

**AUDITORS' REPORT  
TO THE BOARD OF DIRECTORS OF  
SHRIRAM EPC LIMITED**

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results of **SHRIRAM EPC LIMITED** ("the Company") for the quarter and Half Year ended 30<sup>th</sup> September 2012 ("the Statement"). This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. a) The Company has investments in equity shares of Shree Jayajothi Cements Limited (SJCL) amounting to Rs.10,823.45 lakhs (including Rs. 9,323.45 Lakhs invested during the previous quarter) and also dues from this Company amounting to Rs.30,809.52 lakhs.  
  
b) The Company has invested during the previous quarter Rs. 25,676.56 lakhs in 12% Optionally Convertible Debentures ('OCD') of Spark Environmental Technologies Private Limited ('Spark'), a group company. Spark has invested the said amount in entirety in Equity Shares of SJCL. The Company has also accrued interest of Rs. 1,384.43 Lakhs on these OCDs for the Half Year ended 30<sup>th</sup> September 2012.

Based on the management accounts as on 30<sup>th</sup> September 2012, the net worth of SJCL has partially eroded.

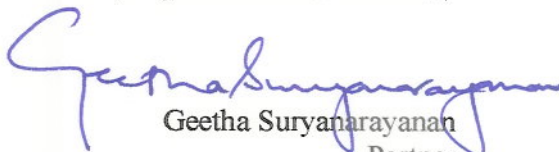
The Company has drawn up a proposal for recovering its dues from SJCL over a period of time and the Company is confident of recovering the dues in full from SJCL. With respect to investments in SJCL and Spark, (refer note 3 of the results) the diminution in their value is not considered as other than temporary in nature and hence no provision is considered necessary by the management in this regard.

Pending outcome of these proposals, the ultimate loss, if any, in realisation of these assets is not presently ascertainable.

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4. Based on our review conducted as stated above and subject to our comments in paragraph 3 above, the consequential effect of which is presently unascertainable, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to undisputed investor complaints from the details furnished by the Registrar.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 008072S)

  
Geetha Suryanarayanan  
Partner  
(Membership No. 29519)

CHENNAI, 7<sup>th</sup> November, 2012