy of the Annual Accounts need to be provided. Pursuant to this, a statement summarizing the financial results of the Subsidiary is attached to the Consolidated Financial Statement.

#### **SUBSIDIARY**

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

During the year, the execution for constructing Balance of Plant (BoP) for 1.2 MTPA Mini Mill Project in Sohar, Sultanate of Oman has been completed. The project completion had been delayed by due to COVID 19.

##### **SHRIRAM EPC ARKAAN LLC**

During the year, the Company's step down subsidiary Shriram EPC Arkaan LLC (70 % subsidiary of. Shriram EPC FZE Sharjah) as already mentioned in the earlier report implemented the onsite portion of the project at Sohar, Sultanate of Oman.

#### **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 carry forward losses, the Board has decided not to recommend a Dividend.

#### **SHARE CAPITAL**

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

The shareholding pattern as on 31<sup>st</sup> March 2021 is as under:

Sl	Shareholders	% holding
1	SVL Ltd(promoters)	28.76
2	Bankers	64.30

The total net worth of the Company as at 31<sup>st</sup> March, 2021 on Standalone basis was Rs 994.51 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 / reappointed the following Directors during the financial year:

- a. Mr. S Babu , Director is seeking election in the ensuing Annual General Meeting as he was reappointed as a Director of the Company at the Annual General Meeting of the Company held on September 24, 2020 after the

Company obtained shareholder approval by way of special resolution consequent on his attaining the age of 78 years in 2018 for a period of one year.

Necessary resolutions in respect of re-appointment of Mr. S Bapu mentioned above is included in the Notice convening the ensuing AGM. Your Board recommends the re-appointment of Mr. S Bapu.

The particulars in respect of this Director as required under Regulation 36(3) of the Listing Regulations, is mentioned elsewhere in the Notice of AGM.

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

#### **REAPPOINTMENT OF MR. T SHIVARAMAN AS MANAGING DIRECTOR & CEO AND MR. M AMJAT SHARIF AS JOINT MANAGING DIRECTOR**

The Board at its Meeting held on 13<sup>th</sup> August 2021 had approved, subject to the approval of shareholders, the re-appointment of Mr. T Shivaraman as the Managing Director & CEO and Mr. M Amjat Shariff as the Joint Managing Director of the Company for a further period of 1 year from 20<sup>th</sup> September 2021. The shareholders' approval will be sought in the ensuing Annual General Meeting for their re-appointment on the same terms and conditions of remuneration as was paid to them earlier. The necessary Resolution for the approval of the same will be covered in the Notice convening the forthcoming Annual General Meeting.

#### **EVALUATION OF BOARD'S PERFORMANCE**

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

#### **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

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

#### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 (Act) stating that the

Independent Directors of the Company met with the criteria of Independence laid down in Section 149(6) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **REMUNERATION POLICY**

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

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

#### **NUMBER OF MEETINGS OF THE BOARD**

During the year 2020-21, 7(seven) meetings of the Board of Directors were held on 24<sup>th</sup> June 2020, 10<sup>th</sup> July 2020, 9<sup>th</sup> September 2020, 12<sup>th</sup> November 2020, 29<sup>th</sup> January 2021, 13<sup>th</sup> February 2021, 10<sup>th</sup> March 2021.

The Audit Committee had met Five (5) times on 24<sup>th</sup> June 2020, 9<sup>th</sup> September 2020, 12<sup>th</sup> November 2020, 5<sup>th</sup> February 2021, 13<sup>th</sup> February 2021. 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, 2021, 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, 2021 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**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss including other comprehensive income, 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. 3,201.62 Lakhs (March 31, 2020: Rs. 3,800.40 Lakhs) due from a related party. Sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amount is not available and the amount is outstanding for more than five years. Further, no provision with respect to the same is made in the books of account as explained in Note 9.2 of the Standalone Financial Statements. Accordingly, we are unable to comment on the carrying value of above-mentioned Financial Assets Loans amounting to Rs. 3,201.62 Lakhs and the impact if any, on account of non-provisioning of the said balance on the financial statements at present.

This matter was also qualified in our report on the standalone financial statements for the year ended March 31, 2020.

2. The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. 43,889.00 Lakhs (March 31, 2020: Rs. 43,520 Lakhs) which is recognized on unabsorbed business losses. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment on reasonable certainty of future taxable profits, as required by Ind AS 12 on Income taxes, considering the current pandemic situation, we are unable to ascertain the extent to which the deferred tax asset can be utilized. The impact if any, of the undetermined impairment provision on the financial statements is not ascertainable currently. Refer Note 40 of the standalone financial statements.

This matter was also qualified in our report on the standalone financial statements for the year ended March 31, 2020.

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

#### **QUALIFICATIONS BY THE SECRETARIAL AUDITORS**

It is observed that the Company has complied with the provisions of the Regulations and circulars/ guidelines issued there under, except in respect of Regulation 45 of the SEBI -(LODR)-2015. The Company had not applied

for In-Principle approval from Stock Exchanges for the name change.

#### **MANAGEMENT RESPONSE**

The Company approached the shareholders for name approval and got the approval based on which the Registrar of Companies, issued the changed name- SEPC Limited on 12-02-2021. The Company inadvertently omitted to approach stock exchanges for their approval in this regard.

However, the Company applied to both the stock exchanges post ROC approval and BSE have already accorded their mail approval and the Company is awaiting NSE approval.

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

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

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

Pursuant to Section 177 of the Companies Act, 2013, during the year, the Audit Committee consists of the following members:

1. Mr. P D Karandikar - Member
2. Mr. S Babu - 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 a Vigil Mechanism through a Whistle Blower Policy.

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

The Board of Directors during the financial year 2018-2019 had amended the Whistle Blower Policy pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended on December 31, 2018 notified by the Securities and Exchange Board of India to enable employees to report instances of leak of unpublished price sensitive information.

The amendment has come into effect from April 1, 2019.

#### **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 consequent on the resignation of Mr. R Sundararajan consisting of the following members:

1. Ms. Chandra Ramesh - Chairman
2. Mr. P D Karandikar - Member
3. 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 for the last 2 years. However, Corporate Social Responsibility Committee is formed based on the net worth of the Company as per the Companies (Corporate Social Responsibility Policy) Rules, 2014. 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 <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) M/s. GVSK & Co., Cost Accountants, Firm Registration No. 002371 have been appointed as Cost



Auditors for the financial year ending 31<sup>st</sup> March, 2022 . In terms of the Act and Rules referred above the remuneration payable to the cost auditor is required to be placed before the members in a general meeting for their ratification.

Accordingly, a resolution seeking member's ratification for the remuneration payable to M/s. GVSK & Co., Cost Accountants, is included at Item No.3 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 Rajiblochan Sarangi, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith.

### Internal Controls and adequacy

The Company has an In-house Internal Audit team with well-established risk management processes both at the business and corporate levels. Internal Auditor submits his reports, directly to the Chairman of the Audit Committee of the Board of Directors, which ensures process independence. The Company believes that every employee has a role to play in fostering an environment in which controls, assurance, accountability and ethical behaviour are accorded high importance. This complements the Internal Audits conducted to ensure total coverage during the year. The overall aim of the company's internal control framework is to assure that operations are effective and well aligned with the strategic goals. The internal control framework is intended to ensure correct, reliable, complete and timely financial reporting and management information.

### 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 2020-21.

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: Rs. 259.84 Lakhs

Expenditure in Foreign Currency: Rs. 46.24 Lakhs

	(Rs. in Lakhs)	
	31.03.2021	31.03.2020
Material Consumed in Execution of Engineering Contracts	40.62	43.28
Professional & Consultancy fees	-	0.48
Travelling & Conveyance	5.18	75.88
Erection, Construction & Operation	-	24.14
Salary & Wages	-	181.53
Others	0.44	4.84
Total	46.24	330.15

### Transfer to Investor Education and Protection Fund Authority

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). Axis bank finally transferred the said amount on 16-02-2021. Cameo Corportate Services Limited the Company's Registrar have sent letters to the respective shareholders for reverting in 6 weeks 'time before the actual transfer of shares and unpaid dividend amount. The Company will be transferring the unpaid dividend amount and the underlying shares on or before 30.9.2021.

#### **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.

#### **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

13<sup>th</sup> August, 2021  
Chennai

P D Karandikar  
(DIN: 02142050)  
Chairman



## Annexure

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31<sup>st</sup> March, 2021, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details on the aspects discussed in this Report are available in the Company's Sustainability Report. The Company's Board approved Sustainability Policies and the Sustainability Report are available on the Company's website— [www.shriramepc.com](http://www.shriramepc.com).

### GENERAL INFORMATION

Corporate Identity Number (CIN) of the Company:	L74210TN2000PLC045167
Name of the Company	SEPC Limited(formerly Shriram EPC Ltd)
Address of the Registered Office	Bascon Futura SV, 10/1 Venkatnarayana Road, T Nagar, Chennai-600 017
Website	<a href="http://www.shriramepc.com">www.shriramepc.com</a>
E-mail id	<a href="mailto:info@shriramepc.com">info@shriramepc.com</a>
Financial year reported	31 <sup>st</sup> March 2021
Key products/services	Engineering, Procurement and Construction
Locations where business activities undertaken by the Company:	Respective project sites
Markets served by the Company:	Client based
Subsidiary companies and their BR initiatives:	The Company does not have an Indian subsidiary. SHRIRAM EPC FZE, SHARJAH and step down subsidiary Shriram EPC Arkan LLC (70 % subsidiary of. SEPC FZE Sharjah) had been primarily formed for undertaking projects in the Middle East. During the last few years a Project was undertaken at Sohar, Oman for constructing of Balance of Plant (BoP) for 1.2 MTPA Mini Mill Project where all safety measures had been undertaken and further complying with all local statutory regulations .

### FINANCIAL DETAILS

Paid up Capital (As on 31.03.2021):	Rs. 971.53 Crores
Gross Sales Value	Rs. 531.93 Crores
Total profit after taxes:	Rs. (182.89) Crores
Total Spending on Corporate Social Responsibility (CSR):	Not applicable
As percentage of Profit after taxes:	Not applicable

List of CSR activities in which expenditure has been incurred:

The Company has formed a CSR Committee based on the network of the Company. CSR activities would be carried out after the accumulated losses are wiped out.

### ACTING RESPONSIBLY AND ADVANCING GRADUALLY.

At SEPC (formerly Shriram EPC Limited), safety, responsibility and sustainability are deeply embedded in everything we do. Our EPC projects are all environmental friendly work whether it is power/ solar projects, mining or water treatment & sewerage line replacement, process and metallurgy plants products, processes and the entire canvas of global operations are designed to create value for stakeholders with a long-term perspective.

We are continuously embedding occupational health and safety, process safety, environmental stewardship, and social and governance parameters in every aspect of our business.

Our focus is to constantly improve business performance every year through a prudent decision-making process, which is guided by years of engineering and specialised competencies in the markets where we operate. Despite business uncertainties and challenges, we are continuously enhancing our business verticals.

#### **WE CARE FOR OUR PEOPLE, COMMUNITIES AND ASSETS**

The safety and welfare of our employees and the communities where we operate is of crucial importance to us. We continue to pursue excellence in safety to better protect our employees and promote an environment where safe behaviour is supported and valued. Periodically, employees are trained to observe safety standards at site. Necessary protective Equipments are provided to the employees/contractors at site to ensure smooth completion of project.

#### **WE ACT RESPONSIBLY FOR THE PLANET**

Our state-of-the-art power plants or water treatment & sewerage line replacement will continue to craft innovative, cost-effective solutions to reduce our environmental impact, helping us fulfil our responsibility towards the planet and society.

As a company committed to value creation, we will continue to work hard to live up to the expectations of our stakeholders. It is our endeavour to act responsibly for their wellbeing and advance sustainably while balancing profitability with environmental and societal commitments.



# FORM MGT-9

## Extract of Annual Return as on the financial year ended on 31 March, 2021

[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	SEPC Limited (formerly 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	Old No.56/L New NO.10/1, 4 <sup>th</sup> Floor, BASCON FUTURA SV IT Park, Venkatanarayana Road, Parthasarathy Puram, T. Nagar, Chennai- 600 017
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 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(46)
2	Shriram EPC FZE, Sharjah	NA	Subsidiary	100%	2(87)
3	Shriram EPC Arkan LLC Muscat	NA	Step down subsidiary	70%	2(87)
4	Haldia Coke & Chemicals Pvt Ltd. 31-A/12 SIDCO Industrial Estate, North Phase, Ambature, Chennai-600 098.	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 : SEPC Limited (formerly Shriram EPC Limited)  
 Face Value : 10/-  
 Paidup Shares as on 01-Apr-2020 : 971529018  
 Paidup Shares as on 30-Mar-2021 : 971529018  
 For the Period From : 01-April-2020 To : 31-Mar-2021

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									
l.	FPI (INDIVIDUAL) CATEGORY II-	0	0	0	0.00	0	0	0	0.00	0.00
a.	MUTUAL FUNDS/UTI	0	0	0	0.00	0	0	0	0.00	0.00
b.	FINANCIAL INSTITUTIONS/ BANKS	646583509	0	646583509	66.55	624680551	0	624680551	64.30	-2.25
c.	CENTRAL GOVERNMENT/ STATE GOVERNMENT(S)	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
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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									
	<b>SUB - TOTAL (B)(1)</b>	<b>646583509</b>	<b>0</b>	<b>646583509</b>	<b>66.55</b>	<b>624680551</b>	<b>0</b>	<b>624680551</b>	<b>64.30</b>	<b>-2.25</b>
2.	NON-INSTITUTIONS									
a.	BODIES CORPORATE	2613267	0	2613267	0.27	2925316	0	2925316	0.30	0.03
b.	INDIVIDUALS -									
	I INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH	13607044	1241	13608285	1.40	20170847	1241	20172088	2.08	0.66
	II INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH	26181595	0	26181595	2.69	39460574	0	39460574	4.06	1.37
c.	QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
d.	ANY OTHER									
	CLEARING MEMBERS	77492	0	77492	0.01	584895	0	584895	0.06	0.05
	DIRECTORS AND THEIR RELATIVES	579449	20	579469	0.06	578449	20	578469	0.06	-0.00
	HINDU UNDIVIDED FAMILIES	1953525	0	1953525	0.20	2925019	0	2925019	0.30	0.10
	IEPF	2194	0	2194	0.00	2194	0	2194	0.00	0.00
	NON RESIDENT INDIANS	538326	0	538326	0.06	808556	0	808556	0.08	0.03
		<b>3150986</b>	<b>20</b>	<b>3151006</b>	<b>0.32</b>	<b>4899113</b>	<b>20</b>	<b>4899133</b>	<b>0.50</b>	<b>0.18</b>
	<b>SUB - TOTAL (B)(2)</b>	<b>45552892</b>	<b>1261</b>	<b>45554153</b>	<b>4.69</b>	<b>67455850</b>	<b>1261</b>	<b>67457111</b>	<b>6.94</b>	<b>2.25</b>
	<b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2)</b>	<b>692136401</b>	<b>1261</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>
	<b>TOTAL (A)+(B)</b>	<b>971527757</b>	<b>1261</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>
C.	SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED									
	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>971527757</b>	<b>1261</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>

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

##### ii) Shareholding of Promoters

Name of the Company: SEPC Limited (formerly 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	20.41	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 : SEPC Limited (formerly Shriram EPC Limited)

Sl No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year		FOLIO/DP_CL_ID	PAN
		No of shares	% of total shares of the company	No of shares	% of total shares of the company		
1	SVL LIMITED						
	At the beginning of the year 01-Apr-2020	198339054	20.41	198339054	20.41	'IN30002011730413	AAACS7696D
	At the end of the Year 31-Mar-2021	198339054	20.41	198339054	20.41		
	HAVING SAME PAN						
1	SVL LIMITED						
	At the beginning of the year 01-Apr-2020	43395398	4.47	43395398	4.47	'IN30131321128083	AAACS7696D
	At the end of the Year 31-Mar-2021	43395398	4.47	43395398	4.47		
	HAVING SAME PAN						
1	SVL LIMITED						
	At the beginning of the year 01-Apr-2020	37656904	3.88	37656904	3.88	'1203840001372810	AAACS7696D
	At the end of the Year 31-Mar-2021	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 : SEPC Limited (formerly 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 01-Apr-2020	125634843	12.93	125634843	12.93	'IN30378610000023	AAACS8577K
	At the end of the Year 31-Mar-2021	125634843	12.93	125634843	12.93		
2	CENTRAL BANK OF INDIA						
	At the beginning of the year 01-Apr-2020	93570276	9.63	93570276	9.63	'IN30081210491515	AAACC2498P
	At the end of the Year 31-Mar-2021	93570276	9.63	93570276	9.63		
3	ORIENTAL BANK OF COMMERCE						
	At the beginning of the year 01-Apr-2020	68947217	7.10	68947217	7.10	'IN30081210491105	AAACO0191M
	Sale 10-Apr-2020	-68947217	7.10	0	0.00		
	Purchase 12-Jun-2020	116044	0.01	116044	0.01		
	At the end of the Year 31-Mar-2021	116044	0.01	116044	0.01		
	HAVING SAME PAN						
3	PUNJAB NATIONAL BANK						
	At the beginning of the year 01-Apr-2020	55282938	5.69	55282938	5.69	'IN30081210501028	AAACP0165G
	Purchase 10-Apr-2020	68947217	7.10	124230155	12.79		
	At the end of the Year 31-Mar-2021	124230155	12.79	124230155	12.79		
4	IDBI BANK LTD.						
	At the beginning of the year 01-Apr-2020	54255616	5.58	54255616	5.58	'IN30081210495586	AABCI8842G
	Sale 10-Apr-2020	-10000	0.00	54245616	5.58		
	Sale 17-Apr-2020	-150000	0.02	54095616	5.57		
	Sale 24-Apr-2020	-161420	0.02	53934196	5.55		
	Sale 01-May-2020	-180000	0.02	53754196	5.53		
	Sale 08-May-2020	-103967	0.01	53650229	5.52		
	Sale 15-May-2020	-164107	0.02	53486122	5.51		
	Sale 22-May-2020	-189876	0.02	53296246	5.49		
	Sale 29-May-2020	-155000	0.02	53141246	5.47		
	Sale 05-Jun-2020	-300000	0.0308	52841246	5.44		
	Sale 12-Jun-2020	-750000	0.0771	52091246	5.36		
	Sale 19-Jun-2020	-1000000	0.10	51091246	5.26		
	Sale 26-Jun-2020	-883136	0.09	50208110	5.17		
	Sale 03-Jul-2020	-50000	0.01	50158110	5.16		
	Sale 10-Jul-2020	-700000	0.07	49458110	5.09		
	Sale 17-Jul-2020	-736498	0.06	48721612	5.01		
	Sale 24-Jul-2020	-438556	0.05	48283056	4.97		

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		
	Sale 31-Jul-2020	-440854	0.05	47842202	4.92		
	Sale 07-Aug-2020	-321342	0.03	47520860	4.89		
	Sale 14-Aug-2020	-360089	0.04	47160771	4.85		
	Sale 21-Aug-2020	-500000	0.05	46660771	4.80		
	Sale 28-Aug-2020	-500000	0.05	46160771	4.75		
	Sale 04-Sep-2020	-244103	0.03	45916668	4.73		
	Sale 11-Sep-2020	-227984	0.02	45688684	4.70		
	Sale 17-Sep-2020	-11758	0.00	45676926	4.70		
	Sale 18-Sep-2020	-50000	0.01	45626926	4.70		
	Sale 25-Sep-2020	-160794	0.02	45466132	4.68		
	Sale 30-Sep-2020	-100000	0.01	45366132	4.67		
	Sale 01-Oct-2020	-75000	0.01	45291132	4.66		
	Sale 09-Oct-2020	-350000	0.04	44941132	4.62		
	Sale 16-Oct-2020	-332000	0.03	44609132	4.59		
	Sale 23-Oct-2020	-206911	0.02	44402221	4.57		
	Sale 30-Oct-2020	-195000	0.02	44207221	4.55		
	Sale 06-Nov-2020	-210688	0.02	43996533	4.53		
	Sale 13-Nov-2020	-189022	0.02	43807511	4.51		
	Sale 20-Nov-2020	-166336	0.02	43641175	4.49		
	Sale 27-Nov-2020	-263814	0.03	43377361	4.46		
	Sale 04-Dec-2020	-300000	0.03	43077361	4.43		
	Sale 11-Dec-2020	-820000	0.08	42257361	4.35		
	Sale 18-Dec-2020	-1294348	0.13	40963013	4.22		
	Sale 25-Dec-2020	-826506	0.09	40136507	4.13		
	Sale 31-Dec-2020	-560000	0.06	39576507	4.07		
	Sale 01-Jan-2021	-150000	0.02	39426507	4.06		
	Sale 08-Jan-2021	-850000	0.09	38576507	3.97		
	Sale 15-Jan-2021	-525000	0.05	38051507	3.92		
	Sale 22-Jan-2021	-585735	0.06	37465772	3.87		
	Sale 29-Jan-2021	-510980	0.05	36954792	3.80		
	Sale 05-Feb-2021	-656983	0.07	36297809	3.74		
	Sale 12-Feb-2021	-435497	0.04	35862312	3.69		
	Sale 19-Feb-2021	-264490	0.03	35597822	3.66		
	Sale 26-Feb-2021	-511304	0.05	35086518	3.61		
	Sale 05-Mar-2021	-675000	0.07	34411518	3.54		
	Sale 12-Mar-2021	-700000	0.07	33711518	3.47		
	Sale 19-Mar-2021	-550000	0.07	33161518	3.41		
	Sale 26-Mar-2021	-105571	0.01	33055947	3.40		
	Sale 31-Mar-2021	-65000	0.00	32990947	3.40		
	At the end of the Year 31-Mar-2021	32990947	3.40	32990947	3.40		



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

Sl No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year		FOLIO/DP_CL_ID	PAN
		No of shares	% of total shares of the company	No of shares	% of total shares of the company		
5	THE SOUTH INDIAN BANK LIMITED						
	At the beginning of the year 01-Apr-2020	39805326	4.10	39805326	4.10	'IN30081210505738	AABCT0022F
	Sale 01-May-2020	-220000	0.02	39585326	4.07		
	Sale 08-May-2020	-90862	0.01	39494464	4.07		
	At the end of the Year 31-Mar-2021	39494464	4.07	39494464	4.07		
6	AXIS BANK LIMITED						
	At the beginning of the year 01-Apr-2020	35664419	3.67	35664419	3.67	'IN30048410820757	AAACU2414K
	At the end of the Year 31-Mar-2021	35664419	3.67	35664419	3.67		
7	BANK OF INDIA						
	At the beginning of the year 01-Apr-2020	27857738	2.87	27857738	2.87	'IN30074910000012	AAACB0472C
	At the end of the Year 31-Mar-2021	27857738	2.87	27857738	2.87		
8	BANK OF MAHARASHTRA						
	At the beginning of the year 01-Apr-2020	24398370	2.51	24398370	2.51	'IN30038610000287	AACCB0774B
	At the end of the Year 31-Mar-2021	24398370	2.51	24398370	2.51		
9	ALLAHABAD BANK						
	At the beginning of the year 01-Apr-2020	22860043	2.35	22860043	2.35	'IN30081210490813	AACCA8464F
	Sale 10-Apr-2020	-22860043	2.35	0	0.00		
	At the end of the Year 31-Mar-2021	0	0.00	0	0.00		
10	THE LAKSHMI VILAS BANK LIMITED						
	At the beginning of the year 01-Apr-2020	22571978	2.32	22571978	2.32	'IN30012611204350	AAACT4291P
	At the end of the Year 31-Mar-2021	22571978	2.32	22571978	2.32		
	NEW TOP 10 AS ON (31-Mar-2021)						
11	INDIAN BANK						
	At the beginning of the year 01-Apr-2020	0	0.00	0	0.00	'IN30081210491156	AAACI1607G
	Purchase 10-Apr-2020	22860043	2.35	22860043	2.35		
	At the end of the Year 31-Mar-2021	22860043	2.35	22860043	2.35		

**v) Shareholding of Directors and Key Managerial Personnel:**

**Name of the Company: SEPC Limited (formerly 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	MOHAMMED AMJAT SHARIFF						
	At the beginning of the year 01-Apr-2020	282974	0.03	282974	0.03	'IN30131322305651	AAQPS9393A
	At the end of the Year 31-Mar-2021	282974	0.03	282974	0.03		
2	T SHIVARAMAN						
	At the beginning of the year 01-Apr-2020	282675	0.03	282675	0.03	'1203840001707045	AACPS3488G
	At the end of the Year 31-Mar-2021	282675	0.03	282675	0.03		
	HAVING SAME PAN						
2	T SHIVARAMAN						
	At the beginning of the year 01-Apr-2020	3000	0.00	3000	0.00	'IN30036022465056	AACPS3488G
	At the end of the Year 31-Mar-2021	3000	0.00	3000	0.00		
3	RANGASWAMY SUNDARA RAJAN						
	At the beginning of the year 01-Apr-2020	9800	0.00	9800	0.00	'1203840000800556	AACPR1580Q
	At the end of the Year 31-Mar-2021	9800	0.00	9800	0.00		
4	T SHIVARAMAN						
	At the beginning of the year 01-Apr-2020	1000	0.00	1000	0.00	'IN30036022567986	AAAHT0053L
	Sale 12-Mar-2021	-1000	0.00	0	0.00		
	At the end of the Year 31-Mar-2021	0	0.00	0	0.00		
	HAVING SAME PAN						
4	T SHIVARAMAN (HUF) .						
	At the beginning of the year 01-Apr-2020	0	0.00	0	0.00	'1203840001818227	AAAHT0053L
	Purchase 12-Mar-2021	1000	0.00	1000	0.00		
	At the end of the Year 31-Mar-2021	1000	0.00	1000	0.00		
5	AMJAD SHERIFF M						
	At the beginning of the year 01-Apr-2020	10	0.00	10	0.00	'00000006	
	At the end of the Year 31-Mar-2021	10	0.00	10	0.00		
6	SHIVARAMAN T						
	At the beginning of the year 01-Apr-2020	10	0.00	10	0.00	'00000040	
	At the end of the Year 31-Mar-2021	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		



## V. INDEBTEDNESS

The Company has loan funds outstanding as at March 31, 2021 of Rs 789.12 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	652.87	0.27	-	653.14
ii) Interest due but not paid	5.18	-	-	5.18
iii) Interest accrued but not due	-	-	-	-
<i>Total(i+ii+iii)</i>	<i>658.05</i>	<i>0.27</i>	<i>-</i>	<i>658.32</i>
<b>Change in Indebtedness during the financial year</b>				
- Addition	43.42	3.12	-	46.54
- Reduction	(2.22)	-	-	(2.22)
<b>Net Change</b>	<b>45.64</b>	<b>3.12</b>	<b>-</b>	<b>48.76</b>
<b>Indebtedness at the end of of the financial Year</b>				
i) Principal Amount	737.48	3.40	-	740.88
ii) Interest due but not paid	29.35	-	-	29.35
iii) Interest accrued but not due	18.89	-	-	18.89
<b>Total(i+ii+iii)</b>	<b>785.72</b>	<b>3.40</b>	<b>-</b>	<b>789.12</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl No	Particulars of Remuneration	Name of the MD/WTD		Total Amount (Rs.in lacs)
		Mr. T Shivaraman (Rs.in lacs)	Mr. M Amjat Shariff (Rs.in lacs)	
	Gross salary	60.40	60.15	120.55
1	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	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 & Super annuation)			
	<b>TOTAL A</b>	<b>60.40</b>	<b>60.15</b>	<b>120.55</b>
	Ceiling as per Act	120.00	120.00	120.00

**B. Remuneration to other Directors:**

	Mr. P D Karandikar Independent	Mr. R Sundararajan Non-Independent	Mr. S Babu Non-Independent	Ms. Chandra Ramesh Independent	Mr. K S Sripathi Independent
<b>Particulars of Remuneration</b>					
Fee- for attending Board meetings	94500	40500	94500	94500	94500
Fee- Committee meetings	81000	27000	63000	108000	90000
Total	175500	67500	157500	202500	184500
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

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

Particulars of Remuneration		Name of the KMP		Total Amount (Rs.in Lacs)
		R S Chandrasekharan	K Suresh	
1	Gross Salary	Amount (Rs.in lacs)	Amount (Rs.in lacs)	(Rs.in Lacs)
	a. Salary as per provisions contained in Section 17(1) of the Income Tax act, 1961	49.38	37.11	86.49
	b. Value of perquisites under Section 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	37.11	86.49

**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

Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2020-21, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the financial year 2020-21.



SI No	Name of the Director/ KMP	Designation	Remuneration (Rs.in lacs)	Ratio of remuneration to each Director to median remuneration of each employees	Percentage increase in remuneration
I	<b>Non-Executive Directors</b>				
1	P D Karandikar	Chairman	1.76	0.41	NIL
2	R Sundararajan	Director	0.68	0.16	NIL
3	S Bapu	Director	1.58	0.37	NIL
4	Chandra Ramesh	Director	2.03	0.47	NIL
5	K S Sripathi	Director	1.85	0.43	NIL
II	<b>Executive Directors</b>				
1	T Shivaraman	Managing Director & CEO	60.40	14.01	NIL
2	Amjat Shariff	Joint Managing Director	60.15	13.96	NIL
III	<b>Governed under Remuneration Structure</b>				
1	R S Chandrasekeran	Chief Financial Officer	49.38	11.50	NIL
2	K Suresh	Company Secretary	37.11	8.61	Decrease in remuneration of 20%

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.
- ii. The median remuneration of Employees for the financial year 2020-21 was Rs.4.31 lacs compared to Rs.4.39 lacs during the corresponding period in 2019-20.
  - iii. The Company has 315 permanent Employees on the rolls of Company as on 31st March, 2021.
  - 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.
  - 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.
  - vi. The Market Capitalisation of the Company as on 31st March, 2021 was Rs. 388 crore.
  - vii. Average percentage decrease made in the salaries of Employees other than the managerial personnel in the financial year was 10%.
  - 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.

# 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 29,91,990.00
5	Reserves & surplus	Rs 9,62,09,133.91
6	Total assets	Rs <b>168,19,32,757</b>
7	Total Liabilities	Rs 158,27,31,633.20
8.	Investments	
9.	Turnover	Rs 50,85,19,149.3
10.	Profit before taxation	Rs 4,63,39,286.10
11.	Provision for taxation	Nil
12	Profit after taxation	Rs 3,41,22,604.74
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	
1. Latest audited Balance Sheet Date	31.03.2021
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
Extend 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

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

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

## Annexure to AOC-2

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

**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 & CEO

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 Windfarms 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>(B) Details of transactions with related party in the ordinary course of business for the year ended:</b>		
	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>(i) Investing Party</b>		
Sale consideration	-	4,280.63
Expenses reimbursed by the party	-	908.65
Transfer of Advances / Receivables	4,758.88	-
Funds Received (net)	5,194.75	-
<b>(ii) Subsidiary</b>		
Progressive billings/Revenue	-	4,274.30
Management Fees		1,528.80
Expenses incurred on our behalf by the party		19.46
<b>(iii) Step Down Subsidiary</b>		
Expenses reimbursed by the party		39.71
<b>(iv) Subsidiary of Investing Party</b>		
<b>Shriram SEPL Composites Private Limited</b>		
Expenses incurred and recoverable	-	26.79
<b>(v) Enterprises under the joint control of the investing party:</b>		
<b>a) Leitwind Shriram Manufacturing Private Limited</b>		
Expenses incurred and recoverable	-	9.29
<b>(vi) Key Management Personnel (KMP)</b>		
<b>Compensation of key management personnel</b>		
T.Shivaraman	60.40	60.40
M.Amjad Shariff	60.15	60.15

	31-Mar-20	31-Mar-19
<b>(vii) 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
<b>(viii) Joint Operations</b>		
<b>(a) Larsen &amp; Toubro Limited Shriram EPC JV</b>		
Company's share in profit / Loss of Integrated Joint Ventures	286.15	(172.35)
Progressive billings / Revenue		512.18
<b>(b) Shriram EPC Eurotech Environmental Pvt Ltd - JV</b>		
Progressive billings / Revenue	532.66	1,076.42
Expenses incurred on our behalf by the party	125.23	155.70
<b>(c) SEPC DRS ITPL JV</b>		
Progressive billings / Revenue	590.73	663.99
Expenses incurred on our behalf by the party	260.85	158.83
<b>(d) Mokul Shriram EPC JV</b>		
Progressive billings / Revenue	25,983.90	30,379.93
Cost incurred for material and labour	25,983.90	30,379.33
Expenses incurred on our behalf by the party	-	10



# 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 2020 - 21.

### BOARD OF DIRECTORS

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

#### Composition of Board

Presently the Board comprises of seven directors of which Managing Director & CEO and Joint Managing Director are the Two Executive Directors. Out of the five Non-Executive Directors, Three (3) including one-woman director are independent Directors and 1 non independent director and 1 Nominee Director. As on March 31, 2021 and as on date of this Report, the Company is in compliance with Regulations 17(1)(a) and 17(1)(b) of the Listing Regulations pertaining to optimum combination of Executive and Non-executive Directors with one Woman Director, not less than fifty percent of the Board comprising of Non-executive Directors and at least half of the Board

comprising of Independent Directors. The Company is also in compliance with the provisions of Section 149(4) of the Companies Act, 2013

As on March 31, 2021 and as on date of this Report, the Company is in compliance with Regulations 17(1)(a) and 17(1)(b) of the Listing Regulations pertaining to optimum combination of Executive and Non-executive Directors with one Woman Director, not less than fifty percent of the Board comprising of Non-executive Directors and at least half of the Board comprising of Independent Directors. The Company is also in compliance with the provisions of Section 149(4) of the Companies Act, 2013.

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

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

#### Information provided to the Board

Among others, information shared to the Board includes:

- a) Annual operating plans of businesses and budgets and any updates thereof;
- b) Capital budgets and any updates thereof;
- c) Quarterly results for the Company and business segments;
- d) Minutes of the meetings of the Audit Committee, other Committees of the Board and minutes of meetings of Subsidiary Companies;
- e) The information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary;
- f) Show cause, demand, prosecution notices and penalty notices, which are materially important;
- g) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- h) Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
- i) Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures

on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;

- j) Making of loans and investment of surplus funds;
- k) General notices of interests of Directors;
- l) Constitution/Reconstitution of Board Committees;
- m) Appointment, remuneration and resignation of Directors;
- n) Dividend declaration;
- o) Significant changes in accounting policies and internal controls;
- p) Details of any joint venture or collaboration agreements;
- q) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- r) Significant labour problems and their proposed solutions, any significant development on human resources, industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.;
- s) Sale of material nature of investments, subsidiaries, assets which are not in the normal course of business;
- t) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- u) Non-compliance of any regulatory, statutory nature or listing regulations and shareholders' service, such as non-payment of dividend, delay in share transfer, if any, and others;
- v) Declaration of Independent Directors at the time of appointment / annual declaration;
- w) Takeover of a Company or acquisition of a controlling of a substantial stake in another Company;
- x) Appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee;
- y) Annual financial results of the Company, Auditors' Report and the Report of the Board of Directors;
- z) Compliance Certificates for all the laws as applicable to the Company; and
- aa) CSR activities carried out by the Company and expenditure made thereon.

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

in the agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.

#### **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. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent directors.

#### **Prevention of Insider Trading**

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

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the guidelines received and

adopted by the Company. Code of Conduct for Prevention of Insider Trading for prevention of insider trading is in place. The objective of the Code is to prevent purchase and / or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, Designated persons (Directors, Advisors, Officers and other concerned employees / persons) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of Compliance Officer is also required. All the designated employees are also required to disclose related information periodically as defined in the Code. Directors and designated employees who buy and sell shares of the Company are prohibited from entering into an opposite transaction i.e. sell or buy any shares of the Company during the next six months following the prior transactions. Directors and designated employees are also prohibited from taking positions in the derivatives segment of the Company shares. The aforesaid Code is amended from time to time as per latest regulations and is available at the website of the Company in <http://www.shriramepc.com/pdf/Fair-Codes-for-Insider-Trading-Feb-2019.pdf>.

#### **Whistle Blower**

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

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

The Nomination and Remuneration Committee evaluates the performance of Independent Directors based on their commitment towards attending the meetings of the Board/Committees, contribution and attention to the affairs of the Company and their overall performance apart from sitting fees paid for each Board and committee meetings attended by them. The evaluation mechanism of Independent Directors is detailed 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. Due to the pandemic, the Independent Directors meeting for the current financial year 2020-21 could not be held.

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.

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

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

During the year 2020-21, 7(seven) meetings of the Board of Directors were held on 24th June 2020, 10th July 2020, 9th Sept 2020, 13th November 2020, 29th January 2021, 13th February 2021, 10th March 2021. The maximum time gap between any two consecutive meetings did not exceed 120 days.

#### BOARD MEETING ATTENDANCE

Members	No. of Meetings held	No. of Meetings Attended	Present at Previous AGM
Mr. P D Karandikar– Chairman- Independent Director	7	7	YES
Mr. T Shivaraman – Managing Director & CEO	7	7	YES
Mr. M Amjat Shariff – Joint Managing Director	7	7	YES
Mr. S Bapu – Member-Non Independent Director	7	7	YES
Mr. R Sundararajan – Member** (Resigned w.e.f. 23.09.2020)	7	2	YES
Ms.Chandra Ramesh – Member-Independent Director	7	7	YES
Mr. K S Sripathi – Member-Independent Director	7	7	YES
Mr. Kallika Prasad Agarwal - Member-Nominee Director	7	7	YES



None of the Directors on the Board are 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, 2021 have been made by the Directors as per LODR Regulations, 2015.

Details of their Directorships and Chairmanship/Membership of Board Committees of the companies showing the position as on 31 March, 2021 are given below:

Name of Director	Position	Relationship with other Directors	Directorships held as on March 31, 2021 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 Chairman	None	1		1
Mr. T. Shivaraman	Executive Managing Director & CEO	None	1	--	--
Mr. M Amjat Shariff	Executive Joint Managing Director	None	--	--	--
Mr. S Bapu	Non- Independent Director	None	--	--	--
Ms. Chandra Ramesh	Non – Executive Independent Director	None	1	--	--
Mr. K P Agarwal	Non – Executive Nominee Director – OBC (now merged with Punjab National bank Ltd)	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.

During the year Mr. R Sundararajan, Director resigned from the Board due to personal reasons on 23/9/2020,

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.

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

### Code of Conduct

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

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

The Board members and Senior Management personnel have affirmed their compliance with the code. A declaration to this effect signed by the 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 23<sup>rd</sup> September 2020.

**(B) Terms of reference**

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

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

- 1. The audit committee shall have minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors.
- 2. All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
- 3. The Chairman of the Audit Committee shall be an independent director;
- 4. The Chairman of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries;
- 5. The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee;
- 6. The Company Secretary shall act as the secretary to the committee.

**B. Meeting of Audit Committee**

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

**C. Powers of Audit Committee**

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

- 1. To investigate any activity within its terms of reference.
- 2. To seek information from any employee.

- 3. To obtain outside legal or other professional advice.
- 4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**D. The role of the Audit Committee**

- 1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - o Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - 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 Babu, and Ms. Chandra Ramesh as members of the Committee.

During the year, 5 Audit Committee meetings were held on 24th June 2020, 9th Sept 2020, 13th November 2020, 5th February 2021, 13th February 2021.

The skillsets of the Audit Committee members is such that 2 members are IAS(retd) and the other 2 are financially literate- Mr. S Babu- with over 5 decades of experience in senior positions including Chief Commissioner of Income Tax, Member Administrative Tribunal etc., in Government, Public and Private Sectors and and Ms. Chandra Ramesh is an FCA, ACS, AICWA, PGDM (IIM-A) and LICENTIAE IN INSURANCE with over 35 years' experience.

The composition of the Audit Committee, had not been reconstituted during the year and number of meetings attended by the Members during the year are given below:

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

Mr. K Suresh, Company Secretary was the Secretary of the Audit Committee. However, Mr. K Suresh has resigned as Company Secretary & Compliance officer from the closing hours of 4th June 2021.

**Nomination and Remuneration Committee**

**(A) Constitution**

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

The Nomination and Remuneration Committee has been reconstituted during the year (on 13-11-2020) consequent on the resignation of Mr. R Sundararajan, and now comprises of Ms. Chandra Ramesh – Chairman, Mr. P D Karandikar and Mr. K S Sripathi, as members of the Committee.

**(B) Terms of reference**

Terms of reference of the Nomination and Remuneration Committee include:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity; and

Identifying 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 10th July 2020 .

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	-	-

\* Mr. R Sundararajan- resigned from the Committee consequent on his resignation from the Company on 23/09/2020.

\*\* Mr. K S Sripathi- appointed as member of the Committee on 13/11/2020.

#### (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 2020-21 was Rs. 60.40 Lakh.

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

(b) Mr. M Amjat Shariff, Joint Managing Director (JMD) of the Company. The salary, benefits and perquisites paid to Mr. M Amjat Shariff, JMD during the year 2020-21 was Rs. 60.15 Lakhs.

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

#### PARTICULARS OF REMUNERATION

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

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

Non-Executive Directors	Ratio to Median Remuneration
Mr. P D Karandikar	0.41
Mr. R Sundararajan	0.16
Mr. S Bapu	0.37
Ms. Chandra Ramesh	0.47
Mr. K P Agarwal	-
Mr. K S Sripathi	0.43
<b>Executive Directors</b>	-
Mr.T Shivaraman	14.01
Mr. Amjat Shariff	13.96

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



Name of person	% increase to remuneration
Mr. P D Karandikar	NIL
Mr. 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	NIL
Mr. Amjat Shariff, JMD	NIL
Mr. R Chandrasekharan, CFO	NIL
Mr. K Suresh, VP & Company Secretary	20% decrease in salary

(c) the median remuneration of employees in the financial year was Rs.431360 compared to Rs. 452133 for 2019-20.

(d) the number of permanent employees on the rolls of company: 315

(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 2020-21 (aggregated)	207.04
Revenue from operations	55,324.14
Remuneration (as % of revenue)	0.38
Profit before tax (PBT)	(17,139.42)
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	60.40	60.15	49.38	37.11
Revenue	55324.14	55324.14	55324.14	55324.14
Remuneration (as % of revenue)	-	-	-	-
Profits before tax (PBT)	(17139.42)	(17139.42)	(17139.42)	(17139.42)
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, 2021 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
P D Karandikar	94500	36000	36000	9000	--
R Sundararajan	40500	--	18000	9000	--
S Bapu	94500	45000	--	--	18000
Chandra Ramesh	94500	45000	36000	9000	18000
K P Agarwal	--	--	--	--	--
K S Sripathi	94500	45000	18000	9000	18000
Total	418500	171000	108000	36000	54000

**Notes:**

- (i) The Non-Executive Directors have disclosed separately the shares held by them in the Company.
- (ii) There has been no pecuniary relationship or transactions other than above of the Non-Executive Directors vis-à-vis the Company during the year under review.

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

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

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

### 3.3 Stakeholders Relationship Committee

(A) Composition, Members, its meetings and attendance

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



Consequent on the resignation of Mr. R Sundararajan (w.e.f.23/09/2020), the Committee was reconstituted with the following members on 13/11/2020 and number of meetings attended by the Members during the year are given below:

Members	No. of Meetings held	No. of Meetings Attended
Mr. K S Sripathi – Chairman (w.e.f. 13/11/2020)	4	2
Mr. R Sundararajan– (resigned w.e.f. 23/09/2020)	4	2
Mr. P D Karandikar- Member	4	4
Ms. Chandra Ramesh- Member	4	4

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

During the year, 4 meetings of the Stakeholders Relationship Committee were held on 24th June 2020, 9th Sept 2020, 13th November 2020, 13th February 2021.

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

Mr K Suresh, Vice President & Company Secretary had been designated as Compliance Officer of the Company. However, Mr. K Suresh has resigned as Company Secretary & Compliance officer effective 4/6/2021. Mr. R S Chandrasekaran, CFO has also been made as the Interim Compliance officer(not a member of the ICSI) till such time new Company Secretary is appointed . They may be contacted at:

SEPC Limited  
10/1, Bascon Futura, 4th Floor,  
Venkatnarayana Road,  
T. Nagar, Chennai – 600 017.  
Ph.044-4900 5555India  
Email: tsr@shriramepc.com OR info@shriramepc.com  
Website: www.shriramepc.com

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

#### (C) Complaints received and redressed during the year 2020-21

Opening Balance	Received during the year 2020-21	Resolved during the year 20-21	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 meeting was not held in the year 2021 due to the pandemic.

#### 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.

The Company during the year under review has also undertaken the audit for compliance of Secretarial Standards and procedures followed by the Company in compliance with Secretarial Standards on Annual General meeting and Board Meeting issued by Institute of Company Secretaries of India. The Secretarial Standards Report is published elsewhere forming a part of this Report.

**(F) Annual Secretarial Compliance Report**

The Company has undertaken an audit for the financial year 2020-21 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 31st March 2021.

**(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 Bapu, Director (DIN: 0254169) will retire by rotation at the ensuing Annual General Meeting. A brief profile is published elsewhere in the Annual Report.
- (iv) As per the provisions of Sections 196, 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, the re-appointment of Mr. T Shivaraman as the Managing Director & CEO and Mr. M Amjat Shariff as Joint Managing Director for a further term of ONE year effective from 20<sup>th</sup> September 2021 till 19<sup>th</sup> September 2022 will be subject to the approval of the Shareholders.

**6. CEO and CFO Certification**

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

**7. Compliance on Corporate Governance**

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



## 8. General Body Meetings

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

Year	Date	Time	Venue
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
2019-20	23.9.2020	10.00 AM	Audio/video means

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

Year	Date of meeting	Section	Particulars
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 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 Babu – Director
		Section 14	Approval for Alteration of Articles of Association
2019-20			NO POSTAL BALLOT
2020-21	11-01-2021	Section 4 read with Section 13 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 if any	Change of name and Amendment to the Memorandum & Articles of Association of the Company
2020-21	19-03-2021	Section 42, Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and enactment of face value of Rs. 10 each (the Equity Shares)	Issue of equity shares of the Company to MARK AB CAPITAL LIMITED, on preferential basis pursuant to the Resolution Plan
		Section 13, Section 61 and other applicable provisions, if any, of the Companies Act, 2013,	Increase of Authorised Share Capital of the Company from Rs. 1050 Cr. to Rs. 1400 Cr.

## EVOTING DETAILS OF 2020-21 MEETINGS

### Meeting Date : 11-01-2021

1. Change of Name and Amendment to the Memorandum & Articles of Association of the Company

Particulars		Voter Count	% of voting to total valid votes
E-voting	In favour	588199	99.67
	Against	1941	0.33
	Invalid	0	0

### Meeting Date : 19-03-2021

1. Issue of equity shares of the Company to MARK AB, on preferential basis pursuant to the Resolution plan

Particulars		Voter Count	% of voting to total valid votes
E-voting	In favour	281640396	99.9997
	Against	786	0.0003
	Invalid	0	0

### Meeting Date : 19-03-2021

2. To increase the Authorised Share capital of the Company and consequent amendment in Memorandum of Association

Particulars		Voter Count	% of voting to total valid votes
E-voting	In favour	281640996	99.9999
	Against	186	0.0001
	Invalid	0	0

### Procedure for Postal Ballot:

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

The Company fixes a cut-off date to reckon paid-up value of equity shares registered in the name of shareholders for the purpose of voting. Shareholders may cast their votes through e-voting during the voting period fixed for this purpose. After completion of scrutiny of votes, the scrutinizer submits his report to the Chairman or person duly authorised by the Chairman and the results of voting by postal ballot are announced by the Chairman or Person duly authorized within 48 hours of conclusion of the voting period. The results are also displayed on the website of the Company ([www.shriramepc.com](http://www.shriramepc.com)), besides being communicated to the Stock Exchanges, Depositories and Registrar and Share Transfer Agents.

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

### 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 : 28<sup>th</sup> September 2021 at 10.00 AM by video conferencing

(ii) Financial Year: 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021

(iii) Date of Book Closure: From Thursday 23<sup>rd</sup> September 2021 to Tuesday the 28<sup>th</sup> September, 2021 (both days inclusive)

### (iv) Listing

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

- BSE Limited
- National Stock Exchange of India Limited

### (v) Stock Code

BSE Limited:532945

National Stock Exchange of India Limited: SHRIRAMEPC

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

### (vi) Market price information

- The reported high and low closing prices during the year ended 31 March, 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	Low	High	Low
Apr-20	3.61	2.28	3.55	2.25
May-20	3.24	2.43	3.35	2.50
Jun-20	6.21	2.81	6.25	2.85
Jul-20	4.88	3.54	4.8	3.55
Aug-20	4.95	3.31	4.9	3.30
Sep-20	4.50	3.38	4.45	3.35
Oct-20	4.54	3.60	4.50	3.55
Nov-20	3.74	3.38	3.75	3.35
Dec-20	5.85	3.45	5.85	3.40
Jan-21	5.78	4.50	5.80	4.35
Feb-21	5.75	4.25	5.65	4.20
Mar-21	5.20	3.93	5.20	3.95

### (vii) Registrars and Share Transfer Agents

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

Cameo Corporate Services Limited  
Subramanian Building, V Floor  
No. 1, Club House Road  
Chennai 600 002, India  
Tel: (91 44) 2846 0390  
Fax: (91 44) 2846 0129  
Email: shriramepc@cameoindia.com  
Website: www.cameoindia.com  
Contact Person: Mr. R.D. Ramasamy  
SEBI Registration Number: INR000003753

### A. Shareholding Summary

SEPC LIMITED			
SHAREHOLDING SUMMARY AS ON 31-Mar-2021			
CATEGORY	NO.OF HOLDERS	TOTAL POSITIONS	% OF HOLDINGS
Physical	126	1261	
NSDL	12144	894160652	92.04
CDSL	14078	77367105	7.96
	26348	971529018	100.00

### B. DISTRIBUTION OF HOLDINGS AS ON 31.3.2021

SEPC LIMITED				
DISTRIBUTION OF HOLDINGS - NSDL & CDSL & PHYSICAL As on : 31-Mar-2021				
Share or Debenture holding Shares	Number	% of total	Shares	% of total
1 - 100	10343	39.26	443053	0.05
101- 500	7235	27.46	2249383	0.23
501- 1000	3376	12.81	2984500	0.31
1001 - 2000	2091	7.94	3357226	0.35
2001 - 3000	891	3.38	2345748	0.24
3001 - 4000	382	1.45	1406156	0.14
4001 - 5000	551	2.09	2658749	0.27
5001 - 10000	775	2.94	6093210	0.63
10001 - And Above	704	2.67	949990993	97.78
Total :	26348	100	971529018	100

### (c) Capital of the Company

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

### (d) Top ten Shareholders as on 31 March, 2021

SL NO	DPID	CLID	NAME	SHARES	PERCENTAGE
1	IN300020	11730413	SVL Ltd	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	10501028	PUNJAB NATIONAL BANK	124230155	12.79
5	'IN300812	10495586	IDBI BANK LTD.	32990947	3.40
6	'IN300812	10505738	THE SOUTH INDIAN BANK LIMITED	39494464	4.07
7	'IN300484	10820757	AXIS BANK LIMITED	35664419	3.67
8	'IN300749	10000012	BANK OF INDIA	27857738	2.87
9	'IN300386	10000287	BANK OF MAHARASHTRA	24398370	2.51
10	'IN300812	10491156	INDIAN BANK	22860043	2.35

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

**(vii) Plant locations**

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

**(vii) FINANCIAL CALENDAR (TENTATIVE)**

Financial year	1 April 2021 to 31 March 2022
First quarter results	Aug-21
Half-yearly results	Nov-21
Third quarter results	Feb-22
Annual results	May-22
22 <sup>nd</sup> Annual General Meeting	August / September 2022

**(ix) Address for correspondence**

SEPC Limited  
 10/1, Bascon Futura, 4th Floor, Venkatnarayana Road,  
 T. Nagar, Chennai – 600 017.  
 Ph.044-4900 5555  
 Email: info@shriramepc.com  
 Website: www.shriramepc.com

**(x) Share Transfer System:**

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

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

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

**(xi) Dematerialisation of shares and liquidity:**

The total number of shares dematerialised as on March 31, 2021 is 971527757 representing 99.99% of paid up equity share capital. Trading in Equity Shares of the Company is permitted only in dematerialised form, w.e.f. February 15, 1999 as per the notification issued by the SEBI.

## 11. Reconciliation of Share Capital

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

There were no complaints filed during the Financial Year 2020-21 under Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013

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

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

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

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

There are no Indian subsidiary companies

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

<b>I. Disclosure on website in terms of Listing Regulations</b>	
<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/A)</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

## **CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

**Corporate Identification No : L74210TN2000PLC045167**

To,  
The Members

**SEPC LIMITED** (Formerly Known as SHRIRAM EPC LIMITED)  
4<sup>th</sup> Floor, BASCON FUTURA SV IT Park,  
Venkatanarayana Road, Parthasarathy Puram,  
T. Nagar, Chennai-600017

I have examined all relevant records of SEPC Limited (Formerly Known as SHRIRAM EPC LIMITED), having its Registered Office at 4<sup>th</sup> Floor, BASCON FUTURA SV IT Park, Venkatanarayana Road, Parthasarathy Puram, T. Nagar, Chennai – 600017, for the purpose of certifying compliance of the conditions of Corporate Governance under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2021. 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 31<sup>st</sup> March, 2021.

Chennai  
20<sup>th</sup> August, 2021

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<sup>st</sup> March, 2021.

Chennai  
13<sup>th</sup> August, 2021

T SHIVARAMAN  
Managing Director & CEO



# Secretarial Audit Report for the Financial year ended 31<sup>st</sup> March, 2021

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

To,

The Members,  
**SEPC Limited (Formerly Known as SHRIRAM EPC LIMITED)**

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SEPC limited (Formerly Known as SHRIRAM EPC LIMITED) [Corporate Identity No. L74210TN2000PLC045167] (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 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; Not Applicable as the Company has not delisted its equity shares from any stock exchange during the Financial Year under review and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. Not applicable as the Company has not done any buy back of its securities during the Financial Year under review;
- (vi) I have reviewed the systems and mechanisms established by the Company for ensuring compliances under the other applicable Acts, Rules, Regulations and Guidelines prescribed under various laws which are applicable to the Company and categorized under the following major heads/groups:

1. Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution welfare, provident fund, insurance, compensation etc.;
2. Acts relating to consumer protection including The Competition Act, 2002;
3. Acts and Rules prescribed under prevention and control of pollution;
4. Acts and Rules relating to Environmental protection and energy conservation;
5. Acts and Rules relating to hazardous substances and chemicals;
6. Acts and Rules relating to Electricity, motor vehicles, explosives, Boilers etc.;
7. Acts prescribed relating to mining activities;
8. Acts relating to protection of IPR;
9. The Information Technology Act, 2000;
10. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
11. Tamil Nadu Industrial Establishments (National & Festival Holidays) Act, 1958 read with The Tamil Nadu Industrial Establishments (National & Festival Holidays) Rules, 1959.
12. Tamil Nadu Labour Welfare Fund Act, 1972 read with Tamil Nadu Labour Welfare Fund Rules, 1973
13. Land revenue laws and
14. Other local laws as applicable to various plants and offices.

With respect to Fiscal laws such as Income Tax, Wealth Tax, Professional Tax, 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.

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

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

During the period under review the company has not complied with the provisions of regulation 45 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company had not applied for In-Principle approval from Stock Exchanges for name change from Shriram EPC Limited to SEPC Limited, prior to getting Registrar of Companies approval. Subsequently in consultation with Stock Exchange the Company has initiated the steps to regularise the same. BSE has already given their approval over mail and are awaiting formal approval from NSE.

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

**I further report that**

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

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

Based on the verification of the records and minutes, the decisions were carried out with the consent of majority of the Board of Directors / Committee Members and there was 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                      Practicing Company Secretary  
Date : 20<sup>th</sup> August, 2021      ACS No. 20312, CP No. 17498  
UDIN- A020312C000812422

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,

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

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company since the same has been subject to review by the statutory financial audit and other designated professionals.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. Due to the spread of COVID-19 and lockdown the soft copies of the documents were only verified for the last quarter.
8. I further report that, based on the information provided by the Company, its officers, and authorized representatives during the conduct of the audit and also on the review of quarterly compliance report issued by the respective departmental heads/Company Secretary/ Managing Director & CEO, taken on record by the Board of the Company, in my opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
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

Practicing Company Secretary

Date : 20<sup>th</sup> August, 2021

ACS No. 20312, CP No. 17498

UDIN- A020312C000812422

# Annual Secretarial Compliance Report of M/s. SEPC Limited (Formerly Known as SHRIRAM EPC LIMITED) for the Year Ended 31<sup>st</sup> March, 2021

I Rajib Lochan Sarangi, Practicing Company Secretary have examined:

- a) all the documents and records made available to us and explanation provided by SEPC LIMITED (Formerly Known as SHRIRAM EPC LIMITED) (“the listed entity”) [CIN: L74210TN2000PLC045167], having registered office at 4th Floor, BASCON FUTURA SV IT Park Venkatanarayana Road, Parthasarathy Puram, T. Nagar, Chennai-600017
- 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, 2021** (“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
1	Regulation 45 of the SEBI –(LODR)-2015	Company had not applied for In-Principle approval from Stock Exchanges for name change	Subsequently in consultation with Stock Exchange the Company has initiated the steps to regularise the same and final approval is awaited.



(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:

<b>Sr. No</b>	<b>Action taken by</b>	<b>Details of violation</b>	<b>Details of action taken E.g. fines, warning letter, debarment, etc.</b>	<b>Observations / remarks of the Practicing Company Secretary, if any.</b>
<b>NIL</b>				

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

<b>Sr. No</b>	<b>Observations of the Practicing Company Secretary in the previous reports</b>	<b>Observations made in the Secretarial Compliance Report for the year ended 31<sup>st</sup> March, 2020</b>	<b>Actions taken by the listed entity, if any</b>	<b>Comments of the Practicing Company Secretary on the actions taken by the listed entity</b>
<b>NIL</b>				

Place : Chennai

Date : 29<sup>th</sup> June, 2021

**Rajib Lochan Sarangi**

Practicing Company Secretary  
ACS No. 20312, 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

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

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

I have examined all relevant registers, records, forms, returns and disclosures received from the Directors of SEPC Limited (Formerly Known as SHRIRAM EPC LIMITED), having its Registered Office at 4<sup>th</sup> Floor, BASCON FUTURA SV IT Park, Venkatanarayana Road, Parthasarathy Puram, T. Nagar, Chennai – 600017 (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, 2021 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. Bapu 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

\*Since resigned on 23/09/2020

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.

Chennai  
20<sup>th</sup> August, 2021

For Rajiblochan Sarangi  
Practicing Company Secretaries  
ACS No. 20312  
CP No. 17498  
UDIN : A020312C000812422



# 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, 2021, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss including other comprehensive income, 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. 3,201.62 Lakhs (March 31, 2020: Rs. 3,800.40 Lakhs) due from a related party. Sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amount is not available and the amount is outstanding for more than five years. Further, no provision with respect to the same is made in the books of account as explained in Note 9.2 of the Standalone Financial Statements. Accordingly, we are unable to comment on the carrying value of above-mentioned Financial Assets Loans amounting to Rs. 3,201.62 Lakhs and the impact if any, on account of non-provisioning of the said balance on the financial statements at present.
2. The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. 43,889.00 Lakhs (March 31, 2020: Rs. 43,520 Lakhs) which is recognized on unabsorbed business losses. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment on reasonable certainty of future taxable profits, as required by Ind AS 12 on Income taxes, 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.

These matters were also qualified in our report on the standalone financial statements for the year ended March 31, 2020.

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

### Emphasis of Matter

We draw attention to Note 39 to the standalone financial statements, which fully describes that the Company has made an assessment to recognize an impairment loss of Rs. 1,149.11 Lakhs on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 (March 31, 2020: INR 2,748.97 Lakhs).

Our opinion is not modified in respect of this matter.

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

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

### A) Provision for Expected credit loss

Refer to Note 9,10,12,14 & 18 in the standalone Ind AS Financial statements of 2020-21. 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) model for provisioning in respect of loan and account receivables which 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 and account receivables 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 behaviour and estimating the level and timing of expected future cash flows.

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

Our audit procedures in respect of this area included:

1. Obtained an understanding of the process relating to allowance for credit loss and assessed the management's estimate and related policies used in the credit loss analysis.
2. 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 Instruments", 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.
3. Reviewed the appropriateness of management's ageing analysis based on days past due by examining the original documents (such as invoices and bank deposit advice).
4. Recalculated the ECL of each type of trade receivables and loan assets according to the provision matrix.

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

### B) Going Concern Assessment

The Company is into Construction business. The Company has incurred losses amounting to INR Rs. 18,288.53 Lakhs for the year ended 31 March 2021 (Previous year INR 8,098.83 Lakhs) primarily due to lower volumes on account of COVID 19 pandemic, high finance cost, and certain provisions for impairment.

We have identified this as key audit matter because of management judgement and estimate involved in evaluation of the future plans and business projections.

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

Our audit procedures in respect of this area included:

1. Evaluated management plans for future actions and business projections, whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible in the circumstances.
2. Analysed and discussed cash flow, profits and other relevant forecasts with management.
3. Read the minutes of the meeting held between the Lenders and the Company.
4. Request balance confirmation letters to the lenders to ensure the correct classification of the debt.
5. Obtain and read copy of the draft resolution plan and evaluate if the terms stated in the plan is appropriately factored in the estimation of future cash flows.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using



the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

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

1. As required by the Companies (Auditor's Report) Order, 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 including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - (d) Except for the matter described in the Basis of Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) The matter described in Basis of Qualified Opinion section of our report, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 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/provided 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 29, 2021

Membership No. : 029409  
UDIN: 21029409AAAAFR9354

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

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements 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 29, 2021

Membership No. : 029409  
UDIN: 21029409AAAAFR9354



# 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, 2021

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

- i. (a) (a) The company has maintained proper records showing full particulars including quantitative details and situation of 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. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.
- iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, The company has granted loans, secured or unsecured to companies covered in the register maintained under section 189 of the act:
  - 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) We are informed that the Company has not demanded repayment of any of the aforesaid loans during the year. Hence there has been no default by the parties to whom the loans have been granted.
  - c) There are no overdue amounts remaining outstanding as at the Balance Sheet date, except for an amount of Rs. 3,201.62 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 , undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases (Provident Fund delay range – 76 to 319 days & Tax deducted at Source delay range - 61 to 327 days).
- (b) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, no disputed amount payable in respect of employees’ state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues outstanding at the year end, for a the period of more than six months from the date they became payable except provident fund and tax deducted at source which are outstanding as at March 31, 2021 for a period more than six months from the date they became payable are as follows:

Name of statute	Natures of Dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Due Date	Date of payment	Remarks if any
Employee provident fund Act, 1952	Provident Fund	81.77	April'2020-August'2020	Various dates	Various dates	Subsequently Paid.
		60.60				Pending to be paid
Income tax Act 1961	Tax deducted at Source	54.75	April'2020-August'2020	Various dates	Various dates	Subsequently Paid.
		46.78				Pending to be paid

(c) 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	2010-11	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
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	57.16
West Bengal Value Added Tax Act	Value Added Tax	2007-08 to 2015-16	Revisional Board	2,003	2,003
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 & 2014-15	Dy. Commissioner of commercial tax	41.64	41.64
Kerala Value added tax act	Disputed on Penalty	2013-14 to 2016-17	Sales tax Officer	127.19	127.19
Kerala Value added tax act	Disputed on Tax & Interest	2009-10	A s s i s t a n t commissioner	78.83	78.83
West Bengal Value Added Tax Act	Value Added Tax	2016-17	Revisional Board	24.84	24.84

vii. 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 and banks except for in the following cases the details of which are as follows:

Particulars	Amount of default as of March 31, 2021 (Rs. In Lakhs)	Period of default	Remarks, if any
Central Bank of India	386.88	182 Days	Principal pending to be repaid
	541.63	90 days	
	541.63	1 Day	
	532.85	3 days to 90 Days	Interest pending to be repaid
	874.12	121 days to 365 days	
IFCI WCTL	16.78	182 Days	Principal pending to be repaid
	23.49	90 days	
	23.49	1 Day	
	27.26	3 days to 90 Days	Interest pending to be repaid
	49.26	121 days to 365 days	



Particulars	Amount of default as of March 31, 2021 (Rs. In Lakhs)	Period of default	Remarks, if any
IFCI FITL	12.46	182 Days	Principal pending to be repaid
	15.85	90 Days	
	15.86	1 day	
	3.61	3 days to 90 Days	Interest pending to be repaid
	6.59	121 days to 365 days	
ACRE	200.00	182 Days	Principal pending to be repaid
	400.00	90 Days	
	400.00	1 Days	

- 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 29, 2021

Membership No. : 029409  
UDIN: 21029409AAAAFR9354

# 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 standalone financial statements of Shriram EPC Limited (“the Company”) as of March 31, 2021 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 standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the “Guidance Note”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial

statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company’s internal financial controls with reference to financial statements.

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

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

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

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



### Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls with reference to standalone financial statements as at March 31, 2021:

- a) 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.
- b) Assessment of future taxable profits which could result in recognition of excess deferred tax asset which the Company may not be able to utilize.

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

In our opinion, the Company has, in all material respects, maintained internal financial controls with reference to financial statements as of March 31, 2021, based on the internal control with reference to standalone financial

statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note, and except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to standalone financial statements were operating effectively as of March 31, 2021.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2021 financial statements of the Company, and these material weaknesses 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 29, 2021

Membership No. : 029409  
UDIN: 21029409AAAAFR9354

# Standalone Balance Sheet as at March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

	Notes	As at 31-03-2021	As at 31-03-2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	4,368.08	4,888.30
Intangible assets	7	36.04	40.08
<b>Financial assets</b>			
Investments	8	104.10	101.59
Loans	9	10,913.30	12,301.03
Trade Receivables	10	21,015.14	19,848.34
Other Financial Assets	10	1,173.27	1,621.73
Deferred Tax Assets (Net)	40	47,623.70	47,623.70
Income Tax Assets (Net)	11	3,327.56	2,917.19
Other Non-Current Assets	12	3,956.02	3,956.02
<b>Total Non-Current Assets</b>		<b>92,517.22</b>	<b>93,297.98</b>
<b>Current assets</b>			
Inventories	13	248.20	324.86
<b>Financial assets</b>			
Trade receivables	14	26,700.33	37,744.42
Cash and cash equivalents	15	625.68	673.58
Other bank balances	16	2,866.88	4,885.40
Other Financial Assets	17	6,964.27	8,639.66
Other Current assets	18	96,628.83	95,089.13
Assets classified as held for sale	19	596.06	703.35
<b>Total Current Assets</b>		<b>134,630.25</b>	<b>148,060.40</b>
<b>Total Assets</b>		<b>227,147.46</b>	<b>241,358.38</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	20	97,152.90	97,152.90
Other equity	21	2,298.12	20,567.00
<b>Total Equity</b>		<b>99,451.02</b>	<b>117,719.90</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	22	20,072.84	20,622.69
Other financial liabilities	23	4,363.37	5,642.52
Provisions	24	559.51	613.20
Other non-current liabilities	25	4,882.17	12,535.32
<b>Total Non-Current Liabilities</b>		<b>29,877.89</b>	<b>39,413.74</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	26	58,839.27	45,209.42
Trade payables			
Total outstanding dues of creditors other than micro enterprises and small enterprises	27	24,274.80	30,812.20
Other financial liabilities	28	4,676.53	2,579.27
Other current liabilities	29	9,617.92	5,065.32
Provisions	30	410.03	558.52
<b>Total Current Liabilities</b>		<b>97,818.55</b>	<b>84,224.73</b>
<b>Total Liabilities</b>		<b>127,696.44</b>	<b>123,638.47</b>
<b>Total Equity and Liabilities</b>		<b>227,147.46</b>	<b>241,358.38</b>
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

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

**For and on behalf of the Board of Directors**  
**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 29, 2021

**R S Chandrasekharan**  
 Chief Financial Officer



# Statement of Profit and Loss for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

	Notes	Year Ended 31-Mar-21	Year Ended 31-Mar-20
<b>Income</b>			
Revenue from operations	31	53,193.33	68,105.20
Other income	32	2,130.68	4,817.99
<b>Total income</b>		<b>55,324.01</b>	<b>72,923.19</b>
<b>Expenses</b>			
Erection, Construction & Operation Expenses	33	51,463.44	50,786.10
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	76.66	3,524.37
Employee benefits expense	35	3,576.44	5,004.17
Finance costs	36	10,655.75	9,879.96
Depreciation and amortization expense	37	544.86	555.53
Other expenses	38	6,146.29	4,664.91
<b>Total expenses</b>		<b>72,463.43</b>	<b>74,415.04</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(17,139.42)</b>	<b>(1,491.85)</b>
Exceptional items	39	1,149.11	6,606.98
<b>Profit/(Loss) before tax</b>		<b>(18,288.53)</b>	<b>(8,098.83)</b>
<b>Income tax expense</b>			
Current tax	40	-	-
Deferred tax		-	-
<b>Total income tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit/(Loss) for the year</b>		<b>(18,288.53)</b>	<b>(8,098.83)</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)		17.10	21.31
Fair Value of Equity Instruments through OCI (Net of Taxes)		2.51	(10.62)
<b>Other Comprehensive Income for the year</b>		<b>19.61</b>	<b>10.69</b>
<b>Total Comprehensive Loss for the year</b>		<b>(18,268.92)</b>	<b>(8,088.14)</b>
<b>Earnings / (Loss) per share</b>			
Basic earnings /(loss) per share (₹)		(1.88)	(0.83)
Diluted earnings /(loss) per share (₹)		(1.88)	(0.83)
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 29, 2021

**R S Chandrasekharan**  
 Chief Financial Officer

# Statement of changes in equity for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

(A) Equity share capital	As at 31-03-2021		As at 31-03-2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10 each issued, subscribed and fully paid				
Outstanding at the Beginning of the year	97,153	97,152.90	97,153	97,152.90
Add: Shares issued during the year	-	-	-	-
Outstanding at the End of the year	<b>97,153</b>	<b>97,152.90</b>	<b>97,153</b>	<b>97,152.90</b>

## (B) Other equity

	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 2020</b>	0.17	191,225.43	561.75	12.92	(171,327.52)	127.25	(33.01)	20,567.00
Loss for the year	-	-	-	-	(18,288.53)	-	-	(18,288.53)
Transfers	(0.17)	-	0.17	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	17.10	2.51	19.65
<b>Total other comprehensive loss for the year</b>	-	<b>191,225.43</b>	<b>561.92</b>	<b>12.92</b>	<b>(189,616.05)</b>	<b>144.35</b>	<b>(30.50)</b>	<b>2,298.12</b>
Issue of Equity shares	-	-	-	-	-	-	-	0.00
<b>Balance as at 31 March 2021</b>	-	<b>191,225.43</b>	<b>561.92</b>	<b>12.92</b>	<b>(189,616.05)</b>	<b>144.35</b>	<b>(30.50)</b>	<b>2,298.12</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 29, 2021

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

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

**Chandra Ramesh**  
 Director  
 DIN: 00938694

**R S Chandrasekharan**  
 Chief Financial Officer



# Statement of cash flows for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

Particulars	31-Mar-21	31-Mar-20
<b>Cash flow from operating activities</b>		
Profit/Loss before tax	(18,288.53)	(8,098.83)
Adjustments for:		
Depreciation and amortization expenses	544.86	555.53
Provision for Gratuity	122.92	75.62
Provision for Compensated Absences	(52.39)	93.31
Provision for doubtful trade receivables	2,036.42	-
Finance cost	12,644.95	11,355.31
Interest income	(1,643.29)	(3,875.46)
Liabilities written back	(476.04)	(719.65)
Gain on sale of fixed assets	(1.35)	(5.95)
Loss on write off of CWIP	-	14.84
Loss on write off of Inventory	-	3,414.26
Impairment loss on contract assets and receivables	1,149.11	6,606.98
<b>Operating (Loss) / Profit before working capital changes</b>	<b>(3,963.33)</b>	<b>9,415.96</b>
<b>Changes in working capital</b>		
Increase / (Decrease) in trade payables	(6,537.42)	(895.76)
(Increase) / Decrease in inventories	76.66	110.13
(Increase) / Decrease in trade receivables	7,103.68	(1,773.15)
(Increase) / Decrease in loans and advances	1,387.74	5,374.63
Increase / (Decrease) in other current liabilities	4,552.60	346.25
Increase / (Decrease) in other non current liabilities	(7,653.15)	(6,353.84)
Increase / (Decrease) in Short Term provisions	(97.43)	25.46
Increase / (Decrease) in Long Term provisions	(201.39)	(47.49)
Increase / (Decrease) in other financial liabilities	818.12	65.43
(Increase) / Decrease in other financial assets	2,123.85	(4,246.27)
(Increase) / Decrease in other current assets	(1,990.06)	137.44
Increase / (Decrease) in assets held for sale	107.29	(703.35)
<b>Cash (used in) / from operations</b>	<b>(4,272.85)</b>	<b>1,455.44</b>
Income tax paid	(410.35)	(522.14)
<b>Net cash (used in) / from operating activities (A)</b>	<b>(4,683.20)</b>	<b>933.30</b>
<b>Cash flow from Investing activities</b>		
Payment for property, plant and equipment and intangible assets	(628.89)	(118.99)
Movement in Bank balances not considered as Cash and cash equivalents (Net)	2,018.52	3,231.57
Proceeds from sale/ disposal of fixed assets	606.96	19.43
Interest received	119.66	667.51

# Statement of cash flows for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

Particulars	31-Mar-21	31-Mar-20
<b>Net cash flow from investing activities (B)</b>	<b>2,116.26</b>	<b>3,799.52</b>
<b>Cash flow from Financing activities</b>		
Proceeds / Repayment of Short term borrowings (net)	13,629.85	1,971.63
Proceeds / Repayment of Long term borrowings (net)	(549.85)	(22.61)
Interest and Finance Charges Paid	(10,560.95)	(6,952.52)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>2,519.05</b>	<b>(5,003.50)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(47.90)</b>	<b>(270.69)</b>
Cash and cash equivalents at the beginning of the Year	673.58	944.26
Cash and cash equivalents at the end of the Year	625.68	673.58
<b>Cash and cash equivalents comprise</b>		
Cash and cash equivalents as per Balance Sheet	3,492.56	5,558.98
Less: Other bank balances disclosed separately under Note 16	2,866.88	4,885.40
<b>Total cash and bank balances at end of the Year</b>	<b>625.68</b>	<b>673.58</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 29, 2021

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

**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, 2021

(Amount in ₹ lakhs, unless otherwise stated)

## 1 General Information

Shriram EPC Limited (the “Company” or “SEPC”) which is a part of the Shriram EPC Group has diverse interests across Project Engineering & Construction. The company provides end-to-end solutions to engineering challenges, offering multi disciplinary design, engineering, procurement, construction and project management services. SEPC is focused on providing turnkey solutions for ferrous & non ferrous, cement, aluminum, copper and thermal power plants, water treatment & transmission, renewable energy, cooling towers & material handling.

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

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

\*Unincorporated Joint Ventures

## 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 29, 2021.

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

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

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

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

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



### 2.3 Intangible Assets

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

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

Intangible assets	
Technical know how	5 to 10 years
Computer Software	5 years

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

### 2.4 Foreign Currency Transactions

#### (a) Functional and presentation currency

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

#### (b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

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

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

### 2.5 Fair value measurement

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

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

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

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

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

- ▶ Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date;
- ▶ Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- ▶ Level 3 inputs are unobservable inputs for the valuation of assets/liabilities

### 2.6 Revenue Recognition

A. The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service)

to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

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

Significant 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 due form customers within the next twelve months are classified under other current assets as Trade Receivable.

Revenue from contracts from rendering engineering design services and other services which are directly related to construction of an asset is recognised on the same basis as stated in (B) above.

### **Other Operational Revenue**

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

### **Other Income**

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

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

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow



to the company and the amount of income can be measured reliably.

## 2.7 Taxes

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

### (a) Current income tax

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

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

### (b) Deferred tax

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

## 2.8 Leases

### The 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 16. 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.

**(c) 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 defined benefit plans can be encashed only on discontinuation of service by employee.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

**2.17 Contributed equity**

Equity shares are classified as equity share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.18 Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the

Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

**2.19 Inventory- (Contract Work in progress)**

Contract Work in progress are valued at cost or net realisable value, whichever is lower. Cost comprises all direct development expenditure.

**2.20 Non-Current Assets held for Sale**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

**3 Significant accounting 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.

(e) Going Concern:

The Company has incurred net loss of Rs. 18,288.53 Lakhs during the year ended 31 March 2021 and as of that date has accumulated losses aggregating Rs. 189,616.05 Lakhs which has resulted in substantial erosion of its net worth. The Company has defaulted in repayment of term loan principal and payment of interest on the same to their lenders amounting to Rs. 2,578.03 lakhs and Rs 771.86 lakhs respectively as on March 31, 2021. Further, the COVID-19 pandemic has also impacted operations resulting in delay of collection relating to project dues. The Company has received an investment proposal from an Investor who has submitted a business plan based on which a Resolution Plan has been submitted to the consortium of lenders in accordance with the requirement set out in the circular issued by the Reserve Bank of India No RBI/20119/203DBR. No>BP.BC.45/21.04.048./2018-19 dated June 07, 2019. The Resolution plan provides for infusion of Rs 35000 Lakhs equity, change of management, conversion of loan into preference shares to the tune of Rs 35000 Lakhs, moratorium of term loans for two years and levy of interest at 9% pa. effective from 01.10.2020, amongst other requirements. Based on the expectation of the implementation of the resolution plan with lenders, underlying strength of the Company's business plans and future growth outlook as assessed with existing order book, the credit profile of the Company, would improve resulting in it being able to meet its obligations in due course of time. Accordingly, these financial results are prepared on a going concern basis

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

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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021



# Notes forming part of the Financial Statements for the year ended March 31, 2021

## 6 Property, plant and equipment - Current Year

(Amount in ₹ lakhs, unless otherwise stated)

Block of Assets	Gross block				Depreciation				Net block	
	As at 1 April 2020	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2021	As at 1 April 2020	For the year	Deductions/ Adjustments	As at 31 March 2021	As at 31 March 2021	As at 1 April 2020
<b>Owned assets</b>										
Freehold land	241.50			241.50	-	-	-	-	241.50	241.50
Leasehold Improvements	350.15			350.15	190.01	-	-	190.01	160.14	160.14
Buildings	147.49		0.63	146.86	21.64	4.95	0.63	25.96	120.90	125.85
Plant and Machinery	5,944.90	601.82	796.43	5,750.29	1,686.85	498.02	188.12	1,996.75	3,753.54	4,258.05
Furniture and Fixtures	60.56			60.56	30.63	6.64		37.27	23.29	29.93
Office Equipment	26.10	0.37	14.17	12.30	23.89	1.09	14.17	10.81	1.49	2.21
Computers	145.24	25.87		171.11	102.90	21.35		124.25	46.86	42.33
Vehicles	53.20	0.83	2.28	51.75	24.90	8.76	2.28	31.39	20.36	28.30
<b>Total</b>	<b>6,969.14</b>	<b>628.89</b>	<b>813.51</b>	<b>6,784.52</b>	<b>2,080.82</b>	<b>540.81</b>	<b>205.20</b>	<b>2,416.44</b>	<b>4,368.08</b>	<b>4,888.30</b>

## Property, plant and equipment - Previous Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1 April 2019	Additions/ Adjustments	Deductions/ Adjustments	As at 31 Mar 2020	As at 1 April 2019	For the year	Deductions/ Adjustments	As at 31 Mar 2020	As at 31 Mar 2020	As at 1 Apr 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	2.20	0.22
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	43.22
<b>Total</b>	<b>6,918.86</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>

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

## 7 Intangible assets - Current Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1 April 2020	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2021	As at 1 April 2020	For the year	Deductions/ Adjustments	As at 31 March 2021	As at 31 March 2021	As at 1 April 2020
Computer Software	43.12	-	-	43.12	19.75	1.79	-	21.54	21.58	23.37
Technical Knowhow	54.22	-	-	54.22	37.51	2.25	-	39.76	14.46	16.71
<b>Total</b>	<b>97.34</b>	<b>-</b>	<b>-</b>	<b>97.34</b>	<b>57.26</b>	<b>4.04</b>	<b>-</b>	<b>61.30</b>	<b>36.04</b>	<b>40.08</b>

## Intangible assets - Previous Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1-04-2019	Additions/ Adjustments	Deductions/ Adjustments	As at 31-03-2020	As at 1-04-2019	For the year	Deductions/ Adjustments	As at 31-03-2020	As at 31-03-2020	As at 1-04-2019
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>



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

8 Financial Assets- Investments (Non Current)	As at 31 March 2021	As at 31 March 2020
<b>Investment in equity instruments (fully paid-up)</b>		
<b>(A) Investment in wholly owned Subsidiary carried at cost</b>		
1 Equity share (Previous year: 1 Equity share) of 150,000 AED in Shriram EPC (FZE)	24.26	24.26
<b>(B) Investment in Others- 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	13.71	11.20
<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>79.84</b>	<b>77.33</b>
<b>Total ( A+B)</b>	<b>104.10</b>	<b>101.59</b>
<b>Aggregate book value of:</b>		
Quoted investments	13.71	11.20
Unquoted investments	90.39	90.39
<b>Aggregate market value of:</b>		
Quoted investments	13.71	11.20
Unquoted investments	90.39	90.39
<b>Aggregate amount of impairment in value of Investments</b>	407.56	407.56
<b>9 Non-Current Financial assets - Loans</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<u>Unsecured, considered good</u>		
Considered Good	21,490.47	22,878.20
Considered doubtful	306.10	306.10
Less: Provision made	(306.10)	(306.10)
Net amount	21,490.47	22,878.20
Less: Provision for Expected Credit Loss	(10,577.17)	(10,577.17)
<b>Total</b>	<b>10,913.30</b>	<b>12,301.03</b>

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>9.1 Loans includes due from:</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<b>i) Related Parties:</b>		
Leitwind Shriram Manufacturing Private Limited (Net of Provision for Expected Credit Loss of ₹ 9,141.70 Lakhs (March 31, 2020: ₹ 9,141.70 Lakhs) (Refer Note 45 (C) & 55)	3,201.92	3,800.40
Bharath Wind Farm Limited (Refer Note 45 (C))	4.71	4.71

9.2 Financial Assets Loans (Non Current) include Rs. 3,201.92 Lakhs (March 31, 2020: Rs. 3,800.40 Lakhs) due from Leitwind Shriram Manufacturing Pvt Limited (LSML) (a related party). The management is confident of realising the amounts due from LSML considering the fact that, LSML has settled the lenders dues and any surplus cashflows/recovery of retention receivables from their customers will be utilised for repayment of these dues towards the Company. The auditors have qualified this matter in their report for the Quarter and Year ended March 31, 2021.

9.3 During previous 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.

<b>10 Trade Receivables &amp; Other Financial Assets (Non Current)</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Trade Receivables - Retention Money		
Considered Good	21,015.14	19,848.34
Considered doubtful	1,219.69	990.14
Less: Provision for doubtful receivables	(1,219.69)	(990.14)
	<b>21,015.14</b>	<b>19,848.34</b>
Trade Receivables		
Considered Good		
Considered doubtful	301.79	1,562.72
Less: Provision for doubtful receivables	(301.79)	(1,562.72)
Deposits	1,173.27	1,180.69
Other receivables	-	441.03
	<b>1,173.27</b>	<b>1,621.73</b>
<b>Total</b>	<b>22,188.41</b>	<b>21,470.07</b>

<b>11 Income Tax Assets (Net)</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Advance Tax (Net of Provision for Tax ₹ 5,540.74 lakhs)(March 31,2020 ₹ 5,540.74 lakhs)	3,327.56	2,917.19
<b>Total</b>	<b>3,327.56</b>	<b>2,917.19</b>



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>12 Other Non-Current Assets</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Contract Assets (Also Refer note 12.1 below)	4,883.00	4,883.00
Less: Provision for Expected Credit Loss	(926.98)	(926.98)
<b>Total</b>	<b>3,956.02</b>	<b>3,956.02</b>

12.1 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, 2020 - ₹ 3,956.02 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>13 Inventories (Contract Work in progress)</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Contract Work in progress (Valued at lower of cost and net realizable value)	248.20	324.86
<b>Total</b>	<b>248.20</b>	<b>324.86</b>

<b>14 Trade receivables</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Unsecured		
-Considered good	26,700.33	38,166.92
-Considered doubtful	6,971.47	4,777.98
Less: Provision for doubtful debts	(6,971.47)	(4,777.98)
Net	26,700.33	38,166.92
Less: Provision for Expected Credit Losses	-	(422.50)
<b>Total</b>	<b>26,700.33</b>	<b>37,744.42</b>

14.1 The average credit period allowed to customers is between 30 days to 60 days. The credit period is considered from the date of Invoice. Further, a specified amount of bill is held back by the customer as retention money, which is payable as per the credit period, from the date such retention becomes due. The retention monies held by customers become payable on completion of a specified milestone or after the Defect Liability Period of the project, which is normally 1 year after the completion of the project, as per terms of respective contract. No Interest is payable by the customers for the delay in payments of the amounts over due. The Company evaluates, the financial health, market reputation, credit rating of the customer, before entering into the contract. The company's customers comprise of public sector undertakings as well as private entities.

14.2 Trade Receivables include due from related parties amounting to ₹ 6,621.56 Lakhs (March 31, 2020 - ₹ 5020.63 Lakhs) (Refer Note 45('C))

<b>15 Cash and bank balances</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<b>Cash and cash equivalents</b>		
<b>Balances with banks</b>		
In current accounts	84.29	201.32
Margin Money (Original Maturity of less than 3 Months)	540.89	466.54
Cash on hand	0.50	5.72
<b>Total</b>	<b>625.68</b>	<b>673.58</b>

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>16 Other Bank Balances</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Deposit Account (Original Maturity of More than 3 Months)	180.23	1,137.59
Margin Money (Original Maturity of More than 3 Months)	2,686.65	3,747.81
<b>Total</b>	<b>2,866.88</b>	<b>4,885.40</b>

<b>17 Other Current Financial assets</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Security deposit	115.01	116.40
Interest Receivable	729.26	549.26
Trade Receivable - Retention monies	6,120.00	7,974.00
<b>Total</b>	<b>6,964.27</b>	<b>8,639.66</b>

<b>18 Other current assets</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Advances to Employees	75.64	48.12
Balance with Government Authorities (GST - ITC)	5,349.15	5,532.47
Prepaid Expenses	30.99	106.98
Contract Assets	83,594.37	82,236.06
Less: Provision for Expected Credit Loss	(910.95)	(1,855.98)
Other Advances	1,447.30	1,775.88
<b>Advances to Suppliers</b>		
- Considered good	7,042.33	7,245.59
- Considered doubtful	1,640.30	1,640.30
Less : Provision for doubtful Advances	(1,640.30)	(1,640.30)
<b>Total</b>	<b>96,628.83</b>	<b>95,089.13</b>

18.1 Contract Assets include Rs.38,648.54 Lakhs as at March 31, 2021 (March 31, 2020: Rs.41,121.91 Lakhs), representing customer related claims raised by the management in respect of various projects substantially completed/in progress. These are based on terms and conditions implicit in the contract in respect of additional cost incurred on such projects on account of prolongation, scope variation and price variation, which the management based on external/internal evaluation, assesses to be claimable from customers. Currently, these are at various stages of negotiation/discussion with customers or under arbitration/litigation. Management is confident of recovery of these receivables at this stage.

<b>19 Assets classified as held for sale</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Asset held for Sale	596.06	703.36
<b>Total</b>	<b>596.06</b>	<b>703.36</b>



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(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 21-22

<b>19.2 Disclosure pursuant to Ind AS 105 - Major classes of assets and liabilities classified as held for sale:</b>	<b>As at 31 Mar 2021</b>	<b>As at 31 March 2020</b>
Property, Plant and Equipment	596.06	703.35

<b>20 Equity Share capital</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<b>Authorized</b>		
1,400,000,000 (31 March 2020 1,050,000,000) Equity Shares of ₹ 10 each	140,000.00	105,000.00
	<b>140,000.00</b>	<b>105,000.00</b>
<b>Issued, subscribed and paid up</b>		
971,529,018 (31 March 2020: 971,529,018) equity shares of ₹ 10 each fully paid	97,152.90	97,152.90
	<b>97,152.90</b>	<b>97,152.90</b>

<b>(a) Reconciliation of Equity shares outstanding at the beginning and at the end of the year</b>	<b>As at 31 March 2021</b>		<b>As at 31 March 2020</b>	
	<b>Number of shares</b>	<b>Amount</b>	<b>Number of shares</b>	<b>Amount</b>
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>(b) Details of shareholders holding more than 5% shares</b>	<b>As at 31 March 2021</b>		<b>As at 31 March 2020</b>	
	<b>No of Shares</b>	<b>% holding</b>	<b>No of Shares</b>	<b>% holding</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	124,346,199	12.80%	124,392,428	12.80%
Central Bank of India	93,570,276	9.63%	93,570,276	9.63%
IDBI Bank Limited	32,990,947	3.40%	54,255,616	5.58%

(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.

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

(c) Details of shares held by Promoter - Investing Party	As at 31 March 2021		As at 31 March 2020	
	No of Shares	% holding	No of Shares	% holding
Name of Shareholder				
SVL Limited	279,391,356	28.76%	279,391,356	28.76%

## (d) Terms/rights attached to the shares

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

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

The Company has only one class of share capital, i.e., equity shares having face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

(e) The Authorised Equity Share Capital has been increased to 140,000 Lakhs with effect from 19th March 2021

(f) Preferential issue of equity shares during past five years:

Particulars	2016-17				2017-18			
	No.shares	Face value of Rs.10/-	Premium	Total	No.shares	Face value of Rs.10/-	Premium	Total
Promoters - SVL Limited	113,978,495	11,398	15102.15	26,500	-	-	-	-
KPR Investment private limited	-	-	-	-	12,919,896	1,292	2,208.01	3,500.00
Lender Bank- Conversion of funded interest term Loan (FITL)	7,334,961	734	1685.57	2,419	10,193	1	2.34	3.36
Lender bank - Conversion of Interest sacrifice	406,991	41	122.3	163	2,403,425	240	722.23	962.57
Lender Bank- Conversion of Working capital term Loan (WCTL)	484,621,073	48,462	64212.3	112,674	19,227,563	1,923	2,547.65	4,470.41

There is no Preferential issue of Equity during the year ended March 31, 2019, March 31, 2020 & March 31, 2021



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

## 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 2021	As at 31 March 2020
<b>Authorized</b>		
30,000,000 (31 March 2020: 30,000,000) Convertible Preference Shares of ₹ 100 each	30,000.00	30,000.00
<b>Total</b>	<b>30,000.00</b>	<b>30,000.00</b>

(B) Other equity	As at 31 March 2021	As at 31 March 2020
Capital Reserve (Refer Note (i) below)	12.92	12.92
Securities premium reserve (Refer Note (ii) below)	191,225.43	191,225.43
General reserve (Refer Note (iii) below)	561.92	561.75
Deficit in the Statement of Profit and Loss (Refer Note (iv) below)	(189,616.05)	(171,327.50)
Employee Stock options outstanding account (ESOOA) (Refer Note (v) below)	-	0.17
Re-measurement gains/ (losses) on defined benefit plans (Net of Tax) (Refer Note (vi) Below)	144.35	127.25
Investments FVTOCI Reserve on equity instruments (Refer Note (vii) Below)	(30.50)	(33.01)
<b>Total</b>	<b>2,298.12</b>	<b>20,567.00</b>

(i) Capital Reserve	As at 31 March 2021	As at 31 March 2020
Opening balance	12.92	12.92
Additions/(Transfers)	-	-
<b>Closing balance</b>	<b>12.92</b>	<b>12.92</b>

(ii) Securities premium reserve	As at 31 March 2021	As at 31 March 2020
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>

(iii) General reserve	As at 31 March 2021	As at 31 March 2020
Opening balance	561.75	561.75
Additions/(Transfers)	0.17	-
<b>Closing balance</b>	<b>561.92</b>	<b>561.75</b>

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>(iv) Deficit in the Statement of Profit and Loss</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Opening balance	(171,327.52)	(163,228.67)
Add: Net loss for year	(18,288.53)	(8,098.83)
<b>Closing balance</b>	<b>(189,616.05)</b>	<b>(171,327.52)</b>

<b>(v) Employee Stock options outstanding account</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Opening Balance	0.17	0.17
Additions/(Transfers)	(0.17)	
Closing Balance	-	<b>0.17</b>

<b>(vi) Re-measurement (gain)/loss on post employment benefit obligation</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Opening Balance	127.25	105.94
Additions	17.10	21.31
Closing Balance	<b>144.35</b>	<b>127.25</b>

<b>(vii) Investments FVTOCI Reserve on equity instruments</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Opening balance	(33.01)	(22.39)
-Fair valuation changes for the year (net of tax)##	2.51	(10.62)
<b>Closing balance</b>	<b>(30.50)</b>	<b>(33.01)</b>

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

## **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, 2021

(Amount in ₹ lakhs, unless otherwise stated)

22 Non-current borrowings	As at 31 March 2021	As at 31 March 2020
<u>Secured - At Amortized Cost</u>		
From Banks		
Term Loans	11,089.54	12,291.06
From Others		
Term Loans	8,444.45	7,781.35
Working Capital Term Loans	490.46	518.31
Funded Interest Term Loans	48.39	31.28
<u>Others</u>		
Finance Lease Obligations	-	0.69
<b>Total</b>	<b>20,072.84</b>	<b>20,622.69</b>

## 22.1 Terms of Repayment and Security details

S.No	31.03.2021	31.03.2020	Interest rate	Terms of Repayment	Secured By
Term Loans from Banks	1,995.35	2,139.69	11.35%	32 Structured quarterly commencing from Jun'16 to Sept'24	Primary Exclusive charge on 5 Wind Electric Generator of 1.5 MW from LSML
Term Loans from Banks	9,094.19	10,151.37	11.35%	32 Structured quarterly commencing from Jun'16 to Sept'24	
Term Loans from Others	8,444.45	7,781.35	-	27 Structured quarterly commencing from Jun'18 to Sept'25	First Paripassu charge on Pooled Assets i.e., all movable (both fixed, current and non-current) Immovable assets of the company and corporate guarantee of SVL and SVL Trust
Funded Interest Term Loan from Others	48.39	31.28	12.00%	20 Structured quarterly commencing from Jun'16 to Sept'21	
Working Capital Term Loan from Others	490.46	518.31	12.00%	32 Structured quarterly commencing from Jun'16 to Sept'24	
Finance Lease Obligations from Bank	-	0.67	11.25%	36 to 60 Months	Secured by Vehicles purchased under Hire Purchase schemes
<b>Total</b>	<b>20,072.84</b>	<b>20,622.69</b>			

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

## 22.2 Corporate Debt Restructuring

- a) 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.
- b) 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).
- c) All amounts due under CDR are covered by Corporate Guarantee of SVL Limited, Entity exercising significant influence over the Company and SVL Trust.
- d) 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 The Company has defaulted in repayment of loans and interest in respect the following

Particulars	Principal/ Interest	Period of Delay	Amount of default for the year ended 31-03-2021 (In Lakhs (Rs.))
Central Bank	Principal pending to be Repaid	182 Days	386.88
	Principal pending to be Repaid	90 Days	541.63
	Principal pending to be Repaid	1 day	541.63
	Interest pending to be Repaid	3 days to 90 Days	532.85
	Interest pending to be Repaid	121 days to 365 days	874.12
IFCI WCTL	Principal pending to be Repaid	182 Days	16.78
	Principal pending to be Repaid	90 Days	23.49
	Principal pending to be Repaid	1 day	23.49
	Interest pending to be Repaid	3 days to 90 Days	27.26
	Interest pending to be Repaid	121 days to 365 days	49.26
IFCI FITL	Principal pending to be Repaid	182 Days	12.46
	Principal pending to be Repaid	90 Days	15.86
	Principal pending to be Repaid	1 day	15.86
	Interest pending to be Repaid	3 days to 90 Days	3.61
	Interest pending to be Repaid	121 days to 365 days	6.59
ACRE	Principal pending to be Repaid	182 Days	200.00
	Principal pending to be Repaid	90 Days	400.00
	Principal pending to be Repaid	1 day	400.00



## Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>23 Other financial liabilities</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Sundry Creditors- Retention	4,363.37	5,642.53
<b>Total</b>	<b>4,363.37</b>	<b>5,642.53</b>
<b>24 Long Term Provisions</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Provision for gratuity (Refer note 43)	559.51	613.20
<b>Total</b>	<b>559.51</b>	<b>613.20</b>
<b>25 Other non-current liabilities</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Contract Liabilities		
- Advance from Customers	4,882.17	12,535.32
<b>Total</b>	<b>4,882.17</b>	<b>12,535.32</b>
<b>26 Borrowings (Short -term)</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<b>From bank (Secured) (Refer Note 26.1)</b>		
Cash Credit and Overdraft facilities (Refer Note 26.1)	35,698.43	27,133.77
Working Capital Demand Loans	17,355.22	16,984.60
Demand Loan - Covid Emergency loan	193.85	-
Interest accrued due	1,889.19	-
FITL- Moratorium Interest	2,886.15	-
<b>From others ( Secured) ( Refer Note 26.1)</b>		
Cash Credit and Overdraft facilities	476.88	432.08
Interest accrued not due	-	631.47
<b>From others (Un Secured)</b>		
SVL Limited (Investing Party) (Refer Note 45 ('C) & Note 56)	339.55	27.48
<b>Total</b>	<b>58,839.27</b>	<b>45,209.42</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.

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

27 Trade payables	As at 31 March 2021	As at 31 March 2020
<b>Total outstanding dues of creditors other than micro enterprises and small enterprises</b>		
Acceptances	842.43	8,435.70
Trade Payables (Refer Note 27.1 & 27.2)	15,589.34	12,660.08
Other Payables	7,843.04	9,716.40
<b>Total</b>	<b>24,274.80</b>	<b>30,812.18</b>

**27.1** The average credit period ranges from 30 days to 90 days, depending on the nature of the item or work. The work orders include element of retention, which would be payable on completion of a milestone, completion of the contract or after a specified period from completion of the work. The terms also would include back to back arrangement wherein, certain amounts are payable on realisation of corresponding amounts by the company from the customer. No interest is payable for delay in payments, unless otherwise specifically agreed in the order or as required by a legislation, like Micro, Small and Medium Enterprises Development Act ("MSMED Act"). The company has a well defined process for ensuring regular payments to the vendors.

**27.2** Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Amount remaining unpaid to any supplier at the end of each accounting year: Principal & Interest	-	-
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-

28 Other financial liabilities	As at 31 March 2021	As at 31 March 2020
Current Maturities of Long Term Debts		
- From banks	2,630.75	1,159.99
- From Others	2,045.78	1,418.01
Unclaimed Dividend	-	1.27
<b>Total</b>	<b>4,676.53</b>	<b>2,579.27</b>

**28.1** There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2021



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>29 Other current liabilities</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Advance from customers	8,076.27	4,600.00
Statutory dues payable	773.80	317.33
Advance Billing	767.85	147.99
<b>Total</b>	<b>9,617.92</b>	<b>5,065.32</b>

<b>30 Short Term Provisions</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Provision for gratuity (Refer Note 43)	23.62	25.42
Provision for Compensated Absences (Refer Note 43)	386.41	533.10
<b>Total</b>	<b>410.03</b>	<b>558.52</b>

<b>31 Revenue from operations</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Revenue from Engineering and Construction Contracts (Refer Note 31.1 & 31.2)	52,907.18	66,576.40
<b>Other operating Revenue</b>		
Company's share in profit of Integrated Joint Ventures	286.15	-
Management and Technical Fees (Refer Note 45(B))	-	1,528.80
<b>Total</b>	<b>53,193.33</b>	<b>68,105.20</b>

31.1 Revenue for the Year ended March 31, 2021 includes Rs.25,984 lakhs, being share of revenue relating to the Basra project, billed from Mokul Shriram EPC JV (MSJV), a jointly controlled operation, where in the company owns 50% interest (Year ended March 31, 2020-Rs.30,379.93 Lakhs)

31.2 Unsatisfied performance obligation: Management expects that the transaction price allocated to partially or fully unsatisfied performance obligation of ₹ 1,52,406 lakhs (March 31, 2020: ₹ 2,01,696 Lakhs) will be recognised as revenue over the project life cycle.

<b>32 Other income</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Interest income		
- Margin Money deposits	119.66	493.70
- Interest income on Fin Assets	1,512.07	2,970.34
Export Incentive	-	216.93
Liabilities no longer required written back	476.04	719.65
Profit on sale of fixed assets	1.35	5.95
Miscellaneous income	21.57	411.41
<b>Total</b>	<b>2,130.68</b>	<b>4,817.99</b>

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>33 Erection, Construction &amp; Operation Exps</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Cost of Materials and Labour (Refer 33.1)	49,093.21	49,553.85
Other Contract Related Costs	2,370.23	1,232.25
<b>Total</b>	<b>51,463.44</b>	<b>50,786.10</b>

33.1 Cost of Materials and Labour for the year ended March 31, 2021 includes Rs. 25,984 lakhs ( Year Ended March 31, 2020 Rs. 30,379.93 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 March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Inventories at the beginning of the year	324.86	3,849.23
	<b>324.86</b>	<b>3,849.23</b>
Less: Inventories at the end of the year	248.20	324.86
	<b>248.20</b>	<b>324.86</b>
Net decrease	76.66	3,524.37
<b>Total</b>	<b>76.66</b>	<b>3,524.37</b>

<b>35 Employee benefits expense</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Salaries, wages, bonus and other allowances	2,992.63	4,210.30
Contribution to Provident and Other funds	225.12	353.58
Contribution to Gratuity( Refer note 43)	93.10	75.62
Staff welfare expenses	265.58	364.67
<b>Total</b>	<b>3,576.43</b>	<b>5,004.17</b>

<b>36 Finance costs</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Interest on Cash Credits	6,676.05	5,141.43
Interest on Term Loans	1,715.69	1,811.09
Interest - Others	848.92	1,438.81
Interest on financial liabilities measured at Effective interest rates	1,415.09	1,488.63
<b>Total</b>	<b>10,655.75</b>	<b>9,879.96</b>

<b>37 Depreciation and amortization expense</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Depreciation (Refer Note 6)	540.82	547.58
Amortization (Refer Note 7)	4.04	7.95
<b>Total</b>	<b>544.86</b>	<b>555.53</b>



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>38 Other expenses</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Electricity and water	238.68	173.01
Rates and taxes	14.44	117.63
Rent	119.49	204.52
<b>Repairs and Maintenance:</b>		
Building	4.30	9.11
Plant and Machinery, Equipments	48.77	31.80
Others	12.48	10.78
Auditors' Remuneration (Refer Note 38.1)	27.70	31.17
Bank Charges, Letter of Credit / Guarantee charges	1,989.20	1,475.35
Travel and conveyance	185.89	422.62
Insurance premium	252.17	190.90
Printing & Stationery	19.63	35.98
Communication, broadband and internet expenses	31.67	60.79
Sitting Fees	7.30	6.15
Consultancy charges	411.16	563.20
Legal Expenses	101.24	189.78
Advertisement	33.06	77.42
Donation	0.31	0.11
Company's share of Loss of Integrated Joint Ventures	-	172.36
Impairment loss on Trade receivable & contract assets	-	478.67
CWIP written off	-	14.84
Investment on Haldia coke and Chemical private limited- Written off	-	4,007.22
Provision for diminution in value of investment reversed	-	-4,007.22
Provision for doubtful trade receivables	2,036.42	78.40
Miscellaneous Expenses	612.38	320.33
<b>Total</b>	<b>6,146.29</b>	<b>4,664.91</b>

<b>38.1 The following is the break-up of Auditors remuneration (exclusive of GST)</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
<b>As auditor:</b>		
Statutory audit	18.00	24.00
Other matters	6.00	6.00
Reimbursement of expenses	3.70	1.17
<b>Total</b>	<b>27.70</b>	<b>31.17</b>

<b>39 Exceptional Items</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Impairment loss on contract asset(net) (Refer - 39.1)	-	6,606.98
Provision for trade, other receivables and contract assets (Refer- 39.2)	1,149.11	-
<b>Total</b>	<b>1,149.11</b>	<b>6,606.98</b>

39.1 Exceptional items for the year ended March 31, 2020 represents write off of trade and other receivables subject to litigation amounting to Rs.3,858.02 lakhs, and write off of contract assets amounting to Rs.2,748.97 lakhs, based on estimation of potential stress on project completion in a project, considering COVID 19 pandemic.

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

39.2 Exceptional items for the year ended March 31, 2021 represents provision of trade, other receivables and contract assets amounting to Rs.1,149.11 lakhs, based on estimation of potential stress on project completion in a project, considering COVID 19 pandemic.

## 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>	<b>Balance as at April 1, 2020</b>	<b>Recognized in profit or loss during 2020-21</b>	<b>Recognized in OCI during 2020-21</b>	<b>Balance as at March 31, 2021</b>
<b>Deferred tax assets</b>				
Expenditure allowed on payment basis for Income tax purpose	409.44	(64.87)	(5.98)	338.58
Impairment loss on Financial Assets and Contract Assets	4,204.37	(266.68)	-	3,937.69
Deferred tax asset on account of unabsorbed losses and depreciation allowance	43,519.98	369.02	-	43,889.00
	<b>48,133.79</b>	<b>37.47</b>	<b>(5.98)</b>	<b>48,165.27</b>
<b>Deferred tax liabilities</b>				
On Property, Plant and Equipment	510.09	31.48	-	541.57
On Others	-	-	-	-
	<b>510.09</b>	<b>31.48</b>	<b>-</b>	<b>541.57</b>
<b>Deferred tax asset, net</b>	<b>47,623.70</b>	<b>5.99</b>	<b>(5.98)</b>	<b>47,623.70</b>

(B) a) The Company has business losses and unabsorbed depreciation which are allowed to be carried forward and set off against available future taxable income under Income Tax Act, 1961. Against the carried forward loss of Rs.1,99,103 lakhs, the company has recognized deferred tax asset on a carry forward loss to the extent of Rs.1,40,773 lakhs which results in DTA of Rs. 43,899 lakhs. Considering potential order book as on date, future business plan, projects in pipeline etc, the management is confident of adjusting these carry forward losses and reversal of DTA before the expiry of the period for which this benefit is available. The auditors have qualified this matter in their report for the Year ended March 31, 2021.

<b>(C) PREVIOUS YEAR</b>	<b>Balance as at April 1, 2019</b>	<b>Recognized in profit or loss during 2019-20</b>	<b>Recognized in OCI during 2019-20</b>	<b>Balance as at March 31, 2020</b>
<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	(2,539.08)	-	4,204.35
Deferred tax asset on account of unabsorbed losses and depreciation allowance	41,013.89	2,506.11	-	43,520.00
	<b>48,173.69</b>	<b>(32.45)</b>	<b>(7.45)</b>	<b>48,133.79</b>



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<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>

a) 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. The auditors have qualified this matter in their report for the Year ended March 31, 2020.

b) 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.

<b>(D) Reconciliation of tax charge</b>		<b>2020-21</b>	<b>2019-20</b>
<b>(a) Profit/(Loss) before tax</b>		<b>(18,288.53)</b>	<b>(8,098.84)</b>
(b) Corporate Tax Rate as per Income Tax Act, 1961		34.94%	34.94%
<b>(c) Tax on Accounting Profit</b>	(c) = (a) * (b)	<b>(6,390.01)</b>	<b>(2,829.73)</b>
<b>(d) Tax adjustments</b>			
(i) Tax effect of losses of current year on which no deferred tax benefit is recognised		6,270.43	2,811.31
(ii) Tax effect of various other items		119.58	18.43
<b>Total effect of Tax Adjustments (Sum of (i) to (iv))</b>		<b>6,390.01</b>	<b>2,829.73</b>
(e) Tax expenses recognised during the year	(e) = (c)+(d)	0.00	0.00
<b>(f) Effective Tax Rate</b>	(f) = (e)/(a)	<b>0.00%</b>	<b>0.00%</b>

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(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":

Particulars		31-Mar-21	31-Mar-20
<b>Basic EPS</b>			
Loss after Tax as per Accounts (₹ lakhs)	A	(18,268.92)	(8,088.14)
Weighted Average Number of Equity Shares Outstanding	B	9,715.29	9,715.29
<b>Basic EPS (₹)</b>	<b>A/B</b>	<b>(1.88)</b>	<b>(0.83)</b>
<b>Diluted EPS</b>			
Loss after Tax as per Accounts (₹ lakhs)	A	(18,268.92)	(8,098.83)
Weighted Average Number of Equity Shares Outstanding	B	9,715.29	9,715.29
<b>Diluted EPS (₹)</b>	<b>A/B</b>	<b>(1.88)</b>	<b>(0.83)</b>

## 42 Disclosures in relation to EPC Contracts:

S. No	Particulars	2020-21	2019-20
1	Contract revenue recognised for the financial year	52,907.18	66,576.40
2	Aggregate amount of Contract costs incurred and recognized profits (less recognized losses) upto the reporting date	51,540.10	54,310.48
3	Advances received for contracts in progress	12,958.44	17,135.32
4	Retention amount by customers for contracts in progress	28,354.83	28,812.49
5	Gross amount due from customers for contract work (Asset)	86,639.43	84,336.10
6	Gross amount due to customers for contract work (Liability)	767.85	147.99

## 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 2021	Year ended 31st March 2020
Employers' Contribution to Provident Fund and Employee State Insurance (Refer note 35)	225.12	353.58

### (B) Defined benefit plans (Unfunded)

#### Risks associated with plan provisions



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

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, 2021 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	2020-21	2019-20
Discount rate (per annum)	6.92%	6.64%
Rate of increase in Salary	5.00%	5.00%
Expected average remaining working lives of employees (years)	13.30%	13.90%
Attrition rate	3.00%	3.00%

ii) Changes in the present value of defined benefit obligation	Gratuity		Long Term Compensated Absences	
	2020-21	2019-20	2020-21	2019-20
<b>Present value of obligation at the beginning of the year</b>	638.62	689.28	533.10	502.27
Interest cost	38.21	45.59	33.01	34.03
Past service cost	-	-	-	-
Current service cost	54.89	30.04	249.68	1,282.09
Curtailements	-	-	-	-
Settlements	-	-	-	-
Benefits paid	(131.49)	(104.98)	(74.61)	(61.11)
Actuarial gain on obligations	(17.10)	(21.31)	(354.78)	1,222.81
<b>Present value of obligation at the end of the year*</b>	<b>583.13</b>	<b>638.62</b>	<b>386.14</b>	<b>534.47</b>

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

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

iii) Expense recognized in the Statement of Profit and Loss	Gratuity		Long Term Compensated Absences	
	2020-21	2019-20	2020-21	2019-20
Current service cost	38.21	30.04	249.68	1,282.09
Past service cost		-		
Interest cost	54.89	45.59	33.01	34.03
Expected return on plan assets				
Actuarial gain on obligations	(17.10)	(21.31)	(356.61)	(1,222.81)
Settlements		-		
Curtailments		-		
<b>Total expenses recognized in the Statement Profit and Loss</b>	<b>93.10</b>	<b>75.63</b>	<b>(73.92)</b>	<b>93.31</b>
<b>Total expenses recognized in OCI</b>	<b>(17.10)</b>	<b>(21.31)</b>		

iv) Assets and liabilities recognized in the Balance Sheet:	Gratuity		Long Term Compensated Absences	
	2020-21	2019-20	2020-21	2019-20
Present value of unfunded obligation as at the end of the year	(583.13)	(638.62)	(386.41)	(533.10)
Unrecognized actuarial (gains)/losses	-	-	-	-
<b>Unfunded net liability recognized in Balance Sheet*</b>	<b>(583.13)</b>	<b>(638.62)</b>	<b>(386.41)</b>	<b>(533.10)</b>

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

v) A quantitative sensitivity analysis for significant assumption as at 31 March 2021 is as shown below:			
Impact on defined benefit obligation	2020-21	2019-20	
Discount rate			
0.5% increase		(3.09)%	(3.19)%
0.5% decrease		3.29%	3.14%
Rate of increase in salary			
0.5% increase		3.29%	3.41%
0.5% decrease		(3.09)%	(3.19)%

vi) Maturity profile of defined benefit obligation		
Period	2020-21	2019-20
By the end of the First Year	172.76	193.33
Between Year 1 and Year 2	30.62	27.87
Between Year 2 and Year 3	9.16	36.13
Between Year 3 and Year 4	58.35	9.11
Between Year 4 and Year 5	100.38	57.87
Between Year 5 and Year 10	364.20	473.55



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

## 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 ₹ 119.49 lakhs (31 March 2020: ₹ 204.52 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:	2020-21	2019-20
Within one year	119.49	204.52
After one year but not more than five years	-	-
More than five years	-	-
<b>Total</b>	<b>119.49</b>	<b>204.52</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)

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

## Key management personnel

T.Shivaraman - Managing Director

M.Amjad Shariff - Joint Managing Director

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

Orient Green Power Company Limited

Bharath Wind Farm Limited

Clarion Windfarms Private Limited

Beta Wind Farm Private Limited

Orient Eco Energy Private Limited

## Joint Operations

Larsen & Toubro Limited Shriram EPC JV

Mokul Shriram EPC JV

Shriram EPC Eurotech Environmental Pvt Ltd - JV

SEPC DRS ITPL JV

(B) Details of transactions with related party in the ordinary course of business for the year ended:	2020-21	2019-20
<b>(i) Entities exercising significant influence over the Company</b>		
Sale consideration on transfer of advances / receivables (Also refer note 9.3)	-	4,280.63
Transfer of Advances / Receivables	4,758.88	-
Expenses reimbursed by the party	-	908.65
Fund Received (Net)	5,194.75	-
<b>(ii) Subsidiary</b>		
Progressive billings/Revenue	-	4,274.30
Management Fees	-	1,528.80
Expenses incurred by the party	-	19.46
<b>(iii) Step Down Subsidiary</b>		
Expenses incurred by the party	-	39.71



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

	31-Mar-21	31-Mar-20
<b>(iv) Subsidiary of Entities exercising significant influence over the Company</b>		
<b>Shriram SEPL Composites Private Limited</b>		
Expenses incurred and recoverable	-	26.79
<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
<b>(vi) Key Management Personnel (KMP)</b>		
<b>Compensation of key management personnel</b>		
T.Shivaraman	60.40	60.40
M.Amjad Shariff	60.15	60.15
<b>(vii) 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
<b>(viii) Joint Operations</b>		
<b>(a) Larsen &amp; Toubro Limited Shriram EPC JV</b>		
Company's share in profit of Integrated Joint Ventures	286.15	(172.35)
Progressive billings / Revenue	-	512.18
<b>(b) Shriram EPC Eurotech Environmental Pvt Ltd - JV</b>		
Progressive billings / Revenue	532.66	1,076.42
Expenses reimbursed by the party	125.33	155.70

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

	31-Mar-21	31-Mar-20
<b>(c) SEPC DRS ITPL JV</b>		
Progressive billings / Revenue	590.73	663.99
Expenses reimbursed by the party	260.85	158.83
<b>(d) Mokul Shriram EPC JV</b>		
Progressive billings / Revenue	25,983.90	30,379.93
Expenses reimbursed by the party	-	10.00
Cost incurred for Materials and Labour	25,983.90	30,379.93
<b>(C) Amount due (to)/from related party as on:</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
<b>(i) Particulars</b>		
<b>Advances / (Borrowings):</b>		
SVL Limited	(339.55)	(27.48)
Leitwind Shriram Manufacturing Private Limited (Net of Provision for Expected Credit Loss of ₹ 9,141.70 Lakhs (March 31, 2020: ₹ 9,141.70 Lakhs)	3,201.62	3,800.40
Bharat Wind Farm Limited	4.71	4.71
Orient Green Power Company Limited	(0.41)	1.41
<b>Receivables /(Payables):</b>		
Leitwind Shriram Manufacturing Private Limited	-	310.04
Shriram EPC FZE, Sharjah	2,313.45	2,312.94
Orient Green Power Company Limited	-	1.41
Shriram EPC Eurotech Environmental Pvt Ltd - JV	(0.11)	(70.45)
SEPC DRS ITPL JV	523.85	93.75
Larsen & Toubro Limited Shriram EPC JV	445.71	256.14
Shriram SEPL Composites Private Limited	-	259.93
Mokul Shriram EPC JV	3,338.55	1,786.43

(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, 2021, March 31, 2020 there are no further amounts payable to/receivable from them, other than disclosed above.



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(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, 2021			As at March 31, 2020		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Inventories - Note 13	248.20	-	248.20	324.86	-	324.86
Trade Receivables - Note 14	26,700.33	-	26,700.33	37,744.42	-	37,744.42
Other Current Financial Assets - Note 17	6,964.27	-	6,964.27	8,639.66	-	8,639.66

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

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Acceptances - Note 27	842.43	-	842.43	8,435.70	-	8,435.70
Trade and Other Payables - Note 27	23,432.38	-	23,432.38	22,376.49	-	22,376.49
Other Current Financial Liabilities - Note 28	4,676.53	-	4,676.53	2,579.27	-	2,579.27

## 47 Segment reporting

The Chief Operating Decision Maker (CODM) reviews the operations of the Company for the year ended March 31, 2021 as one operating segment being Construction Contracts. Hence no separate primary segment information has been furnished herewith as required by Ind AS 108, "Operating segment". However, Geographical Segments being secondary segments are disclosed below :

Particulars	31-Mar-21	31-Mar-20
<b>Rest of the World</b>		
Revenue	25,984.00	31,908.73
Assets	7,004.55	7,632.74
<b>India</b>		
Revenue	27,209.33	36,196.46
Assets	220,142.91	233,789.54
Capital Expenditure	628.89	118.99

## 48 Expenditure in Foreign Currency

Particulars	2020-21	2019-20
Professional & Consultancy Fees	-	0.48
Material Consumed in Execution of Engineering Contracts	40.62	43.28
Erection, Construction & Operation Exp	-	24.14
Travelling & Conveyance	5.18	75.88
Salary & Wages	-	181.53
Others	0.44	4.84
<b>Total</b>	<b>46.24</b>	<b>330.15</b>

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(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-21

Particulars	Note	Carrying Amount				Fair Value				
		Financial Assets at amortised cost	Mandatorily at FVTPL	Other Financial liabilities at amortised cost	Investments at Fair Value through Other comprehensive income	Total carrying value	Level 1	Level 2	Level 3	Total
<b>Assets</b>										
<b>Financial Assets Measured at Fair Value</b>										
Investments	8	-	-	-	38.65	38.65	13.71	-	-	13.71
<b>Financial Assets not Measured at Fair Value*</b>										
Investments	8	-	-	-	90.39	90.39	-	-	90.39	90.39
Loans	9	10,913.30	-	-	-	10,913.30	-	-	-	-
Trade Receivables	10 & 14	47,715.47	-	-	-	47,715.47	-	-	-	-
Cash and Cash Equivalents	15	625.68	-	-	-	625.68	-	-	-	-
Other Bank balances	16	2,866.88	-	-	-	2,866.88	-	-	-	-
Other financial assets	10 & 17	8,137.54	-	-	-	8,137.54	-	-	-	-
<b>Total</b>		<b>70,258.87</b>	-	-	-	<b>70,387.91</b>	<b>13.71</b>	-	<b>90.39</b>	<b>104.10</b>
<b>Liabilities</b>										
<b>Financial Liabilities not Measured at Fair Value*</b>										
Non Current Borrowings	22	-	-	20,072.84	-	20,072.84	-	-	-	-
Current Borrowings	26	-	-	58,839.27	-	58,839.27	-	-	-	-
Trade payables	27	-	-	24,274.80	-	24,274.80	-	-	-	-
Other financial liabilities	23 & 28	-	-	9,039.90	-	9,039.90	-	-	-	-
<b>Total</b>		-	-	<b>112,226.81</b>	-	<b>112,226.81</b>	-	-	-	-



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

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	-	-	30,812.18	-	30,812.18	-	-	-	-
Other financial liabilities	23 & 28	-	-	8,221.79	-	8,221.79	-	-	-	-
<b>Total</b>		-	-	<b>104,866.09</b>	-	<b>104,866.09</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, 2021

(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, 2021 - Nil (March 31, 2020 - Nil)

b) Foreign Currency exposure

Particulars	31-Mar-21		
	Currency	Amount in Foreign Currency (In Lakhs)	In ₹ lakhs
Bank Balances	AED	0.05	0.98
	CNY	0.01	0.07
	EUR	0.01	0.82
	OMR	0.01	1.55
	USD	0.01	0.61
	IQD	2.43	0.14
Trade Payables (including Payables on purchase of fixed assets)	USD	1.11	81.45
	EURO	42.22	3,620.71
Trade and Other Receivables	USD	39.54	2,890.77
	OMR	(0.14)	(27.12)



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

Particulars	31-Mar-20		
	Currency	Amount in Foreign Currency (In Lakhs)	In ₹ lakhs
Bank Balances	OMR	0.00	0.24
	AED	0.05	1.00
	EURO	0.00	0.11
	USD	0.00	0.01
	YUAN	0.01	0.06
	IQD	0.00	0.00
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)

## (B) Credit risk

The credit risk to the company arises from two sources:

a) Customers, who default on their contractual obligations, thus resulting in financial loss to the company

Company evaluates the credentials of a customer at a very early stage of the bid. Company has adopted a policy of 3 tier verification before participating for any bid. The first step of such verification includes verification of customer credentials. The company, as part of verification of the customer credentials, ensures the compliance with the following criterion,

- (i) Customer's financial health by examining the audited financial statements
- (ii) Whether the Customer has achieved the financial closure for the work for which the company is bidding
- (iii) Where the customer is Public Sector Undertaking, sanction and availability of adequate financial resources for the proposed work.

Company makes provision on its financial assets, on every reporting period, as per Expected Credit Loss Method. The provision is made separately for each financial assets of each business line. The percentage at which the provision is made, is determined on the basis of historical experience of such provisions, modified to the current and prospective business and customer profile.

Trade receivables consist of large number of customers, spread across diverse industries and geographical areas. Majority of the customers of the company comprise of Public Sector Undertakings, with whom the company does not perceive any credit risk. As regards the customers from private sector, company carries out financial evaluation on regular basis and provides for any amount perceived as non realisable, in the books of accounts.

b) Non certification by the customers, either in part or in full, the works billed as per the contract, being non claimable cost as per the terms of the contract with the customer

Non certification of works billed The Company has contract claims from customers including costs on account of account of delays / changes in scope / design by them etc. which are at various stages of discussions / negotiations or under arbitrations. The realisability of these claims are estimated based on contractual terms, historical experience with similar claims as well as legal opinion obtained from internal and external experts, wherever necessary. Changes in facts of the case or the legal framework may impact realisability of these claims

The Company provides for doubtful receivables/advances and expected credit loss based on 12 months and lifetime expected credit loss basis for following financial assets:

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

## 31-Mar-21

Particulars	Estimated Gross Carrying Amount at default	Provision/ Expected Credit Loss	Carrying amount net of impairment provision
Trade receivables	33,671.80	(6,971.47)	26,700.33
Unbilled Revenue	83,594.37	(910.95)	82,683.41
Advances to Suppliers	8,682.63	(1,640.30)	7,042.33

## 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
Unbilled Revenue	82,236.06	(1,855.98)	80,380.08
Advances to Suppliers	8,885.89	(1,640.30)	7,245.59

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

Particulars	Trade receivables	Contact Asset	Advances to suppliers
<b>Provision and Expected Credit Loss on March 31, 2020</b>	<b>5,200.48</b>	<b>1,855.98</b>	<b>1,640.30</b>
Allowance for Doubtful Debts	2,505.25	450.70	-
Interest income derecognised	(607.92)	-	-
Provision no longer required	(10.00)	-	-
Interest income on Financial Assets	(116.34)	(1,395.73)	-
<b>Provision and Expected Credit Loss on March 31, 2021</b>	<b>6,971.47</b>	<b>910.95</b>	<b>1,640.30</b>

### (C) Liquidity risk

Company being an EPC contractor, has a constant liquidity pressures to meet the project requirements. These requirements are met by a balanced mix of borrowings and project cash flows. Cash flow forecast is made for all projects on monthly basis and the same are tracked for actual performance on daily basis. Shortfall in cash flows are matched through short term borrowings and other strategic financing means. The daily project requirements are met by allocating the daily aggregated cash flows among the projects. Company has established practice of prioritising the site level payments and regulatory payments above other requirements.

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-21</b>					
Short term borrowings	-	58,839.27	-	-	58,839.27
Long-term borrowings	-	-	20,072.84	-	20,072.84
Trade payables	-	24,274.80	-	-	24,274.80
Other financial liability	-	4,676.53	-	-	4,676.53
	-	<b>87,790.60</b>	<b>20,072.84</b>	-	<b>107,863.44</b>



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

	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	-		20,622.69	-	20,622.69
Trade payables	-	30,812.20		-	30,812.20
Other financial liability	-	2,579.27		-	2579.27
	-	<b>78,600.88</b>	<b>20,622.69</b>	-	<b>99,223.58</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-21	31-Mar-20
Total equity	(i)	<b>99,451.02</b>	<b>117,719.93</b>
Total debt	(ii)	83,588.65	68,410.09
Cash and Cash Equivalents	(iii)	625.68	673.58
Net Debt	(iv) = (ii) - (iii)	<b>82,962.97</b>	<b>67,736.50</b>
Total Capital	(v) = (i) + (iv)	182,413.99	185,456.44
Net Debt to Capital ratio	(iv)/ (v)	0.45	0.37

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

## 52 Disclosures pursuant to Ind AS 37 “Provisions, Contingent Liabilities and Contingent Assets”

### Movement in Provisions:

Particulars	Provision for Expected Credit Losses		Provision for Doubtful Receivables	Provision for Advances
	Current	Non-Current	Non-Current	Current
<b>Opening Balance as on April 01, 2020</b>	<b>7,056.47</b>	<b>11,810.97</b>	<b>2,552.87</b>	<b>1,640.30</b>
Add: Additional Provision during the year	2,955.95	-	229.55	-
Less: Interest income on Financial Assets	(1,522.07)	-	-	-
Less: Interest income derecognised	(607.92)	-	-	-
Less: Provision no longer required	-	-	(1,260.93)	-
Less: Movement on Account of Transfer of advances to Group Companies	-	-	-	-
<b>Closing Balance as on March 31, 2021</b>	<b>7,882.43</b>	<b>11,810.97</b>	<b>1,521.49</b>	<b>1,640.30</b>

## 53 Contingent Liabilities And Commitments

### (a) Contingent Liabilities

Particulars		As at 31 March 2021	As at 31 March 2020
a)	Claims against the Company not acknowledged as debts	10,879.21	10,879.39
b)	Central Excise, Service Tax and customs Duties demands contested in Appeals , not provided for	408.00	541.00
c)	Disputed VAT/ Central Sales tax demands contested in Appeals, not provided for	9,256.75	9,115.00
d)	Income tax demands contested in Appeals, not provided for	1,800.58	1,800.58
e)	Bank Guarantees outstanding	41,353.20	43,742.77

Management is confident of winning the appeals in respect of the above , hence no provision has been made. Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.

### (b) Commitments

Particulars	As at 31 March 2021	As at 31 March 2020
Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for	-	-



# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

- 54** The Company (SEPC) is one of the Respondent along with Twarit Consultancy Private Limited (TCPL) in respect of an Arbitration by The Singapore International Arbitration Centre (SIAC) filed by GPE (INDIA) Ltd, GPE JV1Ltd, Gaja Trustee Company Private Ltd (the Claimants) in connection with the claimants' investments in an associate company of the Company. SIAC vide their Order dt 7th January 2021 awarded damages Jointly and Severally on the Respondents to the tune of Rs.19,854.10 lakhs and a sum of SGD 372,754.79 towards Arbitration expenses. These are to be paid along with simple interest @ 7.25% pa from 21st July 2017 until the date of payment. The Respondents have already preferred an appeal before the High Court of Republic of Singapore against the award of SIAC and the same is pending as on date. However, the Company has entered into an Inter-se arrangement dated 29th September 2015 with TCPL and Shri Housing Pvt Ltd by which, Company will be fully indemnified, in case of any liability arising out of any Suits, Proceedings, Disputes, Damages payable by the Company on any defaults arising out of the investments made by the Complainant in the associate. In view of the said Inter-se Arrangements, the Company do not have any liability whatsoever, on account of this award which is subject to the outcome of the Respondents appeal before all appropriate Jurisdictional Courts / Forums.
- 55** The contract of the Company to execute a project with Governorate of Basra, Government of Iraq (the Customer) was cancelled by the customer in 2014. Mokul Shriram EPC JV (JV Company) filed a complaint against Export Credit Guarantee Corporation of India Limited (ECGC) before the National Consumer Disputes Redressal Commission (NCDRC), New Delhi. NCDRC, vide their order dt 27th January 2021, allowed the consumer complaint filed by the JV Company and directed ECGC to pay a sum of Rs 26,501 lakhs along with simple interest @ 10% pa. with effect from 19.09.2016 till the date of realisation to the JV Company within a period of three months from the date of order, failing which ECGC will be liable to pay compensation in the form of simple interest @ 12% pa.
- 56** During the year, advances receivable, Loans & advances amounting to Rs. 4,758.88 Lakhs has been transferred to the Company's Entity exercising significant influence over the Company.
- 57** The outbreak of Coronavirus (COVID -19) pandemic globally and in India caused significant disturbance and slowdown of economic activity. The Company has assessed the impact of pandemic on its financial results/position based on the principle of prudence in applying judgements, estimates and assumptions including sensitivity analysis and has concluded that there is no major impact of COVID 19 on the recoverability of carrying values of assets and expects to recover the carrying value of its assets. Considering that it is a dynamic and evolving situation, the management will continue to closely monitor and evaluate the impact of any material change in macro-economic and other related factors, which may have bearing on the Company's operations.
- 58** The code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits, received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date from which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

# Notes forming part of the Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

- 59** The Company has changed its name from Shriram EPC Limited to SEPC Limited with effect from February 12, 2021 pursuant to the approval by Ministry of Corporate Affairs. However the application filed with stock exchanges for the name change is pending approval due to administrative reasons. In the absence of approval from stock exchanges Company continues to use the name Shriram EPC Limited in the financial statements for the year ended March 31, 2021.
- 60** The Company Secretary resigned with effect from June 04, 2021 and the Company is in the process of indentifying new Company Secretary.
- 61** The Company has proposed to issue and allot equity shares by way of preferential issue for a value upto Rs 35,000 Lakhs to a strategic investor subject to lenders and regulatory approvals.
- 62** The Board, duly taking into account all the relevant disclosures made has approved these financial statements in its meeting held on June 29, 2021.
- 63** The previous year figures have been reclassified/regrouped to wherever necessary

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

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

**Chandra Ramesh**  
Director  
DIN: 00938694

Place: Chennai  
Date: June 29, 2021

**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 accompanying 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, 2021, and the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiary, except for the possible effects of the matter described in Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group, as at March 31, 2021, consolidated loss including other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Qualified Opinion

- a. Financial Assets Loans (Non-Current) include Rs. 3,201.62 Lakhs (March 31, 2020: Rs. 3,800.40 Lakhs) due from a related party. Sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amount is not available and the amount is outstanding for more than five years. Further, no provision with respect to the same is made in the books of account as explained in Note 9.2 of the Consolidated Financial Statements. Accordingly, we are unable to comment on the carrying value of above-mentioned Financial Assets Loans amounting to Rs. 3,201.62 Lakhs and the impact if any, on account of non-provisioning of the said balance on the financial statements at present.
- b. The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. Rs. 43,889.00 Lakhs (March 31, 2020: Rs. 43,520 Lakhs) which is recognized on

unabsorbed business losses. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment on reasonable certainty of future taxable profits, as required by Ind AS 12 on Income Taxes, considering the current pandemic situation, we are unable to ascertain the extent to which the deferred tax asset can be utilized. The impact if any, of the undetermined impairment provision on the financial statements is not ascertainable currently. Refer Note 40 of the Consolidated financial statements.

These matters were also qualified in our report on the Consolidated financial statements for the year ended March 31, 2020.

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

### Emphasis of Matter

We draw attention to Note 39 to the consolidated financial statements, which fully describes that the Company has made an assessment to recognize an impairment loss of Rs. 1,149.11 Lakhs on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 (March 31, 2020: INR 2,748.97 Lakhs).

Our opinion is not qualified in respect of this matter.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the 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 matters described below to be the key audit matters to be communicated in our report.

#### A) Provision for Expected credit loss

Refer to Note 9,10,12,14 & 18 in the Consolidated Ind AS Financial statements of 2020-21. The company has measured Loan and account receivables at amortized cost using the effective interest method.

The group has used the Expected credit loss (ECL) model for provision in respect of loan and account receivables which 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 and account receivables 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 behaviour and estimating the level and timing of expected future cash flows.

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

Our audit procedures in respect of this area included:

1. Obtained an understanding of the process relating to allowance for credit loss and assessed the management's estimate and related policies used in the credit loss analysis.
2. 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 Instruments", 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.
3. Reviewed the appropriateness of management's ageing analysis based on days past due by examining the original documents (such as invoices and bank deposit advice).
4. Recalculated the ECL of each type of trade receivables and loan assets according to the provision matrix.
5. Assessed the accuracy of the disclosures in the financial statements and ensured that they were in accordance with Ind AS 109 'Financial Instruments'

#### B) Going Concern Assessment

The Group is into Construction business. The Group has incurred losses amounting to INR Rs. 17,947.31 Lakhs for the year ended 31 March 2021 (Previous year INR 7,726.33 Lakhs) primarily due to lower volumes on account of COVID 19 pandemic, high finance cost, and certain provisions for impairment.

We have identified this as key audit matter because of management judgement and estimate involved in evaluation of the future plans and business projections.

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

Our audit procedures in respect of this area included:

1. Evaluated management plans for future actions and business projections, whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible in the circumstances.
2. Analysed and discussed cash flow, profits and other relevant forecasts with management.
3. Read the minutes of the meeting held between the Lenders and the Company.
4. Request balance confirmation letters to the lenders to ensure the correct classification of the debt.



5. Obtain and read copy of the draft resolution plan and evaluate if the terms stated in the plan is appropriately factored in the estimation of future cash flows.

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

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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

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

could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

### **Other Matters**

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 16,819.33 Lakhs as of March 31, 2021, total revenues of Rs. 5,085.19 lakhs and net cash flows amounting to (Rs. 316.80 Lakhs) for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not qualified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

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

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and, except for the possible 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 including other comprehensive income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the

- consolidated financial statements.
- d. Except for the effects of the matter described in Basis for Qualified Opinion section above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014.
  - e. The matter described in Basis of Qualified Opinion section of our report, in our opinion, may have an adverse effect on the functioning of the Group.
  - f. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 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.
2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid/provided 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

Place: Chennai  
Date: June 29, 2021

Membership No. : 029409  
UDIN: 21029409AAAAFU9328



# 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 consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business

activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial 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 29, 2021

Membership No. : 029409  
UDIN: 21029409AAAAFU9328

# 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, 2021]

## **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, 2021, 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 are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note 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, and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to financial statements of the Holding company.

### **Meaning of Internal Financial Controls With reference to Financial Statements**

A company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are



being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls With reference to Financial Statements**

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

#### **Qualified opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Holding Company's internal financial controls with reference to financial statements as at March 31, 2021:

- a) 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.
- b) Assessment of future taxable profits which could result in recognition of excess deferred tax asset which the Company may not be able to utilize.

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

In our opinion, and to the best of our information and according to the explanations given to us, 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, 2021, 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 weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2021 consolidated financial statements of the Company, and the material weaknesses affects 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 29, 2021

Membership No. : 029409  
UDIN: 21029409AAAAFU9328

# Consolidated Balance Sheet as at March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

	Notes	As at 31.03.2021	As at 31-03-2020
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	6	4,476.34	5,011.26
Capital work in Progress			
Intangible assets	7	36.04	40.08
Financial assets			
Investments	8	79.84	77.33
Loans	9	10,913.30	12,301.03
Trade Receivables	10	21,015.14	19,848.34
Other Financial Assets	10	1,186.06	1,634.87
Deferred Tax Assets (Net)	40	47,623.70	47,623.70
Income Tax Assets (Net)	11	3,327.56	2,917.18
Other Non-Current Assets	12	3,956.02	3,956.02
<b>Total Non-Current Assets</b>		<b>92,614.00</b>	<b>93,409.81</b>
<b>Current assets</b>			
Inventories	13	248.20	324.86
Financial assets			
Trade receivables	14	34,087.52	47,996.51
Cash and cash equivalents	15	840.86	1,205.55
Other bank balances	16	2,866.88	4,885.40
Other Financial Assets	17	6,964.27	8,639.66
Other Current assets	18	103,411.30	103,100.26
Assets classified as held for sale	19	596.06	703.35
<b>Total Current Assets</b>		<b>149,015.09</b>	<b>166,855.59</b>
<b>Total Assets</b>		<b>241,629.09</b>	<b>260,265.40</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	20	97,152.90	97,152.90
Other equity	21	3,215.18	21,237.63
Non controlling Interest		142.73	146.76
<b>Total Equity</b>		<b>100,510.81</b>	<b>118,537.29</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	22	20,072.84	20,622.70
Other financial liabilities	23	4,363.37	5,642.52
Provisions	24	559.51	613.20
Other non-current liabilities	25	4,882.17	12,535.32
<b>Total Non-Current Liabilities</b>		<b>29,877.89</b>	<b>39,413.74</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	26	58,839.27	45,209.42
Trade payables			
Total outstanding dues of creditors other than micro enterprises and small enterprises	27	35,665.84	43,808.29
Other financial liabilities	28	4,676.53	2,579.27
Other current liabilities	29	11,523.46	10,158.86
Provisions	30	535.29	558.52
<b>Total Current Liabilities</b>		<b>111,240.39</b>	<b>102,314.36</b>
<b>Total Liabilities</b>		<b>141,118.28</b>	<b>141,728.10</b>
<b>Total Equity and Liabilities</b>		<b>241,629.09</b>	<b>260,265.40</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

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

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

**Chandra Ramesh**  
 Director  
 DIN: 00938694

Place: Chennai  
 Date: June 29, 2021

**R S Chandrasekharan**  
 Chief Financial Officer



# Consolidated Statement of Profit and Loss for the year ended March 31, 2021 (Amount in ₹ lakhs, unless otherwise stated)

	Notes	Year ended 31.03.2021	Year Ended 31-Mar-20
<b>Income</b>			
Revenue from operations	31	58,278.52	120,794.88
Other income	32	2,334.79	5,091.83
<b>Total income</b>		<b>60,613.31</b>	<b>125,886.71</b>
<b>Expenses</b>			
Erection, Construction & Operation Expenses	33	55,671.74	99,953.89
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	76.66	3,524.37
Employee benefits expense	35	3,808.40	5,726.01
Finance costs	36	10,658.93	10,043.87
Depreciation and amortization expense	37	556.04	566.81
Other expenses	38	6,517.57	7,191.12
<b>Total expenses</b>		<b>77,289.34</b>	<b>127,006.06</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(16,676.03)</b>	<b>(1,119.35)</b>
Exceptional items	39	(1,149.11)	(6,606.98)
<b>Profit/(Loss) before tax</b>		<b>(17,825.14)</b>	<b>(7,726.33)</b>
<b>Income tax expense</b>			
	40		
Current tax		122.17	-
Deferred tax		-	-
<b>Total income tax expense</b>		<b>122.17</b>	<b>-</b>
<b>Profit/(Loss) for the year</b>		<b>(17,947.31)</b>	<b>(7,726.33)</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)		17.10	25.03
Fair Value of Equity Instruments through OCI (Net of Taxes)		2.51	(10.62)
<b>Other Comprehensive Income for the year</b>		<b>19.61</b>	<b>14.41</b>
<b>Total Comprehensive Income / (Loss) for the year</b>		<b>(17,927.70)</b>	<b>(7,711.92)</b>
<b>Earnings / (Loss) per share</b>			
Basic earnings / (loss) per share (₹)		(1.85)	(0.79)
Diluted earnings / (loss) per share (₹)		(1.85)	(0.79)
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 29, 2021

**R S Chandrasekharan**  
 Chief Financial Officer

# Consolidated Statement of changes in equity for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

(A) Equity share capital	As at 31.03.2021		As at 31-03-2020	
	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

	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 Transaction Diff	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 2020	0.17	191,225.43	561.75	12.92	4700.99	127.22	146.76	(175,488.82)	130.97	(33.01)	21,384.40
Loss for the year	-	-	-	-	-	(94.76)	(4.03)	(17,947.31)	-	-	(18,046.10)
Transfer	(0.17)	-	0.17	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	17.10	2.51	19.61
<b>Total other comprehensive loss for the year</b>	<b>-</b>	<b>191,225.43</b>	<b>561.93</b>	<b>12.92</b>	<b>4,700.99</b>	<b>32.46</b>	<b>142.73</b>	<b>(193,436.13)</b>	<b>148.07</b>	<b>(30.50)</b>	<b>3,357.91</b>
Issue of Equity shares	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>191,225.43</b>	<b>561.93</b>	<b>12.92</b>	<b>4,700.99</b>	<b>32.46</b>	<b>142.73</b>	<b>(193,436.13)</b>	<b>148.07</b>	<b>(30.50)</b>	<b>3,357.91</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

**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 29, 2021

**R S Chandrasekharan**  
 Chief Financial Officer



# Consolidated Statement of Cash Flows for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

Particulars	31-Mar-21	31-Mar-20
<b>Cash flow from operating activities</b>		
Profit /(Loss) before tax	(17,825.14)	(7,726.33)
Adjustments for:		
Depreciation and amortization expenses	556.04	566.81
Provision for Gratuity	122.92	75.62
Provision for Compensated Absences	(52.39)	93.31
Provision for doubtful Trade Receivables	2,036.42	-
Finance cost	12,648.14	11,591.21
Interest income	(1,852.02)	(3,875.46)
Liabilities written back	(476.04)	(719.65)
Gain on sale of fixed assets	1.78	(5.95)
Loss on write off of CWIP	-	14.84
Loss on write off of Inventory	-	3,414.26
Impairment loss on contract assets and receivables	1,149.11	6,606.98
<b>Operating (Loss)/profit before working capital changes</b>	<b>(3,691.19)</b>	<b>9,963.65</b>
<b>Changes in working capital</b>		
Increase / (Decrease) in trade payables	(8,142.45)	(10,068.03)
(Increase) / Decrease in inventories	76.66	110.13
(Increase) / Decrease in trade receivables	9,938.57	2,036.01
(Increase) / Decrease in loans and advances	1,387.73	5,374.64
Increase / (Decrease) in other current liabilities	1,364.60	(13,658.87)
Increase /(Decrease) in other non current liabilities	(7,653.15)	(8,148.09)
Increase/(Decrease) in Short Term provisions	29.16	(61.24)
Increase / (Decrease) in Long Term provisions	(176.61)	(47.49)
Increase / (Decrease) in other financial liabilities	818.11	65.43
(Increase)/ Decrease in other financial assets	2,124.19	(4,308.11)
(Increase) / Decrease in other current assets	(761.74)	19,254.03
Decrease/(Increase) in Non Current Asset	-	12.42
Increase / (Decrease) in assets held for sale	107.29	(703.35)
<b>Cash used in/ from operations</b>	<b>(4,578.82)</b>	<b>(178.86)</b>
Income tax paid	(410.38)	(522.14)
<b>Net cash (used in) / from operating activities (A)</b>	<b>(4,989.21)</b>	<b>(701.30)</b>
<b>Cash flow from Investing activities</b>		
Payment for property, plant and equipment and intangible assets	(631.53)	(147.82)
Movement in Bank balances not considered as Cash and cash equivalents (Net)	2,018.52	3,231.48
Proceeds from sale/ disposal of fixed assets	601.99	19.43
Interest received	119.66	919.43
<b>Net cash flow from investing activities (B)</b>	<b>2,108.65</b>	<b>4,022.52</b>

## Consolidated Statement of Cash Flows for the year ended March 31, 2021

Particulars	31-Mar-21	31-Mar-20
<b>Cash flow from Financing activities</b>		
Proceeds/ Repayment of Short term borrowings(net)	13,629.85	1,963.33
Proceeds / Repayment of Long term borrowings	(549.86)	(22.63)
Interest and Finance Charges Paid	(10,564.13)	(7,116.42)
<b>Net cash flow from financing activities (C)</b>	<b>2,515.87</b>	<b>(5,175.72)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(364.69)</b>	<b>(1,854.49)</b>
Cash and cash equivalents at the beginning of the Year	1,205.55	3,060.04
Cash and cash equivalents at the end of the Year	840.86	1,205.55
<b>Cash and cash equivalents comprise</b>		
Cash and cash equivalents as per Balance Sheet	3,707.74	6,090.95
Less: Other bank balances disclosed separately under Note 16	2,866.88	4,885.40
<b>Total cash and bank balances at end of the Period</b>	<b>840.86</b>	<b>1,205.55</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 29, 2021

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

**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, 2021

## 1 General Information

Shriram EPC Limited (the “Company” or “SEPC”) which is a part of the Shriram EPC Group has diverse interests across Project Engineering & Construction. The company provides end-to-end solutions to engineering challenges, offering multi disciplinary design, engineering, procurement, construction and project management services. SEPC is focused on providing turnkey solutions for ferrous & non ferrous, cement, aluminum, copper and thermal power plants, water treatment & transmission, renewable energy, cooling towers & material handling.

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

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

\*Unincorporated Joint Ventures

### Subsidiary companies which are consolidated

Name of entity	Relationship	% of holding and voting power		
		Country of Incorporation	31st March 2021	31st March 2020
Shriram EPC (FZE)	Subsidiary	United Arab Emirates	100%	100%
Shriram EPC Arkan LLC	Subsidiary of Subsidiary	Muscat, Oman	70%	70%

## 2 Significant accounting policies

Significant accounting policies adopted by the company are as under:

### 2.1 Basis of Preparation of Financial Statements

The financial statements have been prepared using significant accounting policies and measurement basis summarised below. These were used

throughout all periods presented in the financial statements.

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

The Company’s financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. These financial statements have been approved for issue by the Board of Directors at its meeting held on June 29, 2021.

#### (b) Basis of measurement

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

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

#### (c) Presentation of financial statements

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

Amounts in the financial statements are presented in Indian Rupees in Lakhs rounded off to two decimal places as permitted by Schedule III to

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

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

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

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

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

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

## 2.3 Intangible Assets

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

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

Intangible assets	
Technical know how	5 to 10 years
Computer Software	5 years

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

## 2.4 Foreign Currency Transactions

### (a) Functional and presentation currency

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

### (b) Transactions and balances

"On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out

of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

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

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

## 2.5 Fair value measurement

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

"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"

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

## 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 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 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 due from customers within the next twelve months are classified under Other Current assets as trade receivables.

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.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

## 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 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 16. Adoption of Ind AS 116 did not have any material impact on the financial statements of the company

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

## 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



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

- 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

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

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



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

## (ii) Defined benefit plans

**Gratuity:** The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

**"Compensated Absences:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

Leaves under define benefit plans can be encashed only on discontinuation of service by employee."

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

## 2.17 Contributed equity

Equity shares are classified as equity share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 2.18 Earnings Per Share

"Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to

equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares."

## 2.19 Inventory- (Contract Work in progress)

Contract Work in progress are valued at cost or net realisable value, whichever is lower. Cost comprises all direct development expenditure.

## 2.20 Non-Current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

## 3 Significant accounting 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

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(b) Defined benefit plans (gratuity benefits and leave encashment)

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

(c) "Construction Contracts

Recognizing construction contract revenue requires significant judgement in determining actual work performed and the estimated costs to complete the work, provision for rectification costs, variation claims etc"

(d) "Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary

differences and tax loss carryforwards can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions."

(e) Going concern:

The Group has incurred net loss of Rs. 17,947.31 Lakhs during the year ended 31 March 2021 and as of that date has accumulated losses aggregating Rs. 193,436.13 Lakhs which has resulted in substantial erosion of its net worth. The Group has defaulted in repayment of term loan principal and payment of interest on the same to their lenders amounting to Rs. 2,578.03 lakhs and Rs 771.86 lakhs respectively as on March 31, 2021. Further, the COVID-19 pandemic has also impacted operations resulting in delay of collection relating to project dues. The Group has received an investment proposal from an Investor who has submitted a business plan based on which a Resolution Plan has been submitted to the consortium of lenders in accordance with the requirement set out in the circular issued by the Reserve Bank of India No RBI/20119/203DBR. No>BP.BC.45/21.04.048./2018-19 dated June7, 2019. The Resolution plan provides for infusion of Rs 35000 Lakhs equity, change of management, conversion of loan into preference shares to the tune of Rs 35000 Lakhs, moratorium of term loans for two years and levy of interest at 9% pa. effective from October 01, 2020, amongst other requirements. Based on the expectation of the implementation of the resolution plan with lenders, underlying strength of the Company's business plans and future growth outlook as assessed with existing order book, the credit profile of the Company, would improve resulting in it being able to meet its obligations in due course of time. Accordingly, these financial results are prepared on a going concern basis.

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

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(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 2020	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2021	As at 1 April 2020	For the year	Deductions/ Adjustments	As at 31 March 2021	As at 31 March 2021	As at 1 April 2020
<b>Owned assets</b>										
Freehold land	241.50			241.50	-	-	-	-	241.50	241.50
Leasehold	350.15			350.15	190.01	-	-	190.01	160.14	160.14
Improvements										
Buildings	148.70		0.94	147.76	22.11	7.03	0.66	28.48	119.28	126.59
Plant and Machinery	6,030.91	601.82	796.28	5,836.45	1,688.02	498.18	188.12	1,998.07	3,838.38	4,342.89
Furniture and Fixtures	98.62		7.70	90.92	34.12	11.46	1.73	43.85	47.06	64.50
Office Equipment	27.04	0.37	14.24	13.17	24.83	1.09	14.21	11.71	1.46	2.21
Computers	148.86	28.51		177.37	103.74	23.40	-	127.14	50.23	45.12
Vehicles	53.20	0.83	2.28	51.75	24.89	10.84	2.28	33.46	18.29	28.31
<b>Total</b>	<b>7,098.98</b>	<b>631.53</b>	<b>821.43</b>	<b>6,909.06</b>	<b>2,087.72</b>	<b>552.00</b>	<b>207.00</b>	<b>2,432.72</b>	<b>4,476.34</b>	<b>5,011.26</b>

## Property, plant and equipment - Previous Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1 April 2019	Additions/ Adjustments	Deductions/ Adjustments	As at 31 Mar 2020	As at 1 April 2019	For the year	Deductions/ Adjustments	As at 31 Mar 2020	As at 31 Mar 2020	As at 1 Apr 2019
<b>Owned assets</b>										
Freehold land	241.50			241.50	-			-	241.50	241.50
Leasehold	318.15	34.48	2.48	350.15	149.22	40.79		190.01	160.14	168.93
Improvements										
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	43.23
<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>2,087.72</b>	<b>5,011.26</b>	<b>5,424.52</b>

## 7 Intangible assets - Current Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1 April 2020	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2021	As at 1 April 2020	For the year	Deductions/ Adjustments	As at 31 March 2021	As at 31 March 2021	As at 1 April 2020
Computer Software	43.12	-	-	43.12	19.75	1.79	-	21.54	21.58	23.37
Technical Knowhow	54.22	-	-	54.22	37.51	2.25	-	39.76	14.46	16.71
<b>Total</b>	<b>97.34</b>	<b>-</b>	<b>-</b>	<b>97.34</b>	<b>57.26</b>	<b>4.04</b>	<b>-</b>	<b>61.30</b>	<b>36.04</b>	<b>40.08</b>

## Intangible assets - Previous Year

Block of Assets	Gross block				Depreciation				Net block	
	As at 1 April 2019	Additions/ Adjustments	Deductions/ Adjustments	As at 31 Mar 2020	As at 1 April 2019	For the year	Deductions/ Adjustments	As at 31 Mar 2020	As at 31 Mar 2020	As at 1 Apr 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>

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

8 Financial Assets- Investments (Non Current)	As at 31 March 2021	As at 31 March 2020
<b>Investment in equity instruments (fully paid-up)</b>		
<b>Investment 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	13.71	11.20
<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>79.84</b>	<b>77.33</b>
<b>Aggregate book value of:</b>		
Quoted investments	13.71	11.20
Unquoted investments	66.13	66.13
<b>Aggregate amount of impairment in value of Investments</b>	<b>(407.56)</b>	<b>(407.56)</b>
<b>9 Non-Current Financial assets - Loans</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<u>Unsecured, considered good</u>		
Considered Good	21,490.47	22,878.20
Considered doubtful	306.10	306.10
Less: Provision	(306.10)	(306.10)
	21,490.47	22,878.20
Less: Provision for Expected Credit Loss	(10,577.17)	(10,577.17)
<b>Total</b>	<b>10,913.30</b>	<b>12,301.03</b>
<b>9.1 Loans includes due from Related Parties:</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<b>i) Related Parties:</b>		
Leitwind Shriram Manufacturing Private Limited (Net of Provision for Expected Credit Loss of ₹ 9,141.70 Lakhs (March 31, 2020: ₹ 9,141.70 Lakhs) (Refer Note 45 ('C) & 56)	3,201.92	3,800.40
Bharath Wind Farm Limited (Refer Note 45 ('C))	4.71	4.71



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

9.2 Financial Assets Loans (Non Current) include Rs. 3,201.92 Lakhs (March 31, 2020: Rs. 3,800.40 Lakhs) due from Leitwind Shriram Manufacturing Pvt Limited (LSML) (a related party). The management is confident of realising the amounts due from LSML considering the fact that, LSML has settled the lenders dues and any surplus cashflows/recovery of retention receivables from their customers will be utilised for repayment of these dues towards the Company. The auditors have qualified this matter in their report for the Quarter and Year ended March 31, 2021.

9.3 During previous year, advances receivable amounting to ₹ 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 ₹ 482.31 Lakhs has been reversed during the year.

<b>10 Trade Receivables &amp; Other Financial Assets (Non Current)</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Trade Receivables - Retention Money		
Considered Good	21,015.14	19,848.34
Considered doubtful	1,219.69	990.14
Less: Provision for doubtful receivables	(1,219.69)	(990.14)
	<b>21,015.14</b>	<b>19,848.34</b>
Trade Receivables		
Considered Good		
Considered doubtful	301.79	1,562.72
Less: Provision for doubtful receivables	(301.79)	(1,562.72)
Deposits	1,186.06	1,180.69
Other receivables	-	454.18
	1,186.06	1,634.87
<b>Total</b>	<b>22,201.19</b>	<b>21,483.21</b>

<b>11 Income Tax Assets (Net)</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Advance Tax (Net of Provision for Tax ₹ 5,540.74 lakhs)(March 31,2020 ₹ 5,540.74 lakhs)	3,327.56	2,917.18
<b>Total</b>	<b>3,327.56</b>	<b>2,917.18</b>

<b>12 Other Non-Current Assets</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Contract Assets (Also Refer note 12.1 below)	4,883.00	4,883.00
Less: Provision for Expected Credit Loss	(926.98)	(926.98)
<b>Total</b>	<b>3,956.02</b>	<b>3,956.02</b>

12.1 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, 2020 - ₹ 3,956.02 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.

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>13 Inventories (Contract Work in progress)</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Contract Work in progress (Valued at lower of cost and net realizable value)	248.20	324.86
<b>Total</b>	<b>248.20</b>	<b>324.86</b>

<b>14 Trade receivables</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Unsecured		
-Considered good	34,087.52	48,419.01
-Considered doubtful	6,971.47	4,777.98
Less: Provision for doubtful debts	(6,971.47)	(4,777.98)
	34,087.52	48,419.01
Less: Provision for Expected Credit Losses	-	(422.50)
<b>Total</b>	<b>34,087.52</b>	<b>47,996.51</b>

**14.1** The average credit period allowed to customers is between 30 days to 60 days. The credit period is considered from the date of Invoice. Further, a specified amount of bill is held back by the customer as retention money, which is payable as per the credit period, from the date such retention becomes due. The retention monies held by customers become payable on completion of a specified milestone or after the Defect Liability Period of the project, which is normally 1 year after the completion of the project, as per terms of respective contract. No Interest is payable by the customers for the delay in payments of the amounts over due. The Company evaluates, the financial health, market reputation, credit rating of the customer, before entering into the contract. The company's customers comprise of public sector undertakings as well as private entities.

**14.2** Trade Receivables include due from related parties amounting to ₹ 6,621.56 Lakhs (March 31, 2020 - ₹ 5020.63 Lakhs) (Refer Note 45('C'))

<b>15 Cash and bank balances</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<b>Cash and cash equivalents</b>		
<b>Balances with banks</b>		
In current accounts	299.46	733.28
Margin Money (Original Maturity of less than 3 Months)	540.89	466.54
Cash on hand	0.52	5.73
<b>Total</b>	<b>840.86</b>	<b>1,205.55</b>

<b>16 Other Bank Balances</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Deposit Account (Original Maturity of More than 3 Months)	180.23	1,137.59
Margin Money (Original Maturity of More than 3 Months)	2,686.65	3,747.81
<b>Total</b>	<b>2,866.88</b>	<b>4,885.40</b>



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>17 Other Current Financial assets</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Security deposit	115.01	116.40
Interest Receivable	729.26	549.26
Trade Receivable - Retention monies	6,120.00	7,974.00
<b>Total</b>	<b>6,964.27</b>	<b>8,639.66</b>

<b>18 Other current assets</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Advances to Employees	75.64	48.12
Balance with Government Authorities	5,349.50	5,532.47
Prepaid Expenses	30.99	106.98
Contract Assets (Refer note 18.1)	83,594.37	82,236.06
Less: Provision for Expected Credit Loss	(910.95)	(1,855.98)
Other Advances	1,903.86	1,775.88
<b>Advances to Suppliers</b>		
- Considered good	13,367.90	15,256.72
- Considered doubtful	1,640.30	1,640.30
Less : Provision for doubtful Advances	(1,640.30)	(1,640.30)
	<b>13,367.90</b>	<b>15,256.72</b>
<b>Total</b>	<b>103,411.30</b>	<b>103,100.26</b>

18.1 Contract Assets include Rs.38,648.54 Lakhs as at March 31, 2021 (March 31, 2020: Rs.41,121.91 Lakhs), representing customer related claims raised by the management in respect of various projects substantially completed/in progress. These are based on terms and conditions implicit in the contract in respect of additional cost incurred on such projects on account of prolongation, scope variation and price variation, which the management based on external/internal evaluation, assesses to be claimable from customers. Currently, these are at various stages of negotiation/discussion with customers or under arbitration/litigation. Management is confident of recovery of these receivables at this stage

<b>19 Assets classified as held for sale</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Asset held for Sale	596.06	703.35
<b>Total</b>	<b>596.06</b>	<b>703.35</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 FY 21-22

<b>19.2 Disclosure pursuant to Ind AS 105 - Major classes of assets and liabilities classified as held for sale:</b>	<b>As at 31 Mar 2021</b>	<b>As at 31 March 2020</b>
Property, Plant and Equipment	596.06	703.35

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

20 Equity Share capital	As at 31 March 2021	As at 31 March 2020
<b>Authorized</b>		
1,400,000,000 (31 March 2020 1,050,000,000) Equity Shares of ₹ 10 each	140,000.00	105,000.00
	<b>140,000.00</b>	<b>105,000.00</b>
<b>Issued, subscribed and paid up</b>		
971,529,018 (31 March 2020: 971,529,018) equity shares of ₹ 10 each fully paid	97,152.90	97,152.90
	<b>97,152.90</b>	<b>97,152.90</b>

## (a) Reconciliation of Equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	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

Name of Shareholder	As at 31 March 2021		As at 31 March 2020	
	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%
Punjab National Bank	124,346,199	12.80%	124,392,428	12.80%
Central Bank of India	93,570,276	9.63%	93,570,276	9.63%
IDBI Bank Limited	32,990,947	3.40%	54,255,616	5.58%

(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.

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

Name of Shareholder	As at 31 March 2021		As at 31 March 2020	
	No of Shares	% holding	No of Shares	% holding
SVL Limited (refer note above)	279,391,356	28.76%	279,391,356	28.76%

## (d) Terms/rights attached to the shares

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

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

The Company has only one class of share capital, i.e., equity shares having face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

(e) The Authorised Equity Share Capital has been increased to 140,000 Lakhs with effect from 19th March 2021



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

(f) Preferential issue of equity shares during past five years:

Particulars	2016-17				2017-18			
	No.shares	Face value of Rs.10/-	Premium	Total	No.shares	Face value of Rs.10/-	Premium	Total
Promoters - SVL Limited	113,978,495	11,398	15102.15	26,500	-	-	-	-
KPR Investment private limited	-	-	-	-	12,919,896	1,292	2,208.01	3,500.00
Lender Bank- Conversion of funded interest term Loan (FITL)	7,334,961	734	1685.57	2,419	10,193	1	2.34	3.36
Lender bank - Conversion of Interest sacrifice	406,991	41	122.3	163	2,403,425	240	722.23	962.57
Lender Bank- Conversion of Working capital term Loan (WCTL)	484,621,073	48,462	64212.3	112,674	19,227,563	1,923	2,547.65	4,470.41
<b>Total</b>	<b>606,341,520</b>	<b>60,634</b>	<b>81,122</b>	<b>141,756</b>	<b>34,561,077</b>	<b>3,456</b>	<b>5,480</b>	<b>8,936</b>

There is no Preferential issue of Equity during the year ended March 31, 2019, March 31, 2020 & March 31, 2021

## 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 2021	As at 31 March 2020
<b>Authorized</b>		
30,000,000 (31 March 2018: 30,000,000) Convertible Preference Shares of ₹ 100 each	30,000.00	30,000.00
<b>Total</b>	<b>30,000.00</b>	<b>30,000.00</b>

(B) Other equity	As at 31 March 2021	As at 31 March 2020
Capital Reserve (Refer Note (i) below)	12.92	12.92
Securities premium reserve (Refer Note (ii) below)	191,225.43	191,225.43
General reserve (Refer Note (iii) below)	561.93	561.75
Deficit in the Statement of Profit and Loss (Refer Note (iv) below)	(193,436.13)	(175,488.82)
Employee Stock options outstanding account (ESOOA) (Refer Note (v) below)	-	0.17
Re-measurement gains/ (losses) on defined benefit plans (Net of Tax) (Refer Note (vi) below)	148.07	130.97
Investments FVTOCI Reserve on equity instruments (Refer Note (vii) below)	(30.50)	(33.01)
Foreign currency monetary item translation diff Account (Refer Note (viii) below)	32.46	127.22
Share of reserve from an associate	4,700.99	4,700.99
Non Controlling Interest	142.73	146.76
<b>Total</b>	<b>3,357.91</b>	<b>21,384.39</b>

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>(i) Capital Reserve</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Opening balance	12.92	12.92
Additions/(Transfers)		-
<b>Closing balance</b>	<b>12.92</b>	<b>12.92</b>
<b>(ii) Securities premium reserve</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</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>(iii) General reserve</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Opening balance	561.75	561.75
Additions/(Transfers)	0.17	
<b>Closing balance</b>	<b>561.93</b>	<b>561.75</b>
<b>(iv) Deficit in the Statement of Profit and Loss</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Opening balance	(175,488.82)	(167,762.49)
Add: Net Profit / (loss) for year	(17,947.31)	(7,726.33)
<b>Closing balance</b>	<b>(193,436.13)</b>	<b>(175,488.82)</b>
<b>(v) Employee Stock options outstanding account</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Opening Balance	0.17	0.17
Additions/(Transfers)	(0.17)	
Closing Balance	-	<b>0.17</b>
<b>(vi) Re-measurement (gain)/loss on post employment benefit obligation (net of tax)</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Opening Balance	130.97	105.94
Additions	17.10	25.03
Closing Balance	<b>148.07</b>	<b>130.97</b>
<b>(vii) Investments FVTOCI Reserve on equity instruments</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Opening balance	(33.01)	(22.39)
-Fair valuation changes for the year (net of tax)##	2.51	(10.62)
		-
<b>Closing balance</b>	<b>(30.50)</b>	<b>(33.01)</b>
##Includes cumulative fair valuation changes in equity shares (net of tax)		



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>(viii) Foreign currency monetary item translation diff Account</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Opening Balance	127.22	(63.68)
Additions	(94.76)	190.90
Closing Balance	<b>32.46</b>	<b>127.22</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.

<b>22 Non-current borrowings</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<u>Secured - At Amortized Cost</u>		
From Banks		
Term Loans	11,089.54	12,291.06
From Others		
Term Loans	8,444.45	7,781.35
Working Capital Term Loans	490.46	518.31
Funded Interest Term Loans	48.39	31.28
<u>Others</u>		
Finance Lease Obligations	-	0.69
<b>Total</b>	<b>20,072.84</b>	<b>20,622.69</b>

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

## 22.1 Terms of Repayment and Security details

S.No	31.03.2021	31.03.2020	Interest rate	Terms of Repayment	Secured By
Term Loans from Banks	1,995.35	2,139.69	11.35%	32 Structured quarterly commencing from Jun'16 to Sept'24	Primary Exclusive charge on 5 Wind Electric Generator of 1.5 MW from LSML
Term Loans from Banks	9,094.19	10,151.37	11.35%	32 Structured quarterly commencing from Jun'16 to Sept'24	First Paripassu charge on Pooled Assets ie., all movable (both fixed, current and non-current) Immovable assets of the company and corporate guarantee of SVL and SVL Trust
Term Loans from Others	8,444.45	7,781.35	-	27 Structured quarterly commencing from Jun'18 to Sept'25	
Funded Interest Term Loan from Others	48.39	31.28	12.00%	20 Structured quarterly commencing from Jun'16 to Sept'21	
Working Capital Term Loan from Others	490.46	518.31	12.00%	32 Structured quarterly commencing from Jun'16 to Sept'24	
Finance Lease Obligations from Bank	-	0.67	11.25%	36 to 60 Months	Secured by Vehicles purchased under Hire Purchase schemes
<b>Total</b>	<b>20,072.84</b>	<b>20,622.67</b>			

## 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.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

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

Particulars	Principal/ Interest	Period of Delay	Amount of default for the year ended 31-03-2021 (In Lakhs (Rs.))
Central Bank	Principal pending to be repaid	182 Days	386.88
	Principal pending to be repaid	90 Days	541.63
	Principal pending to be repaid	1 day	541.63
	Interest pending to be repaid	3 days to 90 Days	532.85
	Interest pending to be repaid	121 days to 365 days	874.12
IFCI WCTL	Principal pending to be repaid	182 Days	16.78
	Principal pending to be repaid	90 Days	23.49
	Principal pending to be repaid	1 day	23.49
	Interest pending to be repaid	3 days to 90 Days	27.26
	Interest pending to be repaid	121 days to 365 days	49.26
IFCI FITL	Principal pending to be repaid	182 Days	12.46
	Principal pending to be repaid	90 Days	15.86
	Principal pending to be repaid	1 day	15.86
	Interest pending to be repaid	3 days to 90 Days	3.61
	Interest pending to be repaid	121 days to 365 days	6.59
ACRE	Principal pending to be repaid	182 Days	200.00
	Principal pending to be repaid	90 Days	400.00
	Principal pending to be repaid	1 day	400.00

23 Other financial liabilities	As at 31 March 2021	As at 31 March 2020
Sundry Creditors- Retention	4,363.37	5,642.52
<b>Total</b>	<b>4,363.37</b>	<b>5,642.52</b>

24 Long Term Provisions	As at 31 March 2021	As at 31 March 2020
Provision for gratuity (Refer note 43)	559.51	613.20
<b>Total</b>	<b>559.51</b>	<b>613.20</b>

25 Other non-current liabilities	As at 31 March 2021	As at 31 March 2020
Advance from Customers	4,882.17	12,535.32
<b>Total</b>	<b>4,882.17</b>	<b>12,535.32</b>

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

26 Short -term borrowings	As at 31 March 2021	As at 31 March 2020
<b>From bank (Secured) (Refer Note 26.1)</b>		
Cash Credit and Overdraft facilities (Refer Note 26.1)	35,698.43	27,133.79
- Working Capital Demand Loans	17,355.22	16,984.60
- Demand Loan - Covid Emergency loan	193.85	-
- 'Interest accrued due	1,889.19	-
FITL- Moratorium Interest	2,886.15	-
<b>From others ( Secured) ( Refer Note 26.1)</b>		
-Cash Credit and Overdraft facilities	476.88	432.08
-'Interest accrued not due	-	631.47
<b>From others (Un Secured)</b>		
SVL Limited (Investing Party) (Refer Note 45 ('C) & Note 56)	339.55	27.48
<b>Total</b>	<b>58,839.27</b>	<b>45,209.42</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.

27 Trade payables	As at 31 March 2021	As at 31 March 2020
<b>Total outstanding dues of creditors other than micro enterprises and small enterprises</b>		
Acceptances	842.43	8,435.70
Trade Payables (Refer Note 27.1 & 27.2)	26,852.89	12,660.09
Other liabilities	7,970.54	22,712.50
<b>Total</b>	<b>35,665.84</b>	<b>43,808.29</b>

**27.1** The average credit period ranges from 30 days to 90 days, depending on the nature of the item or work. The work orders include element of retention, which would be payable on completion of a milestone, completion of the contract or after a specified period from completion of the work. The terms also would include back to back arrangement wherein, certain amounts are payable on realisation of corresponding amounts by the company from the customer. No interest is payable for delay in payments, unless otherwise specifically agreed in the order or as required by a legislation, like Micro, Small and Medium Enterprises Development Act ("MSMED Act"). The company has a well defined process for ensuring regular payments to the vendors.

**27.2** Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Amount remaining unpaid to any supplier at the end of each accounting year: Principal & Interest	-	-
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-

28 Other financial liabilities	As at 31 March 2021	As at 31 March 2020
Current Maturities of Long Term Debts		
- From banks	2,630.75	1,159.99
- From Others	2,045.78	1,418.01
Unclaimed Dividend (Refer Note 28.1)	-	1.27
<b>Total</b>	<b>4,676.53</b>	<b>2,579.27</b>

28.1 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2021

29 Other current liabilities	As at 31 March 2021	As at 31 March 2020
Advance from customers	8,076.27	5,678.40
Statutory dues payable	773.80	322.03
Advance Billing	2,673.39	4,158.44
<b>Total</b>	<b>11,523.46</b>	<b>10,158.87</b>

30 Short Term Provisions	As at 31 March 2021	As at 31 March 2020
Provision for gratuity (Refer Note 43)	23.62	25.42
Provision for Compensated Absences (Refer Note 43)	385.94	531.73
Other provision	125.72	1.37
<b>Total</b>	<b>535.29</b>	<b>558.52</b>

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>31 Revenue from operations</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Revenue from Engineering and Construction Contracts (Refer Note 31.1 & 31.2)	57,992.37	119,266.08
<b>Other operating Revenue</b>		
Company's share in profit of Integrated Joint Ventures	286.15	
Management and Technical Fees	-	1,528.80
<b>Total</b>	<b>58,278.52</b>	<b>120,794.88</b>

31.1 Revenue for the Year ended March 31, 2021 includes Rs. 25,984 lakhs, being share of revenue relating to the Basra project, billed from Mokul Shriram EPC JV (MSJV), a jointly controlled operation, where in the company owns 50% interest (Year ended March 31, 2020 - Rs. 30,379.93 Lakhs)

31.2 Unsatisfied performance obligation: Management expects that the transaction price allocated to partially or fully unsatisfied performance obligation of ₹ 1,52,406 lakhs (March 31, 2020: ₹ 2,04,434 Lakhs) will be recognised as revenue over the project life cycle.

<b>32 Other income</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Interest income		
- Margin Money deposits	126.03	767.55
- Interest income on Fin Assets	1,512.07	2,970.34
Export Incentive	-	216.93
Liabilities written back	476.04	719.65
Profit on sale of fixed assets	-	5.95
Miscellaneous income	220.65	411.42
<b>Total</b>	<b>2,334.79</b>	<b>5,091.85</b>

<b>33 Erection, Construction &amp; Operation Exps</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Cost of Materials and Labour	49,303.85	98,721.64
Other Contract Related Costs	6,367.89	1,232.25
<b>Total</b>	<b>55,671.74</b>	<b>99,953.89</b>

32.1 Cost of Materials and Labour for the year ended March 31, 2021 includes Rs. 25,984 lakhs (Year Ended March 31, 2020 Rs. 30,379.93 Lakhs) being proportionate share of cost relating to the Mokul Shriram EPC JV (MSJV) project in Basra, Iraq.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>34 Change in Inventories of Contract WIP</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Inventories at the beginning of the year	324.86	3,849.23
	324.86	3,849.23
Less: Inventories at the end of the year	248.20	-324.86
	248.20	324.86
Net decrease	76.66	3,524.37
<b>Total</b>	<b>76.66</b>	<b>3,524.37</b>

  

<b>35 Employee benefits expense</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Salaries, wages, bonus and other allowances	3,131.40	4,490.24
Contribution to Provident and Other funds	228.49	776.67
Contribution to Gratuity( Refer note 43)	93.10	75.62
Staff welfare expenses	355.41	383.48
<b>Total</b>	<b>3,808.40</b>	<b>5,726.01</b>

  

<b>36 Finance costs</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Interest on Cash Credits	6,676.05	5,141.43
Interest on Term Loans	1,715.69	1,975.00
Interest - Others	852.10	1,438.81
Interest on financial liabilities measured at Effective interest rates	1,415.09	1,488.63
<b>Total</b>	<b>10,658.93</b>	<b>10,043.87</b>

  

<b>37 Depreciation and amortization expense</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Depreciation (Refer Note 6)	552.00	558.86
Amortization (Refer Note 7)	4.04	7.95
<b>Total</b>	<b>556.04</b>	<b>566.81</b>

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

<b>38 Other expenses</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
Electricity and water	238.68	173.67
Rates and taxes	14.44	117.63
Rent	119.49	218.55
<b>Repairs and Maintenance:</b>	-	
Building	4.30	9.11
Plant and Machinery, Equipments	48.77	31.80
Others	28.79	58.32
Auditors' Remuneration	27.70	31.17
Bank Charges, Letter of Credit / Guarantee charges	1,989.20	1,475.35
Travel and conveyance	273.44	747.38
Insurance premium	263.07	240.14
Printing & Stationery	22.33	44.91
Communication, broadband and internet expenses	58.14	110.63
Sitting Fees	7.30	6.15
Consultancy charges	588.54	2,449.88
Legal Expenses	101.24	189.78
Advertisement	33.06	77.42
Donation	0.31	0.11
Company's share of Loss of Integrated Joint Ventures	-	172.36
Impairment loss on trade receivable & contract asset	-	478.67
CWIP written off	-	14.84
Investment on Haldia coke and Chemical private limited- Written off	-	4,007.22
Provision for diminution in value of investment reversed	-	(4,007.22)
Provision for doubtful Trade Receivables	2,036.42	78.40
Loss on Sale of assets	1.78	-
Miscellaneous Expenses	660.58	464.85
<b>Total</b>	<b>6,517.57</b>	<b>7,191.12</b>

<b>38.1 The following is the break-up of Auditors remuneration (exclusive of GST)</b>	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>
<b>As auditor:</b>		
Statutory audit	18.00	24.00
Other matters	6.00	6.00
Reimbursement of expenses	3.70	1.17
<b>Total</b>	<b>27.70</b>	<b>31.17</b>



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

39 Exceptional Items	Year Ended March 31, 2021	Year Ended March 31, 2020
Impairment loss on contract asset(net) (Refer - 39.1)	-	6,606.98
Provision for trade, other receivables and contract assets (Refer- 39.2)	1,149.11	-
<b>Total</b>	<b>1,149.11</b>	<b>6,606.98</b>

39.1 Exceptional items for the year ended March 31, 2020 represents write off of trade and other receivables subject to litigation amounting to Rs.3,858.02 lakhs, and write off of contract assets amounting to Rs.2,748.97 lakhs, based on estimation of potential stress on project completion in a project, considering COVID 19 pandemic.

39.2 Exceptional items for the year ended March 31, 2021 represents provision of trade, other receivables and contract assets amounting to Rs.1,149.11 lakhs, based on estimation of potential stress on project completion in a project, considering COVID 19 pandemic.

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

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

### CURRENT YEAR

	Balance as at April 1, 2020	Recognized in profit or loss during 2020-21	Recognized in OCI during 2020-21	Balance as at March 31, 2021
<b>Deferred tax assets</b>				
Expenditure allowed on payment basis for Income tax purpose	409.44	(64.87)	(5.98)	338.58
Impairment loss on Financial Assets and Contract Assets	4,204.37	(266.68)	-	3,937.69
Deferred tax asset on account of unabsorbed losses and depreciation allowance	43,519.98	369.02	-	43,889.00
	<b>48,133.79</b>	<b>37.47</b>	<b>(5.98)</b>	<b>48,165.27</b>
<b>Deferred tax liabilities</b>				
On Property, Plant and Equipment	510.09	31.48	-	541.57
On Others	-	-	-	-
	<b>510.09</b>	<b>31.48</b>	<b>-</b>	<b>541.57</b>
<b>Deferred tax asset, net</b>	<b>47,623.70</b>	<b>5.99</b>	<b>(5.98)</b>	<b>47,623.70</b>

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

- (B) a) The Company has business losses and unabsorbed depreciation which are allowed to be carried forward and set off against available future taxable income under Income Tax Act, 1961. Against the carried forward loss of Rs.1,99,103 lakhs, the company has recognized deferred tax asset on a carry forward loss to the extent of Rs.1,40,773 lakhs which results in DTA of Rs. 43,899 lakhs. Considering potential order book as on date, future business plan, projects in pipeline etc, the management is confident of adjusting these carry forward losses and reversal of DTA before the expiry of the period for which this benefit is available. The auditors have qualified this matter in their report for the Year ended March 31, 2021.

## PREVIOUS YEAR

C)	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	(2,539.08)	-	4,204.35
Deferred tax asset on account of unabsorbed losses and depreciation allowance	41,013.89	2,506.11	-	43,520.00
	<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>

- a) 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 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. The auditors have qualified this matter in their report for the Year ended March 31, 2020.

- b) 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.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

(D) Reconciliation of tax charge		2020-21	2019-20
<b>(a) Profit/(Loss) before tax</b>		<b>(17,947.31)</b>	<b>(7,726.33)</b>
(b) Corporate Tax Rate as per Income Tax Act, 1961		34.94%	34.94%
<b>(c) Tax on Accounting Profit</b>	(c) = (a) * (b)	<b>(6,270.79)</b>	<b>(2,699.58)</b>
<b>(d) Tax adjustments</b>			
(i) Tax effect of losses of current year on which no deferred tax benefit is recognised		6,151.21	2,681.15
(ii) Tax effect of various other items		119.58	18.43
<b>Total effect of Tax Adjustments (Sum of (i) to (iv))</b>		<b>6,270.79</b>	<b>2,699.58</b>
(e) Tax expenses recognised during the year	(e) = (c) + (d)	-	-
<b>(f) Effective Tax Rate</b>	(f) = (e)/(a)	<b>0.00%</b>	<b>0.00%</b>

#### 41 Basic and Diluted Earnings Per Share (EPS) computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings Per Share":

Particulars		31-Mar-21	31-Mar-20
<b>Basic EPS</b>			
Profit/(Loss) after Tax as per Accounts (₹ lakhs)	A	(17,927.70)	(7,711.92)
Weighted Average Number of Equity Shares Outstanding	B	9,715.29	9,715.29
<b>Basic EPS (₹)</b>	A/B	<b>(1.85)</b>	<b>(0.79)</b>
<b>Diluted EPS</b>			
Profit/(Loss) after Tax as per Accounts (₹ lakhs)	A	(17,927.70)	(7,711.92)
Weighted Average Number of Equity Shares Outstanding	B	9,715.29	9,715.29
<b>Diluted EPS (₹)</b>	A/B	<b>(1.85)</b>	<b>(0.79)</b>

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

## 42 Disclosures in relation to EPC Contracts:

S. No	Particulars	2020-21	2019-20
1	Contract revenue recognised for the financial year	57,992.37	119,266.08
2	Aggregate amount of Contract costs incurred and recognized profits (less recognized losses) upto the reporting date	55,748.40	103,478.27
3	Advances received for contracts in progress	12,958.44	18,213.72
4	Retention amount by customers for contracts in progress	28,354.83	28,812.49
5	Gross amount due from customers for contract work (Asset)	86,639.43	84,336.10
6	Gross amount due to customers for contract work (Liability)	2,673.39	4,158.44

## 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

	31-Mar-21	31-Mar-20
Employers' Contribution to Provident Fund and Employee State Insurance (Refer note 35)	228.49	776.67

### (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, 2019 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, 2021

(Amount in ₹ lakhs, unless otherwise stated)

i) Actuarial assumptions	2020-21	2019-20
Discount rate (per annum)	6.92%	6.64%
Rate of increase in Salary	5.00%	5.00%
Expected average remaining working lives of employees (years)	13.30%	13.90%
Attrition rate	3.00%	3.00%

ii) Changes in the present value of defined benefit obligation	Gratuity		Long Term Compensated Absences	
	2020-21	2019-20	2020-21	2019-20
<b>Present value of obligation at the beginning of the year</b>	638.63	689.28	534.47	502.27
Interest cost	38.21	45.59	33.01	34.03
Past service cost	-	-	-	-
Current service cost	54.89	30.04	249.68	1,282.09
Curtailments	-	-	-	-
Settlements	-	-	-	-
Benefits paid	(131.51)	(104.97)	(74.61)	(61.11)
Actuarial gain on obligations	(17.10)	(21.31)	(356.61)	(1,222.81)
<b>Present value of obligation at the end of the year*</b>	<b>583.12</b>	<b>638.63</b>	<b>385.94</b>	<b>534.47</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	
	2020-21	2019-20	2020-21	2019-20
Current service cost	38.21	30.04	249.68	1,282.09
Past service cost	-	-	-	-
Interest cost	54.89	45.59	33.01	34.03
Expected return on plan assets	-	-	-	-
Actuarial gain on obligations	(17.10)	(21.31)	(356.61)	(1,222.81)
Settlements	-	-	-	-
Curtailments	-	-	-	-
<b>Total expenses recognized in the Statement Profit and Loss</b>	<b>93.10</b>	<b>75.63</b>	<b>(73.92)</b>	<b>93.31</b>
<b>Total expenses recognized in OCI</b>	<b>(17.10)</b>	<b>(21.31)</b>		

iv) Assets and liabilities recognized in the Balance Sheet:	Gratuity		Long Term Compensated Absences	
	2020-21	2019-20	2020-21	2019-20
Present value of unfunded obligation as at the end of the year	(583.12)	(638.63)	(385.94)	(534.47)
Unrecognized actuarial (gains)/losses	-	-	-	-
<b>Unfunded net liability recognized in Balance Sheet*</b>	<b>(583.12)</b>	<b>(638.63)</b>	<b>(385.94)</b>	<b>(534.47)</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, 2021

(Amount in ₹ lakhs, unless otherwise stated)

v) A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:

Impact on defined benefit obligation	2020-21	2019-20
Discount rate		
0.5% increase	(3.09%)	(3.19%)
0.5% decrease	3.29%	3.14%
Rate of increase in salary		
0.5% increase	3.29%	3.41%
0.5% decrease	(3.09%)	(3.19%)

vi) **Maturity profile of defined benefit obligation**

Period	2020-21	2019-20
By the end of the First Year	172.76	193.33
Between Year 1 and Year 2	30.62	27.87
Between Year 2 and Year 3	9.16	36.13
Between Year 3 and Year 4	58.35	9.11
Between Year 4 and Year 5	100.38	57.87
Between Year 5 and Year 10	364.20	473.55

#### 44 Disclosure in respect of leases pursuant to Indian Accounting Standard (Ind AS) 17, "Leases"

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

The operating lease payments recognized in the Statement of Profit and Loss amount to ₹ 119.49 lakhs (31 March 2020: ₹ 218.55 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:	2020-21	2019-20
Within one year	119.49	218.55
After one year but not more than five years	-	-
More than five years	-	-
<b>Total</b>	<b>119.49</b>	<b>218.55</b>



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(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:

### 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

### Joint Operations

Larsen & Toubro Limited Shriram EPC JV

Mokul Shriram EPC JV

Shriram EPC Eurotech Environmental Pvt Ltd - JV

SEPC DRS ITPL JV

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(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>2020-21</b>	<b>2019-20</b>
<b>(i) Entities exercising significant influence over the Company</b>		
Sale consideration on transfer of advances / receivables (Also refer note 9.3)	-	4,280.63
Transfer of Advances / Receivables	4,758.88	-
Expenses reimbursed by the party	-	908.65
Fund Received (Net)	5,194.75	-
<b>(ii) Subsidiary</b>		
Progressive billings/Revenue	-	4,274.30
Management Fees	-	1,528.80
Expenses incurred by the party	-	19.46
<b>(iii) Step Down Subsidiary</b>		
Expenses incurred by the party	-	39.71
<b>(iv) Subsidiary of Investing Party</b>		
<b>Shriram SEPL Composites Private Limited</b>		
Expenses incurred and recoverable	-	26.29
<b>(v) Enterprises under the joint control of the investing party:</b>		
<b>a) Leitwind Shriram Manufacturing Private Limited</b>		
Expenses incurred and recoverable	-	9.29
<b>(vi) Key Management Personnel (KMP)</b>		
<b>Compensation of key management personnel</b>		
T.Shivaraman	60.40	60.40
M.Amjad Shariff	60.15	60.15
<b>(vii) 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
<b>(viii) Joint Operations</b>		
<b>(a) Larsen &amp; Toubro Limited Shriram EPC JV</b>		
Company's share in profit of Integrated Joint Ventures	286.15	(172.35)
Progressive billings / Revenue	-	512.18



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

	2020-21	2019-20
<b>(b) Shriram EPC Eurotech Environmental Pvt Ltd - JV</b>		
Progressive billings / Revenue	532.66	1,076.42
Fund Receipts	125.33	155.70
<b>(c) SEPC DRS ITPL JV</b>		
Progressive billings / Revenue	590.73	663.99
Fund Receipts	260.85	158.83
<b>(d) Mokul Shriram EPC JV</b>		
Progressive billings / Revenue	25,983.90	30,379.93
Expenses reimbursed by the party	-	10.00
Cost incurred for Materials and Labour	25,983.90	30,379.93
<b>(C) Amount due (to)/from related party as on:</b>		
<b>(i) Particulars</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
<b>Advances / (Borrowings):</b>		
SVL Limited	(339.55)	(27.48)
Leitwind Shriram Manufacturing Private Limited (Net of Provision for Expected Credit Loss of ₹ 9,141.70 Lakhs (March 31, 2019: ₹ 9,141.70 Lakhs)	3,201.62	3,800.40
Bharat Wind Farm Limited	4.71	4.71
Orient Green Power Company Limited	(0.41)	1.41
<b>Receivables /(Payables):</b>		
Leitwind Shriram Manufacturing Private Limited	-	310.04
Shriram EPC FZE, Sharjah	2,313.45	2,312.94
Orient Green Power Company Limited	-	1.41
Shriram EPC Eurotech Environmental Pvt Ltd - JV	(0.11)	(70.45)
SEPC DRS ITPL JV	523.85	93.75
Larsen & Toubro Limited Shriram EPC JV	445.71	256.14
Shriram SEPL Composites Private Limited	-	259.93
Mokul Shriram EPC JV	3,338.55	1,786.43

(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, 2021, March 31, 2020 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, 2021

(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, 2021			As at March 31, 2020		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Inventories - Note 13	248.20		248.20	324.86		324.86
Trade Receivables - Note 14	34,087.52		34,087.52	47,996.51		47,996.51
Other Current Financial Assets - Note 17	6,964.27		6,964.27	8,639.66		8,639.66

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

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Acceptances - Note 27	842.43		842.43	8,435.70		8,435.70
Trade and Other Payables - Note 27	34,823.42		34,823.42	35,372.59		35,372.59
Other Current Financial Liabilities - Note 28	4,676.53		4,676.53	2,579.27		2,579.27

## 47 Segment reporting

The Chief Operating Decision Maker (CODM) reviews the operations of the Company for the year ended March 31, 2021 as one operating segment being Construction Contracts. Hence no separate primary segment information has been furnished herewith as required by Ind AS 108, "Operating segment". However, Geographical Segments being secondary segments are disclosed below :

Particulars	31-Mar-21	31-Mar-20
<b>Rest of the World</b>		
Revenue	25,984.00	52,689.69
Assets	4,691.09	5,442.75
	-	-
<b>India</b>		
Revenue	32,294.52	68,105.20
Assets	236,938.00	254,822.65
Capital Expenditure	631.53	147.82

## 48 Expenditure in Foreign Currency

Particulars	2020-21	2019-20
Professional & Consultancy Fees	-	0.48
Material Consumed in Execution of Engineering Contracts	40.62	43.28
Erection, Construction & Operation Exp	-	24.14
Travelling & Conveyance	5.18	75.88
Salary & Wages	-	181.53
Others	0.44	4.84
<b>Total</b>	<b>46.24</b>	<b>330.15</b>



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(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-21

Particulars	Note	Carrying Amount				Fair Value				
		Financial Assets at amortised cost	Mandatorily at FVTPL	Other Financial liabilities at amortised cost	Investments at Fair Value through Other comprehensive income	Total carrying value	Level 1	Level 2	Level 3	Total
<b>Assets</b>										
<b>Financial Assets Measured at Fair Value</b>										
Investments	8	-	-	-	38.65	38.65	13.71	-	-	13.71
<b>Financial Assets not Measured at Fair Value*</b>										
Investments	8	-	-	-	66.13	66.13	-	-	66.13	66.13
Loans	9	10,913.30	-	-	-	10,913.30	-	-	-	-
Trade Receivables	10 & 14	55,102.65	-	-	-	55,102.65	-	-	-	-
Cash and Cash Equivalents	15	840.86	-	-	-	840.86	-	-	-	-
Other Bank balances	16	2,866.88	-	-	-	2,866.88	-	-	-	-
Other financial assets	10 & 17	8,150.33	-	-	-	8,150.33	-	-	-	-
<b>Total</b>		<b>77,874.02</b>	-	-	-	<b>77,978.80</b>	<b>13.71</b>	-	<b>66.13</b>	<b>79.84</b>
<b>Liabilities</b>										
<b>Financial Liabilities not Measured at Fair Value*</b>										
Non Current Borrowings	22	-	-	20,072.84	-	20,072.84	-	-	-	-
Current Borrowings	26	-	-	58,839.27	-	58,839.27	-	-	-	-
Trade payables	27	-	-	35,665.84	-	35,665.84	-	-	-	-
Other financial liabilities	23 & 28	-	-	9,039.90	-	9,039.90	-	-	-	-
<b>Total</b>		-	-	<b>123,617.86</b>	-	<b>123,617.86</b>	-	-	-	-

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

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	-	-	-	66.13	66.13	-	-	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>104.78</b>	<b>96,616.15</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	-	-	43,808.29	-	43,808.29	-	-	-	-
Other financial liabilities	23 & 28	-	-	8,221.79	-	8,221.79	-	-	-	-
<b>Total</b>		-	-	<b>117,862.19</b>	-	<b>117,862.19</b>	-	-	-	-

\* The company has not disclosed the fair value for Financial instruments mentioned above because their carrying amounts are a reasonable approximation of fair value.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(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, 2021 - Nil (March 31, 2020- Nil)

### (B) Credit risk

The credit risk to the company arises from two sources:

- a) Customers, who default on their contractual obligations, thus resulting in financial loss to the company

Company evaluates the credentials of a customer at a very early stage of the bid. Company has adopted a policy of 3 tier verification before participating for any bid. The first step of such verification includes verification of customer credentials. The company, as part of verification of the customer credentials, ensures the compliance with the following criterion,

- (i) Customer's financial health by examining the audited financial statements
- (ii) Whether the Customer has achieved the financial closure for the work for which the company is bidding
- (iii) Where the customer is Public Sector Undertaking, sanction and availability of adequate financial resources for the proposed work.

Company makes provision on its financial assets, on every reporting period, as per Expected Credit Loss Method. The provision is made separately for each financial assets of each business line. The percentage at which the provision is made, is determined on the basis of historical experience of such provisions, modified to the current and prospective business and customer profile.

Trade receivables consist of large number of customers, spread across diverse industries and geographical areas. Majority of the customers of the company comprise of Public Sector Undertakings, with whom the company does not perceive any credit risk. As regards the customers from private sector, company carries out financial evaluation on regular basis and provides for any amount perceived as non realisable, in the books of accounts.

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

b) Non certification by the customers, either in part or in full, the works billed as per the contract, being non claimable cost as per the terms of the contract with the customer

Non certification of works billed The Company has contract claims from customers including costs on account of account of delays / changes in scope / design by them etc. which are at various stages of discussions / negotiations or under arbitrations. The realisability of these claims are estimated based on contractual terms, historical experience with similar claims as well as legal opinion obtained from internal and external experts, wherever necessary. Changes in facts of the case or the legal framework may impact realisability of these claims.

## 31-Mar-21

Particulars	Estimated Gross Carrying Amount at default	Provision/ Expected Credit Loss	Carrying amount net of impairment provision
Trade receivables	41,058.99	(6,971.47)	34,087.52
Unbilled Revenue	83,594.37	(910.95)	82,683.41
Advances to Suppliers	15,008.20	(1,640.30)	13,367.90

## 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

## 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, 2020</b>	<b>5,200.48</b>	<b>1,855.98</b>	<b>1,640.30</b>
Allowance for Doubtful Debts	2,505.25	450.70	-
Interest income derecognised	(607.92)	-	-
Provision no longer required	(10.00)	-	-
Interest income on Financial Assets	(116.34)	(1,395.73)	-
<b>Provision and Expected Credit Loss on March 31, 2021</b>	<b>6,971.47</b>	<b>910.95</b>	<b>1,640.30</b>

## (C) Liquidity risk

Company being an EPC contractor, has a constant liquidity pressures to meet the project requirements. These requirements are met by a balanced mix of borrowings and project cash flows. Cash flow forecast is made for all projects on monthly basis and the same are tracked for actual performance on daily basis. Shortfall in cash flows are matched through short term borrowings and other strategic financing means. The daily project requirements are met by allocating the daily aggregated cash flows among the projects. Company has established practice of prioritising the site level payments and regulatory payments above other requirements.



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

The table below summarizes the maturity profile of the Company's financial liabilities:

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
<b>31-Mar-21</b>					
Short term borrowings	-	58,839.27		-	58,839.27
Long-term borrowings	-		20,072.84	-	20,072.84
Trade payables	-	35,665.84		-	35,665.84
Other financial liability	-	4,676.53		-	4,676.53
	-	<b>99,181.65</b>	<b>20,072.84</b>	-	<b>119,254.49</b>
<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	-	43,808.29		-	43,808.29
Other financial liability	-	2,579.27		-	2,579.27
	-	<b>91,596.98</b>	<b>20,622.70</b>	-	<b>112,219.68</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-21	31-Mar-20
Total equity	(i)	<b>100,510.81</b>	<b>118,537.29</b>
Total debt	(ii)	83,588.65	68,410.12
Cash and Cash Equivalents	(iii)	840.86	1,205.55
Net Debt	(iv) = (ii) - (iii)	<b>82,747.79</b>	<b>67,204.57</b>
Total Capital	(v) = (i) + (iv)	183,258.60	185,741.86
Net Debt to Capital ratio	(iv)/ (v)	0.45	0.36

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

## 52 Disclosures pursuant to Ind AS 37 “Provisions, Contingent Liabilities and Contingent Assets”

### Movement in Provisions:

Particulars	Provision for Expected Credit Losses		Provision for Doubtful Receivables	Provision for Advances
	Current	Non-Current	Non-Current	Current
<b>Opening Balance as on April 01, 2020</b>	<b>7,056.47</b>	<b>11,810.97</b>	<b>2,552.87</b>	<b>1,640.30</b>
Add: Additional Provision during the year	2,955.95	-	229.55	-
Less: Interest income on Financial Assets	(1,522.07)		-	-
Less: Interest income derecognised	(607.92)			
Less: Provision no longer required			(1,260.93)	
<b>Closing Balance as on March 31, 2021</b>	<b>7,882.43</b>	<b>11,810.97</b>	<b>1,521.49</b>	<b>1,640.30</b>

## 53 Contingent Liabilities And Commitments

<b>(a) Contingent Liabilities</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
a) Claims against the Company not acknowledged as debts	10,879.39	10,879.39
b) Central Excise, Service Tax and customs Duties demands contested in Appeals, not provided for	408.00	541.00
c) Disputed VAT/ Central Sales tax demands contested in Appeals, not provided for	9,256.75	9,115.00
d) Income tax demands contested in Appeals, not provided for	1,800.58	1,800.58
e) Bank Guarantees outstanding	41,353.20	43,743.00

Management is confident of winning the appeals in respect of the above, hence no provision has been made. Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.

<b>(b) Commitments</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for	-	-



# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

- 54** The Company (SEPC) is one of the Respondent along with Twarit Consultancy Private Limited (TCPL) in respect of an Arbitration by The Singapore International Arbitration Centre (SIAC) filed by GPE (INDIA) Ltd, GPE JV1Ltd, Gaja Trustee Company Private Ltd (the Claimants) in connection with the claimants' investments in an associate company of the Company. SIAC vide their Order dt January 07, 2021 awarded damages Jointly and Severally on the Respondents to the tune of Rs.1,98,54.10 lakhs and a sum of SGD 3,72,754.79 towards Arbitration expenses. These are to be paid along with simple interest @ 7.25% pa from July 21, 2017 until the date of payment. The Respondents have already preferred an appeal before the High Court of Republic of Singapore against the award of SIAC and the same is pending as on date. However, the Company has entered into an Inter -se arrangement dated September 29, 2015 with TCPL and Shri Housing Pvt Ltd by which, Company will be fully indemnified, in case of any liability arising out of any Suits, Proceedings, Disputes, Damages payable by the Company on any defaults arising out of the investments made by the Complainant in the associate. In view of the said Inter-se Arrangements, the Company do not have any liability whatsoever, on account of this award which is subject to the outcome of the Respondents appeal before all appropriate Jurisdictional Courts / Forums.
- 55** The contract of the Company to execute a project with Governorate of Basra, Government of Iraq (the Customer) was cancelled by the customer in 2014 . Mokul Shriram EPC JV (JV Company) filed a complaint against Export Credit Guarantee Corporation of India Limited (ECGC) before the National Consumer Disputes Redressal Commission,(NCDRC) New Delhi. NCDRC, vide their order dt January 27, 2021, allowed the consumer complaint filed by the JV Company and directed ECGC to pay a sum of Rs 26,501 lakhs along with simple interest @ 10% pa. with effect from 19.09.2016 till the date of realisation to the JV Company within a period of three months from the date of order, failing which ECGC will be liable to pay compensation in the form of simple interest @ 12% pa.
- 56** During the year, advances receivable, Loans & advances amounting to Rs. 4,758.88 Lakhs has been taken over by the Company's Entity exercising significant influence over the Company.
- 57** The outbreak of Coronavirus (COVID -19) pandemic globally and in India caused significant disturbance and slowdown of economic activity. The Company has assessed the impact of pandemic on its financial results/position based on the principle of prudence in applying judgements, estimates and assumptions including sensitivity analysis and has concluded that there is no major impact of COVID 19 on the recoverability of carrying values of assets and expects to recover the carrying value of its assets. Considering that it is a dynamic and evolving situation, the management will continue to closely monitor and evaluate the impact of any material change in macro-economic and other related factors, which may have bearing on the Company's operations.
- 58** The code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits, received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date from which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 59** The Company has changed its name from Shriram EPC Limited to SEPC Limited with effect from February 12, 2021 pursuant to the approval by Ministry of Corporate Affairs. However the application filed with stock exchanges for the name change is pending approval due to administrative reasons. In the absence of approval from stock exchanges Company continues to use the name Shriram EPC Limited in the financial statements for the year ended March 31, 2021.
- 60** The Company Secretary resigned with effect from June 04, 2021 and the Company is in the process of indentifying new Company Secretary.

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(Amount in ₹ lakhs, unless otherwise stated)

- 61** The Company has proposed to issue and allot equity shares by way of preferential issue for a value upto Rs 35,000 Lakhs to a strategic investor subject to lenders and regulatory approvals.
- 62** The Board, duly taking into account all the relevant disclosures made has approved these financial statements in its meeting held on June 29, 2021.
- 63** The previous year figures have been reclassified/regrouped to wherever necessary

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

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

**Chandra Ramesh**  
Director  
DIN: 00938694

Place: Chennai  
Date: June 29, 2021

**R S Chandrasekharan**  
Chief Financial Officer

## *Disclaimer*

In this annual report, we have disclosed forward-looking information to help investors comprehend our projects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## **SEPC Limited**

**(formerly Shriram EPC Limited)**

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**CIN: L74210TN2000PLC045167**