

October 13, 2023

To,

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, C-1, Block G,

Bandra Kurla Complex,

Bandra (East),

Mumbai 400051

SYMBOL: SEPC

BSE Limited

14th Floor, PJ Towers,

Dalal Street,

Mumbai 400001

Scrip Code: 532945

Dear Sir/Madam,

Sub: Intimation on the Outcome of meeting of the Rights Issue Committee under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

With reference to our letter dated August 21, 2023 filed in relation to the rights issue of the Company (the "Issue"), we wish to inform you that the Rights Issue Committee of the Board of Directors, at its meeting held on October 12, 2023 has considered and approved the restated financial statements as on and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 along with the examination record dated October 12, 2023 issued by M/s. M S K A & Associates, Chartered Accountants, the statutory auditor of our Company, each prepared in accordance with applicable accounting standard in India, as restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

Further, the Rights Issue Committee of the Board of Directors, at its meeting held on October 13, 2023 has approved the Draft Letter of Offer dated October 13, 2023 (the "Draft Letter of Offer") in relation to the Issue for the purpose of filing with BSE Limited and National Stock Exchange of India Limited (the "Stock Exchanges"). The Draft Letter of Offer shall be filed with the Stock Exchanges for issuing of observations thereon and for seeking their in-principle approval for the proposed Issue and listing of Equity Shares, issued pursuant to the same.

SEPC Limited

(Formerly Shriram EPC Ltd)

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

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

E-mail: info@shriramepc.com Website : www.shriramepc.com

CIN: L74210TN2000PLC045167



We further wish to inform to you that the Board of Directors in their meeting held on August 21, 2023 had approved the issuance of Equity Shares on rights basis for an amount not exceeding Rs. 5,000 lakhs. In furtherance of the above, the Rights Issue Committee in its meeting held on October 13, 2023 has fixed the issue size of up to Rs. 4,990 lakhs for the proposed rights issue and for disclosure in the Offer Documents.

In addition to the above, the Rights Issue Committee has also approved, adopted and taken on record the (i) materiality threshold for identification of 'material' outstanding dues to creditors; and (ii) the working capital estimations disclosed in the Draft Letter of Offer.

A copy of the Draft Letter of Offer is herewith attached for your records.

We request you to take the same on record.

Thanking you,

Yours faithfully,
For **SEPC Limited**

T Sriraman
Company Secretary & Compliance Officer

Encl. :a.a





Our Company was incorporated on June 12, 2000 under the Companies Act, 1956 in the name and style 'Shriram EPC Limited'. A certificate of commencement of business was granted to our Company on June 30, 2000 by the Registrar of Companies, Tamil Nadu. Pursuant to the provisions of Section 391 to 394 of the Companies Act and pursuant to an order dated July 22, 2005 of the High Court of Madras, Shriram Engineering Construction Company Limited was merged with our Company with effect from April 1, 2004, since both companies were in the same line of business, namely, construction engineering. Subsequently, the name of our Company was changed to SEPC Limited pursuant to a certificate of incorporation dated February 12, 2021 issued by Ministry of Corporate Affairs. Our Company pursuant to a resolution passed in the meeting of Board of Directors on January 21, 2021 had shifted its Registered and Corporate Office from Sigappi Achi Building, 4th Floor, 18/3 Rukmini Lakshmi Pathi Road, Egmore, Chennai 600 008 Tamil Nadu, India to 4th Floor, Bascon Futura SV, IT Park Venkatanarayana Road, Parthasarathy Puram, T. Nagar Chennai – 600 017, Tamil Nadu, India. The Corporate Identification Number of our company L74210TN2000PLC045167.

Registered and Corporate Office: 4th Floor, Bascon Futura SV, IT Park Venkatanarayana Road, Parthasarathy Puram, T. Nagar Chennai – 600 017, Tamil Nadu, India; **Tel:** +91 44 4900 5555; **Fax:** N.A. **E-mail:** info@sepc.in; **Website:** www.sepc.in;

Contact Person: Thirupathi Sriraman, Company Secretary and Compliance Officer;

Corporate Identification Number: L74210TN2000PLC045167

OUR PROMOTER - MARK A B CAPITAL INVESTMENT LLC

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

WE HEREBY CONFIRM THAT NONE OF OUR PROMOTER OR DIRECTORS IS A WILFUL DEFAULTER AS ON DATE OF THIS DRAFT LETTER OF OFFER

ISSUE OF UPTO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●]- PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE “ISSUE PRICE”), AGGREGATING UPTO ₹ 4,990 LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●], [●] (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES THE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 222 OF THIS DRAFT LETTER OF OFFER.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Rights Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Letter of Offer. Specific attention of the investors is invited to the section titled “Risk Factors” on page 24 of this Draft Letter of Offer.

OUR COMPANY’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and this Issue, which is material in the context of this Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

LISTING

The existing Equity Shares are listed on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) along with “BSE” the “Stock Exchanges”). Our Company has received ‘in-principle’ approvals from BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to this Issue *vide* their letters dated [●] and [●], respectively. For the purpose of this Issue, the Designated Stock Exchange is [●].

REGISTRAR TO THE ISSUE



CAMEO

CAMEO CORPORATE SERVICES LIMITED

No. 01, Club House Road, Mount Road,
Chennai- 600 002, Tamil Nadu, India.

Telephone: +91 44 4002 0700/ 2846 0390

Facsimile: N.A.

Email: rights@cameoindia.com

Website: www.cameoindia.com

Online Investor Portal: <https://wisdom.cameoindia.com>

Contact Person: K. Sreepriya

SEBI Registration No.: INR000003753

Validity of Registration: Permanent

ISSUE PROGRAMME

| ISSUE OPENS ON | LAST DATE FOR ON MARKET RENUNCIATION* | ISSUE CLOSES ON** |
|----------------|---------------------------------------|-------------------|
| [●] | [●] | [●] |

*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

**Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Draft Letter of Offer shall have the meaning as defined hereunder. References to any legislations, acts, regulation, rules, guidelines, circulars, notifications, policies or clarifications shall be deemed to include all amendments, supplements or re-enactments and modifications thereto notified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under such provision.

Provided that terms used in the sections/ chapters titled “Industry Overview”, “Summary of this Draft Letter of Offer”, “Restated Financial Statements”, “Statement of Special Tax Benefits”, “Outstanding Litigation and Material Developments” and “Issue Information” on pages 77, 19, 113, 72, 206 and 222 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

Company Related Terms

| Term | Description |
|---|---|
| “Company”, “our Company”, “the Company”, “the Issuer” or “SEPC” | SEPC Limited, a public limited company incorporated under the Companies Act, 1956, having its registered and corporate office at 4 th Floor, Bascon Futura SV, IT Park Venkatanarayana Road, Parthasarathy Puram, T. Nagar Chennai – 600 017, Tamil Nadu, India. |
| “we”, “us”, or “our” | Unless the context otherwise indicates or implies, refers to our Company. |
| “Annual Consolidated Audited Financial Statements” | The consolidated audited financial statements of our Company, its Subsidiaries, prepared as per Ind AS for Fiscal 2023, Fiscal 2022 and Fiscal 2021, prepared in line with Ind AS notified under the Companies Act, 2013, as amended read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. |
| “Articles” / “Articles of Association” / “AoA” | Articles / Articles of Association of our Company, as amended from time to time. |
| “Audit Committee” | The committee of the Board of Directors constituted as our Company’s audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) and Section 177 of the Companies Act, 2013. For details, see “Our Management” on page 102 of this Draft Letter of Offer. |
| “Auditor” / “Statutory Auditor” | Statutory and peer review auditor of our Company, namely, M/s. M S K A & Associates, Chartered Accountants. |
| “Board” / “Board of Directors” | Board of directors of our Company or a duly constituted committee thereof. |
| “Chief Financial Officer / CFO” | Chandrasekharan Sivaprakasam Ramalingam, the Chief Financial Officer of our Company. |
| “Company Secretary and Compliance Officer” | Thiruppathi Sriraman, the Company Secretary and Compliance Officer of our Company. |
| “Corporate Social Responsibility Committee/ CSR Committee” | The committee of the Board of directors constituted as our Company’s corporate social responsibility committee in accordance with Section 135 of the Companies Act, 2013. For details, see “Our Management” on page 102 of this Draft Letter of Offer. |
| “Director(s)” | The director(s) on the Board of our Company, unless otherwise specified. |
| “Equity Shareholder” | A holder of Equity Shares |
| “Equity Shares” | Equity shares of our Company of face value of ₹ 10/- each. |
| “Executive Directors” | Executive Directors of our Company. |
| “Independent Director(s)” | The Independent Director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013. |
| “Key Management Personnel” / “KMP” | Key Management Personnel of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in the subsection titled “Our |

| Term | Description |
|--|---|
| | <i>Management – Key Managerial Personnel</i> ” on page 109 of this Draft Letter of Offer. |
| “Limited Reviewed Financial Information” or “Limited Reviewed Financial Results” or “Limited Reviewed Financial Consolidated Results” or “Limited Reviewed Consolidated Financial Information” | The limited reviewed unaudited consolidated financial results for the three months period ended June 30, 2023, prepared in accordance with the Companies Act and SEBI Listing Regulations. For details, see “ <i>Financial Information</i> ” on page 113 of this Draft Letter of Offer. |
| “Memorandum of Association” / “MoA” | Memorandum of Association of our Company, as amended from time to time. |
| “Nomination and Remuneration Committee” | The committee of the Board of directors reconstituted as our Company’s Nomination and Remuneration Committee in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. For details, see “ <i>Our Management</i> ” on page 102 of this Draft Letter of Offer. |
| “Non-Executive and Independent Director” | Non-Executive and Independent Directors of our Company, unless otherwise specified. |
| “Non-executive Directors” | Non-executive Directors of our Company. |
| “Promoter” | Mark A B Capital Investment LLC is the Promoter of our Company. For further details, see “ <i>Our Promoter</i> ” on page 110 of this Draft Letter of Offer. |
| “Promoter Group” | Individuals and entities forming part of the promoter and promoter group in accordance with SEBI ICDR Regulations. As of date of this Draft Letter of Offer, in addition to our Promoter, Mark AB Capital Investment LLC, Mark AB Capital Investment India Private Limited and Mark AB Welfare Trust, also form part of our Promoter Group. Mark AB Capital Investment India Private Limited does not hold any shareholding in our Company. |
| “Registered and Corporate Office” | The Registered and Corporate Office of our Company located at 4th Floor, Bascon Futura SV, IT Park Venkatanarayana Road, Parthasarathy Puram, T. Nagar Chennai – 600 017, Tamil Nadu, India. |
| “Registrar of Companies”/ “RoC” | Registrar of Companies, Tamil Nadu, Chennai having its office at Block No. 6, B Wing 2 nd Floor, Shastri Bhawan 26, Haddows Road, Chennai – 600 034, Tamil Nadu, India. |
| “Restated Consolidated Financial Statements”/ “Restated Financial Statements”/ “Restated Consolidated Financial Information”/ “Restated Financial Information” | Restated consolidated financial statements of our Company and our Subsidiaries for the for the Fiscals 2023 Fiscal 2022 and Fiscal 2021, prepared in accordance with the Companies Act and restated in accordance with the requirements of the SEBI ICDR Regulations. For details, see “ <i>Financial Information</i> ” on page 113 of this Draft Letter of Offer. |
| “Rights Issue Committee” | The committee of our Board constituted for purposes of the Issue and incidental matters thereof. |
| “Senior Management” | Senior management shall mean the officers and personnel of our Company who are members of our core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Managing Director and Chief Executive Officer of our Company and the Company Secretary and the Chief Financial Officer |
| “Shareholders/ Equity Shareholders” | The Equity Shareholders of our Company, from time to time. |
| “Stakeholders’ Relationship Committee” | The committee of the Board of Directors constituted as our Company’s Stakeholders’ Relationship Committee in accordance with Regulation 20 of the SEBI Listing Regulations. For details, see “ <i>Our Management</i> ” on page 102 of this Draft Letter of Offer. |
| “Subsidiary(ies)” | Shriram EPC FZE and Shriram EPC Arkans LLC, the subsidiaries of our Company. A company under the name and style of ‘SIBC Limited Company’ has been incorporated under the laws of Saudi Arabia for the purpose of exploiting the |

| Term | Description |
|--------------------|--|
| | market potential in Saudi Arabia, however our Company is yet to make an investment of SAR 300000 in order to make the said company a wholly-owned subsidiary of our Company. |
| Materiality Policy | Policy on determination of materiality of events adopted by our Company in accordance with Regulation 30 of the SEBI Listing Regulations. |

Issue Related Terms

| Term | Description |
|--|---|
| 2009 ASBA Circular | The SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 |
| 2011 ASBA Circular | The SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 |
| 2023 Rights Issue | Issue of 4,99,00,000 equity shares of Face Value ₹ 10 each of our Company at an issue price of ₹ 10 per equity share aggregating to ₹ 4,990 lakhs on a rights basis undertaken, pursuant to the draft letter of offer dated February 7, 2023 and letter of offer dated March 23, 2023. |
| Abridged Letter of Offer | Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act. |
| Allot/Allotment/Allotted | Allotment of Rights Equity Shares pursuant to the Issue. |
| Allotment Account | The account opened with the Banker(s) to the Issue, into which the Application Money lying to the credit of the escrow account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act. |
| Allotment Advice | Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue. |
| Allotment Date | Date on which the Allotment is made pursuant to the Issue. |
| Allottee(s) | Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment. |
| Applicant(s) / Investor(s) | Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer, including an ASBA Investor. |
| Application | Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price. |
| Application Form | Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue. |
| Application Money | Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price. |
| Application Supported by Blocked Amount/ASBA | Application (whether physical or electronic) used by ASBA Applicants to make an application authorizing a SCSB to block the Application Money in the ASBA Account |
| ASBA Account | Account maintained with a SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be. |
| ASBA Applicant / ASBA Investor | As per the SEBI Master Circular, all investors (including renouncee) shall make an application for a rights issue only through ASBA facility. |
| ASBA Bid | A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations. |
| Banker(s) to the Issue | Collectively, the Escrow Collection Bank and the Refund Banks to the Issue, in this case being [●]. |
| Bankers to the Issue Agreement | Agreement to be entered into by and among our Company, the Registrar to the Issue and the Bankers to the Issue for collection of the Application Money from |

| Term | Description |
|---|---|
| | Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof. |
| Basis of Allotment | The basis on which the Rights Equity Shares will be Allotted to successful applicants in the Issue and which is described in “ <i>Terms of the Issue</i> ” on page 222. |
| Consolidated Certificate | The certificate that would be issued for Rights Equity Shares Allotted to each folio in case of Eligible Equity Shareholders who hold Equity Shares in physical form. |
| Controlling Branches/ Controlling Branches of the SCSBs | Such branches of SCSBs which coordinate Bids under the Issue with the Registrar and the Stock Exchange, a list of which is available on the website of SEBI at http://www.sebi.gov.in . |
| Demographic Details | Details of Investors including the Investor’s address, name of the Investor’s father/husband, investor status, occupation and bank account details, where applicable. |
| Designated SCSB Branches | Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&in tmId=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time. |
| Designated Stock Exchange | [•] |
| Depository(ies) | NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996. |
| Draft Letter of Offer/DLoF/DLOF | This draft letter of offer dated October 13, 2023 filed with the Stock Exchanges. |
| Escrow Account | One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank(s) for the purposes of collecting the Application Money from resident investors– eligible equity shareholders as on record date making an Application through the ASBA facility. |
| Escrow Collection Bank | Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) will be opened, in this case being [•]. |
| Eligible Equity Shareholders | Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see “ <i>Notice to Investors</i> ” on page 12. |
| Issue / Rights Issue | Issue of up to [•] Equity Shares of face value of ₹ 10/- each of our Company for cash at a price of ₹ [•]/- per Rights Equity Share (including a premium of ₹ [•] per Rights Equity Share) aggregating up to ₹ 4,990 lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [•] Rights Equity Shares for every [•] Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date. |
| Issue Closing Date | [•] |
| Issue Opening Date | [•] |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations. |
| Issue Material | Collectively, the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Common Application Form and Rights Entitlement Letter. |
| Issue Price | ₹ [•]/- per Rights Equity Share. |
| Issue Proceeds | Gross proceeds of the Issue. |
| Issue Size | Amount aggregating up to ₹ 4,990 lakhs |
| Letter of Offer/LOF | The final letter of offer to be filed with the Stock Exchanges and thereafter with SEBI for information purposes only. |
| Net Proceeds | Proceeds of the Issue less our Company’s share of Issue related expenses. For further information about the Issue related expenses, see “ <i>Objects of the Issue</i> ” on page 66 of this Draft Letter of Offer. |
| Non-ASBA Investor/ Non-ASBA Applicant | Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding |

| Term | Description |
|---|---|
| | Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renounees. |
| Non-Institutional Bidders or NIIs | An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations. |
| Off Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Master Circular and the circulars issued by the Depositories, from time to time, and other applicable laws. |
| On Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Master Circular and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before [●], [●]. |
| QIBs or Qualified Institutional Buyers | Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations. |
| Record Date | Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being [●], [●]. |
| Refund Bank(s) | The Banker(s) to the Issue with whom the Refund Account(s) will be opened, in this case being [●]. |
| “Registrar to the Issue” / “Registrar” | Cameo Corporate Services Limited |
| Registrar Agreement | Agreement dated September 29, 2023 entered into among our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue. |
| Renounee(s) | Person(s) who has/have acquired the Rights Entitlement from the Eligible Equity Shareholders on renunciation. |
| Renunciation Period | The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounee on or prior to the Issue Closing Date. |
| Retail Individual Bidders(s)/Retail Individual Investor(s)/ RII(s)/RIB(s) | An individual Investor (including an HUF applying through Karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations. |
| RE ISIN | ISIN for Rights Entitlement i.e., [●] |
| Rights Entitlement | The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, being [●] Rights Equity Shares for every [●] Equity Shares held on [●], [●]. The Rights Entitlements with a separate ISIN: [●] will be credited to your demat account before the date of opening of the Issue, against the equity shares held by the Equity Shareholders as on the record date. |
| Rights Entitlement Letter | Letter including details of Rights Entitlements of the Eligible Equity Shareholders. |
| Rights Equity Shares | Equity Shares of our Company to be Allotted pursuant to this Issue. |
| SEBI Master Circular | Master circular dated June 21, 2023 issued by the Securities and Exchange Board of India in order to enable the stakeholders to have access to all circulars/directions issued under the relevant provisions of the SEBI ICDR Regulations, 2018 at one place. The SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 has been rescinded pursuant to the SEBI Master Circular. |
| Self-Certified Syndicate Banks” or “SCSBs | The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 |

or

| Term | Description |
|--|---|
| | https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time |
| Stock Exchanges | Stock Exchanges where the Equity Shares are presently listed, being BSE and NSE. |
| Transfer Date | The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange. |
| Wilful Defaulter and Fraudulent Borrower | A wilful defaulter or a fraudulent borrower, as defined under the SEBI ICDR Regulations |
| Working Day | All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchange. "Working Day" shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per the circulars issued by SEBI. |

Business and Industry related Terms or Abbreviations

| Term | Description |
|-------------|--|
| ADB | Asian Development Bank |
| BOP | Balance of Plant |
| CAGR | Compounded Annual Growth Rate |
| Covid-19 | Coronavirus Disease 2019 |
| EPA | Environment (Protection) Act ,1986 |
| EPC | Engineering, Procurement, and Construction |
| FDI | Foreign Direct Investment |
| GDP | Gross Domestic Product |
| GNI | Gross National Income |
| GVA | Gross Value Added |
| ICT | Information and communications technology |
| IIot | Industrial internet of things |
| IIP | Index of Industrial Production |
| IMF | International Monetary Fund |
| INR | Indian Rupee (₹) |
| MORTH | Ministry of Road Transport & Highways |
| NGRBA | National Ganga River Basin Authority |
| QoQ | Quarter on Quarter |
| USA/US | United States of America |
| USD/ US\$ | US Dollar |
| WEO | World Economic Outlook |
| YoY | Year over Year |

Conventional and General Terms or Abbreviations

| Term | Description |
|-------------|--|
| A/c | Account |
| AGM | Annual General Meeting |
| AIF | Alternative Investment Fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |

| Term | Description |
|-------------------------------------|--|
| AS | Accounting Standards issued by the Institute of Chartered Accountants of India |
| BSE | BSE Limited |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| CFO | Chief Financial Officer |
| CIN | Corporate Identification Number |
| CIT | Commissioner of Income Tax |
| CLRA | Contract Labour (Regulation and Abolition) Act, 1970 |
| Companies Act, 2013 / Companies Act | Companies Act, 2013 along with rules made thereunder |
| Companies Act 1956 | Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections) |
| CSR | Corporate Social Responsibility |
| Depository(ies) | A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 |
| Depositories Act | The Depositories Act, 1996 |
| DIN | Director Identification Number |
| DP ID | Depository Participant's Identification Number |
| EBITDA | Earnings before Interest, Tax, Depreciation and Amortisation |
| EGM | Extraordinary General Meeting |
| EPF Act | Employees' Provident Fund and Miscellaneous Provisions Act, 1952 |
| EPS | Earnings per share |
| ESI Act | Employees' State Insurance Act, 1948 |
| FCNR Account | Foreign Currency Non-Resident (Bank) account established in accordance with the FEMA |
| FEMA | The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder |
| FEMA Regulations | The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 |
| Financial Year/Fiscal | The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year |
| FPIs | A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 |
| FVCI | Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI |
| GDP | Gross Domestic Product |
| GoI / Government | The Government of India |
| GST | Goods and Services Tax |
| HUF(s) | Hindu Undivided Family(ies) |
| ICAI | Institute of Chartered Accountants of India |
| ICSI | The Institute of Company Secretaries of India |
| IFRS | International Financial Reporting Standards |
| IFSC | Indian Financial System Code |
| Income Tax Act / IT Act | Income Tax Act, 1961 |
| Ind AS | The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| Insider Trading Regulations | Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time |
| Insolvency Code | Insolvency and Bankruptcy Code, 2016, as amended from time to time |
| INR or ₹ or Rs. | Indian Rupee, the official currency of the Republic of India. |
| ISIN | International Securities Identification Number |

| Term | Description |
|---------------------------|--|
| IT | Information Technology |
| MCA | The Ministry of Corporate Affairs, GoI |
| Mn / mn | Million |
| Mutual Funds | Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| N.A. or NA | Not Applicable |
| NAV | Net Asset Value |
| Notified Sections | The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect. |
| NSDL | National Securities Depository Limited |
| OCB | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue. |
| p.a. | Per annum |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| Payment of Bonus Act | Payment of Bonus Act, 1965 |
| Payment of Gratuity Act | Payment of Gratuity Act, 1972 |
| RBI | The Reserve Bank of India |
| RBI Act | Reserve Bank of India Act, 1934 |
| Regulation S | Regulation S under the Securities Act |
| SCRA | Securities Contract (Regulation) Act, 1956 |
| SCRR | The Securities Contracts (Regulation) Rules, 1957 |
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act, as amended |
| SEBI Act | The Securities and Exchange Board of India Act, 1992, as amended |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended |
| SEBI ICDR Regulations | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended |
| SEBI Takeover Regulations | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, since repealed and replaced by the SEBI (AIF) Regulations |
| SIPCOT | State Industries Promotion Corporation of Tamil Nadu |
| Securities Act | The United States Securities Act of 1933. |
| STT | Securities Transaction Tax |
| State Government | The Government of a state in India |
| Trademarks Act | Trademarks Act, 1999, as amended |
| TDS | Tax Deducted at Source |
| US\$/ USD/ US Dollar | United States Dollar, the official currency of the United States of America |
| USA/ U.S./ US | United States of America, its territories and possessions, any state of the United States of America and the District of Columbia |
| U.S. GAAP | Generally Accepted Accounting Principles in the United States of America |
| VAT | Value Added Tax |
| VCFs | Venture Capital Funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be |

| Term | Description |
|--------------------|--|
| w.e.f. | With effect from |
| Year/Calendar Year | Unless context otherwise requires, shall refer to the twelve-month period ending December 31 |

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will electronically dispatch through email or physical dispatch through registered post /speed post the Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Further, the Letter of Offer will be provided, through email or by registered post / speed post, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company and the Stock Exchange.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer or Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer to any person outside India where to do so, would or might contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or the Application Form.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

Neither the delivery of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer and the Application Form and Rights Entitlement Letter or the date of such information.

THE CONTENTS OF THIS DRAFT LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR

AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, OUR COMPANY IS NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof (“**United States**”), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, this Draft Letter of Offer, the Letter of Offer / Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letters should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and this Draft Letter of Offer, the Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorized to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States.

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the “**US SEC**”), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a Public Limited (Listed) Company under the laws of India and all the Directors and all Executive Officers are residents of India. It may not be possible or may be difficult for investors to affect service of process upon the Company or these other persons outside India or to enforce against them in courts in India, judgments obtained in courts outside India. India is not a party to any international treaty in relation to the automatic recognition or enforcement of foreign judgments.

However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A of the Code of Civil Procedure, 1908, as amended (the “**Civil Procedure Code**”). Section 44A of the Civil Procedure Code provides that where a certified copy of a decree of any superior court (within the meaning of that section) in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, is filed before a district court in India, such decree may be executed in India as if the decree has been rendered by a district court in India. Section 44A of the Civil Procedure Code is applicable only to monetary decrees or judgments not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties. Section 44A of the Civil Procedure Code does not apply to arbitration awards even if such awards are enforceable as a decree or judgment. Among others, the United Kingdom, Singapore, Hong Kong and the United Arab Emirates have been declared by the Government of India to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code.

The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. Under Section 14 of the Civil Procedure Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

A judgment of a court in any non-reciprocating territory, such as the United States, may be enforced in India only by a suit upon the judgment subject to Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Procedure Code, which is the statutory basis for the recognition of foreign judgments (other than arbitration awards), states that a foreign judgment shall be conclusive as to any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except where:

- The judgment has not been pronounced by a court of competent jurisdiction;
- The judgment has not been given on the merits of the case;
- The judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
- The proceedings in which the judgment was obtained are opposed to natural justice;
- The judgment has been obtained by fraud; and/or
- The judgment sustains a claim founded on a breach of any law in force in India.

A suit to enforce a foreign judgment must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. In addition, it is unlikely that an Indian court would enforce foreign judgments if it considered the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the Reserve Bank of India to repatriate any amount recovered pursuant to execution of such judgment. Any judgment in a foreign currency would be converted into Rupees on the date of such judgment and not on the date of payment and any such amount may be subject to income tax in accordance with applicable laws. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

PRESENTATION OF FINANCIAL INFORMATION

Certain Conventions

In this Draft Letter of Offer, unless otherwise specified or context otherwise requires, references to ‘US\$’, ‘\$’, ‘USD’ and ‘U.S. dollars’ are to the legal currency of the United States of America, and references to ‘INR’, ‘₹’, ‘Rs.’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of India. All references herein to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions. All references herein to ‘India’ are to the Republic of India and its territories and possessions and the references herein to ‘Government’ or ‘GoI’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, central or state, as applicable.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Draft Letter of Offer has been derived from our Financial Statements. For details, please see “*Financial Information*” on page 113. Our Company’s financial year commences on April 01 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year.

The GoI has adopted the Indian accounting standards (“**Ind AS**”), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board (“**IFRS**”) and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the “**Ind AS Rules**”).

The restated financial statements of our Company for the Financial Years ended March 31, 2023, 2022 and 2021 and the limited review report for the unaudited consolidated financial results for the three months period ended June 30, 2023, prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other the relevant provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (revised), 2019, issued by the ICAI. Our Company publishes its financial statements in Rupees.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in this Draft Letter of Offer in “lakh” units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000 and one million represents 1,000,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, see “*Financial Information*” on page 113.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Draft Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to Indian Rupee, the official currency of the Republic of India;
- “USD” or “US\$” or “\$” are to United States Dollar, the official currency of the United States of America; and
- “Euro” or “€” are to Euros, the official currency of the European Union.

Our Company has presented certain numerical information in this Draft Letter of Offer in “lakh” or “Lac” units. One lakh represents 1,00,000 and one million represents 1,000,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operation*” and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Restated Financial Information.

Exchange Rates

This Draft Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

| Currency | Exchange rate as on | | | |
|----------|---------------------|----------------|----------------|----------------|
| | June 30, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| 1 USD | 82.04 | 82.22 | 75.80 | 73.53 |

(Source: www.rbi.org.in and www.fbil.org.in)

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Although we believe the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*” on page 24, this Draft Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD - LOOKING STATEMENTS

This Draft Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the chapters titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Industry Overview*”. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company’s competitive strengths and weaknesses, our Company’s business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “continue”, “can”, “could”, “expect”, “estimate”, “intend”, “likely”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek to”, “will”, “will continue”, “will pursue”, “forecast”, “target”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, the competition in our industry and markets, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- There have been instances in the past of default in payment of dues to our lenders. Further, our Company has executed a resolution plan with its lenders under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019, which has led to inter alia, infusion of funds by our current Promoter, change in management from our earlier promoter, *i.e.*, SVL Limited to our current Promoter, Mark AB Capital Investment LLC, conversion of outstanding loans into long term tenor debt instruments, etc. In the event our Company is unable to comply with the resolution plan or if the further defaults in making repayment of its loans, it may impact its continued business operation and financial condition.
- Our Statutory Auditor has included matter of uncertainties, emphasis of matters and qualifications, in the examination report to Restated Consolidated Financial Statements for the three years ended March 31, 2023, March 31, 2022 and March 31, 2021. Further, our Statutory auditor has also included qualifications in the Limited Review Report on the unaudited consolidated financial results for the three months period ended June 30, 2023.
- Our secretarial auditor, Srinidhi Sridharan & Associates, Company Secretary, has included certain qualifications, reservations and adverse remarks in the secretarial audit report for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021, prepared in accordance with the Companies Act and SEBI Listing Regulations.
- Our Company has availed a significant amount of loans from our lenders. Any default in repayment of these loans, could significantly impact our business operations, results of operation and financial condition.

- Our business is working capital intensive. If we experience insufficient cash flows to meet required payments on our debt and working capital requirements, there may be an adverse effect on our operations.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” beginning on pages 24, 93 and 187, respectively, of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Letter of Offer and are not a guarantee of future performance. These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors nor our Promoter have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company will ensure that investors are informed of material developments from the date of this Draft Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchange.

SUMMARY OF THIS DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including, "Objects of the Issue", "Our Business", "Outstanding Litigation and other Defaults" and "Risk Factors" beginning on pages 66, 93, 206 and 24 respectively of this Draft Letter of Offer.

Summary of Industry

Global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024. The forecast for 2023 is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook (WEO) but below the historical (2000–19) average of 3.8 percent. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic (2017–19) levels of about 3.5 percent.

For further details, please refer to the chapter titled "Industry Overview" at page 77 of this Draft Letter of Offer.

Summary of Business

Our Company was incorporated on June 12, 2000 under the Companies Act, 1956 in the name and style 'Shriram EPC Limited'. A certificate of commencement of business was granted to our Company on June 30, 2000 by the Registrar of Companies, Tamil Nadu. Subsequently, the name of our Company was changed to SEPC Limited pursuant to a certificate of incorporation dated February 12, 2021 issued by Ministry of Corporate Affairs. Pursuant to the provisions of Section 391 to 394 of the Companies Act and pursuant to an order dated July 22, 2005 of the High Court of Madras, Shriram Engineering Construction Company Limited was merged with our Company with effect from April 1, 2004, since both companies were in the same line of business, namely, construction engineering.

For further details, please refer to the chapter titled "Our Business" at page 93 of this Draft Letter of Offer.

Our Promoter

The Promoter of our Company is Mark A B Capital Investment LLC.

For further details please see chapter titled "Our Promoter" beginning on page 110 of this Draft Letter of Offer.

Objects of the Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

(₹ in lakhs)

| Particulars | Amount |
|--|------------|
| To augment the existing and incremental working capital requirement of our Company | 4,990.00 |
| General Corporate Purposes* | [•] |
| Net Proceed from the Issue** | [•] |

* Subject to the finalization of the Basis of Allotment and the Allotment. The amount is subject to adjustment upon finalization of Issue related expenses, however, in no event, shall general corporate purposes exceed 25% of the Net Proceeds.

** Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted as per the Rights Entitlement ratio.

For further details, please see chapter titled "Objects of the Issue" beginning on page 66 of this Draft Letter of Offer.

Intention and extent of participation by the Promoter and Promoter Group

Our Promoter and the member of our Promoter Group have, vide their letters dated October 9, 2023, respectively (the "Subscription Letters") undertaken to subscribe, jointly and/ or severally to the full extent of their Rights

Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by the Promoter or any member of the Promoter Group of our Company. Further, solely in the event of an under-subscription of this Issue, our Promoter and the member of our Promoter Group may subscribe to, for additional Rights Equity Shares, subject to either individually or jointly and/ or severally, with any other member of the Promoter Group, for additional Rights Equity Shares, compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws.

The additional subscription, if any, by our Promoter and the member of our Promoter Group shall be made subject to such additional subscription not resulting in the minimum public shareholding of our Company falling below the level prescribed in SEBI Listing Regulations and SCRR. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

For further details, please see the chapter titled “*Capital Structure*” beginning on page 62 of this Draft Letter of Offer.

Summary of Financial Information

Following are the details as per the three months period ended June 30, 2023 and for the Financial Years ended on March 31, 2023, March 31, 2022 and March 31, 2021:

(₹ in lakhs)

| S. No. | Particulars | Three months period ended June 30, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
|--------|----------------------------------|---|----------------|----------------|----------------|
| 1. | Share Capital | 1,37,142.90 | 1,32,152.90 | 97,152.90 | 97,152.90 |
| 2. | Net Worth | 1,09,302.25 | 1,08,809.16 | 73,946.62 | 1,00,510.81 |
| 3. | Revenue from operations | 14,327.71 | 37,884.66 | 32,945.65 | 58,278.52 |
| 4. | Profit/(Loss) after Tax | 493.09 | (490.38) | (26,370.37) | (17,947.33) |
| 5. | Earnings per Share | 0.04 | (0.04) | (2.71) | (1.85) |
| 6. | Net Asset Value per equity share | 7.97 | 8.23 | 0.40 | 0.46 |
| 7. | Total borrowings* | 4,15,22.51 | 40,583.22 | 97,827.44 | 83,588.65 |

*Total Borrowings (Secured and Unsecured borrowings) which also include current maturities.

For further details, please refer the section titled “*Restated Financial Statements*” on page 113 of this Draft Letter of Offer.

Summary of Outstanding Litigation and Defaults

A summary of the pending tax proceedings and other material litigations involving our Company, our Promoter and our Directors is provided below:

| Name of Entity | Criminal Proceedings | Tax Proceedings | Statutory or Regulatory Proceedings | Disciplinary actions by the SEBI or Stock Exchange against our Promoters | Material Civil Litigation | Aggregate amount involved (₹ in lakhs) |
|-----------------------|----------------------|-----------------|-------------------------------------|--|---------------------------|--|
| Company | | | | | | |
| By the Company | Nil | 10 | Nil | Nil | 7 | 33,455.16 |
| Against the Company | 1 | Nil | 1 | 6 | 5 | 28,688.25 |
| Directors | | | | | | |
| By our Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| Against the Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| Promoters | | | | | | |
| By Promoters | Nil | Nil | Nil | Nil | Nil | Nil |
| Against Promoters | Nil | Nil | Nil | Nil | Nil | Nil |
| Subsidiaries | | | | | | |
| By Subsidiaries | Nil | 1 | Nil | Nil | Nil | 103.26 |

| Name of Entity | Criminal Proceedings | Tax Proceedings | Statutory or Regulatory Proceedings | Disciplinary actions by the SEBI or Stock Exchange against our Promoters | Material Civil Litigation | Aggregate amount involved (₹ in lakhs) |
|----------------------|----------------------|-----------------|-------------------------------------|--|---------------------------|--|
| Against Subsidiaries | Nil | Nil | Nil | Nil | 2 | 2,472.18 |

"To the extent quantifiable.

For further details, please refer the chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 206 of this Draft Letter of Offer.

Risk Factors

Please see the chapter titled “*Risk Factors*” beginning on page 24 of this Draft Letter of Offer.

Summary of Contingent Liabilities

Please see the details of our contingent liabilities for the three months period ended June 30, 2023 and for the Financial Years ended on March 31, 2023, March 31, 2022 and March 31, 2021:

(₹ in lakhs)

| S. No. | Particulars | As at June 30, 2023 [^] | As at 31st March, 2023 | As at 31st March, 2022 | As at 31st March, 2021 |
|--------|--|----------------------------------|------------------------|------------------------|------------------------|
| 1. | Claims against the company not acknowledged as debts | 10,188.40 | 10,188.40 | 15,835.06 | 10,879.21 |
| 2. | Central Excise, Service tax and customs duties demand contested in Appeals, not provided for | 408.00 | 408.00 | 408.00 | 408.00 |
| 3. | Disputed VAT/ Central Sales tax demands contested in Appeals, not provided for | 2,813.72 | 3,166.00 | 9,669.88 | 9,256.75 |
| 4. | Income tax demands contested in appeals not provided for | - | - | - | 1,800.58 |
| 5. | Bank Guarantees Outstanding | 35,135.72 | 33,636.06 | 32,002.18 | 41,353.20 |
| | Total | 48,545.89 | 47,398.46 | 57,915.12 | 63,697.74 |

[^]Certified by K. Rajagopal, Chartered Accountants, pursuant to its certificate dated October 9, 2023

For details please see “*Restated Financial Statements*” beginning on page 113 of this Draft Letter of Offer.

Summary of Related Party Transactions

Please see the details of our related party transactions for the three months period ended June 30, 2023 and for the Financial Years ended on March 31, 2023, March 31, 2022 and March 31, 2021:

(₹ in lakhs)

| Entities exercising significant influence over the Company | Three months period ended June 30, 2023 [^] | 2022-23 | 2021-22 | 2020-21 |
|---|--|-----------|----------|----------|
| SVL limited (upto 23 rd September 2022) | | | | |
| Transfer of Advances / Receivables & Investment | --- | 7,433.87 | 2,793.80 | 4758.88 |
| Funds received (Net) | --- | --- | 2,454.85 | 5,194.75 |
| Mark AB Investment LLC (effective from 24 th September 2022) | | | | |
| Amount invested as Equity | --- | 35,000.00 | --- | ---- |
| Subsidiary of Entities exercising significant influence over the company(Effective from 24 th September 2022) | | | | |
| Mark Ab Capital Investment India Private Limited (Effective from 24 th September 2022) | --- | 900.00 | ---- | ---- |
| Subsidiary | | | | |

| Entities exercising significant influence over the Company | Three months period ended June 30, 2023 [^] | 2022-23 | 2021-22 | 2020-21 |
|---|--|---------|----------|-----------|
| Shriram EPC FZE , Sharjah – funds received | --- | 700.00 | ---- | ---- |
| Key Management Personnel (KMP) | | | | |
| Compensation of Key Management Personnel | | | | |
| T.Shivaraman(upto 19 th September 2022) | -- | 119.61 | 60.40 | 60.40 |
| M. Amjad Shariff (upto 19 th September 2022) | -- | 79.68 | 60.15 | 60.15 |
| N K Suryanarayanan(effective from 24 th September 2022) | | 43.40 | --- | --- |
| Other Entities under the control of key Management Personnel | | | | |
| a) Orient Green Power Company Limited | | | | |
| b) Payments made | --- | ---- | 0.41 | --- |
| c) Bharath Wind Farm Limited | | | | |
| d) Funds received | --- | ---- | 4.11 | |
| Joint Operations | | | | |
| 1) Larsen & Toubro Limited Shriram EPC JV | | | | |
| Company`s share of profits of integrated joint Ventures | --- | --- | 1.48 | 286.15 |
| Company`s share in Loss of Integrated Joint Ventures | --- | 10.36 | --- | --- |
| Funds received | --- | --- | 390.77 | --- |
| 2) Shriram EPC Eurotech Environmental Pvt Ltd – JV | | | | |
| Progressive Billings/ Revenue | 65.00 | 121.00 | 698.18 | 532.66 |
| Expenses reimbursed by the party | --- | --- | 4.51 | 125.33 |
| 3) SEPC DRS ITPL JV | | | | |
| Progressive Billings/ Revenue | --- | 102.00 | 1.99 | 590.73 |
| Expenses reimbursed by the party | --- | --- | --- | 260.85 |
| 4) Mokul Shriram EPC JV | | | | |
| Progressive Billings/ Revenue | --- | --- | 8,624.17 | 25,983.90 |
| Cost incurred for Materials and Labour | --- | --- | 8,624.17 | 25,983.90 |

[^]Certified by K. Rajagopal,, Chartered Accountants, pursuant to its certificate dated October 9, 2023

Amount due (to)/from related party as on:

| Particulars | Three months period ended June 30, 2023 [^] | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|--|---------------------|---------------------|---------------------|
| Advances / (Borrowings) | | | | |
| SVL Limited(upto 23 rd September 2022) | --- | --- | --- | (339.55) |
| Mark AB Capital Investment India Private Limited | (900.00) | (900.00) | --- | --- |
| Leitwind Shriram Manufacturing Private Limited) | ---- | ---- | 477.77 | 3201.62 |
| Expected Credit loss of Rs 9141.70 Lakhs (March 2021: Rs 9141.70 lakhs(upto 23 rd September 2022) | | | | |
| Bharath Wind Farm Limited(upto 20 th September 2022) | ---- | ---- | --- | 4.71 |
| Orient Green Power Company Limited (Upto 20 th September 2022) | ---- | --- | ---- | (0.41) |
| Receivables/ (Payables) | | | | |
| Amrit Environmental Technologies P Ltd(upto 20 th September 2022) | ---- | 1,966.38 | 1,966.38 | 2,300.00 |
| Shriram EPC Eurotech Environmental Pvt Ltd- JV | ---- | --- | --- | (0.11) |
| SEPC DRS ITPL JV | ---- | --- | --- | 523.85 |
| Larsen & Toubro Limited Shriram EPC JV | | (0.90) | (0.90) | 445.71 |
| Mokul Shriram EPC JV | 1,669.28 | 1,669.28 | 1,669.28 | 3,338.55 |

[^]Certified by K. Rajagopal, Chartered Accountants, pursuant to its certificate dated October 9, 2023

For details regarding our related party transactions as per Ind AS 24, see “Restated Financial Statements” beginning on page 113 of this Draft Letter of Offer.

Issue of equity shares made in last one year for consideration other than cash

Our company has not issued any Equity Shares during the last one year from the Date of this Draft Letter of Offer for consideration other than cash.

Split or consolidation of Equity Shares in the last one year

Our Company has not undertaken a split or consolidation of Equity Shares in the last one year.

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and risks involved. The risks described below are not the only ones relevant to us, our Equity Shares, the industry or the segment in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of our Equity Shares could decline, and as prospective investors, you may lose all or part of your investment. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in this Issue. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors.

To obtain a complete understanding, you should read this section in conjunction with the sections “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 77, 93 and 187 of this Draft Letter of Offer, respectively. The industry-related information disclosed in this section has been derived from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Neither our Company, nor any other person connected with the Issue, has independently verified the information in the industry report or other publicly available information cited in this section.

This Draft Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and, in the section titled “Forward-Looking Statements” on page 17 of this Draft Letter of Offer.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Restated Consolidated Financial Information and the Limited Review Financial Information, prepared in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

Materiality:

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality of Risk Factors:

- *Some events may not be material individually but may be found material collectively;*
- *Some events may have material impact qualitatively instead of quantitatively; and*
- *Some events may not be material at present but may have a material impact in future.*

The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence, the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

In this Draft Letter of Offer, any discrepancies in any table between total and sums of the amount listed are due to rounding off.

In this section, unless the context requires otherwise, any reference to “we”, “us” or “our” refers to SEPC Limited.

The risk factors are classified as under for the sake of better clarity and increased understanding.

INTERNAL RISK FACTORS

BUSINESS RELATED RISKS

1. *There have been instances in the past of default in payment of dues to our lenders. Further, our Company has executed a resolution plan with its lenders under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019, which has led to inter alia, infusion of funds by our current Promoter, change in management from our earlier promoter, i.e. SVL Limited to our current Promoter, Mark AB Capital Investment LLC, conversion of outstanding loans into long term tenor debt instruments, etc. In the event our Company is unable to comply with the resolution plan or if the further defaults in making repayment of its loans, it may impact its continued business operation and financial condition.*

There have been instances of defaults in payment of dues to our lenders. The details of the defaults committed by our Company during the Financial Year ended March 31, 2023, March 31, 2022 and March 31, 2021 have been provided below:

| (₹ in lakhs) | | | | |
|-------------------|-----------------------------------|---------|---------|---------|
| S. No | Name of the Lender | FY 2021 | FY 2022 | FY 2023 |
| Term Loan | | | | |
| 1 | Central Bank of India – Principal | 1,470 | 4,100 | --- |
| | Central Bank of India – Interest | 1,407 | 2,346 | 24.00 |
| 2 | IFCI Factors – Principal | 108 | 254 | |
| | IFCI Factors – Interest | 87 | 137 | 14.44 |
| 3 | ACRE – Principal | 1,000 | 2,900 | |
| 4 | Bank of Maharashtra – Principal | - | 160 | |
| Fund Based | | | | |
| 1 | Punjab National Bank | - | 9,945 | 52.00 |
| 2 | Bank of India | - | 1,259 | 11.00 |
| 3 | Yes Bank | - | 361 | 6.00 |
| 4 | State Bank Of India | - | 1,911 | 95.00 |
| 5 | Indian Bank | - | 3,917 | 12.00 |
| 6 | IndusInd Bank | - | 703 | 18.00 |
| 7 | IDBI Bank | - | 1,242 | 48.00 |
| 8 | ICICI Bank | - | 100 | 2.00 |
| 9 | Federal Bank | - | 720 | 11.00 |
| 10 | DBS Bank India Ltd | - | 913 | 22.00 |
| 11 | Central Bank of India | - | 2,598 | 43.00 |
| 12 | Bank Of Baroda | - | 610 | 15.00 |
| 13 | ARCIL (SIB) | - | 528 | 25.00 |
| 14 | Union Bank | - | 246 | 9.00 |
| 15 | IFCI Factors | - | 140 | 4.00 |
| 16 | Axis Bank | - | 1,659 | 12.00 |
| 17 | Bank of Maharashtra | - | 329 | 10.00 |

In view of the aforementioned defaults, our Company received a business plan from our Promoter, Mark AB Capital Investment LLC, which is a Middle East based company with investments in EPC companies wherein our Promoter offered infusion of ₹ 35,000 lakhs, by way of issue of Equity Shares on a preferential basis by our Company, for a 26.48% stake in our Company. Based on the business plan, our Company presented a resolution plan to the consortium of lenders led by Punjab National Bank, under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 (the “**Resolution Plan**”). The Resolution Plan provides for infusion of ₹ 35,000 lakhs by our Promoter, change of management of our Company, conversion of debt into Non-Convertible Debentures (“**NCD**”), Compulsorily Convertible Debentures (“**CCD**”) to the tune of ₹ 35,000 lakhs, levy of interest at 9% pa. effective from October 1, 2020, amongst other requirements.

As of date of this Draft Letter of Offer, our Promoter has invested ₹ 35,000 lakhs in our Company by subscribing to 35,00,00,000 of our Company pursuant to a preferential issue of Equity Shares of our Company in accordance with the Resolution Plan. Further our Company has issued and allotted (i) 1,75,00,000 CCD of ₹ 100/- each, to its lenders in lieu of existing debt of our Company with yield, which will be convertible into Equity shares at a future date for an aggregate amount up to ₹ 17,500 lakhs; and (ii) 1,75,00,000 NCD of ₹ 100/- each to the lenders in lieu of their existing debt, for an aggregate amount up to

₹ 17,500 lakhs. The said issuance has been made in accordance with the resolution plan approved by the Board of Directors in their meeting dated January 24, 2022 and by the Shareholders through postal ballot.

In addition to the above, our *erstwhile* Promoter, SVL Limited has been classified as 'Public', pursuant to letter each dated February 2, 2023 received from BSE and NSE, respectively. Additionally, the Board of Directors of our Company have been reconstituted in accordance with the Resolution Plan.

In compliance with the terms of the Resolution Plan our Company has repaid an amount of ₹ 35,000 lakhs to our lenders. Upon implementation of resolution plan there are nil defaults to lenders.

While the ability of the company has considerably increased for serving the loans after implementation of the resolution plan, we cannot assure you that we will be able to fully repay our outstanding loans or that we will not default in repayment of loans to our lenders. On the occurrence of any defaults, our lenders may initiate insolvency petitions against us and demand immediate repayment of loans from our Company, which could adversely affect our business, operations and results of operations.

2. ***Our Statutory Auditor has included matter of uncertainties, emphasis of matters and qualifications, in the examination report to Restated Consolidated Financial Statements for the three years ended March 31, 2023, March 31, 2022 and March 31, 2021. Further, our Statutory auditor has also included qualifications in the Limited Review Report on the unaudited consolidated financial results for the three months period ended June 30, 2023.***

Our Statutory auditor has included the following remarks in the limited review report dated August 10, 2023 on unaudited consolidated financial results for the three month period ended June 30, 2023:

Emphasis of matters and matters of uncertainties:

Extract from the limited review report dated August 10, 2023 on unaudited consolidated financial results for the three month period ended June 30, 2023:

Basis for Qualified Opinion

- “(i) *The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. 33,289.92 Lakhs (June 30, 2022: Rs. 39,610.00 Lakhs) which was recognized on unabsorbed business losses. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment that sufficient taxable profits will be available in the future against which such unabsorbed business losses can be utilised as required by Ind AS 12 on Income taxes, we are unable to ascertain the extent to which the deferred tax asset can be utilized. (Refer Note 06 of the Statement).*
- (ii) *Contract Assets (Non-Current) include Rs. 7,351.90 Lakhs (Net of provisions amounting to Rs. 926.98 Lakhs) (June 30, 2022: Rs. 3,956.02 Lakhs) and Trade Receivables (Non-Current) include Rs. 575.21 Lakhs (Net of provisions amounting to Rs. 82.99 Lakhs) relating to dues on projects which are not progressing on account of statutory delays faced by the customer. In the absence of positive development in this matter till date, there is uncertainty on the amount that would be recoverable by the Company. Further, we do not have sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the said amounts. Accordingly, we are unable to comment on the carrying value of above-mentioned Contract Asset (Non-Current) and Trade Receivables (Non-Current) and the impact if any, on account of non-provisioning of the said balances on the Statement. (Refer Note 03 of the Statement).”*

These qualifications have not been addressed by the Management of the Company in the Statement for the quarter ended June 30, 2023.

Our Statutory auditor has included the following remarks in the examination report to the Restated Financial Statements for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 and the audit reports for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021:

Extract from the audit report on the audited consolidated financial statements for the year ended March 31, 2023:

Emphasis of Matter

Extract from the audit report on the audited consolidated financial statements for the year ended March 31, 2023:

We draw attention to the following matters in the Notes to the Consolidated financial statements:

- a) Note 42.1(i) of the Consolidated financial statements, which describes the implementation of Resolution Plan entered into with the lenders dated June 22, 2022, wherein interest waiver, and the difference between the carrying amounts of the facilities before restructuring and the fair values of the new facilities has been recognised as income and disclosed under Exceptional items in the statement of profit and loss in accordance with INDAS 109 - Financial Instruments.
- b) Note 42.1(ii) to the Consolidated financial statements, which states that the management has written off an amount of Rs. 5,819.69 Lakhs towards amounts due on account of work performed on a contract entered into with a customer which was subsequently wrongfully terminated before the completion of the contract due to certain issues at the contract site. Legal disputes / arbitration proceedings have been initiated during the period in respect of projects with the customers.

Extract from the audit report on the audited consolidated financial statements for the year ended March 31, 2022:

Material Uncertainty Related to Going Concern:

“We draw attention to Note 4 (e) to the consolidated financial statements, which states that the Company has incurred a net loss of ₹ 26,370.37 Lakhs during the year ended March 31, 2022 and as of that date has accumulated losses aggregating to ₹ 2,15,105.50 Lakhs which has resulted in substantial erosion of its net worth. Further, the COVID-19 pandemic has also impacted the operations resulting in delay of collection relating to project dues. These events or conditions indicates that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. However, having regard to the restructuring plan for borrowings, infusion of additional equity subsequent to the year end and the Management’s plans to meet financial obligations in foreseeable future out of the cash flows from execution of the pipeline of orders in hand, future business plans, non-fund based facilities, and realization of trade receivables, the consolidated financial statements of the Company for the year ended March 31, 2022 have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.”

Emphasis of Matter:

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

Extract from the audit report on the consolidated financial statements for the year ended March 31, 2021:

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 ₹ 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).”

Extract of the audit report on the consolidated financial statements for the year ended March 31, 2022:

Basis for Qualified Opinion

- “(i) The carrying value of Deferred Tax Asset (DTA) include an amount of ₹ 39,645.00 Lakhs (March 31, 2021: ₹ 43,889.00 Lakhs) which is recognized on unabsorbed business losses. Due to unavailability of sufficient appropriate audit evidence to corroborate management’s assessment on reasonable certainty of future taxable profits, as required by Ind AS 12- Income taxes and considering the current pandemic situation, we are unable to ascertain the extent to which the deferred tax asset can be utilized. (Refer Note 44 of the Consolidated financial statements)”
- (ii) Contract Asset (Non-Current) include ₹ 3,956.02 Lakhs (Net of provisions amounting to ₹ 926.98 Lakhs) relating to project dues which is not progressing on account of Statutory delays faced by the Customer. In the absence of positive development in this matter till date, there is uncertainty on the amount that would be recoverable by the Company. Further, sufficient appropriate audit evidence to corroborate management’s assessment of recoverability of the above said amount is not available. Accordingly, we are unable to comment on the carrying value of above-mentioned Contract Asset (Non-Current) and the impact if any, on account of non-provisioning of the said balance on the Consolidated financial statements. (Refer to Note 08 of the Consolidated Financial Statements)”

Extract of the audit report on the consolidated financial statements for the year ended March 31, 2022:

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

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

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

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

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, have in all material respects, maintained adequate internal financial controls with reference to financial statements as of March 31, 2022, based on the internal control with reference to financial statements criteria established by respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”) except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the internal financial controls with reference to financial statements of the Holding Company were operating effectively as of March 31, 2022.

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

Extract of the audit report on the consolidated financial statements for the year ended March 31, 2021:

- “(i) Financial Assets Loans (Non-Current) include ₹ 3,201.62 Lakhs (March 31, 2020: ₹ 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 ₹ 3,201.62 Lakhs and the impact if any, on account of non-provisioning of the said balance on the financial statements at present.

- (ii) *The carrying value of Deferred Tax Asset (DTA) include an amount of ₹ 43,889.00 Lakhs (March 31, 2020: ₹ 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."*

Extract of the audit report on the consolidated financial statements for the year ended March 31, 2021:

Qualified Opinion on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"):

"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.

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."

The Statutory Auditor has included the aforementioned emphasis of matters, matters of uncertainties and qualifications in the Restated Financial Statements as well.

There can be no assurance that any similar remarks, or matters of emphasis will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected. For further details, please refer to "Financial Information" on page 113 of the Draft Letter of Offer.

- 3. *Our secretarial auditor, Srinidhi Sridharan & Associates, Company Secretary, has included certain qualifications, reservations and adverse remarks in the secretarial audit report for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021, prepared in accordance with the Companies Act and SEBI Listing Regulations.***

Our secretarial auditor, Srinidhi Sridharan & Associates, Company Secretary has included certain qualifications, reservations and adverse remarks in the secretarial audit report for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021, details of which have been provided below:

Details of qualifications, reservations and adverse remarks for the Financial Year ended March 31, 2023:

| S. No. | Details of qualifications/ reservations/ adverse remarks | Justification of our Company included in the Director's report |
|---------------|---|---|
| 1. | "The Company did not have Woman Independent Director on its Board as required under second proviso of subsection(1) of Section149 of the Act read with the (Companies Appointment and Qualification of Directors) Rules, 2014 and Regulation 17(1)(a) of SEBI Listing Regulations for the period from September 24 2022 to January 29 2023. However as per the information and explanations provided by the Company, the Company has appointed Ms. Gayathri Sundaram as Additional and Independent Director of the Company with effect from January 30 2023." | "Due to certain unforeseen circumstances, there was a delay in identifying a person whose knowledge and skills commensurate with the functioning and operations of the Company. Subsequently the fine had been paid as levied by the Stock Exchanges." |
| 2. | "The Company did not have the optimum or statutory minimum of 6 directors as required under the regulation 17(1)(c) of the SEBI Listing Regulations for the period from September 24 2022 to January 29 2023." | "Due to certain unforeseen circumstances, there was a delay in identifying the persons whose knowledge and skills commensurate with the functioning and operations of the Company. The said vacancy was filled up subsequently." |
| 3. | "The Company has not made any disclosure to the stock exchange for the Quarter ended June 30 2022, September 30 2022, December 31 2022 and March 31 2023 regarding default on loans, including revolving facilities like cash credit, from banks pursuant to SEBI/HO/CFD/CM D1/CIR/P/2019/140 dated November 21 2019 which continues beyond 30 days." | "A resolution plan was under process and the Master Restructuring Agreement was signed on 22-06-2022 for restructuring the Debts of the Company. The loans have been already closed as per the Resolution Plan." |
| 4. | "The Withdrawal of Nomination of Mr. Kallika Prasad which was on February 24 2022 has been disseminated to the Stock Exchange on May 30 2022 exceeding the time period specified under Regulation 30(6) of Listing Regulations read with Schedule III, Part A, Para A, Clause 7." | "The Company had received an email directly from the Nominee Director and considering materiality it has been intimated accordingly. Further, the Company had approached Punjab National bank, who had nominated the said Director. The filing was done, upon getting an official confirmation from PNB." |
| 5. | "The Company has submitted its Annual audited financial results for the financial year ended March 31 2022, on June 24 2022 exceeding the time period prescribed under Regulation 33(3)(d) of SEBI Listing Regulations." | "The agenda which was originally scheduled to be passed on 30th May 2022 had been re-scheduled to 24th June 2022 due to change in Management of the entity. Subsequently the fine had been paid as levied by the Stock Exchanges." |
| 6. | "The Company has submitted its Annual Secretarial Compliance Report to stock exchange on June 29 2022, exceeding the time period prescribed under Regulation 24A(2) of SEBI Listing Regulations." | "The delay was due to some technical glitches. Further as informed by the listed entity, no fine had been levied by the Stock Exchanges." |
| 7. | "The Company has submitted the Outcome of Board Meeting (dated June 24 2022 in which its financial results were considered) with a delay of 1 hour and 2 minutes exceeding the time period specified under Regulation 30 of SEBI Listing Regulations read with Schedule III Part A, Para A, Clause H in the National Stock Exchange of India." | "The delay was due to technical glitches in the NSE website." |
| 8. | "The Company has submitted its disclosure to the stock exchange, (w.r.t Mr. T. Shivaraman and Mr. Mohammed Amjat Shariff retirement on September 19 2022) on September 23 2022, exceeding the time period prescribed under Regulation 30 of Listing Regulations, read with Schedule III Part A, Para A Clause 7." | "The delay was due to the fluid situation prevailed due to change in management as necessitated by the Resolution plan." |

| S. No. | Details of qualifications/ reservations/ adverse remarks | Justification of our Company included in the Director's report |
|--------|--|--|
| 9. | <p>“(a) The Company has not filed the Monitoring Agency Report and Statement of Deviation and variation for the Quarter ended June 30 2022 violating Regulation 32(6) of SEBI Listing Regulations.</p> <p>(b) The Company has filed the Monitoring Agency Report and Statement of Deviation on November 15 2022 for the Quarter ended September 30 2022 exceeding the time period prescribed under the above stated regulation.”</p> | <p>“The funds were received in eight tranches and the monitoring Agency gave a consolidated report. upon receipt of the entire amount, the same has been filed.”</p> |

Details of qualifications, reservations and adverse remarks for the Financial Year ended March 31, 2022:

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

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

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

Details of qualifications, reservations and adverse remarks for the Financial Year ended March 31, 2021:

| 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. |

4. *Our Company has availed a significant amount of loans from our lenders. Any default in repayment of these loans, could significantly impact our business operations, results of operation and financial condition.*

As on June 30, 2023 the total fund based indebtedness of our Company is ₹ 16,241 lakhs, after implementation of the resolution plan by the consortium of lenders led by Punjab National Bank, under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019. The details of the loans availed by our Company have been provided below:

(₹ in lakhs)

| S. No | Name of the lender | Nature of Facility | Amount Sanctioned | Outstanding as of June 30, 2023 |
|-------|---|--------------------|-------------------|---------------------------------|
| 1 | Punjab National Bank | Cash credit | 2,355 | 2,204 |
| 2 | Axis Bank Limited | Cash credit | 526 | 500 |
| 3 | IDBI Bank Limited | Cash credit | 1,951 | 1564 |
| 4 | Indian Bank | Cash credit | 476 | 318 |
| 5 | Bank of India | Cash credit | 355 | 344 |
| 6 | The Federal Bank Limited | Cash credit | 476 | 476 |
| 7 | DBS Bank India Limited | Cash credit | 984 | 983 |
| 8 | Bank of Baroda | Cash credit | 664 | 662 |
| 9 | Bank of Maharashtra | Cash credit | 463 | 450 |
| 10 | Union Bank of India | Cash credit | 595 | 583 |
| 11 | IFCI Factors Limited | Cash credit | 265 | 265 |
| 12 | Indus Ind Bank Limited | Cash credit | 774 | 773 |
| 13 | Yes Bank Limited | Cash credit | 310 | 310 |
| 14 | State Bank of India | Cash credit | 1,786 | 1,786 |
| 15 | ICICI Bank Limited | Cash credit | 179 | 177 |
| 16 | Central Bank of India | Cash credit | 3,546 | 2,535 |
| 17 | Central Bank of India | Term Loan | 1,580 | 1,514 |
| 18 | Asset Reconstruction Company (India) Limited | Term Loan | 660 | 660 |
| 19 | Assets Care & Reconstruction Enterprise Limited | Term Loan | 140 | 137 |
| | | | | |
| | Total | | 18,277 | 16,241 |

The details of the loans converted into compulsorily convertible debentures (“CCD”) and non-convertible debentures (“NCD”) that have been subsequently issued to lenders have been provided below:

(₹ in lakhs)

| S. No. | Name of the lender | Amount outstanding as of June 30, 2023 | |
|--------|--------------------------|--|------|
| | | CCD | NCD |
| 1 | Punjab National Bank | 1,840 | 1822 |
| 2 | Axis Bank Limited | 419 | 415 |
| 3 | IDBI Bank Limited | 1,324 | 1311 |
| 4 | Indian Bank | 402 | 398 |
| 5 | Bank of India | 225 | 223 |
| 6 | The Federal Bank Limited | 402 | 398 |
| 7 | DBS Bank India Limited | 831 | 823 |
| 8 | Bank of Baroda | 560 | 554 |
| 9 | Bank of Maharashtra | 554 | 551 |
| 10 | Union Bank of India | 503 | 498 |
| 11 | IFCI Factors Limited | 224 | 222 |
| 12 | IndusInd Bank Limited | 654 | 647 |
| 13 | Yes Bank Limited | 262 | 259 |
| 14 | State Bank of India^ | 1508 | 1493 |
| 15 | ICICI Bank Limited | 151 | 149 |

| | | | |
|----|--|------------------|------------------|
| 16 | Central Bank of India | 3,768 | 3730 |
| 17 | ARCIL | 557 | 551 |
| 18 | Asset Reconstruction Company (India) Limited | 3,315 | 3282 |
| | Total | 17,499.01 | 17,324.00 |

There have been instances of defaults in repayment of loans, in the past, our Company and our Promoter, Mark AB Capital Investment LLC, presented a resolution plan to the consortium of lenders led by Punjab National Bank, under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 (the “**Resolution Plan**”). The Resolution Plan provides for infusion of ₹ 35,000 lakhs by our Promoter, change of management of our Company, conversion of loan into NCD and CCD to the tune of ₹ 35,000 lakhs, levy of interest at 9% pa. effective from October 1, 2020, amongst other requirements. As of date of this Draft Letter of Offer, our Promoter has invested ₹ 35,000 lakhs in our Company by subscribing to 35,00,00,000 of our Company pursuant to a preferential issue of Equity Shares of our Company in accordance with the Resolution Plan. Further our Company has issued and allotted (i) 175,00,000 compulsorily convertible debentures of ₹ 100/- each, to its lenders in lieu of existing debt of our Company with yield, which will be convertible into Equity shares at a future date for an aggregate amount upto ₹ 17,500 lakhs; and (ii) 1,75,00,000 Non-Convertible Debentures of ₹ 100/- each to the lenders in lieu of their existing debt, for an aggregate amount upto ₹ 17,500 lakhs. While the ability of the company has considerably increased for servicing the loans after implementation of the resolution plan, We cannot assure you that our Company would be able to repay their debts, in part of full, or at all. Any failure by our Company to service our indebtedness or otherwise perform our obligations under our financing agreements entered with our lenders or which may be entered into by our Company, could trigger cross default provisions, penalties, acceleration of repayment of amounts due under such facilities which may cause an adverse effect on our business, financial condition and results of operations.

5. Our business is working capital intensive. If we experience insufficient cash flows to meet required payments on our debt and working capital requirements, there may be an adverse effect on our operations.

Our business requires a significant amount of non-fund based working capital which is based on certain assumptions, and therefore, any change of such assumptions would result in changes to our working capital requirements. In many contracts, significant amounts of non-fund based working capital are required to finance the purchase of services and materials, the performance and maintenance and other work on our projects before payment is received from clients. Our non-fund based working capital requirements may increase due to an increase in the size of our operations and the increase in credit period of any of our customers. In addition, we may need to incur additional indebtedness in the future to satisfy our working capital requirements.

The trade receivables and Contract assets as at three months period ended June 30, 2023 and fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021 were ₹ 1,04,174.53 lakhs, ₹ 1,02,452.60 lakhs, ₹ 1,16,959.22 lakhs, and ₹ 1,22,891.30 lakhs respectively.

In general, we may make provisions for bad debts, based primarily on ageing and other factors such as special circumstances relating to specific clients. There can be no assurance that the payments will be remitted by our clients to us on a timely basis or that we will be able to efficiently manage the level of bad debt arising from such payment practice. The bad debts and provisioning for expected credit losses for the three months period ended June 30, 2023 and fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021 were ₹ Nil, ₹ 722 lakhs, ₹ 1,831 lakhs, and ₹ 2,036 lakhs, respectively.

Further, one of the objects of this Issue include funding of working capital requirements of our Company, which is based on management estimates and certain assumptions. For more information in relation to such management estimates and assumptions, please see “*Objects of the Issue*” on page 66. Our working capital requirements may be subject to change due to factors beyond our control including force majeure conditions, an increase in defaults by our customers, non-availability of funding from banks or financial institutions. Accordingly, such working capital requirements may not be indicative of the actual requirements of our Company in the future and investors are advised to not place undue reliance on such estimates of future working capital requirements.

Our working capital position is therefore also dependent on the financial position of our clients. All of these factors may result in increases in the amount of our receivables and short-term borrowings. Continued increases in working capital requirements may have an adverse effect on our financial condition and results of operations.

6. *We may not be successful in implementing our business strategies effectively or at all.*

The success of our business will depend greatly on our ability to implement our business strategies effectively. Even if we have successfully executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted clients. We expect the implementation of our strategies to place significant demands on our management and other resources and require us to continue developing and improving our financial, operation and other internal controls. Any inability to manage our business and implement our strategies effectively or at all could have a material adverse effect on our business, financial condition and profitability.

7. *We may not be able to qualify for and win integrated engineering, procurement and construction (“EPC”) and lump-sum turnkey contracts.*

Most of our EPC contracts are obtained through a competitive bidding process. In selecting contractors for major projects, clients generally limit the tender to contractors they have pre-qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and size of previous contracts in similar projects, although price competitiveness of the bid is the most important selection criterion. Pre-qualification is key to our winning such major projects. We are currently qualified to bid for projects up to a certain value and therefore may not be able to compete for larger projects. Our ability to bid for and win such major projects is dependent on our ability to show experience of working on such large EPC and lump-sum turnkey contracts and developing strong engineering capabilities and credentials to execute more technically complex projects.

8. *Our order book is relatively concentrated in certain projects.*

There are various risks associated with the execution of large-scale integrated projects. Larger contracts may represent a larger part of our portfolio, increasing the potential volatility of our results and exposure to individual contract risks. Managing large-scale integrated projects may also increase the potential relative size of cost overruns and negatively affect our operating margins.

Our top ten contracts represented 86% of our order book as at June 30, 2023. We define “order book” as anticipated revenues from the uncompleted portions of existing contracts (signed contracts for which all pre-conditions to entry into force have been met, including letters of intent issued by the client prior to execution of final contract) at a certain date. We believe that our contract portfolio will continue to be relatively concentrated. If we do not achieve our expected margins or suffer losses on one or more of these contracts, this could have a material adverse effect on our results of operations and financial condition. Similarly, our top ten customers represented 90% of revenue for the three months period ended June 30, 2023.

9. *Our business is dependent on continuing relationships with our clients and strategic partners.*

Our business is significantly dependent on EPC projects undertaken by government agencies and private companies. Our top ten clients vary from period to period depending on the completion schedule of projects. Our top ten clients provided 90%, 94%, 95%, and 90% of our total EPC contracts revenue in the three months period ended June 30, 2023, fiscal 2023, 2022 and 2021, respectively. Our business is also dependent on developing and maintaining strategic alliances with international partners. Our business and results of operations will be materially and adversely affected if we are unable to maintain a continuing relationship or pre-qualified status with certain of our key clients and strategic partners.

10. *We are exposed to significant construction risks on fixed-price or lump-sum turnkey contracts.*

Under the terms and conditions of fixed-price or lump-sum contracts, we generally agree to a fixed-price for providing engineering, procurement and construction services for the part of the project contracted to us or, in the case of turnkey contracts, completed facilities which are delivered in a ready to operate condition, subject, however, to contract variations pursuant to changes in a client's project requirements. The actual expense to us for executing a fixed-price or lump-sum turnkey contract may vary substantially from the assumptions underlying our bid for various reasons, including:

- unanticipated changes in engineering design of the project;
- unanticipated increases in the cost of equipment, materials or manpower;
- delays associated with the delivery of equipment and materials to the project site;
- unforeseen construction conditions, including inability of the client to obtain requisite environmental and other approvals, resulting in delays and increased costs;
- delays caused by local weather conditions;
- suppliers' or subcontractors' failure to perform; and
- delays caused by us.

Unanticipated costs or delays in performing part of a contract, for reasons not attributable to customers, can have compounding effects by increasing costs of performing other parts of the contract. In addition, we may be required to pay liquidated damages to the client for any delays caused by us. These variations and the risks generally inherent to the construction industry may result in our profits being different from those originally estimated and may result in our experiencing reduced profitability or losses on projects. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our results of operations.

11. We face competition in our business segment.

Even though the competition has reduced in this industry, we still operate in a competitive environment. Our competition varies depending on the size, nature and complexity of the project and the specific industry segment. While service quality, technological capacity and performance, health and safety records and personnel, as well as reputation and experience, are important considerations in client decisions, price is a major factor in most tender awards. The industries in which we compete have been frequently subject to intense price competition. Some of our competitors are larger than us and have greater financial resources and they may also benefit from greater economies of scale and operating efficiencies. There can be no assurance that we can continue to effectively compete with our competitors in the future, and the failure to compete effectively could have a material adverse effect on our business, financial condition and results of operations. For more information on our competitors in specific industry segments, please see the section titled "Our Business" beginning on page 93 of this Draft Letter of Offer.

12. Our order book may not necessarily indicate future income. Projects included in our order book may be delayed, modified, cancelled or not fully paid for by our clients.

Our order book does not necessarily indicate future earnings related to the performance of that work. Our order book refers to expected future revenues under signed contracts or contracts where letters of intent have been received. Order book projects represent only business that is considered firm, although cancellations or unanticipated variations or scope or schedule adjustments may occur. Due to changes in project scope and schedule, we cannot predict with certainty when or if our order book will be performed. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed. We cannot guarantee that the income anticipated in our order book will be realized, or, if realized, will be realized on time or result in profits. Any project cancellations or scope adjustments, which may occur from time to time, could reduce the amount of our order book and the income and profits that we ultimately earn from the contracts. Any delay, cancellation or payment default could have a material adverse effect on our business, results of operation and financial condition.

For some of the contracts in our order book, our clients are obliged to perform or take certain actions, such as acquiring land, securing the right of way, clearing forests, supplying owner supplied material, securing required licenses, authorizations or permits, making advance payments or opening of letters of credit, approving designs, approving supply chain vendors and shifting existing utilities. If a client does not perform these and other actions in a timely manner or at all, and the possibility of such failure is not provided for in the contract, our projects could be delayed, modified or cancelled and as a result, our results of operations could be materially and adversely affected.

13. *We have limited control over the award of new contracts and the timing of client payments, which can cause significant variations in our results of operations and cash flows from period to period.*

As a substantial majority of our income is generated from EPC contracts and the timing of new project awards and their commencement can vary significantly, our results of operations and cash flow may be subject to significant periodic fluctuations. It is generally very difficult to predict whether or when we will receive such awards as these contracts frequently involve a lengthy and complex bidding and selection process which is affected by a number of factors, such as market conditions, governmental approvals and project specific dynamics. As a substantial majority of our income is generated from EPC contracts in our power, captive power and water infrastructure projects businesses, our results of operations and cash flow may fluctuate significantly from quarter to quarter depending on the timing of our contract awards.

We recognize income from our EPC contracts when it satisfies a performance obligation by transferring promised good or service to a customer as a result, even after we are awarded EPC contracts and we have begun providing services, income recognized from such business vary significantly from period to period depending upon how much of the project is completed and the total costs incurred.

14. *Our operations are subject to hazards and other risks and could expose us to material liabilities, loss in revenues and increased expenses.*

Our operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage.

We may also be subject to claims resulting from defects arising from engineering, procurement and/or construction services provided by us. Actual or claimed defects in equipment procured and/or construction quality could give rise to claims, liabilities, costs and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facilities, pollution, inefficient operating processes, loss of production or suspension of operations. Our policy of covering these risks through contractual limitations of liability, indemnities and insurance may not always be effective. In some of the jurisdictions in which we operate, environmental and workers' compensation liability may be assigned to us as a matter of law. Clients and subcontractors may not have adequate financial resources to meet their indemnity obligations to us. Losses may derive from risks not addressed in our indemnity agreements or insurance policies, or it may no longer be possible to obtain adequate insurance against some risks on commercially reasonable terms. Failure to effectively cover ourselves against engineering and construction industry risks for any of these reasons could expose us to substantial costs and potentially lead to material losses. Additionally, the occurrence of any of these risks may also adversely affect public perception about our operations and the perception of our suppliers, clients and employees, leading to an adverse effect on our business. These liabilities and costs could have a material adverse effect on our business, results of operations and financial condition.

15. *Our insurance coverage may prove inadequate to satisfy future claims against us, and we may be subject to losses that might not be covered in whole or in part by existing insurance coverage.*

We maintain insurance for a variety of risks, including risks relating to construction, automobile accidents, marine insurance and other similar risks. However, in some cases, we may have not obtained the required or contemplated insurance or such insurance policies may have lapsed prior to the completion of the project. Further, we may not have obtained insurance cover for some of our projects, products or services that do not require us to maintain insurance.

There are various other types of risks and losses for which we are not insured, such as loss of business and environmental liabilities, because they are either uninsurable or not insurable on commercially acceptable terms. We also do not carry any key-man insurance. Should an uninsured loss or a loss in excess of insured limits occur, or our insurers decline to fully compensate us for our losses, we could incur liabilities, lose capital invested in that property or lose the anticipated future income derived from that business or property, while remaining obligated for any indebtedness or other financial obligations related to our business. Any such loss could result in an adverse effect to our financial condition.

16. *We are dependent on technology providers, suppliers, subcontractors and other contractors.*

The quality and efficiency of our technology providers, suppliers, other contracts and sub-contractors have a direct impact on the overall quality of our solutions and the timeliness of their delivery. There is a risk that we may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, customer concerns about the subcontractor, or our failure to extend existing task orders or issue new task orders under a subcontract. In addition, if any of our subcontractors fail to deliver on a timely basis the agreed-upon supplies and/or perform the agreed-upon services, our ability to fulfil our obligations as a prime contractor may be jeopardized.

In most instances, there is no contractual relationship between our clients and our suppliers or subcontractors. There is no contractual relationship between our clients and our technology providers. Consequently, we would have to seek remedies from our suppliers, sub-contractors or technology providers, as the case may be, should any service or product liability claim be made by our clients against us. Although we generally design and test the technology we use and implement strict quality control measures on projects through the establishment and enforcement of stringent internal rules and regulations, we are subject to such potential claims against us. In case of any such claim against us, even if it is not proven, our reputation may suffer and our business may be materially and adversely affected. In addition, our resources could be strained by any claim which proceeds to litigation irrespective of the merits of our case. We cannot assure you that claims of such nature will not be brought against us, which could have a material adverse effect on our reputation, business and financial performance. Our future revenue and growth prospects could be materially and adversely affected if other contractors eliminate or reduce their subcontracts relationships with us.

17. We depend on the adequate and timely supply of materials and bought out items at commercially acceptable prices.

Our business is significantly affected by the availability, cost and quality of the materials and bought out items, which we need to procure for our projects. The prices and supply of materials and bought out items depend on factors not under our control, including domestic and international general economic conditions, competition, availability of quality suppliers, production levels, transportation costs and import duties.

Although we may enter into back-to-back supplier contracts or provide for price contingencies in our contracts to limit our exposure, if, for any reason, our primary suppliers of materials and bought out items should curtail or discontinue their delivery of such materials to us in the quantities we need, provide us with materials and bought out items that do not meet our specifications, or at prices that are not competitive or not expected by us, our ability to meet our material requirements for our projects could be impaired, our construction schedules could be disrupted and our results of operations and business could suffer.

18. We are dependent on third-party transportation providers for the supply and delivery of our raw materials and bought out items.

We typically use third-party transportation providers for the supply of most of our materials and bought out items to our clients. Some of our materials and bought out items are procured from suppliers with operations located outside of India, including in China, USA and Europe, which increases our transportation costs. Transportation costs have been steadily increasing. Continuing increases in transportation costs may have an adverse effect on our business and results of operations. In addition, transportation strikes by members of truckers' unions and shipping delays have had in the past, and could have in the future, an adverse effect on our receipt of supplies and our ability to deliver our products. Disruptions or other problems related to transportation and deliveries of products to our projects may materially and adversely affect our results of operations.

19. A significant part of our business transactions are with government entities or agencies.

For the three months period ended June 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021, 100%, 100%, 100% and 100% of our revenue from operating activities, respectively, were derived from government entities or agencies. There may be delays associated with collection of receivables from government owned or controlled entities. Our operations involve significant working capital requirements and delayed collection of our receivables could materially and adversely affect our liquidity and results of operations. In addition, we may be subject to additional regulatory or other scrutiny associated with commercial transactions with government owned or controlled entities and agencies. In addition, for projects of value less than ₹ 1,000 million, government agencies in India may grant "purchase preference" to public sector construction

companies whose bid for the project is within 10% of the lowest bidder, and give such public sector enterprises an option to match the lowest bid.

20. We may be unable to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business.

We require certain statutory and regulatory permits and approvals for our business. For example, laws or regulations in some countries, including India, may require us to obtain licenses or permits in order to bid on contracts or otherwise conduct our operations. Some activities related to construction of our projects may be subject to the prior granting of environmental licenses or permits or to prior notification. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

21. We have incurred losses in the recent past. Continuous financial losses incurred by us may be perceived adversely by external parties such as clients and bankers, which could affect our reputation, business, financial condition and results of operation and affect our ability to repay the loans availed by our Company.

Our Company has incurred losses in the recent past, the details of which are provided below:

(₹ in lakhs)

| Particulars | Three months period ended June 30, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
|-------------------------------------|---|----------------|----------------|----------------|
| Profit/(loss) earned by our Company | 493.09 | (490.38) | (26,370.37) | (17,947.33) |

We cannot assure you that with lower profit and lower revenue margin, we would be effectively able to service our debt obligations on time and would not commit any defaults in repayment of loans and the interest involved. Occurrence of any of the aforementioned events would adversely affect our ability to maintain adequate cash flows to meet our working capital requirements and run our business in an effective manner. Further, there can be no assurance that we will not incur losses in any future periods, or that there will not be an adverse effect on our reputation or business as a result of such losses. Such losses incurred by us may be received adversely by external parties such as customers, bankers, and suppliers, which could affect our reputation.

22. In addition to the existing indebtedness our Company, may incur further indebtedness during the course of business. We cannot assure that our Company would be able to service the existing and/ or additional indebtedness.

As on June 30, 2023 the total fund based indebtedness of our Company is ₹ 41,522.51 lakhs, which includes the amount of the loan converted into compulsorily convertible debentures and non-convertible debentures. In addition to the indebtedness for the existing operations of our Company, we may incur further indebtedness during the course of the business. The level of our indebtedness could have several important consequences, including but not limited to the following: (i) a significant portion of our cash flow may be used towards repayment of our existing debt, which will reduce the available cash flow to fund our expenditures and other general corporate requirements; (ii) defaults of payment and other obligations under our financing arrangements may result in an event of default, acceleration of our repayment obligations and enforcement of related security interests over our assets; (iii) a substantial portion of our long term indebtedness is subject to floating rates of interest. Fluctuations in market interest rates may require us to pay higher rates of interest and will also affect the cost of our borrowings; and (iv) our ability to obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favourable to us may be limited, which may impact our growth plans. While the ability of the company has considerably increased for serving the loans after implementation of the resolution plan, we cannot assure you that our Company will be able to obtain further loans at favourable terms. Increased borrowings, if any, may adversely affect our debt-equity ratio and our ability to borrow at competitive rates. In addition, we cannot assure you that the budgeting of our working capital requirements for a particular year will be accurate. There may be situations where we may under-budget our working capital requirements, which may lead to

delays in arranging additional working capital requirements, loss of reputation, levy of liquidated damages and can cause an adverse effect on our cash flows.

Further, there have been instances of defaults in repayment of loans, in the past, our Company and our Promoter, Mark AB Capital Investment LLC, presented a resolution plan to the consortium of lenders led by Punjab National Bank, under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 (the “**Resolution Plan**”). The Resolution Plan provides for infusion of ₹ 35,000 lakhs by our Promoter, change of management of our Company, conversion of loan into NCD and CCD to the tune of ₹ 35,000 lakhs, levy of interest at 9% pa. effective from October 1, 2020, amongst other requirements. As of date of this Draft Letter of Offer, our Promoter has invested ₹ 35,000 lakhs in our Company by subscribing to 35,00,00,000 equity shares of our Company in accordance with the Resolution Plan. Further our Company has issued and allotted (i) 1,75,00,000 compulsorily convertible debentures of ₹ 100/- each, to its lenders in lieu of existing debt of our Company with yield, which will be convertible into Equity shares at a future date for an aggregate amount upto ₹ 17,500 lakhs; and (ii) 1,75,00,000 Non-Convertible Debentures of ₹ 100/- each to the lenders in lieu of their existing debt, for an aggregate amount upto ₹ 17,500 lakhs. While the ability of the company has considerably increased for serving the loans after implementation of the resolution plan, We cannot assure you that our Company would be able to repay their debts, in part of full, or at all. Any failure by our Company to service our indebtedness or otherwise perform our obligations under our financing agreements entered with our lenders or which may be entered into by our Company, could trigger cross default provisions, penalties, acceleration of repayment of amounts due under such facilities which may cause an adverse effect on our business, financial condition and results of operations.

Any failure to service the indebtedness of our Company or comply with the Resolution Plan or otherwise perform our obligations under our financing agreements entered with our lenders or which may be entered into by our Company, could trigger cross default provisions, penalties, acceleration of repayment of amounts due under such facilities which may cause an adverse effect on our business, financial condition and results of operations.

23. *In the past, there have been instances of delayed or erroneous filing of certain forms which were required to be filed as per the reporting requirements under the Companies Act, 1956 and Companies Act, 2013 to RoC by our Company.*

In the past, there have been certain instances of delay and/or non-filing of statutory forms as per the reporting requirements under the Companies Act, 1956 and Companies Act, 2013 with the RoC, which have been subsequently filed by payment of an additional fee as specified by RoC by our Company. No show cause notice in respect to the above has been received by our Company till date and, no penalty or fine has been imposed by any regulatory authority in respect to the same. The occurrence of instances of delayed or erroneous filings in future may impact our results of operations and financial position.

24. *There are outstanding litigations involving our Company, our Promoters and our Subsidiaries which, if determined adversely, may adversely affect our business and financial condition.*

As on the date of this Draft Letter of Offer, our Company, our Promoters and our Subsidiaries are involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and/or severally from us and/or other parties, as the case may be. We cannot assure you that these legal proceedings will be decided in favour of our Company, our Promoters and our Subsidiaries, as the case may be, or that no further liability will arise out of these proceedings. We may incur significant expenses in such legal proceedings and we may have to make provisions in our financial statements, which could increase our expenses and liabilities. Any adverse decision may adversely affect our business, results of operations and financial condition.

A summary of the pending tax proceedings and other material litigations involving our Company, our Promoters and our Subsidiaries are provided below:

| Name of Entity | Criminal Proceedings | Tax Proceedings | Statutory or Regulatory Proceedings | Disciplinary actions by the SEBI or Stock Exchange against our Promoters | Material Civil Litigation | Aggregate amount involved (₹ in lakhs) |
|-----------------------|----------------------|-----------------|-------------------------------------|--|---------------------------|--|
| Company | | | | | | |
| By the Company | Nil | 10 | Nil | Nil | 7 | 33,455.16 |
| Against the Company | 1 | Nil | 1 | 6 | 5 | 28,688.25 |
| Directors | | | | | | |
| By our Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| Against the Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| Promoters | | | | | | |
| By Promoters | Nil | Nil | Nil | Nil | Nil | Nil |
| Against Promoters | Nil | Nil | Nil | Nil | Nil | Nil |
| Subsidiaries | | | | | | |
| By Subsidiaries | Nil | 1 | Nil | Nil | Nil | 103.26 |
| Against Subsidiaries | Nil | Nil | Nil | Nil | 2 | 2,472.18 |

[#]To the extent quantifiable.

For further details, please refer to the section titled “*Outstanding Litigation and Other Material Developments*” on page 206 of this Draft Letter of Offer.

25. *We depend on certain senior managers and key employees and our inability to retain such senior managers and employees or to adequately replace them or hire additional qualified employees could adversely affect our ability to achieve our objectives and business strategy, and thereby have a material adverse effect on our business and financial performance.*

Our operating and execution capability is substantially attributable to the role played by a group of our senior management and key employees. Our future success depends significantly on the full involvement of these key executives and employees and our ability to continue to retain and recruit high-level personnel. We do not carry key man insurance. We may need to offer higher compensation and other benefits to attract and retain key personnel. Our retention efforts include selecting the right people in our hiring process through adequate screening and through hiring individuals with relevant experience, providing opportunities for employees to share knowledge with one another through training sessions and presentations and offering an attractive, competitive salary and benefits package. In addition, we also offer a performance and potential-based career growth plan aimed at retaining talented employees based on performance goals. Our inability to retain such key executives and employees, or, alternatively to adequately replace them or hire qualified new executives and employees as our business grows, could adversely affect our ability to achieve our objectives and business strategy, and thereby have a material adverse effect on our business, financial condition or results of operations.

26. *As the securities of our Company are listed on Stock Exchanges in India, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.*

The Equity Shares of our Company are listed on BSE and NSE, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. There have been instances in the past wherein, our Company has failed to comply with the requirements of the SEBI Listing Regulations in a timely manner, the details of such non-compliances have been provided below:

| S. No. | Non-compliance alleged | Fine/penalty levied (in ₹) | Date of payment of fine |
|--------|--|----------------------------|-------------------------|
| 1. | Failure to obtain approval of Stock Exchange(s) before filing request for change of name with the registrar of companies under Regulation 45 of the Listing Regulations. | 59,000 | March 24, 2021 |

| S. No. | Non-compliance alleged | Fine/ penalty levied (in ₹) | Date of payment of fine |
|--------|---|-----------------------------|-------------------------|
| 2. | Non-compliance under Regulation 6(1) of the SEBI Listing Regulations | 63,280 | March 22, 2022 |
| 3. | Late submission of the financial results within the period prescribed under Regulation 33 of the Listing Regulations | 3,06,800 | July 2, 2022 |
| 4. | Non-compliance under Schedule XIX – Para 2 of the SEBI ICDR Regulations for not approaching the Stock Exchange for listing of equity shares issued under preferential issue within twenty days from the date of allotment | 5,43,200 | August 25, 2022 |
| 5 | Non Compliance under Regulation 17(1) of the SEBI pertaining to the composition of the Board including failure to appoint woman director (BSE) | 53,100 | February 22, 2023 |
| 6 | Non Compliance under Regulation 17(1) of the SEBI pertaining to the composition of the Board including failure to appoint woman director (NSE) | 53,100 | March 10, 2023 |
| | Total | 10,78,480 | |

Furthermore, our Company has *vide* a letter dated September 16, 2023 informed the Stock Exchanges that Mark AB Welfare Trust, an entity forming part of Promoter Group has contravened the Company’s Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and their Immediate Relatives read with Schedule B and Regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015. Mark AB Welfare Trust undertook a number of transactions involving sale of Equity Shares of our Company during the period when the trading window was closed by our Company without obtaining preclearance. In view of the above, our Company had imposed a penalty of ₹ 10.00 lakhs on Mark AB Welfare Trust on account of violation of code of conduct of our Company as payable to Investor Education Fund and MARK AB Welfare Trust has already remitted the same into the SEBI Investor Education Fund.

In addition to the above, a complaint dated August 25, 2023 was filed by GPE (India) Limited (“**Complainant**”) with the Securities and Exchange Board of India, Ministry of Corporate Affairs, National Stock Exchange of India Limited, BSE Limited and MSKA & Associates alleging that our Company, Twarit Consultancy Services Private Limited and Complainant had entered into a share purchase agreement, to purchase the preference shares of Haldia Coke and Chemicals Private Limited (“**Haldia**”), which were held by the Complainant. However, on account of failure of our Company and Twarit Consultancy Services Private Limited to purchase the preference shares of Haldia, an arbitration was filed under the rules of the Singapore International Arbitration Centre. An award dated January 7, 2021 was passed in favour of the Complainant, directing our Company and Twarit Consultancy Services Private Limited to pay a sum of approximately, INR 1,98,54,10,661. Subsequently, the award was challenged by our Company and Twarit Consultancy Services Private Limited before the Singapore International Commercial Court, which was later dismissed. The Complainant has alleged that our Company has failed to disclose the aforementioned award before the Stock Exchanges under Regulation 30 of the SEBI Listing Regulations. Our Company has replied to the aforementioned complaint *vide* emails dated September 15, 2023, September 22, 2023 and October 5, 2023. Our Company has denied the allegations and has submitted the following responses in its emails: (i) The Complainant is admittedly, not the shareholders or investors of our Company and therefore, the alleged Complaint will not fall within the meaning of ‘investor grievances’; (ii) the complaint relates to an international arbitration award rendered by the Singapore International Arbitration Centre and the enforcement proceedings and appeal proceedings arising therefrom which are presently *sub judice* before the Hon’ble Madras High Court and the Hon’ble Supreme Court as also duly admitted by the Complainants; and (iii) disclosure obligations are not triggered or attracted in the fact and circumstances of the matter. Incidentally, we are also in the process of preferring our legal challenge to the order dated January 5, 2023 passed by the Hon’ble High Court and as such the matter has not attained finality till date; and (iii) our Company had, from time to time, made due and appropriate disclosures through its Annual Reports and the quarterly Unaudited Financial Reports, as published and uploaded in the Company’s website. We had also submitted our Annual Reports and the quarterly Unaudited Financial Reports to the stock exchanges, including NSE, as per extant regulations, which reports, *inter alia*, contain notes in relation to the arbitral award and the ensuing legal proceedings arising therefrom. Thus, there is no merit or substance in the motivated allegations levelled in the Complaint of any non-disclosure, as alleged or at all therein, for reasons of which the impugned Complaint deserves to be ignored and rejected at the threshold itself, in the interests of justice.

In the event any adverse orders are passed against our Company by any competent court directing any settlement of damages, the Company is already indemnified as reported in our Annual Reports and quarterly unaudited financial accounts.

In spite of this if any future adverse regulatory actions are taken against our Company, the same could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance and on the trading price of the Equity Shares.

Our Company endeavours to comply with all such obligations/reporting requirements, there may be non-disclosures/delayed/erroneous disclosures and/or any other violations which might have been committed by us, and the same may result into Stock Exchanges and/or SEBI imposing penalties, issuing warnings and show cause notices against us and/or taking actions as provided under the SEBI Act and Rules and Regulations made there under and applicable SEBI Circulars. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance and on the trading price of the Equity Shares.

27. Our Company has experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

Our Company has experienced negative net cash flow in operating, investing and financing activities in the past, the details of which are provided below:

(₹ in lakhs)

| Financial Years | Consolidated Cash flows from | Amount (₹ in lacs) |
|-----------------|------------------------------|--------------------|
| 2023 | Operating Activities | * |
| | Financing Activities | (614.20) |
| | Investing Activities | * |
| 2022 | Operating Activities | (7,199.39) |
| | Financing Activities | * |
| | Investing Activities | * |
| 2021 | Operating Activities | (4,989.19) |
| | Financing Activities | * |
| | Investing Activities | * |

*indicates positive cash flow

We may incur negative cash flows in the future which could have a material adverse effect on our business, prospects, results of operations and financial condition.

28. We may infringe on the intellectual property rights of others.

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we or our technology providers are infringing upon any existing third-party intellectual property rights which may force us to alter our technologies, obtain additional licenses or significantly cease some portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Regardless of whether such claims that we or our technology providers are infringing patents or other intellectual property rights have any merit, those claims could adversely affect our relationships with current or future clients, result in costly litigation, cause product shipment delays or stoppages, divert management's attention and resources, subject us to significant liabilities, require us to enter into additional royalty or licensing agreements or require us to cease certain activities.

An adverse ruling arising out of any intellectual property dispute could subject us to significant liability for damages, prevent us from using technologies or developing products, or require us to negotiate licenses to disputed rights from third parties. Although patent and intellectual property disputes in the technology area are often settled through licensing or similar arrangements, costs associated with these arrangements may be substantial and could include license fees and ongoing royalties, which could be prohibitively expensive. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. Any of the foregoing could materially and adversely affect our business, results of operations and financial condition.

29. Some of our Subsidiaries have incurred losses in the past.

Some of our Subsidiaries have incurred losses in the past, details of which are as under:

(₹ in lakhs)

| Name of the entity | Profit/(Loss) | | |
|------------------------------|----------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| Shriram EPC FZE, Sharjah | * | (41.59) | * |
| Shriram EPC Arkans LLC -Oman | (0.48) | (3.27) | * |

*Represents profits

There can be no assurance that our Subsidiaries will not incur losses in any future periods, or that there may not be an adverse effect on our reputation or business as a result of such losses. Such losses incurred by our Subsidiary may be perceived adversely by external parties.

30. Some of our Subsidiaries have experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

Some of our Subsidiaries have experienced negative net cash flow in the past, the details of which are provided below:

(₹ in lakhs)

| Name of the entity | March 31, 2023 | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|----------------|
| Net Cash Flow from/(used in) Operating Activities | | | |
| Shriram EPC FZE | * | (9.05) | (14.85) |
| Net Cash Flow from/(used in) Investing Activities | | | |
| Shriram EPC FZE | * | * | (0.14) |
| Net Cash Flow from/(used in) Financing Activities | | | |
| Shriram EPC FZE | * | (0.18) | (0.15) |

*Represents positive cash flow

There can be no assurance that our Subsidiaries will not experience negative net cash flow in the future as well.

31. Our Promoter, Directors and Key Managerial Personnel have interests in our Company other than reimbursement of expenses incurred or normal remuneration or benefits.

Our Promoter, Directors and Key Managerial Personnel, have interest in our Company to the extent of the regular remuneration or benefits, reimbursements of expenses, Equity Shares held by them or their relatives, their dividend or bonus entitlement, benefits arising from their directorship in our Company. Our Promoter, Directors and Key Managerial Personnel may also be interested to the extent of any transaction entered into by our Company with any other company or firm in which they are directors or partners. For further details, please see the section titled “Financial Information” at page 113 of this Draft Letter of Offer.

There can be no assurance that our Promoter, Directors, Key Management Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoter and Promoter Group will continue to exercise significant control over our Company, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Directors and our Key Management Personnel may take or block actions with respect to our business, which may conflict with the best interests of our Company or that of minority shareholders.

32. We have certain contingent liabilities and our financial condition and profitability may be adversely affected if any of these contingent liabilities materialize.

The details of our contingent liabilities are as follows:

(₹ in lakhs)

| S. No. | Particulars | As at 30th June, 2023^ | As at 31st March, 2023 | As at 31st March, 2022 | As at 31st March, 2021 |
|--------|--|------------------------|------------------------|------------------------|------------------------|
| 1. | Claims against the company not acknowledged as debts | 10,188.40 | 10,188.40 | 15,835.06 | 10,879.21 |

| S. No. | Particulars | As at 30th June, 2023 [^] | As at 31st March, 2023 | As at 31st March, 2022 | As at 31st March, 2021 |
|--------|--|------------------------------------|------------------------|------------------------|------------------------|
| 2. | Central Excise, Service tax and customs duties demand contested in Appeals, not provided for | 408.00 | 408.00 | 408.00 | 408.00 |
| 3. | Disputed VAT/ Central Sales tax demands contested in Appeals, not provided for | 2813.72 | 3166.00 | 9,669.88 | 9,256.75 |
| 4. | Income tax demands contested in appeals not provided for | --- | --- | - | 1,800.58 |
| 5. | Bank Guarantees Outstanding | 35,135.72 | 33,636.06 | 32,002.18 | 41,353.20 |
| | Total | 45,760.25 | 47,398.46 | 57,915.12 | 63,697.74 |

[^]Certified by K. Rajagopal, Chartered Accountants, pursuant to its certificate dated October 9, 2023.

For further details of contingent liability, see the section titled — “Financial Information” on page 113 of this Draft Letter of Offer. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

33. Our Company has availed certain unsecured loans, which are recallable in nature.

As on June 30, 2023, our Company has outstanding long term unsecured loans aggregating to ₹ 900 lakhs, which have been extended by one of the wholly-owned subsidiaries of our Promoter, namely, Mark AB Capital Investment India Private Limited, which are re-payable as a bullet payment on December 31, 2035 at an interest rate of 0.1% per annum. The details of the loans availed has been provided below:

| S. No. | Name of the lender | Amount sanctioned (₹ in lakhs) | Principal Amount outstanding as of June 30, 2023 (₹ in lakhs) |
|--------|-------------------------------|--------------------------------|---|
| 1. | Mark AB India Private Limited | 900.00 | 900.00 |
| | Total | 900.00 | 900.00 |

In the event, we are unable to repay the aforementioned loan, on the due date, our Company would stand in violation of the arrangement entered into with Mark AB Capital Investment India Private Limited, which could adversely affect our business, financial condition and results of operations.

34. We have in past entered into related party transactions and we may continue to do so in the future.

As of March 31, 2023, we have entered into related party transactions with our Promoters, our Subsidiaries relating to our operations. In addition, we have in the past also entered into transactions with other related parties. For further details, please see the section titled “Financial Information” at page 113 of this Draft Letter of Offer.

While we believe that all our related party transactions have been conducted on an arm’s length basis, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or taken together, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

35. The agreements executed by our Company with lenders for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.

We have entered into agreements for our borrowings with certain lenders. These borrowings include secured fund based and non-fund based facilities. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as change in capital structure, formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, granting loans to directors and third parties, undertake guarantee obligations on behalf of any other borrower, which require our Company to obtain prior approval of the lenders for any of the above activities. A default under

this clause will result in the outstanding amounts becoming due and payable immediately. This might have an adverse effect on our cash flows, business, results of operations and financial condition.

36. *Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.*

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. Our business is working capital intensive and we are required to obtain consents from certain of our lenders prior to the declaration of dividend as per the terms of the agreements executed with them. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations. Our Company has not declared dividends in the past three years and the three months period ended June 30, 2023, and there can be no assurance that our Company will declare dividends in the future also. For further details, please refer to the chapter titled “*Dividend Policy*” on page 112 of this Draft Letter of Offer.

37. *We have not commissioned an industry report for the disclosures made in the chapter titled “Industry Overview” and made disclosures on the basis of the data available on the internet and such data has not been independently verified by us.*

We have neither commissioned an industry report, nor sought consent from the quoted website source for the disclosures which need to be made in the chapter titled “*Industry Overview*” of this Draft Letter of Offer. We have made disclosures in the said chapter on the basis of the relevant industry related data available online for which relevant consents have not been obtained. We have not independently verified such data. Further, the industry data mentioned in this Draft Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Draft Letter of Offer in this context.

38. *There have been instances of non-payment of statutory dues in the past.*

There have been instances in the past wherein undisputed statutory dues including goods and service tax, provident fund, employees’ state insurance, income-tax, duty of custom, cess have not been regularly deposited by our Company with the appropriate authorities and there have been delays in remittance of dues in the past. However no undisputed amount payable in respect of goods and services tax, provident fund, employees’ state insurance, income-tax, duty of custom, cess and any other statutory dues applicable to it were outstanding, at the year ended March 31, 2023, for a period of more than six months from the date they became payable. Although no show cause notice in respect to the above has been received by our Company till date and no penalty or fine has been imposed by any regulatory authority, it cannot be assured that there will not be such instances in the future or that our Company will not commit any further delays or defaults in relation to the applicable regulatory requirements, or that any penalty or fine will not be imposed by any regulatory authority in respect to the same.

ISSUE SPECIFIC RISKS

39. *We will not distribute this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter to overseas Shareholders who have not provided an address in India for service of documents.*

In accordance with the SEBI ICDR Regulations and SEBI Master Circular our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares permitted under laws of such jurisdictions and in each case who make a request in this regard. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator

or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

40. SEBI has recently, by way of SEBI Master Circular, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Draft Letter of Offer.

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI Master Circular and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page 222 of this Draft Letter of Offer.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit or credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned / reversed / failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

41. The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholder”) may lapse in case they fail to furnish the details of their demat account to the Registrar.

In accordance with the circular SEBI Master Circular, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form. For details, please refer chapter “*Terms of the Issue*” on page 222 of this Draft Letter of Offer.

42. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see “*Terms of the Issue*” on page 222 of this Draft Letter of Offer.

43. Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoters or members of

our Promoter Group may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoters and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoters and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

44. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

45. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

46. Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchange, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

47. You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such

Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

48. *The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.*

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

49. *Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.*

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

50. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.*

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchange. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

51. *Investors will not have the option of getting the allotment of Equity Shares in physical form.*

In accordance with the SEBI ICDR Regulations, the Equity Shares shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of Equity Shares in physical form. The Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. For details, see "*Terms of the Issue*" on page 222 of this Draft Letter of Offer. This may impact the ability of our shareholders to receive the Equity Shares in the Issue.

52. *There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock*

exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on the Stock Exchange.

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the Stock Exchange, which would adversely affect your ability to sell our Equity Shares.

53. Sale of Equity Shares by our Promoters or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.

Any instance of disinvestments of equity shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

54. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

EXTERNAL RISK FACTORS

55. Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and International Financial Reporting Standards ("IFRS"), which investors may be more familiar with and consider material to their assessment of our financial condition.

Our summary statements of assets and liabilities and summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity, as per the Financial Statements, have been prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Ind AS Rules and restated in accordance with the SEBI ICDR Regulations, the SEBI Master Circular and the Prospectus Guidance Note.

We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Draft Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Restated Financial Information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS, Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

56. Political, economic or other factors that are beyond our control may have adversely affect our business and results of operations.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products or services may be adversely affected by an economic downturn in domestic, regional and global economies.

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

57. *A slowdown in economic growth in India could cause our business to suffer.*

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- variations in exchange rates;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

58. *Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.*

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The Government of India has issued a notification dated September 29, 2016 notifying Income Computation and Disclosure Standards ("ICDS"), thereby creating a new framework for the computation of taxable income. The ICDS became applicable from the assessment year for Fiscal 2018 and subsequent years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. In addition, ICDS shall be applicable for the computation of income for tax purposes but shall not be applicable for the computation of income for minimum alternate tax. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

- the General Anti Avoidance Rules ("GAAR") have been made effective from April 1, 2017. The tax

consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

- a comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure, which came into effect from July 1, 2017. We cannot provide any assurance as to any aspect of the tax regime following implementation of the GST. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Any increase in taxes and levies, or the imposition of new taxes and levies in the future, could increase the cost of production and operating expenses. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

59. *Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.*

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

These could include further falls in Stock Exchange's indices and greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global

credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

60. *Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.*

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

61. *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.*

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

Further, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

62. *Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.*

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

63. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws,*

may adversely affect our business, prospects and results of operations.

The regulatory environment in which we operate is evolving and is subject to change. The GoI may implement new laws or other regulations that could affect the insurance industry, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the GoI and other regulatory bodies, or impose onerous requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations. Accordingly, any adverse regulatory change in this regard could lead to fluctuation of price points of various input costs and thereby increase our operational cost.

The Taxation Laws (Amendment) Act, 2019, also prescribes certain changes to the income tax rate applicable to companies in India. According to this Act, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate (on gross basis) for Indian companies from 34.94% to approximately 25.17%. Any such future amendments may affect our ability to claim exemptions that we have historically benefited from, and such exemptions may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. Due to COVID -19 pandemic, the Government of India had also passed the Taxation and Other Laws (Relaxation of Certain Provisions) Act, 2020, implementing relaxations from certain requirements under, among others, the Central Goods and Service Tax Act, 2017 and Customs Tariff Act, 1975. Furthermore, the Government of India announced the Union Budget for Fiscal 2023 (“**Budget 2023**”), pursuant to which the Finance Bill 2023 (defined below) has proposed various amendments. The Finance Bill, 2023 became the Finance Act, 2023 March 31, 2023 and has come into effect with effect from April 1, 2023. We have not fully determined the impact of these recent and proposed laws and regulations on our business.

There can be no assurance that we will not be required to comply with additional procedures or obtain additional approvals and licenses from the government and other regulatory bodies or that they will not impose onerous requirements and conditions on our operations in connection with GST. While we are and will comply with the GST rules and regulations, any failure to comply with the same may result in noncompliance with the GST and may adversely affect our business and results of operations. The GoI announced the union budget for fiscal year 2024, following which the Finance Bill, 2023 was introduced in the Lok Sabha on February 1, 2023. The Finance Bill 2023 is yet to receive the assent from the President of India, post which became the Finance Act, 2022 (“**Finance Act 2023**”). We cannot predict whether the amendments made and yet to be notified pursuant to the Finance Act 2023 would have an adverse effect on our business, financial condition, future cash flows and results of operations. Any changes in the Finance Act 2023 or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws that are applicable to our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

Changes in other laws may impose additional requirements, resulting in additional expenditure and time cost. For instance, the GoI has announced four labour codes which are yet to come into force as on the date of this Draft Letter of Offer, namely, (i) the Code on Wages, 2019, (ii) the Industrial Relations Code, 2020; (iii) the Code on Social Security, 2020; and (iv) the Occupational Safety, Health and Working Conditions Code, 2020. Such codes will replace the existing legal framework governing rights of workers and labour relations. While the rules for implementation under these codes have not been announced, we are unable to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future. For example, the Social Security Code aims to provide uniformity in providing social security benefits to employees which were previously segregated under different acts and had different applicability and coverage. The Social Security Code has introduced the concept of workers outside traditional employer-employee work-arrangements, such as “gig workers” and “platform workers” and provides for the mandatory registration of such workers in order to enable these workers to avail themselves of various employment benefits, such as life and disability cover, health and maternity benefits and old age protection, under schemes framed under the Social Security Code from time to time. Any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

64. *The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.*

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business.

Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

65. *Financial instability in other countries may cause increased volatility in Indian financial markets.*

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

The recent outbreak of Novel Coronavirus has significantly affected financial markets around the world. Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorized through a resolution passed by our Board at its meeting held on August 21, 2023 read with the resolution passed by the Board at its meeting held on October 13, 2023, pursuant to Section 62(1)(a) of the Companies Act. The following is a summary of this Issue, and should be read in conjunction with and is qualified entirely by, the information detailed in the chapter titled “*Terms of the Issue*” on page 222 of this Draft Letter of Offer.

| Particulars | Details of Equity Shares |
|--|---|
| Equity Shares proposed to be issued | Up to [●] Equity Shares |
| Rights Entitlement | Up to [●] Rights Equity Shares for every [●] fully paid-up Equity Share(s) held on the Record Date |
| Fractional Entitlement | For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored as above will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any. |
| Record Date | [●],[●] |
| Face value per Equity Shares | ₹ 10/- |
| Issue Price per Rights Equity Shares | ₹ [●]/- |
| Issue Size | Up to [●] Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ [●]/- (Including a premium of ₹ [●]) per Rights Equity Share not exceeding an amount of up to ₹ 4,990 lakhs. |
| Voting Rights and Dividend | The Equity Shares issued pursuant to this Issue shall rank <i>pari passu</i> in all respects with the Equity Shares of our Company. |
| Equity Shares issued, subscribed and paid up prior to the Issue[^] | 1,37,14,29,018 Equity Shares |
| Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement) | Up to [●] Equity Shares |
| Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement) | [●] |
| Money payable at the time of Application | ₹ [●]/- |
| Scrip Details | ISIN: INE964H01014 BSE: 532945 NSE: SEPC RE ISIN: [●] |
| Use of Issue Proceeds | For details, please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 66 of this Draft Letter of Offer. |
| Terms of the Issue | For details, please refer to the chapter titled “ <i>Terms of the Issue</i> ” on page 222 of this Draft Letter of Offer. |

[^] Our Company has issued and allotted (i) 175,00,000 compulsorily convertible debentures of ₹ 100/- each, to its lenders in lieu of existing debt of our Company with yield, which will be convertible into Equity shares at a future date for an aggregate amount upto ₹ 17,500 lakhs; and (ii) 1,75,00,000 non-convertible debentures of ₹ 100/- each to the lenders in lieu of their existing debt, for an aggregate amount upto ₹ 17,500 lakhs. The said issuance has been made in accordance with the resolution plan approved by the lenders under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 and has been approved by the Board of Directors in their meeting dated January 3, 2022 and by the Shareholders through postal ballot. The Equity Shares which shall be issued post conversion of the compulsorily convertible debentures and the non-convertible debentures, shall be

determined as per the prevailing terms of conversion between our Company and the lenders.

Please refer to the chapter titled “*Terms of the Issue*” on page 222 of this Draft Letter of Offer.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

| Event | Indicative Date |
|---|------------------------|
| Issue Opening Date | [•], [•] |
| Last Date for On Market Renunciation of Rights* | [•], [•] |
| Issue Closing Date** | [•], [•] |

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

***The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

GENERAL INFORMATION

Our Company was incorporated on June 12, 2000 under the Companies Act, 1956 in the name and style 'Shriram EPC Limited'. A certificate of commencement of business was granted to our Company on June 30, 2000 by the Registrar of Companies, Tamil Nadu. Pursuant to the provisions of Section 391 to 394 of the Companies Act and pursuant to an order dated July 22, 2005 of the High Court of Madras, Shriram Engineering Construction Company Limited was merged with our Company with effect from April 1, 2004, since both companies were in the same line of business, namely, construction engineering. Subsequently, the name of our Company was changed to SEPC Limited pursuant to a certificate of incorporation dated February 12, 2021 issued by Ministry of Corporate Affairs. Our Company pursuant to a resolution passed in the meeting of Board of Directors on January 21, 2021 had shifted its Registered and Corporate Office from Sigappi Achi Building, 4th Floor, 18/3 Rukmini Lakshmi pathi Road, Egmore, Chennai 600 008 Tamil Nadu, India to 4th Floor, Bascon Futura SV, IT Park Venkatanarayana Road, Parthasarathy Puram, T. Nagar Chennai – 600 017, Tamil Nadu, India. The Corporate Identification Number of our company L74210TN2000PLC045167.

Registered and Corporate Office of our Company

SEPC Limited

4th Floor, Bascon Futura SV,
IT Park Venkatanarayana Road,
Parthasarathy Puram,
T. Nagar Chennai – 600 017,
Tamil Nadu, India

Telephone: +91 44 4900 5555

E-mail: info@sepc.in

Website: www.sepc.in

Registration Number: 045167

CIN: L74210TN2000PLC045167

Our Company does not have a corporate office.

Registrar of Companies

Our Company is registered with the Registrar of Companies, Tamil Nadu, Chennai situated at the following address.

Registrar of Companies,

Block No.6, B Wing 2nd Floor,
Shastri Bhawan 26, Haddows Road,
Chennai - 600034,
Tamil Nadu, India

Telephone: +91 44 2827 0071 44 2823 4298

E-mail: roc.chennai@mca.gov.in

Board of Directors of our Company

Set forth below are the details of our Board of Directors as on the date of this Draft Letter of Offer:

| Name | Age | Designation | Address | DIN |
|---|-----|---|--|----------|
| Abdulla Mohammad Ibrahim Hassan Abdulla | 29 | Chairman and Non-Executive Director | 902, Villa Til, Tillal, Post Box 36668, Dubai, United Arab Emirates | 09436100 |
| Nemmara Krishnan Suryanarayanan | 66 | Managing Director and Chief Executive Officer | A-504, Satellite Park, Caves Road, Near Ismail Yusef College, Jogeshwari (East), Mumbai -400 060, Maharashtra, India | 01714066 |
| Dr. Ravichandran Rajagopalan | 66 | Independent Director | 2601, A1 Pelung Chs, Puraniks Rumah Bali, Ghodbunder Road, Bhayanderpada, Thane – 400 615, Maharashtra, India. | 01920603 |

| Name | Age | Designation | Address | DIN |
|-----------------------------|-----|----------------------|--|----------|
| Dr. Arun Kumar Gopaldaswamy | 52 | Independent Director | B-26-3C, Chera Delhi Avenue, IIT Madras, Chennai 600 036, Tamil Nadu, India. | 07212557 |
| Rajesh Kumar Bansal | 62 | Independent Director | Flat 904, Tower 1, SPR Imperial Estate Sector - 82, Atigaon Road, Faridabad – 121 002, Haryana, India | 09634747 |
| Sundaram Gayathri | 54 | Independent Director | Sadan New No. 11, Old No. 4, Norton, 3 rd street, Near St. Johns School, Mandaveli, Raja Annamalaipuram, S.O., Chennai- 600 028, Tamil Nadu, India. | 07342382 |

For detailed profile of our Directors, please refer to the chapter titled “*Our Management*” on page 102 of this Draft Letter of Offer.

Chief Financial Officer

Chandrasekharan Sivaprakasam Ramalingam, is the Chief Financial Officer of our Company. His contact details are set forth hereunder.

4th Floor, Bascon Futura SV,
IT Park Venkatanarayana Road,
Parthasarathy Puram,
T. Nagar Chennai – 600 017,
Tamil Nadu, India
Telephone: +91 44 4900 5555
E-mail: rsc@sepc.in

Company Secretary and Compliance Officer

Thiruppathi Sriraman, Company Secretary and Compliance officer of our Company. His contact details are set forth hereunder.

4th Floor, Bascon Futura SV,
IT Park Venkatanarayana Road,
Parthasarathy Puram,
T. Nagar Chennai – 600 017,
Tamil Nadu, India
Telephone: +91 44 4900 5555
E-mail: tsr@sepc.in

Registrar to the Issue

Cameo Corporate Services Limited
No. 01, Club House Road, Mount Road,
Chennai- 600 002, Tamil Nadu, India.
Telephone: +91 44 4002 0700/ 2846 0390
Facsimile: N.A.
Email: rights@cameoindia.com
Website: www.cameoindia.com
Online Investor Portal: [https:// wisdom.cameoindia.com](https://wisdom.cameoindia.com)
Contact Person: K. Sreepriya
SEBI Registration No.: INR000003753
Validity of Registration: Permanent

Legal Advisor to the Issue

T&S Law
Door Number 1202, VVIP Mall,

Ghaziabad – 201 017,
Uttar Pradesh, India
Telephone: +91 959 970 0476
Email: info@tandslaw.in

Statutory Auditor of our Company

**M S K A & Associates,
Chartered Accountants**
No. 304 and 305, Anna Salai,
Teynampet, Chennai- 600 018,
Tamil Nadu, India
Telephone: +91 44 6131 0200
Email: geethajeyakumar@mska.in
Contact Person: Geetha Jeyakumar
Membership No: 029409
Firm Registration No: 105047W
Peer Review No.: 013267

Bankers to the Issue/ Refund Bank

The Banker to the Issue/ the Refund Bank shall be appointed prior to filing of the Letter of Offer.

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

Inter-se Allocation of Responsibilities

The Company has not appointed any merchant banker as the Issue size is less than ₹5,000.00 lakhs and hence there is no inter-se allocation of responsibilities.

Credit Rating

As this is an Issue of Equity Shares, credit rating is not required.

Debenture Trustees

As the Issue is of Equity Shares, the appointment of Debenture trustees is not required.

Monitoring Agency

As the net proceeds of the Issue shall not exceed ₹10,000 lakhs, under the SEBI ICDR Regulations, it is not required that a monitoring agency be appointed by our Company.

Underwriting Agreement

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Expert Opinion

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated October 12, 2023 from the Statutory Auditor to include its name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “*expert*” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated October 12, 2023 on our Restated Consolidated Financial Statements for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021; (ii) limited reviewed report dated August 10, 2023 on the unaudited consolidated financial results for the three months period ended June 30, 2023; and (ii) Statement of Special Tax Benefits dated October 12, 2023 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Investor grievances

Investors may contact the Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment/ share certificates/ demat credit/ Refund Orders, etc.

Investors are advised to contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer/ Application Form and Rights Entitlement Letter/ Letter of Allotment, Split Application Forms, Share Certificate(s) or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the Application Form and Rights Entitlement Letter or the plain paper application was submitted by the ASBA Investors through ASBA process.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for Rights Issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, this Draft Letter of Offer has been filed with BSE Limited and National Stock Exchange of India Limited and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination purposes and shall be filed with the Stock Exchanges.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

| Event | Indicative Date |
|---|------------------------|
| Issue Opening Date | [●] |
| Last Date for On Market Renunciation of Rights* | [●] |
| Issue Closing Date** | [●] |

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

***The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

Minimum Subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project and our Promoter and the member of our Promoter Group has undertaken to (i) subscribe to the full extent of their respective Rights Entitlements, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR; and (ii) have also confirmed that they shall not renounce their Rights Entitlements, except to the extent of renunciation within the Promoter Group.

Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue is not applicable.

Changes in the auditors during the last three years

There has not been any change in the statutory auditors of our Company during the last three years.

CAPITAL STRUCTURE

The Equity Share capital of our Company, as on the date of this Draft Letter of Offer and after giving effect to the Issue is set forth below:

| <i>Amount (in ₹ Lakhs, except share data)</i> | | | |
|---|--|----------------------------------|---------------------------------|
| Sr. No | Particulars | Aggregate value at nominal value | Aggregate value at Issue Price* |
| A. | Authorised Share Capital | | |
| | 1,45,00,00,000 Equity Shares of face value of ₹ 10/- each | 1,45,000.00 | [•] |
| B. | Issued, Subscribed and Paid-Up Share Capital before the Issue | | |
| | 1,37,14,29,018^ Equity Shares of face value of ₹ 10/- each | 1,37,142.90 | [•] |
| C. | Present Issue in terms of this Draft Letter of Offer⁽¹⁾ | | |
| | Fresh Issue of up to [•] Equity Shares of face value of ₹ 10/- each at a price of ₹ [•] per equity share | [•] | [•] |
| D. | Issued, Subscribed and Paid-Up Share Capital after the Issue | | |
| | [•] Equity Shares of face value of ₹ 10/- each | [•] | |
| E. | Securities Premium Account | | |
| | Before the Issue | 1,91,225.43 | |
| | After the Issue | | [•] |

⁽¹⁾The present Issue has been authorised vide a resolution passed at the meeting of the Board of Directors dated August 21, 2023 read with the resolution passed by the Board at its meeting held on October 13, 2023,. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by resolution passed by our Rights Issue Committee at its meeting held on [•].

^ Our Company has issued and allotted (i) 175,00,000 compulsorily convertible debentures of ₹ 100/- each, to its lenders in lieu of existing debt of our Company with yield, which will be convertible into Equity shares at a future date for an aggregate amount upto ₹ 17,500 lakhs; and (ii) 1,75,00,000 non-convertible debentures of ₹ 100/- each to the lenders in lieu of their existing debt, for an aggregate amount upto ₹ 17,500 lakhs. The said issuance has been made in accordance with the resolution plan approved by the lenders under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 and has been approved by the Board of Directors in their meeting dated January 3, 2022 and by the Shareholders through postal ballot. The Equity Shares which shall be issued post conversion of the compulsorily convertible debentures and the non-convertible debentures, shall be determined as per the prevailing terms of conversion between our Company and the lenders.

*Subject to finalization of Basis of Allotment.

NOTES TO CAPITAL STRUCTURE

1. Details of outstanding instruments

Our Company has issued and allotted 175,00,000 compulsorily convertible debentures of ₹ 100/- each, to its lenders in lieu of existing debt of our Company with yield, which will be convertible into Equity shares at a future date for an aggregate amount upto ₹ 17,500 lakhs. The said issuance has been made in accordance with the resolution plan approved by the lenders under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 and has been approved by the Board of Directors in their meeting dated January 3, 2022 and by the Shareholders through postal ballot. The Equity Shares which shall be issued post conversion of the compulsorily convertible debentures and the non-convertible debentures, shall be determined as per the prevailing terms of conversion between our Company and the lenders.

Except as stated above, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Letter of Offer. Further, our Company does not have any employee stock option scheme or employee stock purchase scheme.

2. Intention and extent of participation by our Promoter and Promoter Group in the Issue:

Our Promoter and the member of our Promoter Group have, vide their letters dated October 9, 2023, respectively (the “**Subscription Letters**”) undertaken to subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by

the Promoter or any member of the Promoter Group of our Company. Further, solely in the event of an under-subscription of this Issue, our Promoter and the member of our Promoter Group may subscribe to, for additional Rights Equity Shares, subject to either individually or jointly and/ or severally, with any other member of the Promoter Group, for additional Rights Equity Shares, compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws.

The additional subscription, if any, by our Promoter and the member of our Promoter Group shall be made subject to such additional subscription not resulting in the minimum public shareholding of our Company falling below the level prescribed in SEBI Listing Regulations and SCRR. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

3. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ [●] per equity share.
4. At any given time, there shall be only one denomination of the Equity Shares of our Company, excluding any equity shares with superior rights, if any, issued by our Company.
5. As on the date of filing this Draft Letter of Offer, our Company has no partly paid-up Equity Shares. The Rights Equity Shares, pursuant to this Issue shall be fully paid-up.
6. **Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the SEBI Listing Regulations**
 - i. The shareholding pattern of our Company as on June 30, 2023, can be accessed on the website of the BSE at: <https://www.bseindia.com/stock-share-price/sepc-ltd/sepc/532945/shareholding-pattern/> and on the website of the NSE at: <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SEPC&tabIndex=equity>
 - ii. Statement showing shareholding pattern of the Promoter including details of lock-in, pledge of and encumbrance thereon, as on June 30, 2023 can be accessed on the website of the BSE at: <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=532945&qtrid=118.00&QtrName=June%202023> and on the website of the NSE at: <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SEPC&tabIndex=equity>
 - iii. Statement showing holding of Equity Shares of persons belonging to the category “Public” including shareholders holding more than 1% of the total number of Equity Shares as on June 30, 2023 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=532945&qtrid=118.00&QtrName=June%202023> and on the website of the NSE at: <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SEPC&tabIndex=equity>
7. **Details of shareholders of our Company holding 1% or more of the paid-up capital of the issuer as last disclosed to the stock exchanges**

The details of shareholders of our Company holding more than 1% of the issued, subscribed and paid -up Equity Share capital of our Company, as on June 30, 2023 can be accessed on the website of the BSE at: <https://www.bseindia.com/stock-share-price/sepc-ltd/sepc/532945/shareholding-pattern/> and on the website of the NSE at: <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SEPC&tabIndex=equity>

8. Details of shares locked-in, pledged, encumbrance by promoter and promoter group:

The entire Equity shareholding of our Promoter, namely, Mark A B Capital Investment LLC, aggregating to 35,00,00,000 Equity Shares has been locked in, in accordance with the SEBI ICDR Regulations, on account of the preferential allotment undertaken by our Company, as per the resolution plan approved by the lenders of our

Company. The said issuance has been made in accordance with the resolution plan approved by the lenders under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 and has been approved by the Board of Directors in their meeting dated January 3, 2022 and by the Shareholders through postal ballot. For further details, please refer to the shareholding pattern of the Promoter as on June 30, 2023 which can be accessed on the website of BSE at: <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=532945&qtrid=118.00&QtrName=June%202023> and on the website of the NSE at: <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SEPC&tabIndex=equity>.

Except as disclosed above, as on date of this Draft Letter of Offer, none of the Equity Shares held by our Promoters or the members of our Promoter Group are pledged or otherwise encumbered.

9. Details of specified securities acquired by the promoter and promoter group in the last one year immediately preceding the date of filing of the Draft Letter of Offer:

The following are the details of specified securities acquired by the promoter and promoter group in the last one year immediately preceding the date of filing of the Draft Letter of Offer:

- (i) 1,55,71,677 Equity Shares allotted to Mark AB Welfare trust on May 2, 2023, pursuant to the 2023 Rights Issue;
- (ii) 35,00,00,000 Equity Shares allotted to our Promoter, namely, Mark A B Capital Investment LLC pursuant to a preferential allotment undertaken in accordance with the resolution plan approved by the lenders of our Company;
- (iii) Our Company has *vide* a letter dated September 16, 2023 informed the Stock Exchanges that Mark AB Welfare Trust, an entity forming part of Promoter Group has contravened the Company's Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and their Immediate Relatives read with Schedule B and Regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015. Mark AB Welfare Trust undertook a number of transactions involving sale of Equity Shares of our Company during the period when the trading window was closed by our Company without obtaining preclearance. In view of the above, our Company had imposed a penalty of ₹ 10.00 lakhs on Mark AB Welfare Trust on account of violation of code of conduct of our Company as payable to Investor Education Fund and MARK AB Welfare Trust has already remitted the same into the SEBI Investor Education Fund. For risks relating to the same, please see "*Risk Factor 26- As the securities of our Company are listed on Stock Exchanges in India, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties*" on page 40.

The details of transactions in Equity Shares of our Company undertaken by Mark AB Welfare Trust, during the aforementioned periods have been provided below:

| Date | Description | Equity Shares bought or sold | Average Price (in ₹) |
|----------------|-------------|------------------------------|----------------------|
| March 24, 2023 | Sale | 20,00,000 | 12.63 |
| March 27, 2023 | Sale | 12,00,000 | 11.73 |
| March 29, 2023 | Sale | 19,00,000 | 11.08 |
| March 31, 2023 | Sale | 32,00,000 | 11 |
| April 6, 2023 | Sale | 31,11,869 | 10.71 |
| April 11, 2023 | Sale | 21,00,000 | 10.81 |
| April 12, 2023 | Sale | 60,00,000 | 10.48 |
| April 15, 2023 | Sale | 60,00,000 | 9.72 |
| April 26, 2023 | Sale | 5,00,000 | 11.35 |
| April 28, 2023 | Sale | 30,05,000 | 10.91 |
| May 29, 2023 | Sale | 15,22,452 | 9.06 |
| May 30, 2023 | Sale | 8,82,522 | 8.3 |
| May 31, 2023 | Sale | 65,00,000 | 7.74 |
| June 1, 2023 | Sale | 65,00,000 | 7.8 |
| June 4, 2023 | Sale | 65,00,000 | 7.85 |

| Date | Description | Equity Shares bought or sold | Average Price (in ₹) |
|---------------|--------------------|-------------------------------------|-----------------------------|
| June 5, 2023 | Sale | 64,53,638 | 8.28 |
| June 6, 2023 | Sale | 60,00,000 | 7.68 |
| June 4, 2023 | Sale | 23,94,516 | 7.73 |
| July 14, 2023 | Sale | 60,00,000 | 11.3 |
| July 19, 2023 | Sale | 16,13,302 | 11.2 |
| July 20, 2023 | Sale | 20,00,000 | 11.4 |
| July 24, 2023 | Sale | 53,86,698 | 11.45 |

Further details of the transactions undertaken by our Promoters in the preceding one year can be accessed on the website of BSE at <https://www.bseindia.com/stock-share-price/sepc-ltd/sepc/532945/disclosures-sast/> and on the website of NSE at <https://www.nseindia.com/get-quotes/equity?symbol=SEPC>. Except, as stated above, the members of our Promoter Group have not acquired any Equity Shares in the last one year immediately preceding the date of filing of the Draft Letter of Offer.

OBJECTS OF THE ISSUE

Our company proposes to utilize the net proceeds from the issue towards funding the following objects:

- To augment the existing and incremental working capital requirement of our Company; and
- General Corporate Purposes (collectively, referred to hereinafter as the “**Objects**”)

We intend to utilize the gross proceeds raised through the Issue (the “**Issue Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the above-mentioned Objects.

The main object clause of the Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

Details of Issue Proceeds

The details of objects of the Issue are set forth in the following table:

| Sr. No. | Particulars | Estimated Amount |
|------------------------------------|--------------------------------|------------------|
| 1 | Gross Proceeds from the Issue* | 4,990.00 |
| 2 | Less: Issue related expenses | - |
| Net Proceeds from the Issue | | - |

(₹ in lakhs)

**Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted as per the Rights Entitlement ratio.*

Requirement of Funds and Utilization of Net Proceeds

We intend to utilize the Net Proceeds are set forth in the following table:

| Sr. No. | Particulars | Estimated Amount* |
|--------------------------------------|--|-------------------|
| 1 | To augment the existing and incremental working capital requirement of our Company | 4700.00 |
| 2 | General Corporate Purposes* | - |
| Net proceeds from the Issue** | | - |

(₹ in lakhs)

** Subject to the finalization of the Basis of Allotment and the Allotment. The amount is subject to adjustment upon finalization of Issue related expenses, however, in no event, shall general corporate purposes exceed 25% of the Gross Proceeds.*

*** Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

Means of Finance

The funding requirements mentioned above are based on inter alia our Company’s internal management estimates and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment, costs of commodities, interest or exchange rate fluctuations. Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net Proceeds and identifiable internal accruals. Therefore, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Proposed Schedule of Implementation and Deployment of Funds

We propose to deploy the Net Proceeds towards the aforesaid objects in accordance with the estimated schedule

of implementation and deployment of funds set forth in the table below:

(₹ in lakhs)

| Sr. No. | Particulars | Amount to be deployed from Net Proceeds | Estimated deployment of Net Proceeds for the FY 2023-24 |
|---|--|---|---|
| 1 | To augment the existing and incremental working capital requirement of our Company | 4,700.00 | 4,700.00 |
| 2 | General Corporate Purposes [#] | - | - |
| Total Net proceeds from the Issue* | | - | - |

[#]The amount to be utilized for General corporate purposes will not exceed 25% of the Gross Proceeds;

*Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio;

Our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our Board. If additional funds are required for the purposes mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws. Our Company may also utilize any portion of the Net Proceeds, towards the aforementioned objects of the Issue, ahead of the estimated schedule of deployment specified above. Further, in the event, the Net Proceeds are not utilized (in full or in part) for the objects of the Issue during the period stated above due to any reason, including (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable laws.

In the event that the estimated utilization of the Net Proceeds in a scheduled fiscal year is not completely met, the same shall be utilised in the next fiscal year, as may be determined by our Company, in accordance with applicable laws. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding other existing objects, if required and towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with the SEBI ICDR Regulations.

Details of the Objects of the Issue

1. To augment the existing and incremental working capital requirement of our Company

We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals and availed working capital loan from banks and financial institutions. We operate in a competitive and dynamic market conditions and may have to revise our estimates from time to time on account of external circumstances, business or strategy, foreseeable opportunity. Consequently, our fund requirements may also change.

Basis of estimation of working capital requirement

The details of our Company's working capital, on the basis of Audited Financial Information, as at March 31, 2023 and March 31, 2022 and source of funding of the same are provided in the table below:

(₹ in lakhs)

| Sr. No | Particulars | As at March 31, 2022 | As at March 31, 2023 |
|----------|---------------------------|----------------------|----------------------|
| | | Amount | Amount |
| I | Current Assets | | |
| 1 | Trade receivables | 28,057.27 | 24,241.10 |
| 2 | Other Current Assets | 11,698.56 | 10,642.13 |
| 3 | Contract Assets | 79,708.74 | 73,246.59 |
| 4 | Cash and Cash equivalents | 548.27 | 3,285.33 |
| | Total (I) | 1,20,012.84 | 1,11,415.15 |

| Sr. No | Particulars | As at March 31, 2022 | As at March 31, 2023 |
|------------|--|----------------------|----------------------|
| | | Amount | Amount |
| II | Current Liabilities | | |
| 1 | Trade Payables | 15,873.15 | 24,427.86 |
| 2 | Other Financial Liabilities | 1885.00 | 1621.56 |
| 3 | Other Current Liabilities | 688.87 | 445.95 |
| | Total (II) | 18,447.02 | 26,495.37 |
| III | Net Working capital requirement | 1,01,565.82 | 84,919.78 |
| IV | Means of Finance (Existing Funding Pattern) | | |
| 1 | Equity/Internal Accruals or Borrowings | 1,01,565.82 | 84,919.78 |
| | Total (IV) | 1,01,565.82 | 84,919.78 |

On the basis of the existing working capital requirements of the Company and the incremental and proposed working capital requirements, the details of our Company's expected working capital requirements, as approved by the Board of Directors on October 13, 2023, for the Fiscal 2023 and Fiscal 2024 and funding of the same are as provided in the table below:

Details of Projected Working Capital Requirements

(₹ in lakhs)

| Sr. No | Particulars | As at March 31, 2024 [^] |
|------------|--|-----------------------------------|
| | | Estimated Amount |
| I | Current Assets | |
| 1 | Trade receivables | 35,300.00 |
| 2 | Other Current Assets | 26,867.00 |
| 3 | Inventories/Contract Assets | 72,300.00 |
| 4 | Cash and Cash equivalents | 6,100.00 |
| | Total (I) | 1,34,467.00 |
| II | Current Liabilities | |
| 1 | Trade Payables | 24,000.00 |
| 2 | Other Financial Liabilities | 86.63 |
| 4 | Other Current Liabilities | 15,705.00 |
| | Total (II) | 48,368.00 |
| III | Net Working capital requirement | 86,099.00 |
| IV | Means of Finance | |
| 1 | Internal Accruals / Equity | 69,599.00 |
| 2 | Current Borrowings (other than current maturities from long-term borrowings) | 16,500.00 |
| 3 | Working capital funding through Issue Proceeds | - |
| | Total (IV) | 86,099.00 |

[^]In the event that the estimated utilization of the Net Proceeds in a scheduled fiscal year is not completely met, the same shall be utilised in the next fiscal year, as may be determined by our Company, in accordance with applicable laws. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding other existing objects, if required and towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with the SEBI ICDR Regulations.

The table below sets forth the details of holding levels (in days) for Fiscal 2023, and Fiscal 2022 on the basis of audited financial statements and the estimated holding levels (in days) for the Fiscal 2024 and the assumptions based on which the working plan projections has been made and approved by our Board of Directors:

| S. No. | Particulars | Number of days for the period ended | | |
|--------|---------------------------------|-------------------------------------|-------------------------|----------------------------|
| | | March 31, 2022 (Actual) | March 31, 2023 (Actual) | March 31, 2024 (Estimated) |
| 1. | Trade receivables | 338 | 230 | 122 |
| 2. | Other current assets | 159 | 50 | 57 |
| 3. | Inventories and Contract assets | 961 | 737 | 284 |
| 4. | Trade payables | 191 | 276 | 102 |
| 5. | Other current liabilities | 245 | 123 | 33 |

Assumptions for Working Capital Requirements

Reasoning for change in holding period of all the above:

The holding levels of the above in FY 22 are higher than the normal on account of lesser turnover due to frequent stoppage of work in project sites on account of COVID 19 pandemic as well as delay in restructuring of loans as per terms of Resolution Plan. Since the resolution plan has been implemented on 30th Sept 2022, all sites are coming back to normal operations, projected infusion of further funds for working capital, an improvement in holding period has been estimated.

The table below sets forth the key justifications for holding levels:

| S. No. | Particulars | Details |
|----------------------------|---------------------------------|---|
| Current assets | | |
| 1. | Trade receivables | The Company had maintained trade receivable days of 225 days in the Fiscal 2021 and 338 days in the Fiscal 2022. The Company anticipate to reduce its holding levels in trade receivables because of implementation of Resolution plan and all project sites started operating in full swing after COVID 19 pandemic, trade receivables days to be 230 days for the Fiscal 2023 and 122 days for Fiscal 2024. |
| 2. | Other current assets | Other Current Assets include balance with government authorities, advances to suppliers and prepaid expenses. For the Fiscal 2021, Fiscal 2022 and Fiscal 2023, The Company's other current assets were 129 days, 106 day, 159 days and 50 days . It is anticipated to be at 57 days for Fiscal 2024. |
| 3. | Inventories and Contract assets | Inventories include Contract assets. The Company had maintained inventory days of 570 days in Fiscal 2021, 961 days in Fiscal 2022 and in Fiscal 2023 737 days. It is assumed to reduce inventory days to 284 for the Fiscal 2024. |
| Current liabilities | | |
| 1. | Trade payables | The Company had maintained trade payable days of 155 days in Fiscal 2021, 191 days in Fiscal 2022 and 276 days in Fiscal 2023. It is projected to reduce due to improvement in financial efficiency and projected to be 102 days for the Fiscal 2024. |
| 2. | Other current liabilities | Other Current Liabilities include current tax liabilities, current provision for employee benefits, advances from customers, statutory dues and deferred government grant. For the Fiscal 2021, Fiscal 2022 and Fiscal 2023, the Company's other current liabilities were 30 days, 101 days , 245 days and 123 days respectively. It is anticipated to be at 33 days for Fiscal 2024. |

2. General Corporate Purposes

Our Company intends to deploy the balance Gross Proceeds, aggregating to ₹ () lakhs towards general corporate purposes as approved by our management from time to time, subject to such utilisation not exceeding 25% of the Gross proceeds in compliance with the SEBI ICDR Regulations.

The general corporate purposes for which our Company proposes to utilise Gross Proceeds may include, but are not restricted to, salaries and wages, bonus and gratuity, leave encashment, rent, administration expenses, electricity bills of godown and offices, upgradation of information technology infrastructure, insurance related expenses, payment of taxes and duties, repair, maintenance, renovation and upgradation of our offices or branches,

funding growth opportunities such as acquiring assets including furniture, fixtures and vehicles, leasehold improvements and intangibles, and similar other expenses incurred in the ordinary course of our business or towards any exigencies.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time, subject to compliance with applicable law.

In addition to the above, our Company may utilise the Net Proceeds towards other expenditure considered expedient and as approved periodically by our Board, subject to the compliance with necessary provisions of the Companies Act, 2013. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management shall have flexibility in utilising surplus amounts, if any.

Issue Related Expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses and registrar and depository fees. The estimated Issue related expenses are as follows:

| <i>(₹ in lakhs)</i> | | | |
|--|------------------------------------|--------------------------|-----------------------------|
| Particulars | Estimated Expenses (₹ in lakhs) | As a % of total expenses | As a % of Gross Issue size* |
| Fees of the Bankers to the Issue, Registrar to the Issue, Legal Advisor, Auditor's fees, including out of pocket expenses etc. | - | - | - |
| Expenses relating to advertising, printing, distribution, marketing and stationery expenses | - | - | - |
| Regulatory fees, filing fees, listing fees and other miscellaneous expenses | - | - | - |
| Total estimated Issue expenses* | - | - | - |

**Note: Subject to the finalization of Basis of Allotment and actual Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds from the Issue.*

Interim Use of Funds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that, pending utilization of the proceeds of the Issue as described above, it shall not use the funds from the Net Issue Proceeds for any investment in equity and/ or real estate products and/ or equity linked and/ or real estate linked products.

Appraisal by Appraising Agency

None of the objects have been appraised by any bank or financial institution or any other independent third party organizations.

Bridge Financing Facilities

As on the date of this Draft Letter of Offer, we have not entered into any bridge financing arrangements which is subject to being repaid from the Issue Proceeds.

Strategic or Financial Partners

There are no strategic or financial partners to the Objects of the Issue.

Monitoring of Utilization of Funds

Since the proceeds from this Issue are less than ₹10,000 lakhs, in terms of Regulation 82 of the SEBI (ICDR) Regulations, our Company is not required to appoint a monitoring agency for this Issue. However, as per SEBI (LODR) Regulation, the Audit Committee and the Board of Directors of the Company would be monitoring the utilization of the proceeds of the Issue. The Company will disclose the utilization of the Issue Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. The Company will indicate investments, if any, of unutilized Issue Proceeds in the Financial Statements of the Company for the relevant Financial Years subsequent to receipt of listing and trading approval from the Stock Exchanges.

We will also on an annual basis, prepare a statement of the funds which have been utilized for purposes other than those stated in this Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until all the Issue Proceeds have been utilized in full. Pursuant to Regulation 32 of the SEBI (LODR) Regulations, the Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Issue Proceeds. In accordance with Regulation 32 of the SEBI (LODR) Regulations, the Company shall furnish to the Stock Exchange, on a quarterly basis, a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after placing the same before the Audit Committee.

Key Industrial Regulations for the Objects of the Issue

No additional provisions of any acts, rules and other laws are or will be applicable to the Company for the proposed Objects of the Issue.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Promoter group, directors, associates or key management personnel or group companies, except as stated above and in the normal course of business and in compliance with applicable law.

STATEMENT OF SPECIAL TAX BENEFITS

Statement of possible special tax benefits available to the Company and its Shareholders

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STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors
SEPC Limited
Old No. 56/ L, New No. 10/1, 4th Floor, Bascon Futura Sv it Park,
Venkatnarayana Road, Parthasarathy puram,
T. Nagar, Chennai - 600017

12 October 2023

Sub: Statement of possible special tax benefits available to SEPC Limited (Formerly known as Shriram EPC Limited), its shareholders and Material Subsidiaries (Namely, "SHRIRAM EPC FZE AND SHRIRAM EPC ARKANS LLC"), prepared in accordance with the requirements under Schedule VI (Part B-1)(10) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("SEBI ICDR Regulations")

1. We, M S K A & Associates ("the Firm"), Chartered Accountants, the statutory auditors of **SEPC Limited** (the "Company") hereby confirm the enclosed statement in the Annexure I and II (together, the "Annexures") prepared and issued by the Company, which provides the possible special tax benefits under:
 - Income-tax Act, 1961 ('Act') presently in force in India viz. the Income-tax Act, 1961, ('Act'), the Income-tax Rules, 1962, ('Rules'), regulations, circulars and notifications issued thereon, as applicable to the assessment year 2024-25 relevant to the financial year 2023-24 and
 - The Central Goods and Service Tax Act 2017, the Integrated Goods and Service Tax Act, 2017 and the applicable State/ Union Territory Goods and Services Tax Act, 2017 ("GST Acts") as amended from time to time, the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") as amended by the Finance Act 2023, applicable for Financial Year 2023-24, Foreign Trade Policy 2023, presently in force.

This Statement provides possible tax benefits available to the Company, its shareholders; and its Material Subsidiaries (Namely, "SHRIRAM EPC FZE AND SHRIRAM EPC ARKANS LLC") ("Material Subsidiary") identified as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Several of these benefits are dependent on the Company, its shareholders and Material Subsidiary, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company, its shareholders and Material Subsidiary to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company, its shareholders and Material Subsidiary face in the future, the Company, its shareholders and Material Subsidiary may or may not choose to fulfil.

2. This statement of possible special tax benefits is required as per Schedule VI (Part B-1)(10) of the SEBI ICDR Regulations. While the term 'special tax benefits' has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company, the same would include those benefits as enumerated in the statement. Any benefits under the Taxation Laws other than those specified in the statement are considered to be general tax benefits and therefore not covered within the ambit of this statement. Further, any benefits available under any other laws within or outside India, except for those specifically mentioned in the statement, have not been examined and covered by this statement.
3. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.
4. The benefits discussed in the enclosed statement cover the possible special tax benefits available to the Company, its shareholders and its Material Subsidiary and do not cover any general tax benefits available to them.
5. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.



MSKA & Associates

Chartered Accountants

6. The benefits stated in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the distinct nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Company or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency.
7. We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (the "Guidance Note") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accounts of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.
9. We do not express any opinion or provide any assurance whether:
 - The Company, its shareholders and Material Subsidiary will continue to obtain these benefits in future;
 - The conditions prescribed for availing the benefits have been/would be met;
 - The revenue authorities/courts will concur with the views expressed herein.
10. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct, and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Company.
11. This Statement is addressed to Board of Directors and issued at specific request of the Company. The enclosed Annexure to this Statement is intended solely for your information and for inclusion in the Letter of Offer in connection with the proposed rights issue of equity shares of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. Any subsequent amendment / modification to provisions of the applicable laws may have an impact on the views contained in our statement. While reasonable care has been taken in the preparation of this certificate, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W



Geetha Jeyakumar

Partner

Membership No. 029409

UDIN: 23029409BGTNBH7600



Place: Chennai

Date: October 12, 2023

ANNEXURE 1

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SEPC LIMITED (“THE COMPANY”), ITS MATERIAL SUBSIDIARIES AND SHAREHOLDERS

I. UNDER THE INCOME TAX ACT, 1961 (hereinafter referred to as ‘the Act’)

1.Special Tax benefits available to the company and its Material Subsidiaries under the Act

- There are no special tax benefits available to the company and its Material Subsidiaries.

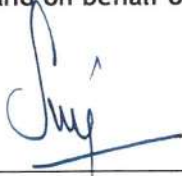
2.Special Tax benefits available to the shareholders under the Act

- There are no special tax benefits available to the shareholders.

Notes:

- a. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership, and disposal of shares.
- b. For the purpose of reporting here, we have not considered the general tax benefits available to the company, its Material Subsidiaries or its shareholders under the Act.
- c. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2024-25.
- d. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her investment in the shares of the company.
- e. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- f. No assurance is given that the revenue authorities/court will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such change.

For and on behalf of the Board of Directors of SEPC Limited



N K Suryanarayanan
Managing Director & CEO
Place: Chennai
Date: October 12, 2023



ANNEXURE II

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SEPC LIMITED ("THE COMPANY"), ITS MATERIAL SUBSIDIARIES AND SHAREHOLDERS

II. The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively referred to as "indirect tax")

1. Special indirect tax benefits available to the Company

There are no special indirect tax benefits available to the Company and its Material Subsidiaries.

2. Special Indirect tax benefits available to the shareholders

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the Shares of the Company.

Notes:

- a. The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
- b. The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.
- c. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- d. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For and on behalf of the Board of Directors of SEPC Limited



N K Suryanarayanan
Managing Director & CEO
Place: Chennai
Date: October 12, 2023



SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

Global Industry Outlook

Global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in 2023 and 2024 on an annual average basis. Compared with projections in the April 2023 World Economic Outlook, growth has been upgraded by 0.2 percentage point for 2023 with no change for 2024. The forecast for 2023-2024 remains well below the historical (2000-19) annual average of 3.8 percent. It is also below the historical average across broad income groups, in overall GDP as well as per capita GDP terms. Advanced Economies continue to drive the decline in growth from 2022-2023, with weaker manufacturing, as well as idiosyncratic factors, offsetting stronger services activity. In emerging market and developing economies, the growth outlook is broadly stable for 2023 and 2024, although with notable shifts across regions.

Global headline inflation is set to fall from an annual average of 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024, broadly as projected in April, but above pre-pandemic (2017–19) levels of about 3.5 percent. About three-quarters of the world's economies are expected to see lower annual average headline inflation in 2023. The forecast for 2023 is revised down by 0.2 percentage point, largely on account of subdued inflation in China. The forecast for 2024 has been revised upward by 0.3 percentage point, with the upgrade reflecting higher-than-expected core inflation

The balance of risks to global growth remains tilted downward, but adverse risks have receded since the publication of the April 2023 Outlook WEO. The resolution of US debt ceiling tensions has reduced the risk of disruptive rises in interest rates for sovereign debt, which would have increased pressure on countries already struggling with increased borrowing costs. The quick and strong action authorities took to contain banking sector turbulence in the United States and Switzerland succeeded in reducing the risk of an immediate and broader crisis.

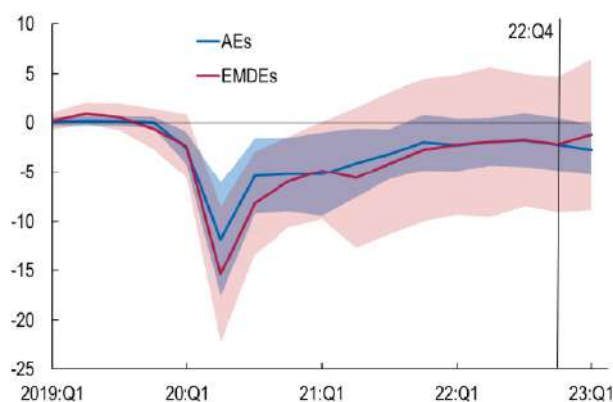
In most economies, amid the cost-of-living crisis, the priority remains achieving sustained disinflation. With tighter monetary conditions and lower growth potentially affecting financial and debt stability, it is necessary to deploy macroprudential tools and strengthen debt restructuring frameworks. Fiscal support should be better targeted at those most affected by elevated food and energy prices, and broad-based fiscal relief measures should be withdrawn. Stronger multilateral cooperation is essential to preserve the gains from the rules-based multilateral system and to mitigate climate change by limiting emissions and raising green investment.

Forces shaping the Outlook

The Global recovery from the COVID -19 pandemic and Russia's invasion of Ukraine is slowing amid widening divergences among economic sectors and regions.

The World Health Organization (WHO) announced in May that it no longer considers COVID-19 to be a "global health emergency." Supply chains have largely recovered, and shipping costs and suppliers' delivery times are back to pre-pandemic levels. But forces that hindered growth in 2022 persist. Inflation remains high and continues to erode household purchasing power. Policy tightening by central banks in response to inflation has raised the cost of borrowing, constraining economic activity. Immediate concerns about the health of the banking sector have subsided, but high interest rates are filtering through the financial system, and banks in advanced economies have significantly tightened lending standards, curtailing the supply of credit. The impact of higher interest rates extends to public finances, especially in poorer countries grappling with elevated debt costs, constraining room for priority investments. As a result, output losses compared with pre-pandemic forecasts remain large, especially for the world's poorest nations

Despite these headwinds, global economic activity was resilient in the first quarter of 2023, with that resilience driven mainly by the services sector. The post pandemic rotation of consumption back towards services is approaching completion in advanced economies (including in tourism dependent economies of southern Europe), and it accelerated in a number of emerging market and developing economies in the first quarter.



Sources: Haver Analytics; and IMF staff calculations.

Note: The lines denote means and the bands represent one standard deviation around the means. For 18 AEs, the sample comprises AUS, CAN, CHE, CZE, DEU, DNK, ESP, FRA, GBR, ISR, ITA, KOR, NOR, NZL, SGP, SWE, TWN, and USA. For 16 EMDEs, the sample comprises ARG, BRA, CHL, CHN, COL, HUN, IDN, IND, MEX, MYS, PER, PHL, RUS, THA, TUR, and ZAF. Economylist uses International Organization for Standardization (ISO) country codes. AEs = advanced economies; EMDEs = emerging market and developing economies.

However, as mobility returns to pre pandemic levels, the scope for further acceleration appears more mind.

At the same time, nonservices sector, including manufacturing, have shown weakness and high frequency indicators for second quarter point to a broader slowdown in activity. Amid softening consumption of goods, heightened uncertainties regarding the future geoeconomic landscape, weak productivity growth, and a more challenging financial environment, firms have scaled back investment in productive capacity. Gross fixed capital formation and industrial production have slowed sharply or contracted in major advanced economies, dragging international trade and manufacturing in emerging markets with them. International trade and indicators of demand and production in manufacturing all point to further weakness. Excess savings built up during the pandemic are declining in advanced economies, especially in the United States, implying a slimmer buffer to protect against shocks, including those to the cost of living and those from more restricted credit availability.

The fight against inflation continues. Inflation is easing in most countries but remains high, with divergences across economies and inflation measures. Following the buildup of gas inventories in Europe and weaker-than-expected demand in China, energy and food prices have dropped substantially from their 2022 peaks, although food prices remain elevated. Together with the normalization of supply chains, these developments have contributed to a rapid decline in headline inflation in most countries. Core inflation, however, has on average declined more gradually and remains well above most central banks' targets. Its persistence reflects, depending on the particular economy considered, pass-through of past shocks to headline inflation into core inflation, corporate profits remaining high, and tight labor markets with strong wage growth, especially in the context of weak productivity growth that lifts unit labor costs. However, to date, wage-price spirals—wherein prices and wages accelerate together for a sustained period—do not appear to have taken hold in the average advanced economy, and longer-term inflation expectations remain anchored. In response to the persistence of core inflation, major central banks have communicated that they will need to tighten monetary policy further. The Federal Reserve paused rate hikes at its June meeting but signaled further ones ahead, and the Reserve Bank of Australia, Bank of Canada, Bank of England, and European Central Bank have continued to raise rates. At the same time, in some other economies, particularly in East Asia, where mobility curbs during the pandemic restricted demand for services longer than elsewhere, core inflation has remained low. In China, where inflation is well below target, the central bank recently cut policy interest rates. The Bank of Japan has kept interest rates near zero under the quantitative and qualitative monetary easing with yield curve control policy.

Acute stress in the banking sector has receded, but credit availability is tight. Thanks to the authorities' swift reaction, the March 2023 banking scare remained contained and limited to problematic regional banks in the United States and Credit Suisse in Switzerland. Accordingly, since the April 2023 WEO, global financial conditions have eased (Box 1), a sign that financial markets may have become less concerned about risks to financial stability coming from the banking sector. But tight monetary policy continues to put some banks under pressure, both directly (through higher costs of funding) and indirectly (by increasing credit risk). Bank lending surveys in the United States and Europe suggest that banks restricted access to credit considerably in the first quarter of 2023, and they are expected to continue to do so in coming months. Corporate loans have been declining lately, as has commercial real estate lending.

Following a reopening boost, China's recovery is losing steam. Manufacturing activity and consumption of services in China rebounded at the beginning of the year when Chinese authorities abandoned their strict lockdown policies; net exports contributed strongly to sequential growth in February and March as supply chains normalized and firms swiftly put backlogs of orders into production. Nonetheless, continued weakness in the real estate sector is weighing on investment, foreign demand remains weak, and rising and elevated youth unemployment (at 20.8 percent in May 2023) indicates labor market weakness. High-frequency data through June confirm a softening in momentum into the second quarter of 2023.

The Forecast

Growth Bottoming Out

Global growth, is projected to fall from 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024 on an annual average basis. Compared with projections in the April 2023 WEO, growth has been upgraded by 0.2 percent point for 2023, with no change for 2024. The forecast for 2023–24 remains well below the historical (2000–19) annual average of 3.8 percent. It is also below the historical average across broad income groups, in overall GDP as well as per capita GDP terms. Advanced economies continue to drive the decline in growth from 2022 to 2023, with weaker manufacturing, as well as idiosyncratic factors, offsetting stronger services activity. In emerging market and developing economies, the growth outlook is broadly stable for 2023 and 2024, although with notable shifts across regions. On a year-over-year basis, global growth bottomed out in the fourth quarter of 2022. However, in some major economies, it is not expected to bottom out before the second half of 2023.

World trade growth is expected to decline from 5.2 percent in 2022 to 2.0 percent in 2023, before rising to 3.7 percent in 2024, well below the 2000–19 average of 4.9 percent. The decline in 2023 reflects not only the path of global demand, but also shifts in its composition toward domestic services, lagged effects of US dollar appreciation—which slows trade owing to the widespread invoicing of products in US dollars—and rising trade barriers.

These forecasts are based on a number of assumptions, including those regarding fuel and nonfuel commodity prices and interest rates. Oil prices rose by 39 percent in 2022 and are projected to fall by about 21 percent in 2023, reflecting the slowdown in global economic activity. Assumptions regarding global interest rates have been revised upward, reflecting actual and signaled policy tightening by major central banks since April. The Federal Reserve and Bank of England are now expected to raise rates by more than assumed in the April 2023 WEO—to a peak of about 5.6 percent in the case of the Federal Reserve—before reducing them in 2024. The European Central Bank is assumed to raise its policy rate to a peak of 3¾ percent in 2023 and to ease gradually in 2024. Moreover, with near-term inflation expectations falling, real interest rates are likely to stay up even after nominal rates start to fall.

For *advanced economies*, the growth slowdown projected for 2023 remains significant: from 2.7 percent in 2022 to 1.5 percent in 2023, with a 0.2 percentage point upward revision from the April 2023 WEO. About 93 percent of advanced economies are projected to have lower growth in 2023, and growth in 2024 among this group of economies is projected to remain at 1.4 percent.

For *emerging market and developing economies*, growth is projected to be broadly stable at 4.0 percent in 2023 and 4.1 percent 2024, with modest revisions of 0.1 percentage point for 2023 and –0.1 percentage point for 2024. However, this stable average masks divergences, with about 61 percent of the economies in this group growing

faster in 2023 and the rest—including low-income countries and three of the five geographic regions described in what follows—growing more slowly.

Core Inflation declining more gradually than Headline Inflation

About three quarters of the world’s economies are expected to see lower annual average headline inflation in 2023. Global headline inflation is set to fall from an annual average of 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024, broadly as projected in April, but above pre-pandemic (2017–19) levels of about 3.5 percent. Monetary policy tightening is expected to gradually dampen inflation, but a central driver of the disinflation projected for 2023 is declining international commodity prices. Differences in the pace of disinflation across countries reflect such factors as different exposures to movements in commodity prices and currencies and different degrees of economic overheating. The forecast for 2023 is revised down by 0.2 percentage point, largely on account of subdued inflation in China. The forecast for 2024 has been revised upward by 0.3 percentage point, with the upgrade reflecting higher-than-expected core inflation.

Core inflation is generally declining more gradually. Globally, it is set to decline from an annual average of 6.5 percent in 2022 to 6.0 percent in 2023 and 4.7 percent in 2024. For advanced economies forecasts has been revised upwards by 0.3 percentage point for 2023 and by 0.4 percentage point for 2024 compared with April 2023 WEO. Global core inflation is revised down by 0.2 percentage point in 2023, reflecting lower-than-expected core inflation in China, and up by 0.4 percentage point in 2024. On an annual average basis, about half of the economies are expected to see no decline in core inflation in 2023, although on a fourth-quarter –over-fourth-quarter basis, about 88% of the economies for which quarterly data are available are projected to see a decline. Overall, inflation is projected to remain above target in 2023 in 96 percent of economies with inflation targets and in 89 percent of those economies in 2024.

Risk to the Outlook

The balance of risks to the global outlook remains tilted to the downside, with scope for lower growth and higher inflation, but adverse risks have receded since the publication of the April 2023 WEO.

Table 1. Overview of the World Economic Outlook Projections
(Percent change, unless noted otherwise)

| | Year over Year | | | | | | Q4 over Q4 2/ | | |
|---|----------------|------|-------------|------|---|------|---------------|-------------|------|
| | Estimate | | Projections | | Difference from April 2023 WEO Projections 1/ | | Estimate | Projections | |
| | 2021 | 2022 | 2023 | 2024 | 2023 | 2024 | 2022 | 2023 | 2024 |
| World Output | 6.3 | 3.5 | 3.0 | 3.0 | 0.2 | 0.0 | 2.2 | 2.9 | 2.9 |
| Advanced Economies | 5.4 | 2.7 | 1.5 | 1.4 | 0.2 | 0.0 | 1.2 | 1.4 | 1.4 |
| United States | 5.9 | 2.1 | 1.8 | 1.0 | 0.2 | -0.1 | 0.9 | 1.4 | 1.1 |
| Euro Area | 5.3 | 3.5 | 0.9 | 1.5 | 0.1 | 0.1 | 1.8 | 1.2 | 1.5 |
| Germany | 2.6 | 1.8 | -0.3 | 1.3 | -0.2 | 0.2 | 0.8 | 0.5 | 1.5 |
| France | 6.4 | 2.5 | 0.8 | 1.3 | 0.1 | 0.0 | 0.6 | 0.9 | 1.6 |
| Italy | 7.0 | 3.7 | 1.1 | 0.9 | 0.4 | 0.1 | 1.5 | 0.9 | 1.1 |
| Spain | 5.5 | 5.5 | 2.5 | 2.0 | 1.0 | 0.0 | 3.0 | 1.8 | 2.2 |
| Japan | 2.2 | 1.0 | 1.4 | 1.0 | 0.1 | 0.0 | 0.4 | 1.5 | 1.0 |
| United Kingdom | 7.6 | 4.1 | 0.4 | 1.0 | 0.7 | 0.0 | 0.6 | 0.5 | 1.3 |
| Canada | 5.0 | 3.4 | 1.7 | 1.4 | 0.2 | -0.1 | 2.1 | 1.6 | 1.8 |
| Other Advanced Economies 3/ | 5.5 | 2.7 | 2.0 | 2.3 | 0.2 | 0.1 | 1.0 | 1.8 | 2.1 |
| Emerging Market and Developing Economies | 6.8 | 4.0 | 4.0 | 4.1 | 0.1 | -0.1 | 3.1 | 4.1 | 4.1 |
| Emerging and Developing Asia | 7.5 | 4.5 | 5.3 | 5.0 | 0.0 | -0.1 | 4.2 | 5.3 | 4.9 |
| China | 8.4 | 3.0 | 5.2 | 4.5 | 0.0 | 0.0 | 3.1 | 5.8 | 4.1 |
| India 4/ | 9.1 | 7.2 | 6.1 | 6.3 | 0.2 | 0.0 | 6.1 | 4.3 | 6.4 |
| Emerging and Developing Europe | 7.3 | 0.8 | 1.8 | 2.2 | 0.6 | -0.3 | -1.3 | 2.7 | 2.0 |
| Russia | 5.6 | -2.1 | 1.5 | 1.3 | 0.8 | 0.0 | -3.1 | 1.9 | 0.8 |
| Latin America and the Caribbean | 7.0 | 3.9 | 1.9 | 2.2 | 0.3 | 0.0 | 2.6 | 0.8 | 2.9 |
| Brazil | 5.0 | 2.9 | 2.1 | 1.2 | 1.2 | -0.3 | 2.5 | 1.3 | 2.2 |
| Mexico | 4.7 | 3.0 | 2.6 | 1.5 | 0.8 | -0.1 | 3.7 | 1.9 | 1.7 |
| Middle East and Central Asia | 4.4 | 5.4 | 2.5 | 3.2 | -0.4 | -0.3 | ... | ... | ... |
| Saudi Arabia | 3.9 | 8.7 | 1.9 | 2.8 | -1.2 | -0.3 | 5.5 | 2.0 | 2.9 |
| Sub-Saharan Africa | 4.7 | 3.9 | 3.5 | 4.1 | -0.1 | -0.1 | ... | ... | ... |
| Nigeria | 3.6 | 3.3 | 3.2 | 3.0 | 0.0 | 0.0 | 3.2 | 2.6 | 3.6 |
| South Africa | 4.7 | 1.9 | 0.3 | 1.7 | 0.2 | -0.1 | 1.3 | 0.9 | 2.0 |
| Memorandum | | | | | | | | | |
| World Growth Based on Market Exchange Rates | 6.0 | 3.0 | 2.5 | 2.4 | 0.1 | 0.0 | 1.8 | 2.5 | 2.4 |
| European Union | 5.5 | 3.7 | 1.0 | 1.7 | 0.3 | 0.1 | 1.8 | 1.5 | 1.7 |
| ASEAN-5 5/ | 4.0 | 5.5 | 4.6 | 4.5 | 0.1 | -0.1 | 4.7 | 4.6 | 4.8 |
| Middle East and North Africa | 4.0 | 5.4 | 2.6 | 3.1 | -0.5 | -0.3 | ... | ... | ... |
| Emerging Market and Middle-Income Economies | 7.1 | 3.9 | 3.9 | 3.9 | 0.0 | -0.1 | 3.1 | 4.1 | 4.1 |
| Low-Income Developing Countries | 4.1 | 5.0 | 4.5 | 5.2 | -0.2 | -0.2 | ... | ... | ... |
| World Trade Volume (goods and services) 6/ | 10.7 | 5.2 | 2.0 | 3.7 | -0.4 | 0.2 | ... | ... | ... |
| Advanced Economies | 9.9 | 6.1 | 2.3 | 3.2 | -0.1 | 0.3 | ... | ... | ... |
| Emerging Market and Developing Economies | 12.2 | 3.7 | 1.5 | 4.5 | -0.9 | -0.2 | ... | ... | ... |
| Commodity Prices | | | | | | | | | |
| Oil 7/ | 65.8 | 39.2 | -20.7 | -6.2 | 3.4 | -0.4 | 8.8 | -13.0 | -4.9 |
| Nonfuel (average based on world commodity import weights) | 25.7 | 7.9 | -4.8 | -1.4 | -2.0 | -0.4 | -0.4 | -0.0 | 0.8 |
| World Consumer Prices 8/ | | | | | | | | | |
| Advanced Economies 9/ | 4.7 | 8.7 | 6.8 | 5.2 | -0.2 | 0.3 | 9.2 | 5.5 | 3.9 |
| Emerging Market and Developing Economies 8/ | 3.1 | 7.3 | 4.7 | 2.8 | 0.0 | 0.2 | 7.7 | 3.3 | 2.5 |
| World | 5.9 | 9.6 | 8.3 | 6.8 | -0.3 | 0.3 | 10.5 | 7.4 | 5.1 |

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during May 2, 2023–May 30, 2023. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook.

1/ Difference based on rounded figures for the current and April 2023 WEO forecasts. Countries for which forecasts have been updated relative to April 2023 WEO forecasts account for approximately 90 percent of world GDP measured at purchasing-power-parity weights.

2/ For World Output (Emerging Market and Developing Economies), the quarterly estimates and projections account for approximately 90 percent (80 percent) of annual world (emerging market and developing economies) output at purchasing-power-parity weights.

3/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

4/ For India, data and projections are presented on a fiscal year basis, with FY 2022/23 (starting in April 2022) shown in the 2022 column. India's growth projections are 6.6 percent in 2023 and 5.8 percent in 2024 based on calendar year.

5/ Indonesia, Malaysia, Philippines, Singapore, Thailand.

6/ Simple average of growth rates for export and import volumes (goods and services).

7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average assumed price of oil in US dollars a barrel, based on futures markets (as of June 1, 2023), is \$76.43 in 2023 and \$71.68 in 2024.

8/ Excludes Venezuela.

9/ The inflation rate for the euro area is 5.2% in 2023 and 2.6% in 2024, that for Japan is 3.4% in 2023 and 2.7% in 2024, and that for the United States is 4.4% in 2023 and 2.8% in 2024.

Upside risks—More favourable outcomes for global growth than in the baseline forecast have become increasingly plausible. Core inflation could fall faster than expected—

- from greater-than-expected pass-through of lower energy prices and a compression of profit margins to absorb cost increases, among other possible causes
- and declining job vacancies could play a strong role in easing labor markets, which would reduce the likelihood of unemployment having to rise to curb inflation. Developments along these lines would then reduce the need for monetary policy tightening and allow a softer landing. Scope exists for more favorable surprises to domestic demand around the world, as in the first quarter of 2023. In numerous

economies, consumers have not yet drained the stock of excess savings they accumulated during the pandemic; this could further sustain the recent strength in consumption. Stronger policy support in China than currently envisaged

- particularly through means-tested transfers to households
- could further sustain recovery and generate positive global spillovers. Such developments, however, would increase inflation pressure and necessitate a tighter monetary policy stance.

Downside risks—Despite the recent positive growth surprises, plausible risks continue to be skewed to the downside:

- *Inflation persist:* Tight labor markets and pass-through from past exchange rate depreciation could push up inflation and risk de-anchoring longer-term inflation expectations in a number of economies. The institutional setup of wage setting in some countries could amplify inflation pressures on wages. Moreover, El Niño could bring more extreme temperature increases than expected, exacerbate drought conditions, and raise commodity prices. The war in Ukraine could intensify, further raising food, fuel, and fertilizer prices. The recent suspension of the Black Sea Grain Initiative is a concern in this regard. Such adverse supply shocks might affect countries asymmetrically, implying different dynamics for core inflation and inflation expectations, a divergence in policy responses, and further currency movements
- *Financial Markets reprice:* Financial markets have adjusted their expectations of monetary policy tightening upward since April but still expect less tightening than policymakers have signaled, raising the risk that unfavorable inflation data releases could—as in the first quarter of 2023—trigger a sudden rise in expectations regarding interest rates and falling asset prices. Such movements could further tighten financial conditions and put stress on banks and nonbank financial institutions whose balance sheets remain vulnerable to interest rate risk, especially those highly exposed to commercial real estate. Contagion effects are possible, and a flight to safety, with an attendant appreciation of reserve currencies, would trigger negative ripple effects for global trade and growth.
- *China's recovery underperforms:* Recent developments shift to the downside the distribution of risks surrounding China's growth forecast, with negative potential implications for trading partners in the region and beyond. The principal risks include a deeper-than-expected contraction in the real estate sector in the absence of swift action to restructure property developers, weaker-than-expected consumption in the context of subdued confidence and unintended fiscal tightening in response to lower tax revenues for local government.
- *Debt distress increases:* Global financial conditions have generally eased since the March 2023 episode of banking stress (Box 1), but borrowing costs for emerging market and developing economies remain high, constraining room for priority spending and raising the risk of debt distress. The share of emerging market and developing economies with sovereign credit spreads above 1,000 basis points remained at 25 percent as of June (compared with only 6.8 percent two years ago).
- *Geoeconomic fragmentation deepens:* The ongoing risk that the world economy will separate into blocs amid the war in Ukraine and other geopolitical tensions could intensify, with more restrictions on trade (in particular that in strategic goods, such as critical minerals); cross-border movements of capital, technology, and workers; and international payments. Such developments could contribute to additional volatility in commodity prices and hamper multilateral cooperation on providing global public goods

[Source: The International Monetary Fund, *World Economic Outlook July, 2023*]

Indian Economy Overview

Strong economic growth in the first quarter of FY 2022-23 helped India overcome the UK to become the fifth-largest economy after it recovered from repeated waves of COVID-19 pandemic shock. Real GDP in the first quarter of 2022–23 is currently about 4% higher than its corresponding 2019-20, indicating a strong start for India's recovery from the pandemic. Given the release of pent-up demand and the widespread vaccination coverage, the contact-intensive services sector will probably be the main driver of development in 2022–2023. Rising employment and substantially increasing private consumption, supported by rising consumer sentiment, will support GDP growth in the coming months.

Future capital spending of the government in the economy is expected to be supported by factors such as tax buoyancy, the streamlined tax system with low rates, a thorough assessment and rationalisation of the tariff structure, and the digitization of tax filing. In the medium run, increased capital spending on infrastructure and asset-building projects is set to increase growth multipliers, and with the revival in monsoon and the Kharif sowing, agriculture is also picking up momentum. The contact-based services sector has largely demonstrated promise to boost growth by unleashing the pent-up demand over the period of April-September 2022. The sector's success is being captured by a number of HFIs (High-Frequency Indicators) that are performing well, indicating the beginnings of a comeback.

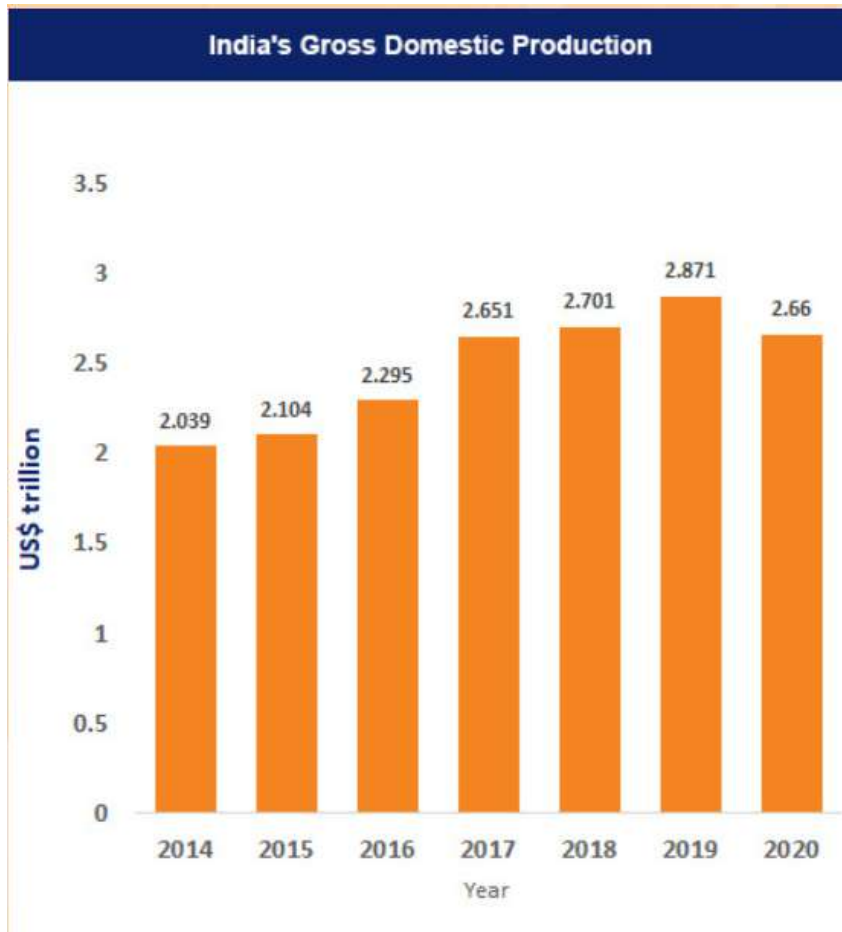
India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

Market Size

India's nominal gross domestic product (GDP) at current prices is estimated to be at Rs. 232.15 trillion (US\$ 3.12 trillion) in FY22. With more than 100 unicorns valued at US\$ 332.7 billion, India has the third-largest unicorn base in the world. The government is also focusing on renewable sources to generate energy and is planning to achieve 40% of its energy from non-fossil sources by 2030.

According to the McKinsey Global Institute, India needs to boost its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030 in order to increase productivity and economic growth. The net employment rate needs to grow by 1.5% per annum from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030. India's current account deficit (CAD), primarily driven by an increase in the trade deficit, stood at 2.1% of GDP in the first quarter of FY 2022-23.

Exports fared remarkably well during the pandemic and aided recovery when all other growth engines were losing steam in terms of their contribution to GDP. Going forward, the contribution of merchandise exports may waver as several of India's trade partners witness an economic slowdown. According to Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Indian exports are expected to reach US\$ 1 trillion by 2030.



Recent Developments

India is primarily a domestic demand-driven economy, with consumption and investments contributing to 70% of the economic activity. With an improvement in the economic scenario and the Indian economy recovering from the Covid-19 pandemic shock, several investments and developments have been made across various sectors of the economy. According to World Bank, India must continue to prioritise lowering inequality while also putting growth-oriented policies into place to boost the economy. In view of this, there have been some developments that have taken place in the recent past. Some of them are mentioned below.

- As of September 21, 2022, India's foreign exchange reserves stood at US\$ 524,520 million.
- The private equity-venture capital (PE-VC) sector investments stood at US\$ 2 billion in September 2022.
- Merchandise exports in September 2022 stood at US\$ 32.62 billion.
- PMI Services remained comfortably in the expansionary zone at 56.7 during April-September 2022
- In September 2022, the gross Goods and Services Tax (GST) revenue collection stood at Rs. 147,686 crore (US\$ 17.92 billion).
- Between April 2000-June 2022, cumulative FDI equity inflows to India stood at US\$ 604,996 million.
- In August 2022, the overall IIP (Index of Industrial Production) stood at 131.3. The Indices of Industrial Production for the mining, manufacturing and electricity sectors stood at 99.6, 131.0 and 191.3, respectively, in August 2022.

- According to data released by the Ministry of Statistics & Programme Implementation (MoSPI), India's Consumer Price Index (CPI) based retail inflation reached 7.41% in September 2022.
- In FY 2022-23, (until October 28, 2022), Foreign Portfolio Investment (FPI) outflows stood at Rs. 58,762 crore (US\$ 7.13 billion).
- The wheat procurement in Rabi 2021-22 and the anticipated paddy purchase in Kharif 2021-22 would include 1208 lakh (120.8 million) metric tonnes of wheat and paddy from 163 lakh (16.7 million) farmers, as well as a direct payment of MSP value of Rs. 2.37 lakh crore (US\$ 31.74 billion) to their accounts.

Government Initiatives

Over the years, the Indian government has introduced many initiatives to strengthen the nation's economy. The Indian government has been effective in developing policies and programmes that are not only beneficial for citizens to improve their financial stability but also for the overall growth of the economy. Over recent decades, India's rapid economic growth has led to a substantial increase in its demand for exports. Besides this, a number of the government's flagship programmes, including Make in India, Start-up India, Digital India, the Smart City Mission, and the Atal Mission for Rejuvenation and Urban Transformation, are aimed at creating immense opportunities in India. In this regard, some of the initiatives taken by the government to improve the economic condition of the country are mentioned below:

- Home & Cooperation Minister Mr. Amit Shah, laid the foundation stone and performed Bhoomi Pujan of Shri Tanot Mandir Complex Project under Border Tourism Development Programme in Jaisalmer in September 2022.
- In August 2022, Mr. Narendra Singh Tomar, Minister of Agriculture and Farmers Welfare inaugurated four new facilities at the Central Arid Zone Research Institute (CAZRI), which has been rendering excellent services for more than 60 years under the Indian Council of Agricultural Research (ICAR).
- In August 2022, a Special Food Processing Fund of Rs. 2,000 crore (US\$ 242.72 million) was set up with National Bank for Agriculture and Rural Development (NABARD) to provide affordable credit for investments in setting up Mega Food Parks (MFP) as well as processing units in the MFPs.
- In July 2022, Deendayal Port Authority (DPA) announced plans to develop two Mega Cargo Handling Terminals on a Build-Operate-Transfer (BOT) basis under Public-Private Partnership (PPP) Mode at an estimated cost of Rs. 5,963 crore (US\$ 747.64 million).
- In July 2022, the Union Cabinet chaired by the Prime Minister Mr. Narendra Modi, approved the signing of the Memorandum of Understanding (MoU) between India & Maldives. This MoU will provide a platform to tap the benefits of information technology for court digitization and can be a potential growth area for the IT companies and start-ups in both the countries.
- India and Namibia entered into a Memorandum of Understanding (MoU) on wildlife conservation and sustainable biodiversity utilization on July 20, 2022, for establishing the cheetah into the historical range in India.
- In July 2022, the Reserve Bank of India (RBI) approved international trade settlements in Indian rupees (INR) in order to promote the growth of global trade with emphasis on exports from India and to support the increasing interest of the global trading community.
- In June 2022, Prime Minister Mr. Narendra Modi inaugurated and laid the foundation stone of development projects worth Rs. 21,000 crore (US\$ 2.63 billion) at Gujarat Gaurav Abhiyan at Vadodara.

- Mr. Rajnath Singh, Minister of Defence, launched 75 newly-developed Artificial Intelligence (AI) products/technologies during the first-ever 'AI in Defence' (AIDef) symposium and exhibition organized by the Ministry of Defence in New Delhi on 11 July 2022.

In June 2022:

- Prime Minister Mr. Narendra Modi, laid the foundation stone of 1,406 projects worth more than Rs. 80,000 crore (US\$ 10.01 billion) at the ground-breaking ceremony of the UP Investors Summit in Lucknow.
- The Projects encompass diverse sectors like Agriculture and Allied industries, IT and Electronics, MSME, Manufacturing, Renewable Energy, Pharma, Tourism, Defence & Aerospace, Handloom & Textiles.
- The Indian Institute of Spices Research (IISR) under the Indian Council for Agricultural Research (ICAR) inked a Memorandum of Understanding (MoU) with Lysterra LLC, a Russia-based company for the commercialization of biocapsule, an encapsulation technology for bio-fertilization on 30 June, 2022.
- As of April 2022, India signed 13 Free Trade Agreements (FTAs) with its trading partners including major trade agreements like the India-UAE Comprehensive Partnership Agreement (CEPA) and the India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA).
- The Union Budget of 2022-23 was presented on February 1, 2022, by the Minister for Finance & Corporate Affairs, Ms. Nirmala Sitharaman. The budget had four priorities PM GatiShakti, Inclusive Development, Productivity Enhancement and Investment, and Financing of Investments. In the Union Budget 2022-23, effective capital expenditure is expected to increase by 27% at Rs. 10.68 lakh crore (US\$ 142.93 billion) to boost the economy. This will be 4.1% of the total Gross Domestic Production (GDP).
- Under PM GatiShakti Master Plan, the National Highway Network will develop 25,000 km of new highways network, which will be worth Rs. 20,000 crore (US\$ 2.67 billion). In 2022-23. Increased government expenditure is expected to attract private investments, with a production-linked incentive scheme providing excellent opportunities. Consistently proactive, graded, and measured policy support is anticipated to boost the Indian economy.
- In February 2022, Minister for Finance and Corporate Affairs Ms. Nirmala Sitharaman said that productivity linked incentive (PLI) schemes would be extended to 14 sectors to achieve the mission of AtmaNirbhar Bharat and create 60 lakh jobs with an additional production capacity of Rs. 30 lakh crore (US\$ 401.49 billion) in the next five years.
- In the Union Budget of 2022-23, the government announced funding for the production linked incentive (PLI) scheme for domestic solar cells and module manufacturing of Rs. 24,000 crore (US\$ 3.21 billion).
- In the Union Budget of 2022-23, the government announced a production linked incentive (PLI) scheme for Bulk Drugs which was an investment of Rs. 2500 crore (US\$ 334.60 million).
- In the Union Budget of 2022, Minister for Finance & Corporate Affairs Ms. Nirmala Sitharaman announced that a scheme for design-led manufacturing in 5G would be launched as part of the PLI scheme.
- In September 2021, Union Cabinet approved major reforms in the telecom sector, which are expected to boost employment, growth, competition, and consumer interests. Key reforms include rationalization of adjusted gross revenue, rationalization of bank guarantees (BGs), and encouragement of spectrum sharing.

- In the Union Budget of 2022-23, the government has allocated Rs. 44,720 crore (US\$ 5.98 billion) to Bharat Sanchar Nigam Limited (BSNL) for capital investments in the 4G spectrum.
- Minister for Finance & Corporate Affairs Ms. Nirmala Sitharaman allocated Rs. 650 crore (US\$ 86.69 million) for the Deep Ocean mission that seeks to explore vast marine living and non-living resources. Department of Space (DoS) has got Rs. 13,700 crore (US\$ 1.83 billion) in 2022-23 for several key space missions like Gaganyaan, Chandrayaan-3, and Aditya L-1 (sun).
- In May 2021, the government approved the production linked incentive (PLI) scheme for manufacturing advanced chemistry cell (ACC) batteries at an estimated outlay of Rs. 18,100 crore (US\$ 2.44 billion); this move is expected to attract domestic and foreign investments worth Rs. 45,000 crore (US\$ 6.07 billion).
- Minister for Finance & Corporate Affairs Ms Nirmala Sitharaman announced in the Union Budget of 2022-23 that the Reserve Bank of India (RBI) would issue Digital Rupee using blockchain and other technologies.
- In the Union Budget of 2022-23, Railway got an investment of Rs. 2.38 lakh crore (US\$ 31.88 billion) and over 400 new high-speed trains were announced. The concept of "One Station, One Product" was also introduced.
- To boost competitiveness, Budget 2022-23 has announced reforming the 16-year-old Special Economic Zone (SEZ) act.
- In June 2021, the RBI (Reserve Bank of India) announced that the investment limit for FPI (foreign portfolio investors) in the State Development Loans (SDLs) and government securities (G-secs) would persist unaffected at 2% and 6%, respectively, in FY22.
- In November 2020, the Government of India announced Rs. 2.65 lakh crore (US\$ 36 billion) stimulus package to generate job opportunities and provide liquidity support to various sectors such as tourism, aviation, construction, and housing. Also, India's cabinet approved the production-linked incentives (PLI) scheme to provide ~Rs. 2 trillion (US\$ 27 billion) over five years to create jobs and boost production in the country.
- Numerous foreign companies are setting up their facilities in India on account of various Government initiatives like Make in India and Digital India. Prime Minister of India Mr. Narendra Modi launched the Make in India initiative with an aim to boost the country's manufacturing sector and increase the purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25% of the GDP from the current 17%. Besides, the government has also come up with the Digital India initiative, which focuses on three core components: the creation of digital infrastructure, delivering services digitally, and increasing digital literacy.
- On January 29, 2022, the National Asset Reconstruction Company Ltd (NARCL) will acquire bad loans worth up to Rs. 50,000 crore (US\$ 6.69 billion) about 15 accounts by March 31, 2022. India Debt Resolution Co. Ltd (IDRCL) will control the resolution process. This will clean up India's financial system and help fuel liquidity and boost the Indian economy.
- National Bank for Financing Infrastructure and Development (NaBFID) is a bank that will provide non-recourse infrastructure financing and is expected to support projects from the first quarter of FY2022-23; it is expected to raise Rs. 4 lakh crore (US\$ 53.58 billion) in the next three years.

- By November 1, 2021, India and the United Kingdom hope to begin negotiations on a free trade agreement. The proposed FTA between these two countries is likely to unlock business opportunities and generate jobs. Both sides have renewed their commitment to boost trade in a manner that benefits all.
- In August 2021, Prime Minister Mr. Narendra Modi announced an initiative to start a national mission to reach the US\$ 400 billion merchandise export target by FY22.
- In August 2021, Prime Minister Mr. Narendra Modi launched a digital payment solution, e-RUPI, a contactless and cashless instrument for digital payments.
- In April 2021, Dr. Ahmed Abdul Rahman AlBanna, Ambassador of the UAE to India and Founding Patron of IFIICC, stated that trilateral trade between India, the UAE and Israel is expected to reach US\$ 110 billion by 2030.
- India is expected to attract investment of around US\$ 100 billion in developing the oil and gas infrastructure during 2019-23.
- The Government of India is expected to increase public health spending to 2.5% of the GDP by 2025.

Road Ahead

In the second quarter of FY 2022-23, the growth momentum of the first quarter was sustained, and high-frequency indicators (HFIs) performed well in July and August of 2022. India's comparatively strong position in the external sector reflects the country's generally positive outlook for economic growth and rising employment rates. India ranked fifth in foreign direct investment inflows among the developed and developing nations listed for the first quarter of 2022.

India's economic story during the first half of the current financial year highlighted the unwavering support the government gave to its capital expenditure, which, in FY 2022–23 (until August 2022), stood 46.8% higher than the same period last year. The ratio of revenue expenditure to capital outlay decreased from 6.4 in the previous year to 4.5 in the current year, signalling a clear change in favour of higher-quality spending. Stronger revenue generation as a result of improved tax compliance, increased profitability of the company, and increasing economic activity also contributed to rising capital spending levels.

Despite the continued global slowdown, India's exports climbed at the second highest rate this quarter. With a reduction in port congestion, supply networks are being restored. The CPI-C and WPI inflation reduction from April 2022 already reflects the impact. In August 2022, CPI-C inflation was 7.0%, down from 7.8% in April 2022. Similarly, WPI inflation has decreased from 15.4% in April 2022 to 12.4% in August 2022. With a proactive set of administrative actions by the government, flexible monetary policy, and a softening of global commodity prices and supply-chain bottlenecks, inflationary pressures in India look to be on the decline overall.

(Source: <https://www.ibef.org/economy/indian-economy-overview>)

Indian Outlook of Construction and Infrastructure Industry

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. In other words, the infrastructure sector acts as a catalyst for India's economic growth as it drives the growth of the allied sectors like townships, housing, built-up infrastructure and construction development projects.

In order to meet India's aim of reaching a US\$ 5 trillion economy by 2025, infrastructure development is the need of the hour. The government has launched the National Infrastructure Pipeline (NIP) combined with other initiatives such as 'Make in India' and the production-linked incentives (PLI) scheme to augment the growth of

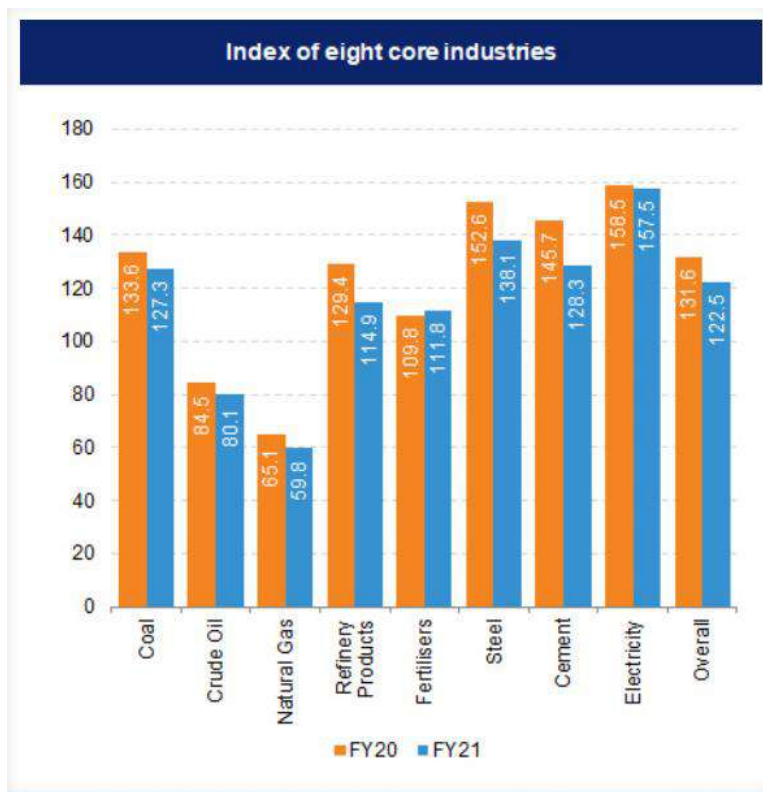
infrastructure sector. Historically, more than 80% of the country's infrastructure spending has gone toward funding for transportation, electricity, and water& irrigation.

While these sectors still remain the key focus, the government has also started to focus on other sectors as India's environment and demographics are evolving. There is a compelling need for enhanced and improved delivery across the whole infrastructure spectrum, from housing provision to water and sanitation services to digital and transportation demands, which will assure economic growth, increase quality of life, and boost sectoral competitiveness.

Market Size

India plans to spend US\$ 1.4 trillion on infrastructure through 'National Infrastructure Pipeline' in the next five years. In FY21, infrastructure activities accounted for 13% share of the total FDI inflows of US\$ 81.72 billion. India will need to construct 43,000 houses every day until 2022 to achieve the vision of Housing for All by 2022. As of 22 August, 2022, 122.69 lakh houses have been sanctioned, 103.01 lakh houses have been grounded, and 62.21 lakh houses have been completed, under the Pradhan Mantri Awas Yojna scheme (PMAY-Urban).

Hundreds of new cities need to be developed over the next decade. Over the next 10 years, demand for urban freight is predicted to increase by 140%. Final-mile freight transit in Indian cities accounts for 50% of the total logistics expenditures in the country's increasing e-commerce supply chains. India is expected to become the third-largest construction market globally by 2022. Indian logistics market is estimated to touch US\$ 320 billion by 2025. The overall infrastructure capex is estimated to grow at a CAGR of 11.4% over FY21-26 driven by spending on water supply, transport and urban infrastructure. Investment in infrastructure contributed around 5% of the GDP in the 10th five year plan as against 9% in the 11th five year plan. Further, US\$ 1 trillion investment in infrastructure was proposed by the India's planning commission during the 12th five year plan, with 40% of the funds coming from the private sector.



Government Initiatives and Investments

Some of the recent government initiatives and investments in the Infrastructure sector are as follows:

- Under Budget 2023-24:

- Capital investment outlay for infrastructure is being increased by 33% to Rs.10 lakh crore (US\$ 122 billion), which would be 3.3 per cent of GDP and almost three times the outlay in 2019-20.
- As per the Union Budget 2023-24, a capital outlay of Rs. 2.40 lakh crore (US\$ 29 billion) has been provided for the Railways, which is the highest ever outlay and about 9 times the outlay made in 2013-14
- The Government has decided to continue the 50-year interest free loan to state governments for one more year to spur investment in infrastructure and to incentivize them for complementary policy actions, with a significantly enhanced outlay of Rs. 1.3 lakh crore (US\$ 16 billion).
- 100 critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified and will be taken up on priority with investment of Rs. 75,000 crore (US\$ 9 billion), including Rs. 15,000 crore (US\$ 1.8 billion) from private sources.
- An Urban Infrastructure Development Fund (UIDF) will be established through use of priority sector lending shortfall, which will be managed by the National Housing Bank, and will be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities.
- 50 additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.
- 157 new nursing colleges will be established in co-location with the existing 157 medical colleges established since 2014.
- Since 2016-17, the budget for the Pradhan Mantri Awas Yojana, the flagship housing scheme of the government, has increased 280% from Rs. 20,936 crore (US\$ 2.5 billion) in the revised estimates of 2016-17 to Rs. 79,590 crore (US\$ 9.6 billion) in the latest 2023-24 budget.
- The Awas Yojana budget estimate for 2023-'24 constitutes an allocation of Rs. 25,103 crore (US\$ 3 billion) to Pradhan Mantri Awas Yojana-Urban and Rs. 54,487 crore (US\$ 6.5 billion) to Pradhan Mantri Awas Yojana-Gramin.
- FDI in construction development (townships, housing, built-up infrastructure, and construction development projects) and construction (infrastructure) activity sectors stood at US\$ 26.23 billion and US\$ 28.95 billion, respectively, between April 2000-September 2022.
- In January 2023, the Construction arm of Larsen & Toubro has secured orders for its power transmission & distribution and buildings & factories businesses to establish a 112.5MW Solar Power Plant in West Bengal and to construct a 600-bed super specialty hospital at Mumbai, respectively.
- In December 2022, BHEL formed a consortium with Titagarh Wagons and is among five entities which have bid for the mega Rs. 58,000 crore (US\$ 7 billion) contract to manufacture 200 Vande Bharat trains and maintaining them for the next 35 years.
- In December 2022, Mr. Nitin Gadkari, Minister of Road Transport and Highways inaugurated and laid foundation stone of 8 National Highway projects of 226 km length worth Rs. 1800 crore (US\$ 217.4 million) at Igatpuri, Nashik, Maharashtra.
- In December 2022, Mr. Nitin Gadkari, Minister of Road Transport and Highways inaugurated 7 National Highway projects worth Rs. 2,444 crore (US\$ 295 million) with total length of 204 km in Rewa, Madhya Pradesh.
- In November 2022, Prime Ministry of India laid the foundation stone of various road projects worth over Rs. 2200 crore (US\$ 2.6 billion), namely Medak-Siddipet-Elkathurthy section of NH-765DG;

Bodhan-Basar-Bhainsa section of NH-161BB; Sironcha to Mahadevpur Section of NH-353C in Telangana.

- In November 2022, Mr. Nitin Gadkari, Minister of Road Transport and Highways inaugurated the construction of 3.8 km long 4-lane elevated structure flyover at Ahmednagar, Maharashtra on National Highway-61 at a cost of Rs. 331.17 crore (US\$ 40 million).
- In October 2022, Prime Ministry of India laid the foundation of road and ropeway projects worth more than Rs. 3,400 crore (US\$ 410 million) in Mana, Uttarakhand.
- In October 2022, National Highways Infra Trust (NHAI InvIT), the infrastructure investment trust sponsored by National Highway Authority of India (NHAI) to support Government of India's National Monetization Pipeline, has raised a sum of Rs. 1,430 crore (US\$ 172.6 million) from domestic and international investors through placement of its units, for part funding its acquisition of three additional road projects from NHAI.
- In Union Budget 2022-23:
 - For FY24, the budgetary allocation for the Ministry of Development of North-eastern Region stood at Rs. 5892 crore (US\$ 711 million).
 - Rs. 2,200 crore (US\$ 265.5 million) allocated for Prime Ministers Development Initiative for North-East (PMDevINE) Scheme.
 - Rs. 2491 crore (US\$ 300.6 million) was allocated to Northeast Special Infrastructure Development Scheme (NESIDS). 100 PM-GatiShakti Cargo Terminals for multimodal logistics facilities will be developed over next three years.
 - Focus was on the PM GatiShakti - National Master Plan for multimodal connectivity to economic zones. Everything, from roads to trains, from aviation to agriculture, as well as many ministries and departments, will be integrated under the PM GatiShakti National Master Plan
- In September 2022, the government approved rail-cum-road bridge across Brahmaputra river near the existing Saraighat bridge at Guwahati at the cost of Rs. 996.75 crore (US\$ 122.27 million) which will be shared by NHAI & Ministry of Railways.
- The passenger revenue is estimated to be around Rs. 70,000 crore (US\$ 8.51 billion), an increase of 9% over the previous year.
- In August 2022, Mr. Nitin Gadkari, Minister of Road Transport and Highways laid foundation stone of six NH projects worth Rs. 2,300 crore (US\$ 287.89 million) in Indore, Madhya Pradesh.
- In FY23 (until September 2022), the combined index of eight core industries stood at 142.8 driven by the production of coal, refinery products, fertilizers, steel, electricity and cement industries.
- In June 2022 Mr. Nitin Gadkari, Minister of Road Transport and Highways inaugurated 15 National Highway projects in Patna and Hajipur in Bihar worth Rs. 13,585 crore (US\$ 1.75 billion)
- FDI in construction development (townships, housing, built-up infrastructure and construction development projects) and construction (infrastructure) activity sectors stood at US\$ 26.22 billion and US\$ 28.64 billion, respectively, between April 2000-June 2022.
- In March 2022, Mr. Nitin Gadkari, Minister of Road Transport and Highway inaugurated 19 National Highway projects in Haryana and Rajasthan totalling Rs. 1,407 crore (US\$ 183.9 million).
- The government expanded the 'National Infrastructure Pipeline (NIP)' to 9,335 projects. 217 projects worth Rs. 1.10 lakh crore (US\$ 15.09 billion) were completed as of 2020.
- In November 2021, the Asian Development Bank (ADB) has approved a US\$ 250-million loan to support development of the National Industrial Corridor Development Programme (NICDP). This is a part of the US\$ 500-million loan to build 11 industrial corridors bridging 17 states.
- In November 2021, India, the US, Israel and the UAE established a new quadrilateral economic forum to focus on infrastructure development projects in the region and strengthen bilateral co-operation.
- The initiative 'Infrastructure for Resilient Island States' (launched in November 2021) will give India a huge opportunity to contribute to the betterment of other vulnerable countries in the world.

- In October 2021, the Union Cabinet of India approved the PM GatiShakti National Master Plan—including implementation, monitoring and support mechanism—for providing multi-modal connectivity.
- In October 2021, the Dubai government and India, inked an agreement to develop infrastructure such as industrial parks, IT towers, multipurpose towers, logistics centres, a medical college and a specialised hospital in Jammu & Kashmir.
- In FY22, government initiatives such the National Infrastructure Pipeline, National Monetisation Pipeline, Bharatmala Pariyojana, changes in the Hybrid Annuity Model (HAM) and fast pace of asset monetization to boost road construction.
- To encourage rooftop solar (RTS) throughout the country, notably in rural regions, the Ministry of New and Renewable Energy is undertaking Rooftop Solar Programme Phase II, which aims to install RTS capacity of 4,000 MW in the residential sector by 2022 with a provision of subsidy.
- In May 2021, Minister for Road Transport & Highways and Micro, Small and Medium Enterprises, Mr. Nitin Gadkari stated that the government is giving utmost priority to infrastructure development and has set a target of road construction of worth Rs.15 lakh crore (US\$ 206 billion) in the next two years.
- The Ministry of Railways plans to monetise assets including Eastern and Western Dedicated Freight Corridors after commissioning, induction of 150 modern rakes through PPP, station redevelopment through PPP, railway land parcels, multifunctional complexes (MFC), railway colonies, hill railways and stadiums.
- Mega Investment Textiles Parks (MITRA) scheme was launched to establish world-class infrastructure in the textile sector and establish seven textile parks over three years.
- 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

India's Infrastructure forms an integral part of the country's economic ecosystem. There has been a significant shift in the industry that is leading to the development of world-class facilities across the country in the areas of roads, waterways, railways, airports, and ports, among others. The country-wide smart cities programmes have proven to be industry game-changers. Given its critical role in the growth of the nation, the infrastructure sector has experienced a tremendous boom as a result of India's necessity and desire for rapid development. The expansion has been aided by urbanisation and an increase in foreign investment in the sector.

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's GDP is expected to grow by 8% over the next three fiscal years, one of the quickest rates among major, developing economies, according to S&P Global Ratings. 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.

India being a developing nation is set to take full advantage of the opportunity for the expansion of the infrastructure sector, and it is reasonable to conclude that India's infrastructure has a bright future ahead of it.

(Source: <https://www.ibef.org/industry/infrastructure-sector-india>)

OUR BUSINESS

OVERVIEW

Our Company was incorporated on June 12, 2000 under the Companies Act, 1956 in the name and style 'Shriram EPC Limited'. A certificate of commencement of business was granted to our Company on June 30, 2000 by the Registrar of Companies, Tamil Nadu. Subsequently, the name of our Company was changed to SEPC Limited pursuant to a certificate of incorporation dated February 12, 2021 issued by Ministry of Corporate Affairs. Pursuant to the provisions of Section 391 to 394 of the Companies Act and pursuant to an order dated July 22, 2005 of the High Court of Madras, Shriram Engineering Construction Company Limited was merged with our Company with effect from April 1, 2004, since both companies were in the same line of business, namely, construction engineering. The Corporate Identification Number of our company L74210TN2000PLC045167.

We are an ISO 9001-2015 QMS DAkkS, ISO 9001-2015 QMS NABCB, ISO 45001-2018 DAkkS & ISO 14001-2015 EMS DAkkS certified Engineering Procurement and Construction Company (EPC Contractor) engaged in the business of executing turnkey contracts in Engineering, Procurement, and Construction (EPC) and providing end-to-end solutions offering multi-disciplinary services and project management solutions.

The Company is an Engineering, Procurement, and Construction (EPC) end-to-end solutions provider offering multi-disciplinary services and project management solutions. SEPC Limited ("SEPC") is focused on providing turnkey solutions in the following business areas:

1. **Infrastructure**
 - a. Water & Sewer
 - b. Road
2. **Process and Metallurgy**
 - a. Process Plants
 - b. Steel Plants
 - c. Mine Development
 - d. Power Plants

1. Infrastructure

Water & Sewer

SEPC, as an EPC Player in the last two decades have executed various water and sewerage projects across India and abroad. SEPC has a high level of Engineering expertise to handle turn key Engineering projects to deliver complex projects with strict adherence to deadlines and quality standards. The Water and sewer business consists of the following:

- Drinking water projects
- Sewerage Treatment projects
- Rehabilitation projects

Drinking water projects generally consists of identifying water source, constructing treatment plant, laying pipes to carry water from source to treatment plant and to overhead tank and to individual houses.

Sewerage treatment projects typically involves, collection of sewerage from individual houses through pipes, construction of sewerage treatment plant, laying common pipeline to carry the sewerage collected through to nearby water source to discharge the treated sewerage water.

Rehabilitation projects are generally carried out in places where normal sewerage treatment project cannot be carried out. These projects involve using special imported resins pumped into the existing pipeline to form a layer and using mechanical pressure. This solidified resin is pushed in to form as a new pipe over the existing dilapidated pipe. Finally, the old pipe will be removed and sewerage will pass through the newly laid resin based pipes.

Road

SEPC has experience of laying road for Ministry of Road Transport & Highways (MORTH) and using this qualification SEPC proposes to bid for new projects and augment the sub business vertical.

2.Process and Metallurgy

Steel Plants

SEPC has domain knowledge and good customer base for having executed various projects in Integrated steel plants in areas like Construction of Special Bar mills, Sinter plants, Wire Rod mill, medium structural mills, hot strip mills, Coke oven, Coal chemical plants, Coal dust injection system, air and oxygen turbo compressor, raw material handling systems, secondary refining units etc. and have qualification to participate in this segment along with technology provider. SEPC has also completed the balance of plant and main equipment erection for a 1.2 MTPA steel plant in Oman.

Mine Development

SEPC has done mine development project using the advanced Shaft Sinking technology for mine development and qualified to do several types of mining and various minerals like copper, gold, coal, chrome, manganese, uranium etc.

Power Plants

SEPC has executed various types of Power projects like conventional thermal power plant, Wind mill-based power plant, Bio mass based power plant etc.

Process Plants

Construction of process plants on turnkey basis is under the sub business vertical of Specialized Industrial EPC segment. SEPC has done complete projects for cement, Coal handling, Coal gasification, Cattle feed plants etc. and have qualification to participate in this segment along with technology provider on consortium basis.

We have more than two decades of experience in this field having executed projects in diversified sectors for various companies as displayed below:

| Sector | Clients |
|----------------------|--|
| Water | Tamil Nadu Water Supply Board, Chennai Metro Water Supply & Sewerage Board, Kerala Water Authority, Gujarat Water Supply and Sewerage Board, Drinking Water & Sanitation Department. |
| Process & Metallurgy | Steel Authority of India – Rourkela, Bokaro, Bhilai, Vizag, Durgapur, ISP, Moon Iron and Steel, Oman |
| Mine Development | Hutti Gold Mines |
| Thermal Power | Suryadev Alloys, OPG Ltd, Birla White Cements |

Our operations are managed from our registered office situated at Chennai, Tamil Nadu.

Our revenues from operations for three months period ended June 30, 2023 and for the year ended March 31, 2023 and March 31, 2022 were ₹ 14,327.71 Lakhs, ₹ 37,884.66 Lakhs and ₹ 32,945.65 Lakhs respectively. Our EBITDA for three months period ended June 30, 2023 and for the year ended March 31, 2023 and March 31, 2022 were ₹ 1535.33 Lakhs, ₹ 9186.06 Lakhs and ₹ (9941.33) Lakhs respectively. Our profit & loss after tax for three months period ended June 30, 2023 and for the year ended March 31, 2023 and March 31, 2022 were ₹ 493.09 Lakhs, ₹ (490.38) Lakhs and ₹ (26,370.37) Lakhs respectively. For further details, please refer to the section titled “Financial Information” on page 113 of this Letter of Offer.

In the year 2008 our Company made its maiden initial public offering of 50,00,000 Equity Shares of face value ₹10 each for issue price of ₹ 300/- each aggregating to ₹ 15,00,00,00,000 lakhs. Equity Shares of our Company got listed on BSE & NSE.

The market capitalization (Full) of our Company as at September 30, 2023 on BSE and NSE was Rs. 1,81,302.92 lakhs and Rs. 1,81,028.63 lakhs respectively.

Details of Technology, process & infrastructure facilities

The Company is responsible for design, procurement, construction and commissioning of projects on turnkey basis and the main resource comprising of Engineers and employees specialised in a dedicated sector who offer appropriative solutions for a project in a cost-effective way. In addition, the company has a suite of software on project management control like MS Project, Primavera, design software like AutoCADD, Teckla, StaadPro etc.

Company also owns batching plants, equipment for civil construction and Material handling equipment like cranes, hydra etc. Further, Company also owns shaft sinking equipment which are specialised equipment for mine development.

Nature of products

SEPC is focused on providing turnkey solutions in the following business areas:

1. **Infrastructure**
 - a. Installation of drinking water distribution system
 - b. Installation of sewerage treatment system
 - c. Road works.
2. **Process and Metallurgy**
 - a. Green field and brown field projects on Turnkey basis in respect of Steel Plants, Coke oven plants, Cement, Power plants both conventional and Non-conventional etc.
 - b. Balance of Plants and utility services in respect of the above including civil and structural work.
 - c. Providing infrastructure for mine development for various minerals like, copper, gold, coal, etc.









OUR STRENGTHS

We believe the following competitive strengths will enable us to take advantage of what we foresee to be significant opportunities for growth:

- **Technical Proficiency** – SEPC 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 success in business. Further, SEPC's capability in offering customized solutions helps it to differentiate itself from others. 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, whose diverse experience will enable the management to take strategic decisions to ensure the growth and development of the business of the Company.

TECHNOLOGY PARTNERS:

SEPC works with various technology suppliers on a project specific basis. Some of the suppliers we have worked with in the past are listed below.

| Technology Partner/ Equipment supplier | Name/ Business Segment | Brief Profile | Scope of work |
|---|--|--|--|
|  | Primetals Metallurgy | Offers engineering and plant building for iron, steel and aluminium industries | Medium structure mill for SAIL Durgapur plant |
|  | Shandong Goldgroup Mining | Engaged in business of gold and non-ferrous metals mining, metal and nonmetal mining and real estate and tourism | Shaft sinking project for Hutti Goldmines |
|  | Hutni project Metallurgy | Provides comprehensive project preparation works, engineering and contracting activities and specialize in designing and heavy metallurgical coking chemistry | Installation of new coal chemical plant for 7m tall new coke oven battery at SAIL Rourkela steel plant and NMDC steel plant |
|  | Danieli & C Metallurgy | Offers engineering, contracting and consulting services in all areas of iron and steel making | Wire rod and bar mill project SAIL- IISCO Steel plant in Burnpur |
|  | SMS Mevac Metallurgy | Offers engineering, technology, plant and service for steel making | SAIL – IISCO Steel plant, secondaryrefining unit |
|  | KMG Pipe rehabilitation | Deals in rehabilitating the pressure and gravity pipelines of Water and WasteWater sector with 'no-dig' technologies | Rehabilitation sewer lines – ring roadSlice A for Delhi Jal Board |
|  | Perco Pipe rehabilitation | Services division designs, manufactures and installs new pipelines andrehabilitates existing pipelines using patented pipe bursting and sewer rehabilitation centres | Replacement of sewer by HDPE pipe by pipe bursting method for MCGM, Mumbai |
|  | INCO Engineering s.r.o Czech Republic (INCO) | Exclusive arrangement for sales and service | To promote, negotiate, tender, install, and provide commissioning assistance for a period of Six Years in the South Asia region. |

Details of Projects executed by the company

Some of the major orders till the date of filing of DLOF (value more than Rs 5000 lakhs) executed in various sectors are displayed below:

| Sector / Client | Description of the project | Location |
|--|---|------------|
| Water Infrastructure | | |
| Tamil Nadu Water Supply Board | Comprehensive Water Supply Scheme | Tamil Nadu |
| Gujarat Water Supply and Sewage Board | Water Supply Project- HDPE Pipeline-210 Kms | Gujarat |
| Drinking Water & Sanitation department | Comprehensive Water Supply Scheme | Jharkhand |

| Sector / Client | Description of the project | Location |
|---|---|-------------------|
| Chennai Metro Water Supply & Sewerage Board | Comprehensive Water Supply Scheme | Tamil Nadu |
| GMR Energy | Raw Water Intake project | Chhattisgarh |
| UP Jal Nigam | Conditional Assessment & Rehabilitation of old trunk sewer | Uttar Pradesh |
| BUIDCO –Gaya | Water Supply Scheme | Bihar |
| Process and Metallurgy | | |
| SAIL | New Coal Chemical Plant | Odisha |
| RINL | Upgradation of Sinter Plant | Andhra Pradesh |
| SAIL | ATC/OTC and CDI | Bokaro & Durgapur |
| SAIL | Electrostatic Precipitator | Bhilai |
| MISCO | 1.2 MTPA Steel Plant (BoP)- Executed from Shriram EPC FZE- Sharjah | Oman |
| Process Plants | | |
| Sri Jayajoti Cements | Green field Cement Plant | Andhra Pradesh |
| Konkala Copper Mines | Gas Cleaning Plant | Zambia |
| Kerala Feeds Limited | Cattle Feed plant | Kerala |
| Mineral Processing | | |
| Hutti Gold Mines | Designing, sinking & lining of vertical shaft of 6m diameter and 960m depth | Karnataka |
| Power | | |
| Suryadev Alloys | 2* 80 MW Thermal Power Plant | Tamil Nadu |
| OPG Limited | 77 MW Thermal Power Plant | Tamil Nadu |
| OGPL | Bio Mass Power Plants | Across India |
| Various Customers | Wind Farms | Across India |

Our Revenue from Operations

Following is our detailed revenue break up on audited consolidated basis for the three months period ended June 30, 2023 and financial years ended March 31, 2023, 2022 and 2021:

(₹ in lakhs)

| S. No. | Particulars | Three months period ended June 30, 2023 | FY 2023 | FY 2022 | FY 2021 |
|--------|-------------------------|---|------------------|------------------|------------------|
| 1. | Revenue from operations | 14,327.71 | 37,884.66 | 32,945.65 | 58,278.52 |
| 2. | Other income | 257.82 | 2,003.15 | 1,113.42 | 2,334.79 |
| | Total | 14,585.53 | 39,887.81 | 34,059.07 | 60,613.31 |

Revenue Break-up

Our revenue break up on consolidated basis for the three months period ended June 30, 2023 and financial years ending March 31, 2023, 2022 and 2021 is as follows:

(₹ in lakhs)

| Sr. No. | Particulars | Three months period ended June 30, 2023 | FY 2023 | FY 2022 | FY 2021 |
|---------|--------------|---|------------------|------------------|------------------|
| 1 | Domestic | 13,071.21 | 37,884.66 | 20745.65 | 24878.52 |
| 2 | Exports | 1,256.50 | - | 12,200.00 | 33400.00 |
| | Total | 14,327.71 | 37,884.66 | 32,945.65 | 58,278.52 |

Other Financial Information

The following information computed as per the Guidance Note issued by the ICAI from time to time and disclosed in other financial information:

(₹ in lakhs)

| Particulars | Three months period ended June 30, 2023 | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2021 |
|----------------------------|---|---------------------------|---------------------------|---------------------------|
| Earnings per share: | | | | |
| Basic | 0.04 | (0.04) | (2.71) | (1.85) |
| Diluted | 0.04 | (0.04) | (2.71) | (1.85) |

| | | | | |
|---------------------|-------|---------|-------|-------|
| Return on Net worth | 0.45% | (0.01%) | (36%) | (18%) |
|---------------------|-------|---------|-------|-------|

OUR MAJOR CUSTOMERS

The following is the revenue breakup on restated standalone basis of the top five and top ten customers of our Company for the Fiscal 2023 is as follows:

(₹ in lakhs)

| Particulars | Fiscal 2023 | Percentage (%) |
|------------------|-------------|----------------|
| Top 5 customers | 23,121.07 | 61.03% |
| Top 10 customers | 31,712.89 | 83.71% |

Insurance coverage

We maintain comprehensive insurance covering our assets and operations at certain levels, which we believe to be appropriate. Our Company has the following insurance policies as on date.

| Nature Of Policies | Sum Insured [In Crores] | Validity Upto | Premium |
|---|-------------------------|---------------|--------------------|
| a. Public liability insurance | | | |
| Workmen Compensation Policy | 17.55 | 25.06.2024 | 1,54,782 |
| EDLI Policy | 7.27 | 31.08.2024 | 6,90,803 |
| b. Product liability insurance | | | |
| CPM Policy | | | |
| Fidelity Guarantee Policy | 0.25 | 18.05.2024 | 32,450 |
| Fixed Assets Policy | 6.45 | 05.01.2024 | 71,886 |
| Marine Cargo Policy | 135.26 | 29.06.2024 | 5,08,030 |
| Money Policy | 3.15 | 18.05.2024 | 18,584 |
| c. Insurance cover for accidents/fire/natural calamities, etc. | | | |
| Fire Policy-Stock | 909.00 | 29.04.2024 | 80,44,650 |
| d. Group accidental or medical insurance policies | | | |
| GPA Policy | 107.21 | 14.07.2024 | 7,59,019 |
| e. Directors and officers liability insurance; and | | | |
| D & L O Policy | 20.00 | 31.03.2024 | 3,18,600 |
| Total | 1306.07 | | 1,05,98,804 |

HUMAN RESOURCES

Our employees are key contributors to our business success. As on August 31, 2023, we have 246 employees including our Executive Directors, who look after our business operations, factory management administrative, secretarial, marketing and accounting functions in accordance with their respective designated goals.

Following is a department wise employee break-up:

| Department | Number of Employees |
|---------------------------------------|---------------------|
| Top management | 3 |
| Finance and Accounts | 21 |
| HR and Admin | 7 |
| Corporate Co-ordination | 2 |
| Secretarial | 2 |
| Marketing, Sales and customer service | 54 |
| Operations and Maintenance | 142 |
| Purchase and stores | 8 |
| IT | 1 |
| Legal | 3 |
| Internal Audit | 3 |
| Total | 246 |

COMPETITION

The Company's operates in Water & Infrastructure, Road, Process & Metallurgy, Mining projects. The Company is a specialised EPC company with qualification in projects, across various verticals and operates in mid-size projects. This is a niche segment and large number of projects in this segment are available across India. This will enable the company to counter competition to get profitable projects.

MARKETING APPROACH

SEPC has developed strong expertise and offerings catering to sectors 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 markets.

A number of Government flagship programme are aimed at creating immense infrastructure development and urban transformation. Since the company has got qualifications exactly in these areas, the following programs are available as market for company to bid and take order.

1) Har Ghar Jal programme

Jal Jeevan Mission, is envisioned to provide safe and adequate drinking water through individual household tap connections by 2024 to all households in rural India. The programme will also implement source sustainability measures as mandatory elements, such as recharge and reuse through grey water management, water conservation, rain water harvesting. The Jal Jeevan Mission will be based on a community approach to water and will include extensive Information, Education and communication as a key component of the mission.

2) Swachh Bharat Mission (Grameen)

The Hon'ble Prime Minister of India, Narendra Modi had launched the Swachh Bharat Mission on 2nd October 2014. Under the mission, all villages, Gram Panchayats, Districts, States and Union Territories in India declared themselves "open-defecation free" (ODF) by 2 October 2019, constructing over 100 million toilets in rural India. To ensure that the ODF behaviours are sustained, no one is left behind, and that solid and liquid waste management facilities are accessible, the Mission is moving towards the next Phase II of SBMG i.e., ODF-Plus. ODF Plus activities under Phase II of Swachh Bharat Mission (Grameen) will reinforce ODF behaviours and focus on providing interventions for the safe management of solid and liquid waste in villages.

3) Clean tap water connections to 10 Cr. Rural Households by Jal Shakti ministry

Clean tap water connections to over 10 crore rural households and open defecation free-plus status for 1.42 lakh villages were among some key achievements for the Jal Shakti Ministry this year. The government has promised 100 per cent tap water connections to all rural households by 2024. A total of 19,36,06,464 rural households have been identified in rural India.

4) Clean Ganga Mission

National Mission for Clean Ganga (NMCG) was registered as a society on 12th August 2011 under the Societies Registration Act 1860. It acted as implementation arm of National Ganga River Basin Authority (NGRBA) which was constituted under the provisions of the Environment (Protection) Act (EPA), 1986. The Act envisages five tier structure at national, state and district level to take measures for prevention, control and abatement of environmental pollution in river Ganga and to ensure continuous adequate flow of water so as to rejuvenate the river Ganga.

5) Water for All by 2024 (Jal Jeewan mission)

The Vision of the Jal Jeewan Mission is that every rural household has drinking water supply in adequate quantity of prescribed quality on regular and long-term basis at affordable service delivery charges leading to improvement in living standards of rural communities. Jal Jeevan Mission, is envisioned to provide safe and adequate drinking water through individual household tap connections by 2024 to all households in rural India.

6) PM Gati Shakti aligned Infra projects – Outlay 1 lakh Cr.

Traditionally, there was lack of coordination between different Departments, for example, once a road was constructed, other agencies dug up the constructed road again for activities like laying of underground cables, gas pipelines etc. This not only caused great inconvenience but was also a wasteful

expenditure. To address this, efforts were made to increase coordination so that all cables, pipelines etc. could be laid simultaneously.

Prime Minister launched PM Gati Shakti - National Master Plan for Multi-modal Connectivity, essentially a digital platform to bring 16 Ministries including Railways and Roadways together for integrated planning and coordinated implementation of infrastructure connectivity projects. The multi-modal connectivity will provide integrated and seamless connectivity for movement of people, goods and services from one mode of transport to another. It will facilitate the last mile connectivity of infrastructure and reduce travel time for people.

7) Making India a 5 trillion USD Economy

Union Home Minister Amit Shah on 12th Nov 2022, said that India will become a \$5 trillion economy by 2025, and the third largest economy in the world by 2027. "According to a recent report by Morgan Stanley, India is set to become the third biggest economy in the world by 2027. For this, infrastructure is very important. Because of effective and transparent policies, the Modi government has achieved a lot in different sectors in the last eight years," Amit Shah said.

8) Rural Infra Projects

Target for India's future have been spelt out loud and clear. A US \$5 trillion economy; Infrastructure Development; Housing & better living standards; Enhancing agriculture production and more other. Rural Infrastructure development will be the key. With nearly two-thirds of India's population in rural areas, a mind boggling 800 million people, the challenges and market opportunities that it presents cannot be ignored. Rural areas contribute around 46% to the country's net domestic product and employ 70% of the total workforce. Enhanced reach to rural economies & development of SMART cities will quickly take centre stage in creating employment opportunities for India's youth.

- 9) ADB signs USD 125 million for developing Coimbatore, Madurai and Thootukudi in Tamil Nadu. The Centre and Asian Development Bank (ADB) on Tuesday signed a \$125 million loan to develop climate-resilient sewage collection and treatment, and drainage and water supply systems in three cities in the state of Tamil Nadu.

In Madurai, the project will support the commissioning of 813 km of new water supply distribution pipelines that will connect 163,958 households to 115 newly established district metered area with smart water features to reduce nonrevenue water.

10) Smart City Mission Projects

The 100 Smart Cities Mission in India was launched by Prime Minister Narendra Modi on June 25, 2015. Smart Cities Mission is an urban renewal and retrofitting programme launched by the Government of India to develop smart cities and make them citizen friendly and sustainable.

11) Steel Projects – Outlay public + private

The total steel production capacity of the country at present is 143.91 million tonnes. The details of units engaged in steel production, both in Public and Private Sector are enclosed as below:

| S.No | Sector | Units | Capacity ('000 Tonnes) | Production ('000 Tonnes) |
|------|----------------|------------|------------------------|--------------------------|
| 1) | Public Sector | 9 | 25,932 | 19,515 |
| 2) | Private Sector | 869 | 1,17,982 | 84,030 |
| | TOTAL | 878 | 1,43,914 | 1,03,545 |

Public Sector steel undertakings have commenced capex programs for expansion as well as efficiency improvement and with our qualifications we would be able to participate in these projects with or without technology providers depending on the project.

12) FGD projects in India

The government plans to install 600 Flue Gas Desulfurization (FGD) units at thermal power plants with a combined 211.62 GW capacity. This includes power plants owned by the Central Government, States, and by private players. Across the country, the Central Government has awarded bids to install FGD units at 133 projects with a capacity of 58.42 GW. State Governments and private companies have awarded bids for 23 projects with 8.26 GW and 33 projects with 19.06 GW, respectively.

13) Outlay on Roads projects by Centre and States

In FY22 (until December 2021) 5,835 kms of highway was constructed across India. The Government aims to construct 65,000 kms of national highways at a cost of Rs. 5.35 lakh crore (US\$ 741.51 billion). Under the Union Budget 2022-23, the Government of India has allocated Rs. 199,107.71 crore (US\$ 26.04 billion) to the Ministry of Road Transport and Highways.

14) Atmanirbhar Bharat Abhiyan

On 12 May 2020, our Hon'ble PM, Narendra Modi, raised a clarion call to the nation giving a kick start to the Atmanirbhar Bharat Abhiyaan (Self-reliant India campaign) and announced the Special economic and comprehensive package of INR 20 lakh crores - equivalent to 10% of India's GDP – to fight COVID-19 pandemic in India. The aim is to make the country and its citizens independent and self-reliant in all senses. He further outlined five pillars of Aatma Nirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand.

15) PLI Schemes

Hon'ble Finance Minister, Smt Nirmala Sitharaman has announced an outlay of INR 1.97 Lakh Crores for the Production Linked Incentive (PLI) Schemes across 14 key sectors, to create national manufacturing champions and to create 60 lakh new jobs, and an additional production of 30 lakh crore during next 5 years.

16) New Energy Projects

To preserve the ecology and reduce consumption of fossil fuels, Government of India has embarked on a major investment and promotion of green fuels like Methanol etc., along with new energy focussed on Hydrogen, Fuel cells, Coal to Ammonia, Coal to Gas etc., SEPC will be actively participating in such new ventures.

17) Mining

The scope for new mining capacities in iron ore, bauxite, rare minerals and coal and considerable opportunities for future discoveries of sub-surface deposits and continue to provide lucrative business opportunities for steel, zinc, and aluminium producers. The future of mining is underground, not only because metals and minerals close to the surface are increasingly rare, but because underground mines have a significantly lower environmental footprint.

HEALTH AND SAFETY

SEPC Safety Health & Environment policy clearly states the company's commitment to effective safety-process management and provides a safe working Environment.

SEPC provides a conducive atmosphere at the work place and only few injuries in the past compared to the volume of work done is testimony to good safety policy followed by the company. Some of the customers have also provided safety awards acknowledging this.

Our Immovable Properties

The following are the details of owned and lease hold properties:

a) *Owned property:*

We own the property located at plot No.31-A/12, Sidco Industrial Estate, Ambattur, Chennai- 53 Land area- 27600 Sq.ft.

b) *Leasehold property: Nil*

OUR MANAGMENT

Our Board of Directors

Our Articles of Association require us to have not less than three (03) and not more than fifteen (15) Directors. As on date of this Draft Letter of Offer, we have six (06) Directors on our Board, which includes, one (01) Managing Director, one (01) Non – Executive Director and four (04) Independent Directors, one of whom is also the woman director of our Company.

Set forth below are details regarding our Board as on the date of this Draft Letter of Offer:

| Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality | Age (years) | Other Directorships |
|---|-------------|---|
| <p>Abdulla Mohammad Ibrahim Hassan Abdulla</p> <p>DIN: 09436100</p> <p>Date of Birth: September 6, 1994</p> <p>Designation: Chairman and Non-Executive Director</p> <p>Address: 902, Villa Til, Tillal, Post Box 36668, Dubai, United Arab Emirates</p> <p>Occupation: Business</p> <p>Term: Liable to retire by rotation</p> <p>Nationality: United Arab Emirates</p> | 29 | <ul style="list-style-type: none"> i. Valiance Engineers Private Limited; and ii. Mark AB Capital Investment India Private Limited. |
| <p>Nemmara Krishnan Suryanarayanan</p> <p>DIN: 01714066</p> <p>Date of Birth: September 13, 1957</p> <p>Designation: Managing Director and Chief Executive Officer</p> <p>Address: A-504, Satellite Park, Caves Road, Near Ismail Yusef College, Jogeshwari (East), Mumbai - 400 060, Maharashtra, India.</p> <p>Occupation: Professional</p> <p>Term: For a period of three (03) years w.e.f. September 24, 2022.</p> <p>Nationality: Indian</p> | 66 | Nil |
| <p>Dr. Ravichandran Rajagopalan</p> <p>DIN: 01920603</p> <p>Date of Birth: July 20, 1957</p> | 66 | Indo-Latin American Chamber of Commerce & Industry |

| Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality | Age (years) | Other Directorships |
|--|-------------|--------------------------------|
| <p>Designation: Independent Director</p> <p>Address: 2601, A1 Pelung Chs, Puraniks Rumah Bali, Ghodbunder Road, Bhayanderpada, Thane – 400 615, Maharashtra, India.</p> <p>Occupation: Professional</p> <p>Term: For a period of five (05) years w.e.f. June 24, 2022.</p> <p>Nationality: Indian</p> | | |
| <p>Dr. Arun Kumar Gopaldaswamy</p> <p>DIN: 07212557</p> <p>Date of Birth: February 6, 1971</p> <p>Designation: Independent Director</p> <p>Address: B-26-3C, Chera Delhi Avenue, IIT Madras, Chennai 600 036, Tamil Nadu, India.</p> <p>Occupation: Professional</p> <p>Term: For a period of five (05) years w.e.f. June 24, 2022.</p> <p>Nationality: Indian</p> | 52 | Nil |
| <p>Rajesh Kumar Bansal</p> <p>DIN: 09634747</p> <p>Date of Birth: August 18, 1961</p> <p>Designation: Independent Director</p> <p>Address: Flat 904, Tower 1, SPR Imperial Estate Sector - 82, Atigaon Road, Faridabad – 121 002, Haryana, India</p> <p>Occupation: Professional</p> <p>Term: For a period of five (05) years w.e.f. January 18, 2023</p> <p>Nationality: Indian</p> | 62 | Rahee Infratech Limited |
| <p>Sundaram Gayathri</p> <p>DIN: 07342382</p> | 54 | S & S Power Switchgear Limited |

| Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality | Age (years) | Other Directorships |
|--|-------------|---------------------|
| <p>Date of Birth: August 27, 1969</p> <p>Designation: Independent Director</p> <p>Address: Sadan New No. 11, Old No. 4, Norton, 3rd street, Near St. Johns School, Mandaveli, Raja Annamalaipuram, S.O., Chennai- 600 028, Tamil Nadu, India.</p> <p>Occupation: Professional (chartered accountant)</p> <p>Term: For a period of five (05) years w.e.f. January 30, 2023</p> <p>Nationality: Indian</p> | | |

Brief Biographies of our Directors

Abdulla Mohammad Ibrahim Hassan Abdulla, aged 29 years, is the Chairman and Non-Executive Director of our Company. He holds a bachelor's degree in business administration from Cambridge University. He is a co-promoter of the Al Otaiba Group of Companies and also holds directorship in Valiance Engineers Private Limited and Mark AB Capital Investment India Private Limited.

Nemmara Krishnan Suryanarayanan, aged 66 years, is the Managing Director and Chief Executive Officer of our Company. He holds a bachelor's degree in mechanical engineering with honours from Calicut University. He received his training in United States of America and Belgium. His focus area has been Industrial EPC business. His last assignment was as Director and CEO of Hamon Group in India for their Cooling System. He has extensive experience in EPC business.

Dr. Ravichandran Rajagopalan, aged 66 years, is the Independent Director of our Company. He is an IICA-MCA qualified Independent Director, Management & Finance professional with 40 years of industry experience. He holds a doctorate in investment banking for international business from International Business from Adept Institute of Management Studies and Research, Dharwad and has completed a course on governing sustainable finance from ADB Institute. He currently holds the position of managing partner in Dockside International Management Services LLP, Chennai.

Dr. Arun Kumar Gopalswamy, aged 52 years, is the Independent Director of our Company. He holds a Doctorate in Management from Indian Institute of Science, Bangalore. He is a professor at the Department of Management Studies, Indian Institute of Technology, and Madras. He works on assignments with Department of International Development.

Rajesh Kumar Bansal, aged 62 years, is the Independent Director of our Company. He holds a bachelor's degree in textile from Technological Institute of Textiles, Bhiwani, has passed the examination for Certified Associate of Indian Institute of Bankers organised by Indian Institute of Banking Finance and is also a certified insolvency resolution professional. He has an experience of more than four years as production engineer in yarn spinning and has 33 years of experience in the banking industry. He was previously associated with Allahabad Bank and Indian Bank.

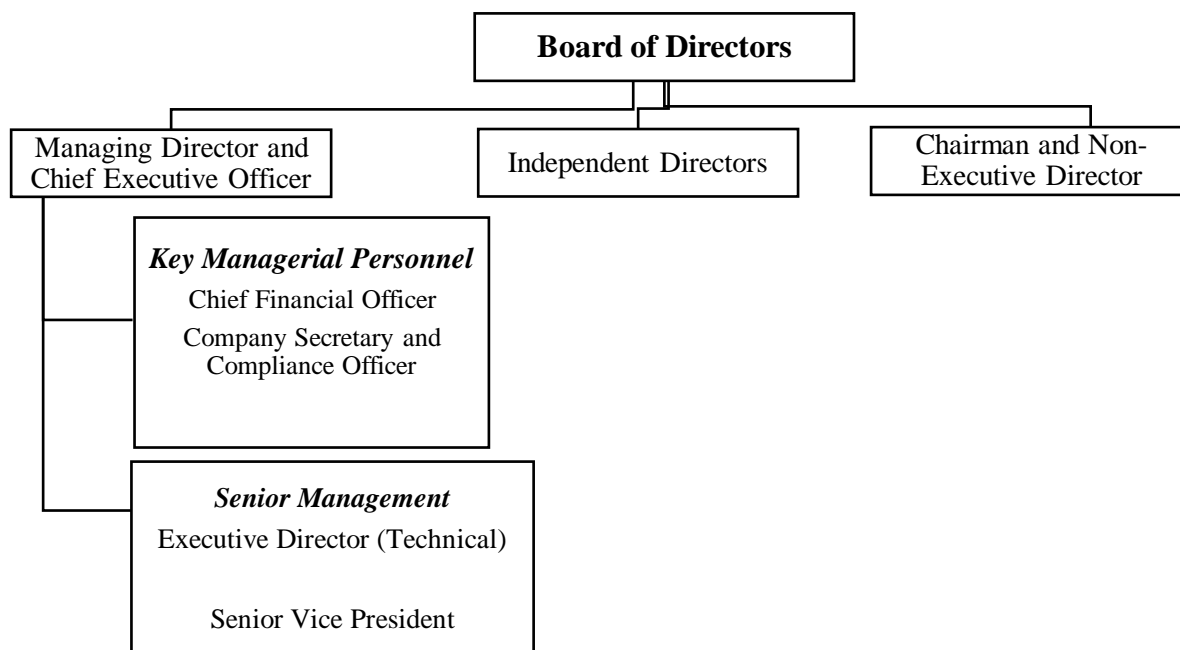
Sundaram Gayathri, aged 54 years, is the Independent Director of our Company. She is a chartered accountant and cost and management accountant. She has an experience of more than two decades in corporate accounting, risk management accounting and treasury. She is a director and partner at Profaids Consulting, a boutique consulting firm specializing in management and internal audits, handling audit of companies across a wide spectrum of industries. She is also an independent director of S & S Power Switchgear Limited.

Confirmations

1. None of our Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five years preceding the date of filing of this Draft Letter of Offer, during the term of his/ her directorship in such company.
2. Further, none of our Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) at any time in the past.

Management Organization Structure

Set forth is the organization structure of our Company:



Corporate Governance

Certain of the provisions of the SEBI Listing Regulations and the Companies Act with respect to corporate governance are applicable to us.

We are in compliance with the requirements of the applicable regulations, to the extent applicable, including the SEBI Listing Regulations, Companies Act and the SEBI (ICDR) Regulations, in respect of corporate governance including constitution of our Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

Committees of our Board

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

- a) Audit Committee;

- b) Stakeholders' Relationship Committee;
- c) Nomination and Remuneration Committee; and
- d) Risk Management Committee.

Details of each of these committees are as follows:

a. Audit Committee

Our Audit Committee was last reconstituted by our Board of Directors in their meeting held on September 24, 2022 with the following members forming a part of the said Committee:

| Sr. No. | Name of Member | Designation |
|---------|---------------------------------|-------------|
| 1. | Dr. Ravichandran Rajagopalan | Chairman |
| 2. | Dr. Arun Kumar Gopaldaswamy | Member |
| 3. | Nemmara Krishnan Suryanarayanan | Member |

The Company Secretary acts as the secretary of the Audit Committee.

The scope, functions and the terms of reference of our Audit Committee, is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations which are as follows:

- 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) Recommending fixation of audit fees to the Board.
- 3) Approval of payment to 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:
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the board's report;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements related to financial statements;
 - f) Disclosure of any related party transactions; and
 - g) Modified opinion(s) 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, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- 7) Reviewing the adequacy of the 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.
- 8) Discussion with Internal Auditors and/or Auditors of any significant findings and follow-up thereon.
- 9) Discussions with Statutory Auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.
- 10) 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.
- 11) To review functioning of the Whistle Blower Mechanism.

- 12) To review the follow-up action on audit observations of the Comptroller & Auditor General of India (C&AG) audit.
- 13) Provide an open avenue of communication between the Independent Auditors, Internal Auditor and the Board of Directors.
- 14) Approval or any subsequent modification of transactions of the Company with related parties.
- 15) Review with the Independent Auditor the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.

As required under the SEBI Listing Regulations, the Audit Committee shall meet at least four times a year with maximum interval of four months between two meetings and the quorum for each meeting of the Audit Committee shall be two members or one third of the members, whichever is greater, provided that there should be a minimum of two independent directors present.

b. Stakeholders Relationship Committee

Our Stakeholders Relationship Committee was last reconstituted on September 24, 2022. The members of the said Committee are as follows:

| Sr. No. | Name of Member | Designation |
|---------|---------------------------------|-------------|
| 1. | Dr. Arun Kumar Gopaldaswamy | Chairman |
| 2. | Dr. Ravichandran Rajagopalan | Member |
| 3. | Nemmara Krishnan Suryanarayanan | Member |

The Company Secretary acts as the secretary of the Stakeholders Relationship Committee.

The scope and function of the Stakeholders Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations and the terms of reference, powers and scope of the Stakeholders Relationship Committee of our Company include:

- 1) Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- 2) Review of measures taken for effective exercise of voting rights by shareholders;
- 3) Review of adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent;
- 4) Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensure timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and
- 5) To Carry out any other function, as required under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

As required under the SEBI Listing Regulations, the Stakeholders Relationship Committee shall meet at least once a year, and the chairperson of the committee shall be present at the annual general meetings to answer queries of the security holders. The quorum of the meeting shall be either two members or one third of the members of the committee whichever is greater, including at least one independent director in attendance.

c. Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was last reconstituted by our Board of Directors in their meeting held on September 24, 2022 with the following members:

| Sr. No. | Name of Member | Designation |
|----------------|---------------------------------|--------------------|
| 1. | Dr. Arun Kumar Gopaldaswamy | Chairman |
| 2. | Dr. Ravichandran Rajagopalan | Member |
| 3. | Nemmara Krishnan Suryanarayanan | Member |

The Company Secretary acts as the secretary of the Nomination and Remuneration Committee.

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and SEBI Listing Regulations and the terms of reference, powers and role of our Nomination and Remuneration Committee are as follows:

- 1) To formulate the criteria for determining positive attributes and independence of a Director;
- 2) To recommend distribution of the annual bonus/Performance Related Pay (PRP) and policy for its distribution across the Board and below Board level employees including key managerial personnel;
- 3) To formulate the criteria for evaluation of independent directors and the board;
- 4) To devise a policy on board diversity;
- 5) To identify persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the board their appointment and removal;
- 6) To examine and recommend other allowances and perks, etc. to the Board of Directors for approval;
- 7) To recommend to the board, all remuneration, in whatever form, payable to senior management; and
- 8) To carry out any other function as may be required under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

As required under the SEBI Listing Regulations, the Nomination and Remuneration Committee shall meet at least once a year, and the chairperson of the committee shall be present at the annual general meetings to answer queries of the shareholders. The quorum for each meeting of the said committee shall be either two members or one-third of the members of the committee whichever is greater, including at least one independent director in presence.

d. Risk Management Committee

Our Risk Management Committee was last re-constituted on September 24, 2022 with the following members forming a part of the said Committee:

| Sr. No. | Name of Member | Designation |
|----------------|---------------------------------|--------------------|
| 1. | Dr. Arun Kumar Gopaldaswamy | Chairman |
| 2. | Dr. Ravichandran Rajagopalan | Member |
| 3. | Nemmara Krishnan Suryanarayanan | Member |

The Company Secretary acts as the secretary of the Risk Management Committee.

The terms of reference of the Risk Management Committee include the following:

1. To formulate a detailed risk management policy, which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
 - (b) Measures for risk mitigation including systems and processes for internal control of identified risks; and
 - (c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

As required under the SEBI Listing Regulations, the Risk Management Committee shall meet at least twice a year, and the chairperson of the committee shall be present at the annual general meetings to answer queries of the shareholders. The quorum for each meeting of the said committee shall be either two members or one-third of the members of the committee whichever is greater, including at least one member of the board of directors in attendance.

Additionally, our Company has constituted various operational committees such as the Rights Issue Committee.

Our Key Managerial Personnel and Senior Management

In addition to our Managing Director and Chief Executive Officer, whose details have been provided under paragraph above titled '*Brief Profile of our Directors*', set forth below are the details of our Key Managerial Personnel as on the date of filing of this Draft Letter of Offer:

Chandrasekharan Sivaprakasam Ramalingam, aged 64 years, is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from University of Madras. He is a Chartered Accountant from Institute of Chartered Accountants of India and has also done a diploma in International Financial Reporting Standards (IFRS) from Association of Chartered Certified Accountants, (ACCA) UK. He has been associated with our Company since February 6, 2012 in the capacity of Chief Financial Officer. In the past, he has served in Shasun Pharmaceuticals Limited as corporate financial controller.

Thiruppathy Sriraman, aged 56 years, is the Company Secretary and Compliance Officer of our Company. He holds a bachelor's degree in economics from University of Madras. He is also an associate of the Institute of Company Secretaries of India and has been associated with our Company since August 1, 2004 and was appointed as the Company Secretary and Compliance Officer of our Company on February 11, 2022.

All our Key Managerial Personnel are permanent employees of our Company.

None of our Key Managerial Personnel are entitled to receive any termination or retirement benefits.

In accordance with the SEBI ICDR Regulations, in addition to our Chief Financial Officer and our Company Secretary and Compliance Officer, who are also our Key Managerial Personnel and whose details have been disclosed above, following are the details of the Senior Management in our Company:

Sriram Raju, aged 56 years, is the executive director (corporate) of our Company. He holds a bachelor's degree in technology (civil) from Indian Institute of Technology (Madras) and also holds a master's degree in science (civil engineering) from Oklahoma State University, USA. He has been associated with our Company since November 9, 2014. In the past, he has served in SAAG RR Infra Limited in the capacity of a Managing Director.

Arivalagan Dakshnamoorthy, aged 65 years, is the Director (Technical) of our Company. He holds a bachelor's degree in engineering (mechanical) from Annamalai University. He has been associated with our Company since July 1, 2005. He was earlier designated as 'Senior Vice President' of our Company and has been promoted to the position of Director (Technical) on April 1, 2023. In the past, he has served at the Indian Institute of Technology, Madras, in the capacity of project associate and in M/s. Sterling Dynamics Private Limited as chief engineer design and development.

All our Senior Management are permanent employees of our Company.

None of our Senior Management are entitled to receive any termination or retirement benefits.

Relationship of Key Managerial Personnel and Senior Management with our Key Managerial Personnel and Senior Management

None of the Key Managerial Personnel and Senior Management are related to each other.

OUR PROMOTER

Our Promoter is Mark A B Capital Investment LLC. As on date of this Draft Letter of Offer, the shareholding of our Promoter has been provided below:

| S. No. | Name of the Promoter | Number of Equity Shares | Percentage of Equity Shares held (%) |
|--------------|---------------------------------|-------------------------|--------------------------------------|
| 1. | Mark A B Capital Investment LLC | 35,00,00,000 | 25.52 |
| Total | | 35,00,00,000 | 25.52 |

Our Company confirms that permanent account number and bank account number of our Promoter will be submitted to the Stock Exchanges at the time of filing the Draft Letter of Offer.

Mark A B Capital Investment LLC (“Mark LLC”)

Corporate Information

Mark LLC was originally incorporated in 2007 under the Laws of United Arab Emirates. The registered office of Mark LLC is located at 902, Grosvenor Business Tower, Barsha Heights, Al Barsha, Dubai, United Arab Emirates. Mark LLC is engaged in the business of Investment in Commercial Enterprises and Management.

Mark LLC is promoted by Mr. Abdulla Mohammad Ibrahim Hassan Abdulla and Ms. Huda Abdulla Hassan Abdulla.

The securities of Mark LLC are not listed on any stock exchanges, in India or abroad.

Brief Financial Details

Set forth below is the consolidated financial information of Mark LLC based on its audited financial statements for the last three calendar years:

(₹ in lakhs, except for per share data)

| Particulars | December 2022 | December 31, 2021 | December 31, 2020 |
|---|---------------|-------------------|-------------------|
| Issued and paid-up Equity Share Capital | 1,85,926 | 1,85,715 | 1,82,473 |
| Reserves and Surplus (excluding revaluation reserves) | 36,434 | 33,578 | 32,992 |
| Sales / Turnover/Other Income | 20,856 | 22,314 | 46,709 |
| Profit / (Loss) after Tax | 18,765 | 13,504 | 8,601 |
| Basic and Diluted EPS per share | 1.66 | 1.67 | 1.06 |
| Net Asset Value per equity share | 24.21 | 23.61 | 22.79 |

Confirmations

- Our Promoter and members of our Promoter have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by it in the past or are currently pending against them.
- Our Promoter and members of our Promoter have not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
- Our Promoter and members of our Promoter have not been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoter and members of our Promoter are not and have never been promoter of any other company, which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.
- There are no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Issue against our Promoter.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, during the last three Fiscals, as per the requirements under the relevant accounting standards and as reported in the Restated Consolidated Financial Information, see section titled “*Financial Information*” at page 113 of this Draft Letter of Offer.

DIVIDEND POLICY

Under the Companies Act, 2013, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

There are no dividends declared by our Company in the preceding three years and the three months period ended June 30, 2023.

SECTION V – FINANCIAL INFORMATION

RESTATED FINANCIAL STATEMENTS

| S. No. | Details | Page Number |
|---------------|---|--------------------|
| 1. | Limited reviewed unaudited consolidated financial results for the three months period ended June 30, 2023 | 114 |
| 2. | Restated Consolidated Financial Statements as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021. | 118 |
| 3. | Accounting Ratios | 184 |
| 4. | Statement of Capitalization | 186 |

(The remainder of this page has been intentionally left blank)

Independent Auditor's Review Report on Unaudited Consolidated financial results for the quarter ended June 30, 2023 of SEPC Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To The Board of Directors of SEPC Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results of SEPC Limited (Name of the Company) ('the Holding Company'), its subsidiary, (the Holding Company and its subsidiary together referred to as the 'Group') for the quarter ended June 30, 2023 ('the Statement'), being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Regulations').
2. This Statement, which is the responsibility of the Holding Company's Management and has been approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder ('Ind AS 34') and other recognised accounting principles generally accepted in India and is in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. This Statement includes the results of the Holding Company and the following entity

| Sr. No | Name of the Entity | Relationship with the Holding Company |
|--------|-----------------------------|---------------------------------------|
| 1 | Shriram EPC (FZE) - Sharjah | Subsidiary |

5. Basis for Qualified Conclusion:

Our audit report on the consolidated financial statements for the year ended March 31, 2023 was qualified in respect of the matters stated below:

- a) The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. 33,289.92 Lakhs (June 30, 2022: Rs. 39,610.00 Lakhs) which was recognized on unabsorbed business losses. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment that sufficient taxable profits will be available in the future against which such unabsorbed business losses can be utilised as required by Ind AS 12 on Income taxes, we are unable to ascertain the extent to which the deferred tax asset can be utilized. (Refer Note 06 of the Statement).
- b) Contract Assets (Non-Current) include Rs. 7,351.90 Lakhs (Net of provisions amounting to Rs. 926.98 Lakhs) (June 30, 2022: Rs. 3,956.02 Lakhs) and Trade Receivables (Non-Current) include Rs. 575.21 Lakhs (Net of provisions amounting to Rs. 82.99 Lakhs) relating to dues on projects which are not progressing on account of statutory delays faced by the customer. In the absence of positive development in this matter till date, there is uncertainty on the amount that would be recoverable by the Company. Further, we do not have sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the said amounts. Accordingly, we are unable to comment on the carrying value of above-mentioned Contract Asset (Non-Current) and Trade Receivables (Non-Current) and the impact if any, on account of non-provisioning of the said balances on the Statement. (Refer Note 03 of the Statement)



These qualifications have not been addressed by the Management of the Holding Company in the Statement for the quarter ended June 30, 2023.

6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the and other auditor referred to in paragraph 7 below, with the exception of the matter described in the paragraph 5 and the effect thereon, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 and other recognised accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. We did not review the interim financial results of subsidiary Company (including step down subsidiary) included in the Statement, whose interim financial results reflect total revenues of Rs. Nil , total net loss after tax of Rs. 25.37 Lakhs and total comprehensive loss of Rs.25.37 Lakhs, for the quarter ended June 30, 2023, as considered in the Statement. These interim financial results have been reviewed by other auditor whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion is not modified in respect of the above matter.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.105047W



Geetha Jeyakumar
Partner
Membership No.: 029409
UDIN: 23029409BGTMYA1767



Place: Chennai
Date: August 10, 2023



Engineering the Future

SEPC Limited
 Regd Office : 4th Floor, Boscon Futura SV,
 Door No.10/1, Venkatanarayana Road, T Nagar, Chennai -600017
 CIN:L74210TN2000PLC045167
 Website: www.shriramepc.com
 Statement of Consolidated Unaudited Financial Results for the Quarter Ended June 30, 2023

Rs Lakhs

| S No | Particulars | Quarter Ended | | | Year Ended |
|------|---|------------------|----------------------------|-------------------|--------------------|
| | | 30.06.2023 | 31.03.2023 | 30.06.2022 | 31.03.2023 |
| | | Unaudited | Audited (Refer Note No 13) | Unaudited | Audited |
| 1 | Income | | | | |
| | (a) Revenue from operations | 14,327.71 | 14,222.67 | 5,924.17 | 37,884.66 |
| | (b) Other Income | 257.82 | 789.80 | 931.28 | 2,003.15 |
| | Total Income from operations | 14,585.53 | 15,012.47 | 6,855.45 | 39,887.81 |
| 2 | Expenses | | | | |
| | (a) Cost of Materials, Erection, Construction & Operation Expenses | 11,645.85 | 12,192.15 | 5,303.51 | 31,905.03 |
| | (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (115.73) | - | - | - |
| | (c) Employee benefits expense | 790.97 | 675.93 | 863.39 | 3,340.15 |
| | (d) Finance Costs | 908.42 | 933.76 | 2,722.55 | 6,039.75 |
| | (e) Depreciation and amortisation expense | 133.82 | 138.73 | 137.39 | 614.73 |
| | (f) Other expenses (Refer Note No 8) | 729.11 | 64.48 | 913.31 | 9,271.71 |
| | Total expenses | 14,092.44 | 14,005.05 | 9,940.15 | 51,171.37 |
| 3 | Profit/(Loss) before exceptional items and tax (1-2) | 493.09 | 1,007.42 | (3,084.70) | (11,283.56) |
| 4 | Exceptional Items- (income)/expense (Refer Note No 7) | - | - | - | (13,815.13) |
| 5 | Profit/(Loss) before tax (3 - 4) | 493.09 | 1,007.42 | (3,084.70) | 2,531.57 |
| 6 | Tax Expense | | | | |
| | Current Tax | - | - | - | - |
| | Deferred Tax charge / (benefit) | - | 3,021.95 | - | 3,021.95 |
| | Total | - | 3,021.95 | - | 3,021.95 |
| 7 | Profit/(Loss) for the period / year (5 - 6) | 493.09 | (2,014.53) | (3,084.70) | (490.38) |
| 8 | Other comprehensive income / (loss) (OCI) | | | | |
| | Other comprehensive income not to be reclassified to profit or loss in subsequent periods | | | | |
| | Re-measurement gains/ (loss) on defined benefit plans (Net of Taxes) | 16.53 | (64.44) | 3.28 | (56.38) |
| | Fair Value of Equity Instruments through OCI (Net of Taxes) | 8.11 | (6.37) | (12.36) | (11.79) |
| | Total Other comprehensive income / (Loss) | 24.64 | (70.81) | (9.08) | (68.17) |
| 9 | Total comprehensive Profit/ (Loss) for the period / year (7+8) | 517.73 | (2,085.34) | (3,093.78) | (558.55) |
| 10 | Paid-up equity share capital (Face value ₹ 10 each) | 1,37,142.90 | 1,32,152.90 | 1,22,452.90 | 1,32,152.90 |
| 11 | Other Equity | - | - | - | (23,503.32) |
| 12 | Earnings per share (of Rs 10/- each) (not annualised for the period): | | | | |
| | (a) Basic | 0.04 | (0.16) | (0.31) | (0.04) |
| | (b) Diluted | 0.04 | (0.16) | (0.31) | (0.04) |
| | See accompanying notes to the financial results | | | | |



SEPC Limited

(Formerly Shriram EPC Ltd)

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

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CIN: L74210TN2000PLC045167



| S. No | Notes: |
|-------|--|
| 1 | The above unaudited consolidated financial results were reviewed and recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on August 10, 2023 and has been subjected to review by the Statutory Auditors of the Company. These unaudited consolidated financial results have been prepared in accordance with the recognition and measurement principles provided in Indian Accounting Standard (Ind AS) 34 on 'Interim Financial Reporting', the provisions of the Companies Act, 2013 (the Act), as applicable and guidelines issued by the Securities and Exchange Board of India (SEBI) under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended. |
| 2 | Pursuant to the approval of the Board of Directors of the Company at its Meeting held on December 27, 2022, the Company completed the process of rights issue by allotting 4,99,00,000 Rights Equity Shares to the eligible Shareholders at its Meeting held on May 02, 2023. |
| 3 | Contract asset(Non- Current) includes Rs 7,351.90 lakhs(net of provisions amounting to Rs 926.98 lakhs)(June 30, 2022, Rs 3,956.02 lakhs) and Trade receivable (Non -Current) includes an amount of Rs 575.21 lakhs(net of Provisions amounting to Rs 82.99 lakhs) from projects which are stalled due to delays in statutory approvals faced by the customer. Considering the ongoing negotiations with the customers', management is confident of recovering the dues in full. The auditors have qualified this matter in their report for the quarter ended June 30, 2023. |
| 4 | The Company (SEPC) and Twarit Consultancy Services Private Limited (TCPL) were the Respondents in respect of an International Arbitration before The Singapore International Arbitration Centre (SIAC) filed by GPE (INDIA) Ltd, GPE JV Ltd, Gaja Trustee Company Private Ltd (the Claimants) in connection with the investments made by the claimants in an associate company of the Company. SIAC vide its award dated January 07, 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 July 21, 2017 until the date of payment. The Respondents preferred an appeal before the High Court of Republic of Singapore against the award of SIAC and the same is held in favour of the claimants. Recognition and Enforcement petition was filed by the claimants before Madras High Court which recognised the foreign award subject to obtaining of prior approval from the RBI. Aggrieved by this the claimants have moved the Supreme Court for certain directions which is pending. 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 above. |
| 5 | Mokul Shriram EPC JV (JV Company) have won the complaint against Export Credit Guarantee Corporation of India Limited (ECGC) before the National Consumer Disputes Redressal Commission,(NCDRC) New Delhi, in connection with the project executed in Basra, Iraq, NCDRC, vide their order dated January 27, 2021, allowed the claims and directed ECGC to pay a sum of Rs. 26,501 lakhs along with simple interest @ 10% pa. with effect from September 19, 2016 till the date of realisation to the JV Company within a period of three months from the date of order, failing which ECGC will be liable to pay compensation in the form of simple interest @ 12% pa. ECGC had filed an appeal against the order of NCDRC New Delhi, before Supreme Court, and the case is pending for disposal. |
| 6 | The Company has business losses which are allowed to be carried forward and set off against available future taxable income under Income Tax Act, 1961. The Company has recognised Deferred Tax Asset (DTA) of Rs. 33,289.92 lakhs (June 30, 2022 - Rs. 39,610 Lakhs) in earlier years. Considering potential order book as on date, future business prospects in the light of implementation of resolution plan, projects in pipeline etc, the management is confident of adjusting these carry forward losses and reversal of DTA before the expiry of the period for which this benefit is available. The auditors have qualified this matter in their report for the quarter ended June 30, 2023. |
| 7 | Exceptional items: (i) Year ended March 31, 2023 includes gain of Rs. 19,634.82 Lakhs resulting from implementation of Resolution Plan with the lenders , on account of reduction in interest cost with effect from October 01, 2020 till June, 30, 2022, the difference between the carrying amounts of the facilities before restructuring as at September 30, 2022 and the fair values of the new facilities recognised as income in accordance with INDAS 109 - Financial Instruments. (ii) During the year ended March 31, 2023, contract assets amounting to Rs 5,819.69 lakhs was written off, in respect of projects stopped by the client consequent to an order of the National Green Tribunal restraining the client from proceeding with the project and on account of wrongful termination of a contract and consequent legal disputes / arbitration proceedings initiated during the year in respect of projects with the customers. |
| 8 | Other expenses for quarter ended March 31, 2023 is net of provision for unbilled revenue written off during the last quarter, which is regrouped to Cost of Materials, Erection, Construction & Operation Expenses amounting to Rs.1,144 lakhs. |
| 9 | The Company has made net profit during the quarter ended June 30, 2023 amounting to Rs 493.08 Lakhs and as of that date has accumulated losses aggregating Rs. 2,15,102.79 Lakhs. Considering the positive developments of implementing the resolution plan, Infusion of equity by the investor, completion of Rights issue and the change in management, additional funding by investor for working capital together with plans to meet financial obligations in future out of the cash flows from execution of the pipeline of orders in hand, business plans, sanctioned non-fund based facilities etc, these financial results are prepared on a going concern basis. |
| 10 | There is no provision for tax in view of the brought forward losses/unabsorbed depreciation relating to earlier years, available for set off, while computing income, both under the provisions of 115 JB and those other than section 115 JB of the Income Tax act 1961. |
| 11 | The Company is engaged in the sole activity of carrying on the business of "Engineering ,Procurement and Construction " (EPC) and therefore, has only one reportable segment in accordance with Ind AS 108 "Operating Segments". Hence no separate segment reporting is applicable to the Company. |
| 12 | 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 yet been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact from the period the Code becomes effective. |
| 13 | The figures of the quarter ended March 31, 2023 are the balancing figures between the audited figures in respect of the financial year up to March 31, 2023 and the unaudited published year-to-date figures up to December 31, 2022 being the date of the end of third quarter of the financial year which were subjected to limited review. |
| 14 | Previous year/period figures have been regrouped / reclassified to be in conformity with current period's classification/disclosure, wherever necessary. |

Place: Chennai
Date : August 10, 2023



For SEPC Limited

N K Suryanarayana
Managing Director & CEO



SEPC Limited
(Formerly Shriram EPC Ltd)
Regd. Office : 'Bascon Futura SV' - 4th Floor,
10/1, Venkatanarayana Road, T.Nagar, Chennai - 600 017. Phone : +91-44-4900 5555
E-mail: info@sepc.in Website : www.sepc.in
CIN: L74210TN2000PLC045167



Report of Independent Auditor on the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Restated Consolidated Statement of Changes in Equity, Restated Consolidated Statement of Cash flows, Summary Statement of Significant Accounting Policies and Other Explanatory Information of SEPC Limited and it's Subsidiary for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 (collectively, the "Restated Consolidated Financial Information")

The Board of Directors

SEPC Limited

Old No. 56/ L, New No. 10/1, 4th Floor,
Bascon Futura Sv it Park,
Venkatnarayana Road, Parthasarathy puram,
T.Nagar, Chennai - 600017

Dear Sirs,

1. We, M S K A & Associates, Chartered Accountants ("we" or "us" or "our" or "firm"), have examined the Restated Consolidated Financial Information of SEPC Limited (the "Company" or " Holding Company" or the "Issuer") and its subsidiary (the Holding Company and its subsidiary together referred to as the "Group"), as at March 31, 2023, March 31, 2022 and March 31, 2021, annexed to this report for the purpose of inclusion in the Letter of Offer (the 'LOF'), prepared by the Company in connection with its proposed rights issue of its equity shares of face value of Rs. 10 each ("Rights Issue"). These Restated Consolidated Financial Information have been approved by the Board of Directors of the Company at their meeting held on October 12, 2023 and have been prepared by the Company in accordance with the requirements of:
 - a) the Sub-section (1) of Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
 - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
2. The Company's Board of Directors are responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the LOF to be filed with Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") in connection with the Proposed Rights Issue. The Restated Consolidated Financial Information have been prepared by the management of the Company in accordance with the basis of preparation stated in Note 2 to the Restated Consolidated Financial Information. The Board of Directors of the Company are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Board of Directors of the Company are responsible for identifying and ensuring that the Group complies with the Act, SEBI ICDR Regulations and the Guidance Note.
3. We have examined such Restated Consolidated Financial Information taking into consideration:
 - a) the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated September 13, 2023, in connection with the Proposed Rights Issue of the Company;
 - b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements as stated in the Code of Ethics issued by the ICAI;
 - c) Concepts of test check and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
 - d) The requirements of Section 26 of the Act and the SEBI ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to compliance with the Act, the SEBI ICDR Regulations and the Guidance Note in connection with the Proposed Rights Issue.



MSKA & Associates

Chartered Accountants

4. These Restated Consolidated Financial Information have been compiled by the management from:

Audited Consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2023, March 31, 2022, and March 31, 2021 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as 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, which have been approved by the Board of Directors at their meeting held on May 25, 2023, June 24, 2022 and June 29, 2021 respectively.

5. For the purpose of our examination, we have relied on:

Auditor's report issued by us dated May 25, 2023, June 24, 2022 and June 29, 2021 on the consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2023, March 31, 2022, and March 31, 2021 as referred in Paragraph 4 above.

- A. The audit report for the year ended March 31, 2023 included the below paragraphs:

(i) **Emphasis of Matter:**

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

- a) Note 42.1(i) of the consolidated financial statements, which describes the implementation of Resolution Plan entered into with the lenders dated June 22, 2022, wherein interest waiver, and the difference between the carrying amounts of the facilities before restructuring and the fair values of the new facilities has been recognized as income and disclosed under Exceptional items in the statement of profit and loss in accordance with INDAS 109 - Financial Instruments.
- b) Note 42.1(ii) to the consolidated financial statements, which states that the management written off an amount of Rs. 5,819.69 Lakhs towards amounts due on account of work performed on a contract entered into with a customer which was subsequently wrongfully terminated before the completion of the contract due to certain issues at the contract site. Legal disputes / arbitration proceedings have been initiated during the period in respect of projects with the customers.

Our opinion is not modified in respect of these matters.

(ii) **Other Matters:**

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 15,623.16 Lakhs as at March 31, 2023, total revenues of Rs. 793.85 Lakhs and net cash flows amounting to Rs. 15.13 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The financial statements have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor. The subsidiary is located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in its country and which have been audited by other auditor under generally accepted auditing standards applicable in its country.

The Holding Company's management has converted the financial statements of the subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management.

Our opinion in so far as it relates to the balances and affairs of the subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

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



B. The audit report for the year ended March 31, 2022 included the below paragraphs:

(i) **Material Uncertainty Related to Going Concern:**

We draw attention to Note 4 (e) to the consolidated financial statements, which states that the Company has incurred a net loss of Rs. 26,370.37 Lakhs during the year ended March 31, 2022 and as of that date has accumulated losses aggregating to Rs. 2,15,105.50 Lakhs which has resulted in substantial erosion of its net worth. Further, the COVID-19 pandemic has also impacted the operations resulting in delay of collection relating to project dues. These events or conditions indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, as stated in the note, considering the restructuring plan for the borrowings, infusion of additional equity subsequent to the year end by the investor and Management's plans to meet financial obligations in foreseeable future out of the cash flows from execution of the pipeline of orders in hand, future business plans, non-fund based facilities, and realisation of trade receivables, the consolidated financial statements of the Company for the year ended March 31, 2022 have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

(ii) **Emphasis of Matter:**

We draw attention to Note 43 to the Consolidated financial statements which states that the Management has made an assessment of the impact of Covid-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2022 and accordingly recognised an impairment loss of Rs. 6,361.26 Lakhs (March 31, 2021: Rs. 1,149.11 Lakhs) on financial assets and contract assets to reflect the business impact arising from the COVID 19 pandemic. Our opinion is not modified in respect of this matter.

(iii) **Other Matters:**

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs.15,356.23 Lakhs as at March 31, 2022, total revenues of Rs.2,885.01 Lakhs and net cash flows amounting to Rs.34.40 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 1,469.36 Lakhs for the year ended March 31, 2022, as considered in the consolidated financial statements. The financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

C. The audit report for the year ended March 31, 2021 included the below paragraphs:

(i) **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 modified in respect of this matter.

(ii) **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 subsection (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.



6. Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated Financial Information:
- a) have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial years ended March 31, 2022 and March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2023;
 - b) does not contain any qualifications requiring adjustments except for the matters mentioned in para 7 below. Moreover, with respect to the matters mentioned in paragraph 5A, 5B and 5C above, those qualifications/ observations in the Companies (Auditor's Report) Order, 2020 for the years ended March 31, 2023 and March 31, 2022 and Companies (Auditor's Report) Order, 2016 for the year ended March 31, 2021 and the qualifications in the report on the internal financial controls with reference to the consolidated financial statements for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 under clause (i) of sub section 3 of Section 143 of the Companies Act 2013, which do not require any adjustments in the Restated Consolidated Financial Information have been disclosed in Note 60 to the Restated Consolidated Financial Information and;
 - c) have been prepared in accordance with the Act, SEBI ICDR Regulations and the Guidance Note.

7. **Basis for Qualified Opinion**

A) The audit report on the consolidated financial statements for the year ended March 31, 2023 issued by us, included the below qualifications which have not been adjusted in the Restated Consolidated Financial Information :

- i) The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. 33,289.92 Lakhs (March 31, 2022: Rs. 39,645 Lakhs) which is recognized on unabsorbed business losses. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment that sufficient taxable profits will be available in the future against which such unabsorbed business losses can be utilised as required by Ind AS 12 on Income taxes, we are unable to ascertain the extent to which the deferred tax asset can be utilized. (Refer Note 43B of the consolidated financial statements).
- ii) Contract Assets (Non-Current) include Rs. 7,351.90 Lakhs (Net of provisions amounting to Rs. 926.98 Lakhs) (March 31, 2022: Rs. 3,956.02 Lakhs) and Trade Receivables (Non-Current) include Rs. 575.21 Lakhs (Net of provisions amounting to Rs. 82.99 Lakhs) relating to dues on projects which are not progressing on account of statutory delays faced by the customer. In the absence of positive development in this matter till date, there is uncertainty on the amount that would be recoverable by the Company. Further, we do not have sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the said amounts.

Accordingly, we are unable to comment on the carrying value of above-mentioned Contract Asset (Non-Current) and Trade Receivables (Non-Current) and the impact if any, on account of non-provisioning of the said balances on the consolidated financial statements. (Refer to Note 8.1 and Note 11.1 of the Consolidated Financial Statements)

B) The audit report on the consolidated financial statements for the year ended March 31, 2022 issued by us, included the below qualifications which have not been adjusted in the Restated Consolidated Financial Information :

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



- ii) Contract Asset (Non-Current) include Rs. 3,956.02 Lakhs (Net of provisions amounting to Rs. 926.98 Lakhs) relating to project dues which is not progressing on account of Statutory delays faced by the Customer. In the absence of positive development in this matter till date, there is uncertainty on the amount that would be recoverable by the Company. Further, sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amount is not available. Accordingly, we are unable to comment on the carrying value of above-mentioned Contract Asset (Non-Current) and the impact if any, on account of non-provisioning of the said balance on the Consolidated financial statements. (Refer to Note 08 of the Consolidated Financial Statements)
- C) The audit report for the year ended March 31, 2021 included the below qualifications which have not been adjusted in the Restated Consolidated Financial Information:
- i. 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.
- ii. 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.

8. Qualified Opinion

In our opinion and to the best of our information and according to the explanation given to us and after considering auditors' reports issued by other auditors, except for the effect of the matter described in Basis for Qualified Opinion paragraph above, the Restated Consolidated Financial Information of the Group as at and for the years ended March 31, 2023, March 31, 2022 and 31 March 2021, read with basis of preparation and summary of significant accounting policies disclosed in Note 2.1, have been prepared in accordance with Section 26 of Part I of Chapter III of the Act, the SEBI ICDR Regulations and the Guidance Note.

9. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated Ind AS financial statements mentioned in paragraph 4 above.
10. This report should not in any way be construed as a reissuance or re-dating of any of the previous auditor's reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of this report.



MSKA & Associates

Chartered Accountants

12. Our report is intended solely for use of the Board of Directors and for inclusion in the Letter of Offer to be filed with the SEBI and the stock exchanges, as applicable in connection with the proposed Rights Issue. Our report should not be used, referred to or distributed for any other purpose without prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care towards any other person relying on the report.







For M S K A & Associates
Chartered Accountants
Firm Registration Number: 105047W



Geetha Jeyakumar
Partner
Membership Number: 029409
UDIN: 23029409BGTNBD1230



Place: Chennai
Date: October 12, 2023

| SEPC Limited | | | | |
|--|-------|---|----------------------|----------------------|
| Restated Consolidated Balance Sheet | | | | |
| (Amount in ₹ lakhs, unless otherwise stated) | | | | |
| Particulars | Notes | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 6A | 3,272.98 | 3,842.03 | 4,476.34 |
| Right of Use Assets | 6B | 322.39 | 233.09 | - |
| Intangible assets | 7 | 27.96 | 32.00 | 36.04 |
| Contract assets | 8 | 7,351.90 | 3,956.02 | 3,956.02 |
| Financial assets | | | | |
| Investments | 9 | 40.93 | 52.72 | 79.84 |
| Loans | 10 | 697.48 | 8,131.35 | 10,913.30 |
| Trade Receivables | 11 | 18,206.25 | 18,768.50 | 21,015.14 |
| Other Financial Assets | 12 | 1,041.14 | 1,091.57 | 1,186.06 |
| Deferred tax asset (net) | 13 | 40,323.55 | 43,345.50 | 47,623.70 |
| Income tax assets (net) | 14 | 1,549.40 | 1,412.42 | 3,327.56 |
| Other Non-Current Assets | | | | |
| Total Non-Current Assets | | 72,833.98 | 80,865.20 | 92,614.00 |
| Current assets | | | | |
| Inventories | 15 | - | - | 248.20 |
| Contract Assets | 16 | 73,246.59 | 79,708.74 | 82,683.76 |
| Financial assets | | | | |
| Trade receivables | 17 | 29,206.01 | 37,250.48 | 40,207.54 |
| Cash and cash equivalents | 18 | 3,304.59 | 582.67 | 840.66 |
| Other bank balances | 19 | 1,730.33 | 2,387.49 | 2,866.88 |
| Other Financial Assets | 20 | 123.37 | 879.25 | 844.27 |
| Other Current assets | 21 | 19,737.49 | 20,052.12 | 20,727.54 |
| Assets classified as held for sale | 22 | - | 596.06 | 596.06 |
| Total Current Assets | | 1,27,348.38 | 1,41,486.81 | 1,49,015.11 |
| Total Assets | | 2,00,182.36 | 2,22,322.01 | 2,41,629.11 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Equity share capital | 23 | 1,32,152.90 | 97,152.90 | 97,152.90 |
| Other equity | 24 | (23,503.32) | (23,352.89) | 3,215.18 |
| Non-Controlling Interest | 24 | 159.58 | 146.61 | 142.73 |
| Total Equity | | 1,08,809.16 | 73,946.62 | 1,00,510.81 |
| Liabilities | | | | |
| Non-Current Liabilities | | | | |
| Financial liabilities | | | | |
| Lease Liabilities | 6B | 252.04 | 201.93 | - |
| Borrowings | 25 | 26,616.64 | 15,364.47 | 20,072.84 |
| Other financial liabilities | 26 | 4,024.26 | 4,465.38 | 4,363.37 |
| Provisions | 27 | 479.77 | 540.50 | 559.51 |
| Contract Liabilities | 28 | 2,078.30 | 2,202.91 | 4,882.17 |
| Total Non-Current Liabilities | | 33,451.01 | 22,775.19 | 29,877.89 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Lease Liabilities | 6B | 98.45 | 36.60 | - |
| Borrowings | 29 | 13,966.58 | 82,462.97 | 63,515.81 |
| Trade payables | | | | |
| a) Total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 30 | 37,957.02 | 33,968.22 | 34,072.60 |
| Other financial liabilities | 31 | 1,625.07 | 1,875.25 | 1,663.25 |
| Other current liabilities | 32 | 445.95 | 689.94 | 3,447.20 |
| Contract Liabilities | 33 | 3,432.75 | 5,934.03 | 8,076.25 |
| Provisions | 34 | 396.37 | 633.19 | 535.30 |
| Total Current Liabilities | | 57,922.19 | 1,25,600.20 | 1,11,240.41 |
| Total Liabilities | | 91,373.20 | 1,48,375.39 | 1,41,118.30 |
| Total Equity and Liabilities | | 2,00,182.36 | 2,22,322.01 | 2,41,629.11 |
| Summary of significant accounting policies 2 | | | | |
| The accompanying notes are an integral part of the restated consolidated financial statements | | | | |
| As per our report of even date For MSA & Associates Chartered Accountants Firm Registration No. 105047W | | For and on behalf of the Board of Directors of SEPC Limited CRN - L74110TN2000PLC045167 | | |
|  | |  | | |
| Geetha Jayakumar Partner Membership No : 029409 | | N.K. Suryanarayanan Managing Director & CEO DIN : 01714066 | | |
|  | |  | | |
| Place: Chennai Date: October 12, 2023 | | T. Sriraman Company Secretary Membership No: A68102 Place: Chennai Date: October 12, 2023 | | |
| | |  | | |
| | | Arun Kumar Gopalaswamy Director DIN: 07212557 | | |
| | |  | | |
| | | R.S. Chandrasekharan Chief Financial Officer Place: Chennai Date: October 12, 2023 | | |

SEPC Limited
Restated Consolidated Statement of Profit and Loss Account
(Amount in ₹ lakhs, unless otherwise stated)

| Particulars | Notes | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|-------|--------------------------------------|--------------------------------------|--------------------------------------|
| Income | | | | |
| Revenue from operations | 35 | 37,884.66 | 32,945.65 | 58,278.52 |
| Other income | 36 | 2,003.15 | 1,113.42 | 2,334.79 |
| Total income | | 39,887.81 | 34,059.07 | 60,613.31 |
| Expenses | | | | |
| Erection, Construction & Operation Expenses | 37 | 31,905.03 | 29,002.23 | 55,671.74 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 38 | - | 248.20 | 76.66 |
| Employee benefits expense | 39 | 3,340.15 | 3,699.44 | 3,808.41 |
| Finance costs | 40 | 6,039.75 | 11,568.38 | 10,658.93 |
| Depreciation and amortization expense | 41 | 614.73 | 582.66 | 556.04 |
| Other expenses | 42 | 9,271.71 | 4,689.27 | 6,517.58 |
| Total expenses | | 51,171.37 | 49,790.18 | 77,289.36 |
| Loss before exceptional items and tax | | (11,283.56) | (15,731.11) | (16,676.05) |
| Exceptional items - (Income) /Expense | 43 | (13,815.13) | 6,361.26 | 1,149.11 |
| Profit / (Loss) before tax | | 2,531.57 | (22,092.37) | (17,825.16) |
| Income tax expense | 44 | | | |
| Current tax | | - | - | 122.17 |
| Deferred tax charge | | 3,021.95 | 4,278.00 | - |
| Total income tax expense | | 3,021.95 | 4,278.00 | 122.17 |
| (Loss) for the year | | (490.38) | (26,370.37) | (17,947.33) |
| Other Comprehensive Income | | | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods | | | | |
| Re-measurement gain / (Loss) on defined benefit plans (Net of Taxes) | | (56.38) | 15.61 | 17.10 |
| Fair Value of Equity Instruments through OCI (Net of Taxes) | | (11.79) | 39.01 | 2.51 |
| Other Comprehensive Income / (Loss) for the year | | (68.17) | 54.62 | 19.61 |
| Total Comprehensive (Loss) / Income for the year | | (558.55) | (26,315.75) | (17,927.72) |
| Earnings / (Loss) per share | | | | |
| Basic earnings / (loss) per share (₹) | | (0.04) | (2.71) | (1.85) |
| Diluted earnings / (loss) per share (₹) | | (0.04) | (2.71) | (1.85) |
| Face value per equity share (₹) | | 10.00 | 10.00 | 10.00 |

Summary of significant accounting policies

2

The accompanying notes are an integral part of the restated consolidated 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: October 12, 2023

For and on behalf of the Board of Directors of
SEPC Limited
CIN - L74110TN2000PLC045167


N.K. Suryanarayanan
Managing Director & CEO
DIN : 01714066


T. Sriraman
Company Secretary
Membership No: A68102
Place: Chennai
Date: October 12, 2023





Arun Kumar Gopalswamy
Director
DIN: 07212557


R.S. Chandrasekharan
Chief Financial Officer

Place: Chennai
Date: October 12, 2023

| SEPC Limited | | | |
|---|---------------------------|---------------------------|---------------------------|
| Restated Consolidated Statement of cash flows | | | |
| (Amount in ₹ lakhs, unless otherwise stated) | | | |
| Particulars | Year ended 2022-23 | Year ended 2021-22 | Year ended 2020-21 |
| Cash flow from operating activities | | | |
| Profit / (Loss) before tax | 2,531.57 | (22,092.37) | (17,825.16) |
| Adjustments for: | | | |
| Depreciation and amortization expenses | 614.73 | 582.66 | 556.04 |
| Provision for Gratuity | 76.35 | 124.63 | 122.92 |
| Provision for Compensated Absences | (158.56) | 150.81 | (52.39) |
| Provision for doubtful receivables and advances | 5,690.78 | 1,831.49 | 2,036.44 |
| Contract assets & Bad debts written off | 4,453.21 | 103.35 | - |
| Finance cost | 6,039.75 | 12,534.31 | 12,648.14 |
| Interest income | (312.72) | (1,074.50) | (1,852.03) |
| Fair value gain on loan- as per IND AS 109 | (613.58) | - | - |
| Liabilities written back | (911.59) | (38.92) | (476.04) |
| Loss on sale of fixed asset | 336.27 | 99.18 | 1.78 |
| Gain on debt restructuring | (19,634.82) | - | - |
| Impairment loss allowance on contract assets and receivables | 5,819.69 | 6,361.26 | 1,149.11 |
| Operating Profit / (Loss) before working capital changes | 3,931.08 | (1,418.10) | (3,691.19) |
| Changes in working capital | | | |
| Increase / (Decrease) in trade payables | 4,459.27 | 4.54 | (8,142.43) |
| Decrease in inventories | - | 248.20 | 76.66 |
| Decrease in trade receivables | 8,291.04 | 3,237.95 | 9,938.57 |
| Decrease in loans and advances | - | 2,781.95 | 1,387.73 |
| Increase / (Decrease) in other liabilities | (243.97) | (2,757.25) | 1,364.60 |
| Decrease in contract liabilities | (2,625.88) | (4,821.51) | - |
| Decrease in Other current liabilities | - | - | (7,653.15) |
| Increase / (Decrease) in Short Term provisions | (134.64) | (52.92) | 29.16 |
| Decrease in Long Term provisions | (137.07) | (169.82) | (176.61) |
| Increase / (decrease) in other financial liabilities | (250.18) | 314.00 | 818.11 |
| Decrease in other financial assets | 794.34 | 59.53 | 2,124.19 |
| (Increase) / Decrease in other current assets | 314.62 | 675.43 | (761.74) |
| Increase / (Decrease) in Contract Assets | (12,173.61) | (3,386.25) | - |
| Decrease in assets held for sale | - | - | 107.29 |
| Cash (used in) / from operations | 2,224.98 | (5,284.24) | (4,578.81) |
| Income tax paid | (136.97) | (1,915.15) | (410.38) |
| Net cash (used in) / from operating activities (A) | 2,088.01 | (7,199.39) | (4,989.19) |
| Cash flow from investing activities | | | |
| Payment for property, plant and equipment and intangible assets | (13.91) | (1.10) | (631.53) |
| Movement in Bank balances not considered as Cash and cash equivalents (Net) | 657.15 | (479.39) | 2,018.52 |
| Proceeds from sale/ disposal of fixed assets | 292.15 | 4.49 | 601.99 |
| Interest received | 312.72 | 578.52 | 119.66 |
| Net cash flow from investing activities (B) | 1,248.11 | 102.52 | 2,108.64 |
| Cash flow from Financing activities | | | |
| Proceeds from Capital | 35,000.00 | - | - |
| Proceeds from Short term borrowings (net) | 359.20 | 6,875.28 | 13,629.85 |
| Repayment of Long term borrowings | 16,488.78 | - | (549.86) |
| Repayment of Short term borrowings | (48,247.99) | - | - |
| Interest and Finance Charges Paid | (4,156.00) | - | (10,564.13) |
| Repayment of finance lease obligation | (58.19) | (36.60) | - |
| Net cash flow from financing activities (C) | (614.20) | 6,838.68 | 2,515.86 |



| SEPC Limited | | | |
|---|--------------------|--------------------|--------------------|
| Restated Consolidated Statement of cash flows | | | |
| (Amount in ₹ lakhs, unless otherwise stated) | | | |
| Particulars | Year ended 2022-23 | Year ended 2021-22 | Year ended 2020-21 |
| Net increase in cash and cash equivalents (A+B+C) | 2,721.92 | (258.19) | (364.69) |
| Cash and cash equivalents at the beginning of the year | 582.67 | 840.86 | 1,205.55 |
| Cash and cash equivalents at the end of the year | 3,304.59 | 582.67 | 840.86 |
| Cash and cash equivalents comprise | | | |
| Cash and cash equivalents as per Balance Sheet | 5,034.92 | 2,970.16 | 3,707.74 |
| Less: Other Bank balances disclosed separately under note -19 | 1,730.33 | 2,387.49 | 2,866.88 |
| | 3,304.59 | 582.67 | 840.86 |

Summary of significant accounting policies

7

The accompanying notes are an integral part of the restated consolidated financial statements

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

Geetha Jeyakumar

Geetha Jeyakumar
Partner
Membership No : 029409

Place: Chennai
Date: October 12, 2023



For and on behalf of the Board of Directors of
SEPC Limited
CIN - L74211TN2000PLC045167

N.K. Suryanarayanan

N.K. Suryanarayanan
Managing Director & CEO
DIN :01714066

T. Sriraman
Company Secretary
Membership No: A68102
Place: Chennai
Date: October 12, 2023

Arun Kumar Gopaldaswamy

Arun Kumar Gopaldaswamy
Director
DIN:07212557

R.S. Chandrasekharan

R.S. Chandrasekharan
Chief Financial Officer

Place: Chennai
Date: October 12, 2023



SEPC Limited
Restated Consolidated Statement of changes in equity
(Amount in ₹ Lakhs, unless otherwise stated)

| Particulars | As at 31.03.2023 | | As at 31.03.2022 | | As at 31.03.2021 | |
|--|------------------|-------------|------------------|-----------|------------------|-----------|
| | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount |
| (A) Equity share capital | | | | | | |
| Equity shares of Rs. 10 each issued, subscribed and fully paid | | | | | | |
| Outstanding at the beginning of the year | 97,15,29,018 | 97,152.90 | 97,15,29,018 | 97,152.90 | 97,15,29,018.00 | 97,152.90 |
| Add: Shares issued during the year | 35,00,000 | 35.00 | - | - | - | - |
| Outstanding at the end of the year | 1,32,15,29,018 | 1,32,152.90 | 97,15,29,018 | 97,152.90 | 97,15,29,018.00 | 97,152.90 |

(B) Other equity

| Particulars | Reserve and surplus | | | Components of Other Comprehensive Income | | | Total | | | | |
|--|-----------------------------------|----------------------------|-----------------|--|-------------------|------------------------------------|----------|---|--------------------------|--|---|
| | Share options outstanding account | Securities premium account | General reserve | Capital reserve | Retained earnings | Share of reserve from an associate | | Foreign currency monetary item translation difference account | Non controlling interest | Re-measurement gain/(loss) on defined benefit plans (Net of Tax) | Equity Instruments through Other Comprehensive Income |
| Balance as at April 01, 2021 | - | 1,91,225.43 | 561.75 | 12.92 | (1,93,438.12) | 4,700.99 | 32.46 | 142.73 | 148.07 | (30.50) | 3,357.91 |
| Profit/(Loss) for the year | - | - | - | - | (26,370.27) | (6,700.99) | (632.31) | 3.88 | - | - | (26,616.81) |
| Transfer | - | - | - | - | 4,700.99 | - | - | - | - | - | - |
| Total other comprehensive income/(loss) | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at April 01, 2022 | - | 1,91,225.43 | 561.75 | 12.92 | (2,19,808.39) | 4,700.99 | (252.37) | 3.88 | 15.61 | 39.01 | (26,582.19) |
| Profit/(Loss) for the year | - | - | - | - | (1,990.38) | - | (408.12) | 12.97 | - | - | (2,388.28) |
| Other comprehensive income/(loss) | - | - | - | - | - | - | - | - | - | - | (2,388.28) |
| Total other comprehensive income/(loss) for the year | - | - | - | - | (490.38) | - | - | 12.97 | (408.12) | (11.79) | (681.71) |
| Balance as at March 31, 2023 | - | 1,91,225.43 | 561.75 | 12.92 | (2,15,598.28) | 4,700.99 | (186.26) | 139.58 | 107.30 | (3.28) | (23,340.74) |

| Particulars | Reserve and surplus | | | Components of Other Comprehensive Income | | | Total | | | | |
|--|-----------------------------------|----------------------------|-----------------|--|-------------------|------------------------------------|----------|---|--------------------------|--|---|
| | Share options outstanding account | Securities premium account | General reserve | Capital reserve | Retained earnings | Share of reserve from an associate | | Foreign currency monetary item translation difference account | Non controlling interest | Re-measurement gain/(loss) on defined benefit plans (Net of Tax) | Equity Instruments through Other Comprehensive Income |
| Balance as at April 01, 2020 | 0.17 | 1,91,225.43 | 561.75 | 12.92 | (1,75,488.82) | 4,700.99 | 127.22 | 146.76 | 130.97 | (33.01) | 21,384.40 |
| Profit/(Loss) for the year | (0.17) | - | 0.17 | - | (17,947.31) | - | (94.75) | (4.03) | - | - | (18,046.10) |
| Transfer | - | - | - | - | - | - | - | - | - | - | - |
| Total other comprehensive income/(loss) | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 1 April 2021 | - | 1,91,225.43 | 561.92 | 12.92 | (1,93,436.13) | 4,700.99 | (252.32) | 142.73 | 148.07 | 30.50 | (18,026.49) |
| Profit/(Loss) for the year | - | - | - | - | (20,370.37) | 4,700.99 | (252.32) | 3.88 | - | - | (26,118.81) |
| Transfer | - | - | - | - | - | - | - | - | - | - | - |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | - |
| Total other comprehensive income/(loss) for the year | - | - | - | - | (21,669.38) | 4,700.99 | (252.32) | 3.88 | 15.61 | 39.01 | (26,118.81) |
| Balance as at 31 March 2022 | - | 1,91,225.43 | 561.92 | 12.92 | (2,15,105.51) | 4,700.99 | (219.64) | 146.61 | 163.68 | 6.51 | (23,206.28) |

| Particulars | Reserve and surplus | | | Components of Other Comprehensive Income | | | Total | | | | |
|--|-----------------------------------|----------------------------|-----------------|--|-------------------|------------------------------------|----------|---|--------------------------|--|---|
| | Share options outstanding account | Securities premium account | General reserve | Capital reserve | Retained earnings | Share of reserve from an associate | | Foreign currency monetary item translation difference account | Non controlling interest | Re-measurement gain/(loss) on defined benefit plans (Net of Tax) | Equity Instruments through Other Comprehensive Income |
| Balance as at April 01, 2019 | 0.17 | 1,91,225.43 | 561.75 | 12.92 | (1,62,762.48) | 4,700.99 | (63.68) | 135.54 | 105.94 | (2.39) | 18,894.21 |
| Profit/(Loss) for the year | - | - | - | - | (1,776.36) | - | (60.90) | 11.22 | - | - | (1,826.04) |
| Transfer | - | - | - | - | - | - | - | - | - | - | - |
| Other comprehensive income/(loss) | - | - | - | - | - | - | - | - | - | - | - |
| Total other comprehensive income/(loss) for the year | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 1 April 2020 | - | 1,91,225.43 | 561.75 | 12.92 | (1,75,488.82) | 4,700.99 | (127.22) | 146.76 | 25.03 | (10.65) | (7,593.81) |
| Profit/(Loss) for the year | (0.17) | - | 0.17 | - | (17,947.31) | - | (94.75) | (4.03) | - | - | (18,046.10) |
| Transfer | - | - | - | - | - | - | - | - | - | - | - |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | - |
| Total other comprehensive income/(loss) for the year | (0.17) | - | 0.17 | - | (17,947.31) | - | (94.75) | - | 12.10 | 2.51 | (18,026.49) |
| Balance as at 31 March 2021 | - | 1,91,225.43 | 561.92 | 12.92 | (1,93,436.13) | 4,700.99 | (186.26) | 142.73 | 148.07 | (30.50) | (23,340.74) |

The accompanying notes are an integral part of the restated consolidated financial statements

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No. 105017W

Geetha Jayakumar
Geetha Jayakumar
Partner
Membership No. - 029499

Prakash
Prakash
Partner
Membership No. 106180
Place: Chennai
Date: October 12, 2023

For and on behalf of the Board of Directors of
SEPC Limited
DH - 1741101M2009LCOAS 167

Arav Kumar Gopalswamy
Arav Kumar Gopalswamy
Director
DH 1071257

P.S. Chandrasekharan
P.S. Chandrasekharan
Chief Financial Officer
Place: Chennai
Date: October 12, 2023



SEPC Limited

Notes forming part of the Restated Consolidated Financial Statements (Amount in ₹ lakhs, unless otherwise stated)

1 General Information

SEPC Limited (the "Company" or "SEPC") 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 OPS ITPL JV* | 100% |
| Mokul Shriram EPC JV* | 50% |

*Unincorporated Joint Ventures

| Subsidiary Company which are consolidated | | | % of holding and voting power | | |
|---|--------------------------|--------------------------|-------------------------------|----------------|----------------|
| Name of entity | Relationship | Country of Incorporation | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| Shriram EPC (FZE) | Subsidiary | United Arab Emirates | 100% | 100% | 100% |
| Shriram EPC Arkan LLC | Subsidiary of Subsidiary | Muscat, Oman | 70% | 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 Restated Consolidated Financial Information relates to SEPC Limited (Formerly known as Shriram EPC Limited) (the "Company" or the "Issuer") and its subsidiary (the Company and its subsidiaries together referred to as the "Group") and has been specifically prepared for inclusion in the document to be filed by the Company with the Securities and Exchange Board of India ("SEBI"), BSE Limited and Registrar of Companies, Chennai in connection with the proposed Right Issue of equity shares of the Company (referred to as the "Issue"). The Restated Consolidated Financial Information comprise of the Restated Consolidated statement of assets and Liabilities as at 31 March 2023, 31 March 2022 and 31 March 2021, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Cash Flow Statement, the Restated Consolidated Statement of Changes in Equity and Statement of Significant Accounting Policies and other explanatory information for the year ended 31 March 2023, 31 March 2022 and 31 March 2021 (hereinafter collectively referred to as "Restated Consolidated Financial Information") as approved by the Board of Directors at their meeting held on October 12, 2023.

The Restated Consolidated Financial Information has been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act") read with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("SEBI Regulations"), and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

The Restated Consolidated Financial Information has been compiled by the Management from:

The audited consolidated Ind AS financial statements as at and for the year ended 31 March 2023, 31 March 2022 & 31 March 2021 prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act.

(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 provisions require a different treatment.

(b) Basis of measurement

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

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

(c) Presentation of financial statements

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

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



- (d) **Use of estimates**
The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for expected credit loss, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, fair value measurement, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known. Refer Note 3 for detailed discussion on estimates and 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 capitalized 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 |
| Buildings | 30 years |
| Plant & Machinery | 2 to 20 years |
| Furniture and fixtures & Electrical Installations | 10 years |
| Office equipment | 5 to 10 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.



SEPC Limited

Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

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

1.6 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 fulfill 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 from customers within the next twelve months are classified under other current assets as Trade Receivable.

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

Other Operational Revenue

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

Other Income

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

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

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

2.7

Taxes

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

(a)

Current income tax

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

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

(b)

Deferred tax

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

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

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

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

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

2.8

Leases

The Indian accounting standard on lease (Ind AS 116) requires entity to determine whether a contract is or contains a lease at inception of the contract. Ind AS 116 requires lessee to recognise a liability to make lease payments and an asset representing the right-of-use asset during the lease term for all leases except for short term leases and leases of low-value assets, if they choose to apply such exemptions

Payments associated with short-term leases and low value assets are recognized as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less. At the commencement date, Company recognise a right-of-use asset measured at cost and a lease liability measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The cost of the right-of-use asset comprised of, the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received

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

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

2.9

Exceptional items

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

Impairment of non-financial assets



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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-cancelable 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.



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(Amount in ₹ lakhs, unless otherwise stated)

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.



SEPC Limited

Notes forming part of the Restated Consolidated Financial Statements

(Amount in ₹ lakhs, unless otherwise stated)

- 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 thereon 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.



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(e) Going Concern:

As on March 31, 2022:

The Company has incurred net loss of ₹. 26,370.37 Lakhs during the year ended March 31, 2022 and as of that date has accumulated losses aggregating ₹. 2,15,105.5 Lakhs which has resulted in substantial erosion of its net worth. The company is in default to its lenders and the lenders have categorised the Company's account as Non-Performing Asset and one of the financial creditor filed an NCLT case against the company. Resolution Plan submitted in accordance with the requirement set out in the circular issued by the Reserve Bank of India No RBI/20119/203DBR.No>BP.BC.45/21.04.048./2018-19 dated June 07, 2019 has been approved by the lenders with super majority on March 25, 2022. Subsequent to year end on June 22, 2022, the Company has entered into Master Restructuring Agreement (MRA) to give effect to the resolution plan. Based on the MRA all over dues are scheduled to be paid. With these positive developments by implementing the resolution plan, underlying strength of the Company's business plans and future growth outlook as assessed with existing order book, the credit profile of the Company, would improve resulting in it being able to meet its obligations in due course of time. Accordingly, these financial statement are prepared on a going concern basis.

As on March 31, 2021:

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)

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1, Presentation of Financial Statements -

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the consolidated financial statements.

Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors -

This amendment has introduced a definition of "accounting estimates" and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 12, Income Taxes -

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its consolidated financial statements.



6A Property, plant and equipment

| Block of Assets | Gross block | | | | Depreciation | | Net block | |
|------------------------|-----------------------|---------------------------|----------------------------|------------------------|---------------|----------------------------|------------------------|------------------------|
| | As at 1 April 2022 | Additions/ Adjustments | Deductions/ Adjustments | As at 31 March 2023 | For the year | Deductions/ Adjustments | As at 31 March 2023 | As at 31 March 2022 |
| Owned assets | | | | | | | | |
| Freshhold land | 241.50 | - | - | 241.50 | - | - | 241.50 | 241.50 |
| Leasehold Improvements | 350.15 | - | - | 350.15 | 18.54 | - | 368.69 | 152.66 |
| Buildings | 146.86 | - | - | 146.86 | 20.44 | - | 167.30 | 55.79 |
| Plant and Machinery | 5,777.72 | 8.12 | 169.07 | 5,715.77 | 483.42 | 332.86 | 2,410.34 | 3,493.74 |
| Furniture and Fixtures | 68.03 | - | - | 68.03 | 5.12 | - | 73.15 | 17.01 |
| Office Equipment | 12.17 | - | - | 12.17 | 0.65 | - | 12.82 | 0.84 |
| Computers | 90.93 | 5.79 | 2.98 | 93.74 | 14.36 | 2.98 | 97.17 | 45.13 |
| Vehicle | 51.75 | - | - | 51.75 | 37.05 | - | 14.70 | 14.70 |
| Total | 6,559.11 | 13.91 | 172.03 | 6,141.03 | 548.92 | 372.96 | 3,272.98 | 3,842.03 |

| Block of Assets | Gross block | | | | Depreciation | | Net block | |
|------------------------|-----------------------|---------------------------|----------------------------|------------------------|---------------|----------------------------|------------------------|------------------------|
| | As at 1 April 2021 | Additions/ Adjustments | Deductions/ Adjustments | As at 31 March 2022 | For the year | Deductions/ Adjustments | As at 31 March 2022 | As at 31 March 2021 |
| Owned assets | | | | | | | | |
| Freshhold land | 241.50 | - | - | 241.50 | - | - | 241.50 | 241.50 |
| Leasehold Improvements | 350.15 | - | - | 350.15 | 7.28 | - | 357.43 | 160.14 |
| Buildings | 147.76 | - | 0.90 | 148.66 | 41.70 | 2.57 | 170.41 | 112.38 |
| Plant and Machinery | 5,834.45 | - | 258.73 | 5,577.72 | 461.23 | 175.32 | 2,283.98 | 3,658.37 |
| Furniture and Fixtures | 90.92 | - | 22.89 | 68.03 | 9.38 | 1.21 | 77.01 | 47.07 |
| Office Equipment | 12.17 | - | 1.00 | 13.17 | 0.25 | - | 13.42 | 1.46 |
| Computers | 177.37 | 14.97 | 101.41 | 90.93 | 18.34 | 96.71 | 45.13 | 50.23 |
| Vehicle | 51.75 | - | - | 51.75 | 5.67 | - | 46.08 | 18.30 |
| Total | 6,909.07 | 14.97 | 384.93 | 6,519.11 | 548.92 | 284.51 | 3,842.03 | 4,676.34 |

Property, plant and equipment - Previous Year

| Block of Assets | Gross block | | | | Depreciation | | Net block | |
|------------------------|-----------------------|---------------------------|----------------------------|----------------------|---------------|----------------------------|----------------------|----------------------|
| | As at 1 April 2020 | Additions/ Adjustments | Deductions/ Adjustments | As at 31 Mar 2021 | For the year | Deductions/ Adjustments | As at 31 Mar 2021 | As at 31 Mar 2020 |
| Owned assets | | | | | | | | |
| Freshhold land | 241.50 | - | - | 241.50 | - | - | 241.50 | 241.50 |
| Leasehold Improvements | 350.15 | - | - | 350.15 | - | - | 350.15 | 160.14 |
| Buildings | 148.70 | - | 0.94 | 149.64 | 7.00 | 0.56 | 166.14 | 112.38 |
| Plant and Machinery | 6,010.91 | 601.82 | 796.28 | 5,816.45 | 468.16 | 188.12 | 3,630.37 | 4,542.89 |
| Furniture and Fixtures | 98.62 | - | 2.70 | 95.92 | 11.46 | 1.73 | 105.65 | 64.50 |
| Office Equipment | 37.04 | 0.37 | 14.24 | 23.17 | 1.09 | (4.21) | 19.05 | 2.21 |
| Computers | 148.88 | 28.51 | - | 177.37 | 103.74 | - | 74.63 | 45.12 |
| Vehicle | 53.20 | 0.83 | 2.28 | 51.75 | 10.84 | 2.28 | 49.47 | 28.31 |
| Total | 7,095.98 | 611.53 | 821.44 | 6,909.06 | 551.00 | 207.00 | 4,476.34 | 5,011.26 |

7 Intangible assets - 2022-23

| Block of Assets | Gross block | | | | Depreciation | | Net block | |
|--------------------------|-----------------------|---------------------------|----------------------------|------------------------|--------------|----------------------------|------------------------|------------------------|
| | As at 1 April 2022 | Additions/ Adjustments | Deductions/ Adjustments | As at 31 March 2023 | For the year | Deductions/ Adjustments | As at 31 March 2023 | As at 31 March 2022 |
| Computer Software | 43.12 | - | - | 43.12 | 1.79 | - | 44.91 | 19.79 |
| Technical Knowhow | 54.72 | - | - | 54.72 | 2.25 | - | 56.97 | 12.21 |
| Total | 97.84 | - | - | 97.84 | 4.04 | - | 101.88 | 32.00 |

Intangible assets - 2021-22

| Block of Assets | Gross block | | | | Depreciation | | Net block | |
|--------------------------|-----------------------|---------------------------|----------------------------|------------------------|--------------|----------------------------|------------------------|------------------------|
| | As at 1 April 2021 | Additions/ Adjustments | Deductions/ Adjustments | As at 31 March 2022 | For the year | Deductions/ Adjustments | As at 31 March 2022 | As at 31 March 2021 |
| Computer Software | 43.12 | - | - | 43.12 | 1.79 | - | 44.91 | 21.58 |
| Technical Knowhow | 54.72 | - | - | 54.72 | 2.25 | - | 56.97 | 14.46 |
| Total | 97.84 | - | - | 97.84 | 4.04 | - | 101.88 | 36.04 |

Intangible assets - 2020-21

| Block of Assets | Gross block | | | | Depreciation | | Net block | |
|--------------------------|-----------------------|---------------------------|----------------------------|----------------------|--------------|----------------------------|----------------------|----------------------|
| | As at 1 April 2020 | Additions/ Adjustments | Deductions/ Adjustments | As at 31 Mar 2021 | For the year | Deductions/ Adjustments | As at 31 Mar 2021 | As at 31 Mar 2020 |
| Computer Software | 43.12 | - | - | 43.12 | 1.79 | - | 44.91 | 23.37 |
| Technical Knowhow | 54.72 | - | - | 54.72 | 2.25 | - | 56.97 | 16.71 |
| Total | 97.84 | - | - | 97.84 | 4.04 | - | 101.88 | 40.08 |



SEPC Limited

Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

6B The details of the right-of-use asset held by the Company is as follows:

| Particulars | Building | Total |
|------------------------------|----------|---------|
| Balance as at April 01, 2021 | - | - |
| Additions | 262.85 | 262.85 |
| Deletion | - | - |
| Depreciation | (29.76) | (29.76) |
| Balance as at March 31, 2022 | 233.09 | 233.09 |
| Additions | 153.07 | 153.07 |
| Deletion | - | - |
| Depreciation | (63.77) | (63.77) |
| Balance as at March 31, 2023 | 322.39 | 322.39 |

| Particulars | Building | Total |
|-----------------------------|----------|---------|
| Balance as at 1 April 2020 | - | - |
| Additions | - | - |
| Deletion | - | - |
| Depreciation | - | - |
| Balance as at 31 March 2021 | - | - |
| Additions | 262.85 | 262.85 |
| Deletion | - | - |
| Depreciation | (29.76) | (29.76) |
| Balance as at 31 March 2022 | 233.09 | 233.09 |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| Particulars | Building | Total |
|-----------------------------|----------|---------|
| Balance as at 1 April 2021 | - | - |
| Additions | 252.00 | 252.00 |
| Interest expense | 23.13 | 23.13 |
| Lease Payments | (36.60) | (36.60) |
| Balance as at 31 March 2022 | 238.53 | 238.53 |
| Additions | 141.09 | 141.09 |
| Interest expense | 29.06 | 29.06 |
| Lease Payments | (58.19) | (58.19) |
| Balance as at 31 March 2023 | 350.49 | 350.49 |

| Particulars | Building | Total |
|-----------------------------|----------|---------|
| Balance as at 1 April 2020 | - | - |
| Additions | - | - |
| Interest expense | - | - |
| Lease Payments | - | - |
| Balance as at 31 March 2021 | - | - |
| Additions | 252.00 | 252.00 |
| Interest expense | 23.13 | 23.13 |
| Lease Payments | (36.60) | (36.60) |
| Balance as at 31 March 2022 | 238.53 | 238.53 |

Break-up of current and non-current lease liabilities

| Particulars | 31st March 2023 | 31st March 2022 |
|-------------------------------|-----------------|-----------------|
| Current Lease Liabilities | 98.45 | 36.60 |
| Non-current Lease Liabilities | 252.04 | 201.93 |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

| | As at 31 Mar 2023 | As at 31 Mar 2022 | As at 31 Mar 2021 |
|--|----------------------|----------------------|----------------------|
| 8 Contract Assets | | | |
| Contract Assets (Refer Note B.1) | 8,278.88 | 4,883.00 | 4,883.00 |
| Less: Allowance for expected credit loss | (926.98) | (926.98) | (926.98) |
| Total | 7,351.90 | 3,956.02 | 3,956.02 |

8.1 Contract asset(Non- Current) Includes Rs 7,351.90 lakhs(net of provisions amounting to Rs 926.98 lakhs)(March 31, 2022, Rs. 3,956.02 lakhs)(March 31, 2021 - Rs. 3,956.02 Lakhs) from projects which are stalled due to delays in statutory approvals faced by the customer. Considering the ongoing negotiations with the customers', Management is confident of recovering the dues in full.

| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|------------------------|
| 9 Financial Assets- Investments (Non Current) | | | |
| <u>Unquoted</u> | | | |
| 22,239,167 Equity Shares (Previous year: 22,239,167 Equity Shares) of ₹ 10/- each fully paid up in Haldia Coke and Chemicals Private Limited (Refer Note B.1 below) | | | |
| Less: Provision for Diminution in value of Investments | | | |

Consequent to the initiation of insolvency proceedings of Haldia Coke and Chemicals Private Limited (HCCPL) by the shareholders of HCCPL during year 2019-20, the investments in HCCPL amounting to Rs.4007.22 lakhs has been written off against the provision carried towards this investment. (Refer note 3B for disclosure of write off in statement of profit and loss).

(A) Investment in Others - Equity Investments at fair value through other comprehensive income (FVOCI)

| <u>Quoted</u> | | | |
|--|---------------|---------------|---------------|
| 386,526 Equity Shares (31 March 2022 : 386,526 Equity Shares, 31 March 2021 : 386,526 Equity Shares) of ₹ 10/- each fully paid up in Orient Green Power Company Limited | 40.93 | 52.72 | 13.71 |
| <u>Unquoted</u> | | | |
| 661,300 Equity shares (31 March 2022 : 661,300 Equity shares, 31 March 2021 : 661,300 Equity shares) of ₹ 10/- each fully paid in Hexa Wind Farm Private Limited (Refer Note 9.1 & 49) | | | 66.13 |
| As on March 31, 2023: 4,076,474 Equity shares (As on March 31, 2022: 4,076,474 Equity Shares) (As on March 31, 2021: 4,076,474 Equity Shares) of ₹ 10/- each fully paid up in Leitwind Shriram Manufacturing Private Limited | 407.56 | 407.56 | 407.56 |
| Less: Provision for Diminution in value of Investments | (407.56) | (407.56) | (407.56) |
| Total | 40.93 | 52.72 | 79.84 |
| Aggregate book value of: | | | |
| Quoted investments | 40.93 | 52.72 | 13.71 |
| Unquoted investments | - | - | 66.13 |
| Aggregate Market value of: | | | |
| Quoted investments | 40.93 | 52.72 | 13.71 |
| Unquoted investments | - | - | 66.13 |
| Aggregate amount of Impairment in value of Investments | 407.56 | 407.56 | 407.56 |

9.1 Based upon agreement with SVL Limited (Company's Entity exercising significant influence over the Company) dt March 14, 2022, 661,300 Equity shares of Hexa Wind Farm Private Limited has been sold @ Rs.10 per share (Cost).



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

| | As at 31 Mar 2023 | As at 31 March 2022 | As at 31 March 2021 |
|--|----------------------|------------------------|------------------------|
| 10 Non-Current Financial assets - Loans | | | |
| <u>Unsecured, considered good</u> | | | |
| -Considered Good | 10,968.55 | 18,402.42 | 21,184.37 |
| -Credit Impaired | 306.10 | 306.10 | 306.10 |
| Less: Allowance for expected credit loss | (306.10) | (306.10) | (306.10) |
| | 10,968.55 | 18,402.42 | 21,184.37 |
| Less: Allowance for expected credit loss | (10,271.07) | (10,271.07) | (10,271.07) |
| Total | 697.48 | 8,131.35 | 10,913.30 |

10.1 Loans Includes due from:

| Particulars | As at 31 Mar 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|----------------------|------------------------|------------------------|
| (i) Related Parties: | | | |
| Lettwind Shriram Manufacturing Private Limited- Rs.NIL (Net of provision of expected credit loss Rs. 9,141.70 Lakhs), Previous year: March 31, 2022 - Rs.477.77 Lakhs (Net of provision of Rs 9,141.70 lakhs) , March 31, 2021 Rs 9141.70 ; Refer 10.2 below | | 477.77 | 3,201.62 |
| Bharath Wind Farm Pvt Ltd | | - | 4.71 |

10.2 Financial Assets Loans (Non Current) include Rs. NIL (March 31, 2022; Rs. 477.77 Lakhs, March 31, 2021 : Rs 3201.62 Lacs) due from Lettwind Shriram Manufacturing Pvt Limited (LSML) (a related party). During the Financial year 2022-23 loans amounting to Rs. 7,433.87 Lakhs has been taken over by SVL Limited (erstwhile entity exercising significant influence over the Company). Also refer to Note 49

| | As at 31 Mar 2023 | As at 31 March 2022 | As at 31 March 2021 |
|--|----------------------|------------------------|------------------------|
| 11 Non Current - Trade receivables | | | |
| <u>Trade Receivables - Retention Money</u> | | | |
| -Considered Good | 18,086.76 | 18,768.50 | 21,015.14 |
| -Credit Impaired | 2,680.19 | 2,267.44 | 1,219.69 |
| Less: Allowance for for expected credit loss | (2,680.19) | (2,267.44) | (1,219.69) |
| | 18,086.76 | 18,768.50 | 21,015.14 |
| <u>Trade Receivables - Others</u> | | | |
| Considered Good (Refer Note Below) | 119.49 | - | - |
| -Credit Impaired | 322.16 | 301.79 | 301.79 |
| Less: Allowance for for expected credit loss | (322.16) | (301.79) | (301.79) |
| | 119.49 | - | - |
| Total | 18,206.25 | 18,768.50 | 21,015.14 |

11.1 Trade receivable (Non -Current) includes an amount of Rs 575.21 lakhs (net of Provisions amounting to Rs 82.99 lakhs) from projects which are stalled due to delays in statutory approvals faced by the customer. Considering the ongoing negotiations with the customers', Management is confident of recovering the dues in full.

11A Non Current - Trade receivables ageing schedule

31-03-2023

| Particulars | Outstanding for following periods from due date of payments | | | | | | Total |
|------------------------|---|---------------|--------------------|------------|-----------|-------------------|------------|
| | Not Due | Upto 6 months | 6 months to 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Undisputed | | | | | | | |
| - Considered good | 16,386.51 | - | - | - | - | - | 16,386.51 |
| - Credit Impaired | - | - | - | - | - | 2,011.45 | 2,011.45 |
| Less: Credit Impaired | 16,386.51 | - | - | - | - | 2,011.45 | (2,011.45) |
| Sub total (a) | | | | | | | 16,386.51 |
| Disputed | | | | | | | |
| - Considered good | 1,700.25 | - | - | - | - | 119.49 | 1,819.74 |
| - Credit Impaired | - | - | - | - | - | 990.90 | 990.90 |
| Less: Credit Impaired | 1,700.25 | - | - | - | - | 1,110.39 | (990.90) |
| Sub total (b) | 1,700.25 | - | - | - | - | 1,110.39 | 1,819.74 |
| Total (a) + (b) | | | | | | | 18,206.25 |

31-03-2022

| Particulars | Outstanding for following periods from due date of payments | | | | | | Total |
|-----------------------|---|---------------|--------------------|------------|-----------|-------------------|------------|
| | Not Due | Upto 6 months | 6 months to 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Undisputed | | | | | | | |
| - Considered good | 16,810.77 | - | - | - | - | - | 16,810.77 |
| - Credit Impaired | - | - | 283.83 | - | - | 1,294.49 | 1,578.32 |
| Less: Credit Impaired | 16,810.77 | - | 283.83 | - | - | 1,294.49 | (1,578.32) |
| Disputed | | | | | | | |
| - Considered good | 1,957.73 | - | - | - | - | - | 1,957.73 |
| - Credit Impaired | - | - | - | - | - | 990.90 | 990.90 |
| Less: Credit Impaired | 1,957.73 | - | - | - | - | 990.90 | (990.90) |
| Total | | | | | | | 18,768.50 |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

| Particulars | Outstanding for following periods from due date of payments | | | | | | Total |
|-----------------------|---|---------------|--------------------|------------|-----------|-------------------|------------------|
| | Net Due | Upto 6 months | 6 months to 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Undisputed | | | | | | | |
| - Considered good | 18,085.50 | - | - | - | - | - | 18,085.50 |
| - Credit Impaired | - | - | - | - | - | 1,294.49 | 1,294.49 |
| Less: Credit Impaired | 18,085.50 | - | - | - | - | 1,294.49 | 19,379.99 |
| | | | | | | | (1,294.47) |
| | | | | | | | 18,085.52 |
| Disputed | | | | | | | |
| - Considered good | 2,929.61 | - | - | - | - | - | 2,929.61 |
| - Credit Impaired | - | - | - | - | - | 227.00 | 227.00 |
| Less: Credit Impaired | 2,929.61 | - | - | - | - | 227.00 | 3,156.62 |
| | | | | | | 227.00 | (227.00) |
| | | | | | | | 2,929.62 |
| Total | | | | | | | 21,015.14 |

| | As at 31 Mar 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|----------------------|------------------------|------------------------|
| 12 Other non current financial assets | | | |
| Deposits | | | |
| -Considered Good | 1,174.00 | 1,050.18 | 1,186.06 |
| -Credit Impaired | - | 132.86 | - |
| Less: Allowance for expected credit loss | (132.86) | (132.86) | - |
| Deposit accounts with maturity for more than twelve months from the balance sheet date | - | 41.38 | - |
| | 1,041.14 | 1,091.57 | 1,186.06 |
| 13 Deferred Tax Assets (Net) | | | |
| Deferred Tax Assets (Net) (refer Note 44) | 40,323.55 | 43,345.50 | 47,623.70 |
| Total | 40,323.55 | 43,345.50 | 47,623.70 |
| 14 Income Tax Assets (Net) | | | |
| Advance Tax & Tax deducted at source (Net of Provision for Tax (March 31, 2023 ₹ 5,540.74 lakhs (March 31 2022 ₹ 5,540.74 lakhs)(March 31 2021 Rs 5,540.74 Lacs)) | 1,549.40 | 1,412.42 | 3,327.56 |
| Total | 1,549.40 | 1,412.42 | 3,327.56 |
| 15 Inventories | | | |
| Contract Work in progress (Valued at lower of cost and net realizable value) | - | - | 248.20 |
| Total | - | - | 248.20 |
| 16 Contract assets | | | |
| Contract Assets (Refer Note 16.1, 16.2 & 43) | 78,215.17 | 83,029.75 | 83,594.71 |
| Less: Allowance for Expected Credit Loss | (4,968.58) | (3,321.01) | (910.95) |
| Total | 73,246.59 | 79,708.74 | 82,683.76 |

16.1 The above Contract Assets includes materials at project site amounting to Rs 22,651 lakhs (March 31, 2022 Rs 25,512.38 lakhs, March 31, 2021 Rs 27,817.86 lakhs)

16.2 Contract Assets include Rs. 38,648.54 Lakhs as at March 31, 2021, 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.

| Particulars | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|--------------------------|------------------------|------------------------|------------------------|
| Opening balance | 3,321.01 | 910.95 | 1,855.98 |
| Additions / Transfer | 4,968.58 | 2,410.06 | - |
| Utilizations / Reversals | (3,321.01) | - | (945.03) |
| Closing balance | 4,968.58 | 3,321.01 | 910.95 |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

| | As at 31 Mar 2023 | As at 31 March 2022 | As at 31 March 2021 |
|--|----------------------|------------------------|------------------------|
| 17 Trade receivables | | | |
| Unsecured | | | |
| -Considered good | 21,952.31 | 29,567.80 | 33,960.38 |
| -Credit impaired | 9,301.61 | 9,075.87 | 6,971.47 |
| Less: Allowance for Expected Credit Loss | (9,301.61) | (9,075.87) | (6,971.47) |
| Trade Receivable - Retention monies | | | |
| -Considered good | 7,253.70 | 7,682.68 | 6,247.16 |
| -Considered doubtful | 63.33 | - | - |
| Less: Provision for doubtful debts | (63.33) | - | - |
| Net | 29,206.01 | 37,250.48 | 40,207.54 |

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

17.2 Trade receivable include due from related parties amounting to Rs.3,635.66 Lakhs (March 31, 2022- 3,635.66 Lakhs) (March 31, 2021- 8,921.45 Lakhs)

Trade receivables ageing schedule
31-03-2023

| Particulars | Outstanding for following periods from due date of payments | | | | | | Total |
|------------------------|---|---------------|--------------------|------------|-----------|-------------------|------------------|
| | Not Due | Upto 6 months | 6 months to 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Undisputed | | | | | | | |
| - Considered good | 5,412.35 | 2,361.98 | 261.66 | 3,105.67 | 7,452.20 | 9,148.61 | 27,742.47 |
| - Credit impaired | - | - | - | 1,837.12 | - | 7,120.32 | 8,957.44 |
| | 5,412.35 | 2,361.98 | 261.66 | 4,942.79 | 7,452.20 | 16,268.93 | 36,699.91 |
| Less: Credit impaired | | | | | | | (8,957.44) |
| Sub total (a) | | | | | | | 27,742.47 |
| Disputed | | | | | | | |
| - Considered good | - | - | 1,396.44 | - | 3.36 | 63.74 | 1,463.54 |
| - Credit impaired | - | - | 267.29 | - | - | 140.21 | 407.50 |
| | - | - | 1,663.73 | - | 3.36 | 203.95 | 1,871.04 |
| Less: Credit impaired | | | | | | | (407.50) |
| Sub total (b) | | | | | | | 1,463.54 |
| Total (a) + (b) | | | | | | | 29,206.01 |

31-03-2022

| Particulars | Outstanding for following periods from due date of payments | | | | | | Total |
|-----------------------|---|---------------|--------------------|------------|-----------|-------------------|------------------|
| | Not Due | Upto 6 months | 6 months to 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Undisputed | | | | | | | |
| - Considered good | 5,139.54 | 2,464.46 | 2,588.29 | 10,973.19 | 5,178.63 | 8,339.63 | 34,683.74 |
| - Credit impaired | - | - | 1,837.12 | - | - | 6,894.15 | 8,731.27 |
| | 5,139.54 | 2,464.46 | 4,425.41 | 10,973.19 | 5,178.63 | 15,233.78 | 43,415.01 |
| Less: Credit impaired | | | | | | | (8,731.27) |
| | | | | | | | 34,683.74 |
| Disputed | | | | | | | |
| - Considered good | - | 1,396.43 | - | 1,038.05 | - | 132.26 | 2,566.74 |
| - Credit impaired | - | 267.29 | - | - | - | 77.32 | 344.61 |
| | - | 1,663.72 | - | 1,038.05 | - | 209.58 | 2,911.35 |
| Less: Credit impaired | | | | | | | (344.61) |
| | | | | | | | 2,566.74 |
| Total | | | | | | | 37,250.48 |

31-03-2021

| Particulars | Outstanding for following periods from due date of payments | | | | | | Total |
|-----------------------|---|---------------|--------------------|------------|-----------|-------------------|------------------|
| | Not Due | Upto 6 months | 6 months to 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Undisputed | | | | | | | |
| - Considered good | 3,770.12 | 844.74 | 1,214.51 | 13,263.01 | 8,176.22 | 12,085.27 | 39,353.87 |
| - Credit impaired | - | - | - | - | - | 6,894.15 | 6,894.15 |
| | 3,770.12 | 844.74 | 1,214.51 | 13,263.01 | 8,176.22 | 18,979.42 | 46,248.02 |
| Less: Credit impaired | | | | | | | (6,894.15) |
| | | | | | | | 39,353.87 |
| Disputed | | | | | | | |
| - Considered good | - | - | - | - | - | 853.67 | 853.67 |
| - Credit impaired | - | - | - | - | - | 77.32 | 77.32 |
| | - | - | - | - | - | 930.99 | 930.99 |
| Less: Credit impaired | | | | | | | (77.32) |
| | | | | | | | 853.67 |
| Total | | | | | | | 40,207.54 |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

Notes:
Movement in loss allowance - Trade Receivable (Non current (Note-11) & Current (Note -17))

| Particulars | As at 31 Mar 2023 | As at 31 March 2022 | As at 31 Mar 2021 |
|--|----------------------|------------------------|----------------------|
| Opening balance | 11,645.10 | 8,492.95 | 6,069.91 |
| Additions / Transfer Utilizations / Reversals | 722.19 | 3,152.15 | 2,423.04 |
| Closing balance | 12,367.29 | 11,645.10 | 8,492.95 |

| | As at 31 Mar 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|----------------------|------------------------|------------------------|
| 18 Cash and bank balances | | | |
| Balances with banks | | | |
| In current accounts | 2,383.74 | 506.33 | 299.46 |
| Margin Money (Original Maturity of less than 3 Months) | 920.40 | 75.75 | 540.69 |
| Cash on hand | 0.45 | 0.59 | 0.52 |
| Total | 3,304.59 | 582.67 | 840.66 |
| 19 Other Bank Balances | | | |
| Deposit Account (Original Maturity of 3 Months to 12 Months) | 223.71 | 224.88 | 180.23 |
| Margin Money (Original Maturity of More than 3 Months to 12 Months) | 1,506.62 | 2,162.61 | 2,686.65 |
| Total | 1,730.33 | 2,387.49 | 2,866.88 |
| 20 Other Current Financial assets | | | |
| Security deposit | 100.55 | 59.17 | 115.01 |
| Interest Receivable | 22.82 | 820.08 | 729.26 |
| Total | 123.37 | 879.25 | 844.27 |
| 21 Other current assets | | | |
| Advances to Employees | 45.09 | 62.75 | 75.64 |
| Balance with Government Authorities | 4,794.70 | 4,305.93 | 5,349.15 |
| Prepaid Expenses | 35.84 | 21.28 | 30.99 |
| Other Advances | 11.24 | 2,310.06 | 1,903.86 |
| Advances to Suppliers | | | |
| - Considered good | 14,850.62 | 13,352.10 | 13,367.90 |
| - Credit Impaired | 1,640.30 | 1,640.30 | 1,640.30 |
| Less: Allowance for Expected Credit Loss | (1,640.30) | (1,640.30) | (1,640.30) |
| Total | 19,727.49 | 20,052.13 | 20,727.84 |
| 22 Assets classified as held for sale | | | |
| Asset held for Sale | - | 596.06 | 596.06 |
| Total | - | 596.06 | 596.06 |

Assets held for sale represents the assets taken over from Afcons Infrastructure Limited (AIL) pursuant to a mutual agreement between AIL, Vatecha Engineering Limited (VEL) and the Company in settlement of dues receivable from VEL Ltd.

| Disclosure pursuant to Ind AS 105 - Major classes of assets and liabilities classified as held for sale: | As at 31 Mar 2023 | As at 31 Mar 2022 | As at 31 Mar 2021 |
|--|----------------------|----------------------|----------------------|
| Property, Plant and Equipment | - | 596.06 | 596.06 |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

23 A : Equity Share Capital

| Particulars | As at 31 Mar 2023 | As at 31 March 2022 | As at 31 March 2021 |
|--|----------------------|------------------------|------------------------|
| Authorized | | | |
| 1,40,00,000 (31 March 2022: 1,40,00,000, 31 March 2021 : 1,40,00,000) Equity Shares of ₹ 10 each | 1,40,000.00 | 1,40,000.00 | 1,40,000.00 |
| | <u>1,40,000.00</u> | <u>1,40,000.00</u> | <u>1,40,000.00</u> |
| Issued, subscribed and paid up | | | |
| 971,529,018 (31st March 2022: 971,529,018, 31st March 2021: 971,529,018) equity shares of ₹ 10 each fully paid | 1,32,152.90 | 97,152.90 | 97,152.90 |
| | <u>1,32,152.90</u> | <u>97,152.90</u> | <u>97,152.90</u> |

B: Preference Share Capital

The Company has preference share capital having a par value of ₹ 100 per share, referred to herein as preference share capital

| Particulars | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|------------------------|
| Authorized | | | |
| 30,000,000 (31 March 2022: 30,000,000, 31 March 2021: 30,000,000) Convertible Preference Shares of ₹ 100 each | 30,000.00 | 30,000.00 | 30,000.00 |
| Total | <u>30,000.00</u> | <u>30,000.00</u> | <u>30,000.00</u> |

(a) Reconciliation of Equity shares outstanding at the beginning and at the end of the year

| Particulars | 2022-23 | | 2021-22 | | 2020-21 | |
|--|-----------------------|--------------------|---------------------|------------------|---------------------|------------------|
| | No of shares | Amount | No of shares | Amount | No of shares | Amount |
| Outstanding at the beginning of the year | 97,15,29,018 | 97,152.90 | 97,15,29,018 | 97,152.90 | 97,15,29,018 | 97,152.90 |
| Add: Issued during the year | 35,00,00,000 | 35,000.00 | - | - | - | - |
| Outstanding at the end of the year | <u>1,32,15,29,018</u> | <u>1,32,152.90</u> | <u>97,15,29,018</u> | <u>97,152.90</u> | <u>97,15,29,018</u> | <u>97,152.90</u> |

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

| Name of Shareholder | As at 31 March 2023 | | As at 31 March 2022 | | As at 31 March 2021 | |
|------------------------------------|---------------------|-----------|---------------------|-----------|---------------------|-----------|
| | No of shares | % holding | No of shares | % holding | No of shares | % holding |
| Equity Shares | | | | | | |
| Mark AB Capital Investments LLC | 75,00,00,000 | 26.48 | - | - | - | - |
| SVL Limited (Refer Note (c) Below) | 21,35,41,894 | 16.14 | 27,93,91,356 | 28.76 | 27,93,91,356 | 28.76% |
| State Bank of India | 12,56,34,843 | 9.51 | 12,56,34,843 | 12.93 | 12,56,34,843 | 12.93% |
| Punjab National Bank | 10,18,10,880 | 7.70 | 10,22,35,172 | 10.52 | 12,43,46,199 | 10.52% |
| Central Bank of India | 9,35,70,276 | 7.08 | 9,35,70,176 | 9.43 | 9,35,70,276 | 9.43% |
| IDBI Bank Limited | - | - | 3,29,90,947 | 3.40 | 3,29,90,947 | 3.40% |

(c) Details of shares held by Promoters - Entities exercising significant influence over the Company

| Name of shareholder | As at 31 March 2023 | | As at 31 March 2022 | | As at 31 March 2021 | |
|---------------------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
| | No. of shares | % of total shares | No. of shares | % of total shares | No. of shares | % of total shares |
| Mark AB Capital Investments LLC | 35000000 | 26.48 | - | - | - | - |
| Mark AB Welfare Trust | 60749462 | 4.6 | - | - | - | - |
| SVL Limited* | - | - | 27,93,91,356 | 28.76 | 27,93,91,356 | 28.76% |

*The stock exchanges vide their letters dated February 02, 2023 has approved Mark AB Capital Investment LLC, Dubai as promoters and SVL Limited has been reclassified under Public holding with effect from February 03, 2023.

(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 Authorized 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 | 11,39,78,495 | 11,398 | 15102.15 | 26,500 | - | - | - | - |
| KPR Investment private limited | - | - | - | - | 1,29,19,896 | 1,292 | 2,208.01 | 3,500.00 |
| Lender Bank - Conversion of funded interest term Loan (FITL) | 73,34,961 | 734 | 1688.57 | 2,419 | 10,193 | 1 | 2.34 | 3.38 |
| Lender bank - Conversion of Interest sacrifice | 4,06,991 | 41 | 122.3 | 163 | 24,03,425 | 240 | 722.23 | 962.57 |
| Lender Bank - Conversion of Working capital term Loan (WCFL) | 48,46,21,073 | 48,462 | 64212.3 | 1,12,674 | 1,92,27,563 | 1,923 | 3,547.65 | 4,470.41 |

There is no Preferential issue of Equity during the year ended March 31, 2019, March 31, 2020, March 31, 2021 & March 31, 2022

Preferential issue of equity shares during 2022-23:

| Particulars | 2022-23 | | | |
|---------------------------------|--------------|------------------------|---------|--------|
| | No. shares | Face value of Rs. 10/- | Premium | Total |
| Mark AB Capital Investments LLC | 35,00,00,000 | 35,000 | - | 35,000 |

(i) The Resolution Plan (RP) was implemented by the Company and Lenders, upon completion of compliance of all conditions precedent to the satisfaction of the consortium lenders and RP was effective from September 30, 2022, with change in Management as per the RP formulated under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 vide its circular dated June 07, 2019 (the RBI Circular" / "Regulatory Framework"). Consequent to the implementation of resolution plan, Mark AB Capital Investment LLC, Dubai acquired 26.48% in equity of the Company.

During the year ended March 31, 2023, pursuant to the Resolution Plan, Company has received ₹ 35,000 Lakhs of equity and has allotted 35,00,00,000 equity shares of ₹ 10 each on preferential basis to Mark AB Capital Investment LLC, Dubai and shall be subject to lock-in for such period as may be prescribed under the KDR Regulations. As at September 30, 2022 the Company has utilized the entire proceeds towards the intended purpose. The paid-up equity capital of the Company as on date is ₹ 1,32,152.90 Lakhs - divided into 1,32,15,29,018 equity shares of ₹ 10/- each.

During the Year ended March 31, 2023, pursuant to the Resolution Plan, Company has issued 1,75,00,000 Compulsorily Convertible Debentures(CCD) of ₹ 100/- each and 1,75,00,000 Non-Convertible Debenture(NCD) of ₹ 100/- each aggregating to ₹ 35,000 Lakhs by way of conversion of existing loans of lenders. (Refer Note no 23.2)



SEPC Limited
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| 24 Other equity | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------|---------------------|---------------------|
| (A) Other equity | | | |
| Securities premium reserve (Refer Note (i) below) | 1,91,225.43 | 1,91,225.43 | 1,91,225.43 |
| General reserve (Refer Note (ii) below) | 561.93 | 561.93 | 561.93 |
| Capital Reserve (Refer Note (iii) below) | 12.92 | 12.92 | 12.92 |
| Deficit in the Statement of Profit and Loss (Refer Note (iv) below) | (2,15,595.88) | (2,15,105.50) | (1,93,436.12) |
| Investments FVTOCI Reserve on equity instruments (Refer Note (vi) below) | (3.28) | 8.51 | (30.50) |
| Re-measurement gains/ (losses) on defined benefit plans (Net of Tax) (Refer Note (vii) below) | 107.30 | 163.60 | 148.07 |
| Foreign Currency monetary item translation diff account (Refer Note (viii) below) | 188.26 | (219.86) | 32.46 |
| Share of reserve from an Associate | - | - | 4,700.99 |
| Non Controlling Interest | 159.50 | 146.61 | 142.73 |
| Total | (23,343.74) | (23,206.28) | 3,357.91 |
| (i) Securities premium reserve | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
| Opening balance | 1,91,225.43 | 1,91,225.43 | 1,91,225.43 |
| Add : Securities premium credited on issue of shares | - | - | - |
| Closing balance | 1,91,225.43 | 1,91,225.43 | 1,91,225.43 |
| (ii) General reserve | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
| Opening balance | 561.93 | 561.93 | 561.75 |
| Additions/(Transfers) | - | - | 0.17 |
| Closing balance | 561.93 | 561.93 | 561.93 |
| (iii) Capital Reserve | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
| Opening balance | 12.92 | 12.92 | 12.92 |
| Additions/(Transfers) | - | - | - |
| Closing balance | 12.92 | 12.92 | 12.92 |
| (iv) Deficit in the Statement of Profit and Loss | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
| Opening balance | (2,15,105.50) | (1,93,436.12) | (1,75,488.79) |
| Add: Net loss for year | (490.38) | (26,370.37) | (17,947.33) |
| Transfer | - | 4,700.99 | - |
| Closing balance | (2,15,595.88) | (2,15,105.50) | (1,93,436.12) |
| (v) Employee Stock options outstanding account | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
| Opening Balance | - | - | 0.17 |
| Additions/(Transfers) | - | - | (0.17) |
| Closing Balance | - | - | - |
| (vi) Investments FVTOCI Reserve on equity instruments | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
| Opening balance | 8.51 | (30.50) | (33.01) |
| Fair valuation changes for the year (net of tax)** | (11.79) | 39.01 | 2.51 |
| Closing balance | (3.28) | 8.51 | (30.50) |
| ** Includes cumulative fair valuation changes in equity shares (net of Tax) | | | |
| (vii) Re-measurement (gain)/loss on post employment benefit obligation (net of tax) | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
| Opening Balance | 163.60 | 148.07 | (30.97) |
| Additions | (56.30) | 15.61 | 17.10 |
| Closing Balance | 107.30 | 163.60 | 148.07 |
| (viii) Foreign currency monetary item translation diff account | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
| Opening Balance | (219.86) | 32.46 | 127.22 |
| Additions | 408.12 | (252.32) | (94.76) |
| Closing Balance | 188.26 | (219.86) | 32.46 |

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.



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|------------------------|
| 25 Non-current borrowings | | | |
| Secured - At Amortised Cost | | | |
| From Banks | | | |
| Term Loans | 1,397.99 | 6,291.59 | 11,095.54 |
| Non Convertible debentures (NCD) (Refer note 25.2 below) | 9,288.02 | - | - |
| Compulsorily Convertible Debentures (CCD) (Refer note 25.2 below) | 9,178.93 | - | - |
| From Others | | | |
| Term Loans | 793.98 | 8,512.45 | 8,444.45 |
| Working Capital Term Loans | 2,846.72 | 560.03 | 496.46 |
| Non Convertible debentures (NCD) (Refer note 25.1 below) | 2,805.80 | - | - |
| Compulsorily Convertible Debentures (CCD) (Refer note 25.1 below) | - | - | - |
| Funded Interest Term Loans | - | - | 48.79 |
| Unsecured | | | |
| Unsecured Loan (Refer note 25.3 below) | 297.20 | - | - |
| Total | 26,616.64 | 15,364.47 | 20,072.69 |

25.1 Terms of Repayment and Security details

| S.No | 31-Mar-23 | Terms of Repayment |
|---|------------------|--|
| Term Loan from Banks** | 1,397.99 | 27 Structured Quarterly repayment commencing from Jan 2018 to September 2025 |
| Non Convertible debentures (NCD) from Bank** | 9,288.02 | 26 Structured Half yearly repayment commencing from October 2022 to March 2035 |
| Compulsorily Convertible Debentures (CCD) from Bank** | 9,178.93 | Fully Convertible on 31st March 2025 |
| Term Loan from Others** | 146.00 | 48 Structured Monthly repayment commencing from April 2021 till March 2027 |
| Term Loan from Others** | 659.98 | 4 Equal yearly repayment commencing from September 2017 to March 2029 |
| Non Convertible debentures (NCD) from Others** | 2,846.72 | 26 Structured Half yearly repayment commencing from October 2022 to March 2035 |
| Compulsorily Convertible Debentures (CCD) from Others** | 2,805.80 | Fully Convertible on 31st March 2025 |
| Unsecured loan | 297.20 | Single repayment on 31 Dec-2025. The loan carries interest rate of 0.10% is a payable half yearly from March 2023 till December 2025 |
| Total | 26,616.64 | |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

Security

Primary Exclusive charge on 5 Wind Electric Generator of 1.5 MW
 First pari passu charge on Pooled Assets (i.e., all movable both fixed, current and non-current) immovable assets of the company and Corporate Guarantee of MARR 46 LLC Dubai, MARRAB Capital Investments both owned by MARR 46 LLC and SVL Trust. However, the Corporate Guarantees of SVL Ltd and SVL Trust shall be released after 18 months from the date of IP, if there is no default for a consecutive period of 12 months as defined in RBI Circular dated 7th June 2019.

| S.No | 31-Mar-22 | 31-Mar-21 | Terms of Repayment |
|---|------------------|------------------|---|
| Term Loans from Banks* | | 1,952.35 | 32 Structured quarterly commencing from Jun'18 to Sep'24 |
| Term Loans from Others* | 1,198.00 | | 4 Structured yearly payments commencing from April 2023 to March 2027 |
| Term Loans from Banks** | 5,095.99 | 9,094.10 | 27 Structured quarterly commencing from Jun'18 to Sep'25 |
| Term Loans from Others** | 2,454.58 | | |
| Term Loans from Others** | 5,857.87 | 8,444.45 | 27 Structured quarterly commencing from Jun'18 to Sep'25 |
| Funded Interest Term Loan from Others** | | 48.39 | 20 Structured quarterly commencing from Jun'18 to Sep'21 |
| Working Capital Term Loan from Others** | 568.03 | 498.47 | 32 Structured quarterly commencing from Jun'16 to Sep'24 |
| Total | 15,344.47 | 20,073.64 | |

Security

Primary Exclusive charge on 5 Wind Electric Generator of 1.5 MW from LSML

First pari passu 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

23.2 Implementation of Resolution Plan

The Company submitted a debt resolution plan to the lenders for restructuring of the debt ("Resolution Plan") under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by Reserve Bank of India vide its circular dated June 7, 2019 (the "RBI Circular"), which was approved by the consortium lenders and implemented on 20th September, 2022.

The key features of the Resolution Plan are as follows:

- Equity Injection by Prospective Investor - Allocation of Rs. 35,000 Lakhs. Preferential Issue of Equity Shares subject to the pricing as per the SEBI (ICDR) Regulations 2015 to the Investor for 24.4% stake in the Company.
- Conversion of a part of the existing bank debts into Rs. 17,500 Lakhs of Non-Convertible Debentures (NCD) and Rs. 17,500 Lakhs of Compulsory Convertible Debenture (CCD).
- Changing rate of interest on the CC facility @ 9.00% p.a. (1 year MCLR + 1.75%) w.e.f 1st October 2020.
- Consent to allow utilization of liquidity in non-fund raised facilities and fund based limits already sanctioned and available to the Company, post implementation of the plan.
- Prospective investor as provider of primary guarantee to lenders for working facilities in line of Corporate Guarantees of SVL Ltd and SVL Trust. However, the Corporate Guarantees of SVL Ltd and SVL Trust shall be released after 18 months from the date of IP, there is no default for a consecutive period of 12 months as defined in RBI Circular dated 7th June 2019.
- Continuation of Margin of 15% on stock and book debts and cover period of 270 days for receivable.

The Company has accounted for the CCD and NCD as per IND-AS 109- Financial Instruments

The CCD and NCD have been classified as financial liability as there is contractual obligation to deliver cash over a period of 14 years in terms of repayment of principal and interest. CCD and NCD are initially recognized at amortised cost using the effective interest method at 9.00%. The resultant gain or loss at initial recognition is recognised as exceptional gain in the statement of profit and loss. (Also refer Note no 4)



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

| Particulars | Principal Interest | Period of Delay | Amount of default | Remarks |
|------------------|--------------------|-----------------|-------------------|-------------------------------------|
| Central Bank | Interest | 1 - 51 days | 24.00 | |
| ICICI WCTL | Interest | 1 - 51 days | 12.54 | Interest has been paid subsequently |
| ICICI FTTL | Interest | 1 - 51 days | 1.88 | |
| ROW - Covid Loan | Interest | 1 - 81 days | 4.00 | In FY 2022-23 |

The Company has defaulted in payments of loan and interest during year ended March 31, 2022 in respect the following

| Particulars | Principal Interest | Period of Delay | During the year ended 31st March, 2022 (Rs. in Lakhs) |
|------------------|--------------------------------|-----------------|---|
| Central Bank | Principal pending to be repaid | 547-365 days | 1,420.13 |
| | Interest pending to be repaid | 365-1 days | 2,832.75 |
| | Principal pending to be repaid | 547-365 days | 719.13 |
| | Interest pending to be repaid | 365-1 days | 1,377.20 |
| ICICI WCTL | Principal pending to be repaid | 547-365 days | 144.07 |
| | Interest pending to be repaid | 365-1 days | 46.55 |
| | Principal pending to be repaid | 547-365 days | 74.55 |
| | Interest pending to be repaid | 365-1 days | 44.17 |
| ICICI FTTL | Principal pending to be repaid | 547-365 days | 31.71 |
| | Interest pending to be repaid | 365-1 days | 6.18 |
| | Principal pending to be repaid | 547-365 days | 10.10 |
| | Interest pending to be repaid | 365-1 days | 1,800.00 |
| ACRE | Principal pending to be repaid | 547-365 days | 1,800.00 |
| | Interest pending to be repaid | 365-1 days | 32.00 |
| ROW - Covid Loan | Principal pending to be repaid | 547-365 days | 1,800.00 |
| | Interest pending to be repaid | 365-1 days | 528.00 |

The Company has defaulted in payments of loan and interest during year ended March 31, 2021 in respect the following

| Particulars | Principal Interest | Period of Delay | During the year ended 31st March, 2021 (Rs. in Lakhs) |
|--------------|--------------------------------|----------------------|---|
| Central Bank | Principal pending to be repaid | 182 Days | 385.86 |
| | Interest 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 | 322.85 |
| ICICI WCTL | Principal pending to be repaid | 121 days to 365 days | 874.72 |
| | Interest pending to be repaid | 182 Days | 16.78 |
| | Principal pending to be repaid | 90 Days | 23.49 |
| | Interest pending to be repaid | 1 day | 21.49 |
| ICICI FTTL | Principal pending to be repaid | 3 days to 90 Days | 27.26 |
| | Interest pending to be repaid | 121 days to 365 days | 49.26 |
| | Principal pending to be repaid | 182 Days | 11.46 |
| | Interest pending to be repaid | 90 Days | 15.86 |
| ACRE | Principal pending to be repaid | 1 day | 3.61 |
| | Interest pending to be repaid | 3 days to 90 Days | 6.59 |
| | Principal pending to be repaid | 121 days to 365 days | 200.00 |
| | Interest pending to be repaid | 182 Days | 400.00 |
| | Principal pending to be repaid | 1 day | 400.00 |

25.3 During the year, the Company has obtained unsecured loan amounting to Rs. 500 Lakhs. The terms of repayment is bulk repayment of principal on 31-Dec-2025. The loan carries interest rate at 0.10% p.a payable half yearly from March 2023 till December 2025. The said loan has been recognised at amortised cost and the negative gain on initial recognition is credited to the statement of profit and loss.

25.4 The Company has not been declared a willful defaulter by any bank or financial institution or any other lender during the current period.

25.5 Classification of borrowings

During the year ended and as at March 31, 2022, the Company has made defaults in repayment of term loans. As at March 31, 2022, the Company has obtained balance confirmation and repayment schedule of outstanding Term Loans as of March 31, 2022 from the Lenders. Based on the maturity of the term loan instalments payables as per the balance confirmation, the Company has classified the borrowings under current and non-current and for the purpose of classification of term loans as at March 31, 2022, the impact as per Resolution Plan has not been considered as the condition precedents need to be complied with for effecting the adjustments. Further all defaulted loans have also been classified as Current maturities.

25.6 The Company has utilised the funds as per the terms of the Borrowings.



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

| 26 Other financial liabilities | As at 31 March 2023 | As at 31 Mar 2022 | As at 31 March 2021 |
|--------------------------------|---------------------|-------------------|---------------------|
| Sundry Creditors- Retention | 4,024.26 | 4,465.38 | 4,363.37 |
| Total | 4,024.26 | 4,465.38 | 4,363.37 |

Sundry Creditors- Retention
As on 31-03-2023

| Particulars | Outstanding for following periods from due date of payments | | | | | Total |
|-----------------------------|---|------------------|-----------|-----------|----------------------|-----------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than three year | |
| (i) MSME | - | - | - | - | - | - |
| (ii) Others | 4,024.26 | - | - | - | - | 4,024.26 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| Total | 4,024.26 | - | - | - | - | 4,024.26 |

As on 31-03-2022

| Particulars | Outstanding for following periods from due date of payments | | | | | Total |
|-----------------------------|---|------------------|-----------|-----------|----------------------|-----------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than three year | |
| (i) MSME | - | - | - | - | - | - |
| (ii) Others | 4,465.38 | - | - | - | - | 4,465.38 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| Total | 4,465.38 | - | - | - | - | 4,465.38 |

As on 31-03-2021

| Particulars | Outstanding for following periods from due date of payments | | | | | Total |
|-----------------------------|---|------------------|-----------|-----------|----------------------|-----------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than three year | |
| (i) MSME | - | - | - | - | - | - |
| (ii) Others | 4,363.37 | - | - | - | - | 4,363.37 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| Total | 4,363.37 | - | - | - | - | 4,363.37 |

| 27 Long Term Provisions | As at 31 March 2023 | As at 31 Mar 2022 | As at 31 March 2021 |
|---|---------------------|-------------------|---------------------|
| Provision for gratuity (Refer Note: 47) | 479.77 | 540.50 | 559.51 |
| Total | 479.77 | 540.50 | 559.51 |

| 28 Other non-current liabilities | As at 31 March 2023 | As at 31 Mar 2022 | As at 31 March 2021 |
|----------------------------------|---------------------|-------------------|---------------------|
| Contract Liabilities | | | |
| Advance from Customers | 2,078.30 | 2,202.91 | 4,882.17 |
| Total | 2,078.30 | 2,202.91 | 4,882.17 |

| 29 Short-term borrowings | As at 31 March 2023 | As at 31 Mar 2022 | As at 31 March 2021 |
|--|---------------------|-------------------|---------------------|
| From bank (Secured) | | | |
| - Cash Credit and Overdraft facilities | 7,952.75 | 42,731.22 | 35,698.43 |
| - Working Capital Demand Loans | 5,129.28 | 17,014.46 | 17,355.21 |
| - Demand Loan - Covid Emergency loan | - | 191.95 | 193.80 |
| - Interest accrued and due | - | 7,405.24 | 1,889.19 |
| - Current Maturities - Term Loans | 156.00 | 7,465.00 | 2,630.75 |
| - Non Convertible debentures(NCD) | 83.37 | - | - |
| - FITL - Moratorium Interest | - | 1,272.62 | 2,886.15 |
| From financial institutions (Secured) | | | |
| - Current Maturities | - | 5,724.00 | 2,045.78 |
| - Cash Credit and Overdraft facilities | 264.78 | 582.33 | 476.88 |
| - Funded Interest Term Loans | - | 76.00 | - |
| - Non Convertible debentures(NCD) | 21.20 | - | - |
| Interest accrued not due | - | - | - |
| From Others (Entities exerting significant influence over the company) Refer Note - 49 | 359.20 | - | 339.55 |
| Total | 13,964.58 | 82,462.97 | 63,515.81 |

29.1 Security details for 2022-23

Secured by First Paripassu Charge on Pooled Assets i.e., all movable (both fixed, current and non-current) immovable assets of the company and Corporate Guarantor of HARB AB LLC Dubai, Mark AB Capital Investments India Private Limited, SVL Ltd and SVL Trust. However, the Corporate Guarantees of SVL Ltd and SVL Trust shall be released after 18 months from the date of RP, if there is no default for a consecutive period of 12 months as defined in RBI Circular dated 7th June 2019.

Security details for 2021-22 and 2020-21

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

The Company has defaulted in repayment of interest in respect to the following, prior to the implementation of RP during the year 2022-23

| Bank / Financial Institution name | Cash credit | WCDA | FITL | Period of Delay | Remarks |
|-----------------------------------|-------------|------|------|-----------------|---------|
| Punjab National Bank | 0.21 | 0.31 | - | - | - |
| State Bank of India | 0.92 | - | - | - | - |
| Union Bank | 0.09 | - | - | - | - |
| Yes Bank | 0.02 | 0.04 | - | - | - |
| Axix Bank | 0.05 | 0.07 | - | - | - |
| Bank of Baroda | 0.06 | 0.09 | - | - | - |
| Bank of India | 0.04 | 0.07 | - | - | - |
| Bank of Maharashtra | 0.10 | - | - | - | - |
| Central Bank of India | 0.17 | 0.26 | - | - | - |
| DBS Bank | 0.22 | - | - | - | - |
| Federal Bank Limited | 0.04 | 0.07 | - | - | - |
| KICCI Bank Limited | 0.01 | 0.01 | - | - | - |
| IBBI Bank Limited | 0.45 | - | - | - | - |
| IFCI Factors | 0.04 | - | 4.69 | - | - |
| Indian Bank | 0.12 | - | - | - | - |
| Industrial bank | 0.07 | 0.11 | - | - | - |
| ARC# | 0.25 | - | - | - | - |



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First Partipassu Charge on Pooled Assets is all movable (both fixed, current and non current assets) immovable assets of the company and corporate guarantee of SVL and SVL Trust.
The Company has defaulted in repayment of loans and interest in respect the following during the financial year 2021-22

| Bank | Cash Credit | | WCCL | | FTL | |
|--|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| | Date of default | Amount (In Lakhs) | Date of default | Amount (In Lakhs) | Date of default | Amount (In Lakhs) |
| Punjab National Bank (OBC) | 26-Mar-20 | 5,679 | 30-Sep-20 | 755 | - | - |
| Punjab National Bank | 2-Mar-20 | 3,159 | 30-Sep-20 | 852 | - | - |
| Bank of India | 14-Feb-20 | 1,158 | 30-Sep-20 | 101 | - | - |
| Yes Bank | 31-Dec-20 | 258 | - | - | 31-Oct-20 | 503 |
| State Bank Of India | 21-Sep-20 | 1,190 | - | - | 31-Oct-20 | 721 |
| Indian Bank | 29-Apr-20 | 3,682 | 30-Sep-20 | 235 | - | - |
| Indusind Bank | 23-Nov-20 | 145 | 30-Sep-20 | 351 | 31-Dec-20 | 187 |
| IDBI Bank | 31-Oct-20 | 288 | 30-Sep-20 | 576 | 30-Sep-20 | 368 |
| ICICI Bank | 30-May-20 | 100 | - | - | - | - |
| Federal Bank | 5-Mar-20 | 720 | - | - | - | - |
| DBS Bank India Ltd | 30-Sep-20 | 692 | - | - | 31-Dec-20 | 221 |
| Central Bank of India | 26-Feb-20 | 1,982 | 31-Dec-20 | 278 | 31-Oct-20 | 338 |
| Bank Of Baroda | 30-Nov-20 | 202 | 30-Nov-20 | 262 | 31-Dec-20 | 146 |
| Asset Reconstruction Company (India) Limited (ARCIL) | 31-Dec-20 | 528 | - | - | - | - |
| Union Bank | 31-Mar-21 | 206 | - | - | 31-Dec-20 | 40 |
| WFC Factors | 30-Sep-20 | 131 | - | - | 30-Sep-20 | 9 |
| Axis Bank | 30-Nov-21 | 1,635 | 31-Jan-21 | 24 | - | - |
| Bank of Maharashtra | 30-Apr-21 | 319 | - | - | - | - |
| Total | | 22,114 | | 2,924 | | 2,132 |

29.2 The quarterly statements filed by the Company with the banks and financial institutions are in agreement with the books of accounts

29.3 The Company has utilised the funds as per the terms of the Borrowings. Also, the Company has not used funds raised on short term basis for long term purpose.

Net Debt Reconciliation

| Particulars | As at | As at | As at |
|-------------------------|--------------------|--------------------|--------------------|
| | 31 Mar 2023 | 31 Mar 2022 | 31 Mar 2021 |
| Cash & Cash equivalents | 3,304.59 | 582.67 | 840.86 |
| Non Current Borrowings | (24,616.84) | (15,364.47) | (20,072.84) |
| Current Borrowings | (13,956.58) | (82,462.97) | (83,515.81) |
| Net Debt | (37,278.63) | (97,244.77) | (82,747.79) |

| Particulars | Cash & Cash equivalents | Non Current Borrowings | Current Borrowings | Total |
|-----------------------------------|-------------------------|------------------------|--------------------|-------------|
| Net Debt as on 1st April, 2021 | 840.86 | (20,072.84) | (58,839.27) | (78,071.25) |
| Cash Flows | (258.19) | - | - | (258.19) |
| Proceeds from availments | - | - | (13,767.07) | (13,767.07) |
| Repayments | - | 6,420.12 | 6,420.12 | 6,420.12 |
| Interest paid/accrued | - | (1,711.75) | (9,856.63) | (11,568.38) |
| Net Debt as on 1st April, 2022 | 582.67 | (15,364.47) | (82,462.97) | (97,244.77) |
| Cash Flows | 2,721.92 | - | - | 2,721.92 |
| Proceeds from availments | - | (16,488.98) | (359.20) | (16,848.18) |
| Repayments | - | - | 48,247.99 | 48,247.99 |
| Gain on restructuring/ fair value | - | - | 20,248.40 | 20,248.40 |
| Interest paid/accrued | - | 5,236.81 | 359.19 | 5,596.00 |
| Net Debt as on 31st March, 2023 | 3,304.59 | (24,616.84) | (13,956.58) | (37,278.63) |

30 Trade payables

| Particulars | As at | As at | As at |
|--|------------------|------------------|------------------|
| | 31 March 2023 | 31 Mar 2022 | 31 March 2021 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | | |
| Acceptances | 9,805.31 | 323.42 | 842.43 |
| Trade Payables (Refer Note 30.1 & 30.2) | 28,351.71 | 33,644.80 | 33,160.17 |
| Other than Acceptances | - | - | - |
| Total | 37,957.02 | 33,968.22 | 34,002.60 |

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

30.2

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

| Particulars | As at | As at | As at |
|---|---------------|---------------|---------------|
| | 31 March 2023 | 31 March 2022 | 31 March 2021 |
| (a) Amount remaining unpaid to any supplier at the end of each accounting year: Principal & Interest | - | - | - |
| (b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | - | - | - |
| (c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act. | - | - | - |
| (d) The amount of interest accrued and remaining unpaid at the end of each accounting year. | - | - | - |
| (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act. | - | - | - |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
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10.2 Ageing Trade payable ageing
As on 31-03-2023

| Particulars | Outstanding for following periods from due date of payments | | | | | Total |
|-----------------------------|---|------------------|-----------------|-----------------|----------------------|------------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than three year | |
| (i) MSME | - | - | - | - | - | - |
| (ii) Others | 14,708.23 | 2,405.90 | 4,837.46 | 1,146.50 | 12,815.40 | 35,913.49 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | 32.09 | 237.13 | 1,774.31 | 2,043.53 |
| Total | 14,708.23 | 2,405.90 | 4,869.55 | 1,383.63 | 14,589.71 | 37,957.02 |

As on 31-03-2022

| Particulars | Outstanding for following periods from due date of payments | | | | | Total |
|-----------------------------|---|------------------|-----------------|------------------|----------------------|------------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than three year | |
| (i) MSME | - | - | - | - | - | - |
| (ii) Others | 2,546.10 | 11,396.90 | 2,232.31 | 10,494.76 | 5,045.06 | 31,715.13 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | 245.04 | 385.54 | 476.65 | 1,145.85 | 2,253.09 |
| Total | 2,546.10 | 11,641.94 | 2,617.85 | 10,971.42 | 6,190.91 | 33,968.22 |

As on 31-03-2021

| Particulars | Outstanding for following periods from due date of payments | | | | | Total |
|-----------------------------|---|------------------|-----------------|-----------------|----------------------|------------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than three year | |
| (i) MSME | - | - | - | - | - | - |
| (ii) Others | 8,783.08 | 9,415.95 | 8,225.17 | 2,741.93 | 2,545.86 | 31,711.99 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | 0.54 | 168.99 | 824.53 | 568.08 | 728.47 | 2,291.61 |
| Total | 8,783.62 | 9,584.94 | 9,049.70 | 3,310.01 | 3,274.33 | 34,002.60 |

0.00

| | | | |
|--|---------------|-------------|---------------|
| 31 Other Financial Liabilities | As at | As at | As at |
| | 31 March 2023 | 31 Mar 2022 | 31 March 2021 |
| | 1,625.07 | 1,875.25 | 1,663.25 |
| Total | 1,625.07 | 1,875.25 | 1,663.25 |
| *Included employee dues and other routine payable for expenses | | | |
| 32 Other current liabilities | As at | As at | As at |
| | 31 March 2023 | 31 Mar 2022 | 31 March 2021 |
| | 223.27 | 141.84 | 773.80 |
| Statutory dues payable | 222.68 | 546.11 | 2,673.29 |
| Advance Billing | - | - | - |
| Total | 445.95 | 687.94 | 3,447.20 |
| 33 Contract Liabilities | As at | As at | As at |
| | 31 March 2023 | 31 Mar 2022 | 31 Mar 2021 |
| | 3,432.75 | 5,934.03 | 8,076.25 |
| Advance from customers | 3,432.75 | 5,934.03 | 8,076.25 |
| Total | 3,432.75 | 5,934.03 | 8,076.25 |
| 34 Short Term Provisions | As at | As at | As at |
| | 31 March 2023 | 31 Mar 2022 | 31 March 2021 |
| | 21.02 | 23.70 | 23.62 |
| Provision for gratuity (Refer note 47) | 246.83 | 480.83 | 385.94 |
| Provision for Compensated Absences (Refer note 47) | 128.52 | 128.67 | 125.73 |
| Other provision | - | - | - |
| Total | 396.37 | 633.19 | 535.30 |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

| 35 | Revenue from operations | 2022-23 | 2021-22 | 2020-21 |
|----|--|------------------|------------------|------------------|
| | Revenue from Engineering and Construction Contracts (Refer Note 35.1 & 35.2) | 37,884.66 | 32,944.17 | 57,992.37 |
| | Other operating Revenue | - | - | - |
| | Company's share in profit of Integrated Joint Ventures | - | 1.48 | 286.15 |
| | Total | 37,884.66 | 32,945.65 | 58,278.52 |

35.1 Revenue for the current year (2022-23) includes Nil (Previous year Rs 8,624 lakhs), being share of revenue relating to the Basra project, billed from Mokul Shriram EPC JV (MSJV), a jointly controlled operation, where in the company owns 50% interest. (Year ended March 31, 2021- Rs.25,984 Lakhs)

35.2 Unsatisfied performance obligation: Management expects that the transaction price allocated to partially or fully unsatisfied performance obligation of ₹1,10,900 lakhs (Order book value) (March 31, 2022: ₹ 1,19,664 Lakhs)(March 31, 2021: ₹ 1,48,295 lakhs) will be recognised as revenue over the project life cycle.

| 36 | Other Income | 2022-23 | 2021-22 | 2020-21 |
|----|---|-----------------|-----------------|-----------------|
| | Interest income | | | |
| | - Margin Money deposits | 283.42 | 280.01 | 126.03 |
| | - Interest Income on Financial Assets | - | - | 1,512.07 |
| | - On Income Taxes | 29.3 | 316.91 | - |
| | Fair Value gain on Unsecured loan (Refer note 25.3) | 613.58 | - | - |
| | Liabilities written back | 911.59 | 38.92 | 476.04 |
| | Miscellaneous income | 165.26 | 477.58 | 220.65 |
| | Total | 2,003.15 | 1,113.42 | 2,334.79 |

| 37 | Erection, Construction & Operation Expenses | 2022-23 | 2021-22 | 2020-21 |
|----|--|------------------|------------------|------------------|
| | Cost of Materials and Labour (Refer Note 37.1) | 30,507.81 | 28,791.73 | 49,303.85 |
| | Other Contract Related Costs | 1,397.22 | 210.50 | 6,367.89 |
| | Total | 31,905.03 | 29,002.23 | 55,671.74 |

37.1 Cost of Materials and Labour for the Year ended March 31, 2023 includes NIL lakhs, being share of cost relating to the Basra project, from Mokul Shriram EPC JV (MSJV), a jointly controlled operation, where in the company owns 50% interest (Year ended March 31, 2022 - Rs.8,624 lakhs, March 31, 2021- Rs.25,984 Lakhs)

| 38 | Change in Inventories of Contract WIP | 2022-23 | 2021-22 | 2020-21 |
|----|--|-------------|---------------|--------------|
| | Inventories at the beginning of the year | - | 248.20 | 324.86 |
| | | - | 248.20 | 324.86 |
| | Less: Inventories at the end of the year | - | - | 248.20 |
| | | - | - | 248.20 |
| | Net decrease | 0.00 | 248.20 | 76.66 |
| | Total | 0.00 | 248.20 | 76.66 |

| 39 | Employee benefits expense | 2022-23 | 2021-22 | 2020-21 |
|----|---|-----------------|-----------------|-----------------|
| | Salaries, wages, bonus and other allowances | 3,020.16 | 3,194.97 | 3,131.40 |
| | Contribution to Provident and Other funds | 197.83 | 196.18 | 228.49 |
| | Contribution to Gratuity (Refer Note - 47) | 76.35 | 133.37 | 93.10 |
| | Staff welfare expenses | 45.81 | 174.92 | 355.41 |
| | Total | 3,340.15 | 3,699.44 | 3,808.41 |

| 40 | Finance costs | 2022-23 | 2021-22 | 2020-21 |
|----|--|-----------------|------------------|------------------|
| | Interest on Cash Credits* | 2,993.93 | 7,788.18 | 6,676.05 |
| | Interest on Term Loans * | 785.08 | 1,711.75 | 1,715.69 |
| | Interest on CCD, NCD | 54.07 | - | - |
| | Interest - Others | 405.68 | 628.71 | 852.10 |
| | Interest on financial liabilities measured at Effective interest rates (INDAS) | 1,841.73 | 1,416.60 | 1,415.09 |
| | Interest on Lease Liabilities | 29.06 | 23.13 | - |
| | Total | 6,039.75 | 11,568.38 | 10,658.93 |

*Consequent to implementation of resolution plan, Interest waiver (July'22 - September'22) of Rs. 2,176 Lakhs has been adjusted against Finance cost for the year ended March 31, 2023.

| 41 | Depreciation and amortization expense | 2022-23 | 2021-22 | 2020-21 |
|----|--|---------------|---------------|---------------|
| | Depreciation on Property, Plant and equipment (Refer Note- 6A) | 546.92 | 548.87 | 552.00 |
| | Amortization of Intangible Assets (Refer Note- 7) | 4.04 | 4.04 | 4.04 |
| | Amortization of Right of use assets (Refer Note- 6B) | 63.77 | 29.76 | - |
| | Total | 614.73 | 582.66 | 556.04 |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

| | 2022-23 | 2021-22 | 2020-21 |
|--|-----------------|-----------------|-----------------|
| 42 Other expenses | | | |
| Electricity and water | 521.29 | 119.24 | 238.68 |
| Rates and taxes | 233.65 | 59.12 | 14.44 |
| Rent | 68.86 | 105.26 | 119.49 |
| Repairs and Maintenance: | | | |
| Building | 12.06 | 14.56 | 4.30 |
| Plant and Machinery, Equipments | 39.53 | 56.67 | 48.77 |
| Others | 12.94 | 20.01 | 28.79 |
| Auditors' Remuneration (Refer Note 42.1) | 47.63 | 34.32 | 24.48 |
| Bank Charges, Letter of Credit / Guarantee charges | 700.08 | 965.93 | 1,989.20 |
| Travel and conveyance | 334.46 | 343.12 | 273.44 |
| Insurance premium | 125.49 | 192.75 | 263.07 |
| Printing & Stationery | 16.31 | 20.98 | 22.33 |
| Communication, broadband and internet expenses | 22.79 | 29.27 | 58.14 |
| Sitting Fees | 11.70 | 8.70 | 7.30 |
| Consultancy charges | 410.09 | 391.00 | 591.76 |
| Legal Expenses | 172.32 | 105.86 | 101.24 |
| Advertisement | 46.48 | 22.32 | 33.06 |
| Bad Debts | 1.61 | 103.35 | - |
| Company's share in Loss of Integrated Joint Ventures | 10.36 | - | - |
| Donation | 0.14 | 0.08 | 0.31 |
| Provision for doubtful trade and Other receivables | 722.19 | 1,831.49 | 2,036.42 |
| Provision for Contract Assets | 4,968.59 | - | - |
| Loss on Sale of assets | 336.27 | 99.18 | 1.78 |
| Miscellaneous expenses | 456.87 | 165.97 | 660.58 |
| Total | 9,274.71 | 4,689.27 | 6,517.58 |

42.1 The following is the break-up of Auditors remuneration (exclusive of GST)

| | 2022-23 | 2021-22 | 2020-21 |
|---------------------------|--------------|--------------|--------------|
| As auditor: | | | |
| Statutory audit | 27.00 | 27.00 | 18.00 |
| Other matters | 20.54 | 6.00 | 6.00 |
| Reimbursement of expenses | 0.09 | 1.32 | 0.48 |
| Total | 47.63 | 34.32 | 24.48 |

| | 2022-23 | 2021-22 | 2020-21 |
|--|--------------------|-----------------|-----------------|
| 43 Exceptional Items (Income) / expense | | | |
| Gain on Debt restructuring (Refer Note 25.2) | (19,634.82) | - | - |
| Provision for trade, other receivables and contract assets | - | 6,361.26 | 1,149.11 |
| Contract assets written off | 5,819.69 | - | - |
| Total | (13,815.13) | 6,361.26 | 1,149.11 |

- 43.1 (i) Year ended March 31, 2023 includes an amount of Rs. 19,634.82 Lakhs resulting from implementation of Resolution Plan with the lenders , on account of reduction in interest cost with effect from October 01, 2020 till June, 30, 2022, the difference between the carrying amounts of the facilities before restructuring as at September 30, 2022 and the fair values of the new facilities recognised as income in accordance with INDAS 109 - Financial Instruments.
- (ii) During the year ended March 31, 2023, contract assets amounting to Rs 5819.69 lakhs was written off, in respect of projects stopped by the client consequent to an order of the National Green Tribunal restraining the client from proceeding with the project and on account of wrongful termination of a contract and consequent legal disputes / arbitration proceedings initiated during the year in respect of projects with the customers.
- (iii) During the previous year ended March 31, 2022 represents provisions for trade, other receivables and contract assets amounting to Rs. 6,361.26 lakhs , based on estimation of potential stress on project completion and collections, considering the continuing impact of COVID 19 pandemic.
- (iv) 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.



SEPC Limited

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(Amount in ₹ lakhs, unless otherwise stated)

44 Income Tax

(A) Components of Deferred Tax Assets and Liabilities recognised in Balance Sheet:
31.03.2023

| Particulars | Balance as at April 1, 2022 | Recognized in profit or loss during 2022-23 | Recognized in OCI during 2022-23 | Balance as at March 31, 2023 |
|--|-----------------------------|---|----------------------------------|------------------------------|
| Deferred tax assets | | | | |
| Expenditure allowed on payment basis for Income tax purpose | 365.17 | (123.67) | 19.73 | 261.23 |
| Impairment loss on Financial Assets and Contract Assets | 3,912.73 | 1,255.22 | - | 5,167.95 |
| Deferred tax asset on account of unabsorbed losses and depreciation allowance (Refer Note- 44 (B)) | 39,645.00 | (4,235.38) | - | 35,409.62 |
| | 43,922.90 | (3,103.83) | 19.73 | 40,838.80 |
| Deferred tax liabilities | | | | |
| On Property, Plant and Equipment | 577.40 | (62.15) | - | 515.25 |
| | 577.40 | (62.15) | - | 515.25 |
| Deferred tax asset, net | 43,345.50 | (3,041.68) | 19.73 | 40,323.55 |

(B) The Company has business losses 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 amounting to Rs. 1,37,510.14 lakhs, the Company has recognised Deferred Tax Asset (DTA) on a carry forward loss of Rs. 1,11,216.10 lakhs in an earlier year resulting in DTA of Rs. 33,289.92 lakhs (March 31, 2022 - Rs. 39,645 Lakhs). Considering potential order book as on date, future business prospects in the light of implementation of resolution plan, projects in pipeline etc, the management is confident of adjusting these carry forward losses and 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, 2023.

31-03-2022

(C)

| Particulars | Balance as at April 1, 2021 | Recognized in profit or loss during 2021-22 | Recognized in OCI during 2021-22 | Balance as at March 31, 2022 |
|--|-----------------------------|---|----------------------------------|------------------------------|
| Deferred tax assets | | | | |
| Expenditure allowed on payment basis for Income tax purpose | 338.58 | 32.05 | (5.46) | 365.17 |
| Impairment loss on Financial Assets and Contract Assets | 3,937.69 | (24.96) | - | 3,912.73 |
| Deferred tax asset on account of unabsorbed losses and depreciation allowance (Refer Note- 44 (D)) | 43,889.00 | (4,244.00) | - | 39,645.00 |
| | 48,165.27 | (4,236.91) | (5.46) | 43,922.90 |
| Deferred tax liabilities | | | | |
| On Property, Plant and Equipment | 541.57 | 35.83 | - | 577.40 |
| | 541.57 | 35.83 | - | 577.40 |
| Deferred tax asset, net | 47,623.70 | (4,272.74) | (5.46) | 43,345.50 |

(D) i) The Company has business losses and unabsorbed depreciation which are allowed to be carried forward and set off against available future taxable income under Income Tax Act, 1961. Against the carried forward loss of Rs.1,82,359 lakhs, the company has recognized deferred tax asset on a carry forward loss to the extent of Rs.1,28,911 lakhs which results in DTA of Rs. 43,520 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 and March 31, 2020.

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

31-03-2021

(E)

| Particulars | Balance as at April 1, 2020 | Recognized in profit or loss during 2020-21 | Recognized in OCI during 2020-21 | Balance as at March 31, 2021 |
|--|-----------------------------|---|----------------------------------|------------------------------|
| Deferred tax assets | | | | |
| Expenditure allowed on payment basis for Income tax purpose | 409.44 | (64.87) | (5.98) | 338.58 |
| Impairment loss on Financial Assets and Contract Assets | 4,204.37 | (266.68) | - | 3,937.69 |
| Deferred tax asset on account of unabsorbed losses and depreciation allowance (Refer Note- 44 (F)) | 43,519.98 | 369.02 | - | 43,889.00 |
| | 48,133.79 | 37.47 | (5.98) | 48,165.27 |
| Deferred tax liabilities | | | | |
| On Property, Plant and Equipment | 510.09 | 31.48 | - | 541.57 |
| | 510.09 | 31.48 | - | 541.57 |
| Deferred tax asset, net | 47,623.70 | 5.99 | (5.98) | 47,623.70 |

(F) 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.



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(G) 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.2,11,013 lakhs, the company has recognized deferred tax asset on a carry forward loss to the extent of Rs.1,28,547 lakhs which results in DTA of Rs. 39,645 lakhs. During the current year, the company has written off DTA amounting to Rs 4,278 lakhs(net) due to carry forward business losses which is expiring by AY relevant to accounting year ended March 31, 2022. 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.

| (H) Components of Tax | 2022-23 | 2021-22 | 2020-21 |
|-----------------------|-------------------|-------------------|---------------|
| Current Tax | - | - | 122.17 |
| Deferred Tax | (3,021.95) | (4,278.00) | - |
| Total | (3,021.95) | (4,278.00) | 122.17 |

| (I) Reconciliation of tax charge | 2022-23 | 2021-22 | 2020-21 |
|---|-------------------|--------------------|-------------------|
| (a) Profit/(Loss) before tax | 2,531.57 | (22,092.37) | 17,825.16 |
| (b) Corporate Tax Rate as per Income Tax Act, 1961 | 34.94% | 34.94% | 34.94% |
| (c) Tax on Accounting Profit | 864.53 | (7,719.07) | 6,226.11 |
| (c) = (a) * (b) | | | |
| (d) Tax adjustments | | | |
| (i) Tax on Non-deductible item for tax purpose | - | (1,806.36) | (789.06) |
| (ii) Tax effect on expiry of carry forward losses | (2,738.79) | (7,500.00) | - |
| (iii) Tax effect of losses of current year on which no deferred tax benefit is recognised | - | (2,095.59) | (5,197.30) |
| (iv) Tax effect on utilisation of carry forward losses | (1,496.60) | - | - |
| (v) Tax effect of differential tax rates | 224.19 | (513.39) | - |
| (vi) Tax effect of various other items | 1,871.78 | (79.74) | (119.58) |
| Total effect of Tax Adjustments | (2,137.42) | (11,997.07) | (6,105.94) |
| (e) Tax expenses recognised during the year | (e) = (d) - (c) | (3,021.95) | (4,278.00) |
| | | | 122.17 |

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

(K) Unrecognised deductible temporary differences, unused tax losses

| Particulars | 2022-23 | 2021-22 | 2020-21 |
|---------------------|-----------------|-----------------|------------------|
| - Unused tax losses | 6,201.00 | 8,729.00 | 13,007.00 |
| Total | 6,201.00 | 8,729.00 | 13,007.00 |

Deferred tax on unused tax loss

(Rs. Lakhs)

| Expiry period | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|--------------------|----------------------|----------------------|----------------------|
| 2023-24 to 2029-30 | 6,201.00 | - | - |
| 2021-23 to 2028-29 | - | 8,729.00 | - |
| 2021-22 to 2027-28 | - | - | 13,007.00 |

(L) The Company has business loss which are allowed to be carried forward and set off against the available future taxable income under Income Tax Act, 1961. No Deferred Tax asset has been recognised on this considering no reasonable certainty



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45 Basic and Diluted Earnings Per Share (EPS) computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings Per Share":

| Particulars | | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|-----|------------------------|------------------------|------------------------|
| Basic EPS | | | | |
| Profit / (Loss) after Tax as per Accounts (₹ lakhs) | A | (490.38) | (26,370.37) | (17,947.33) |
| Weighted Average Number of Equity Shares Outstanding | B | 12,240.86 | 9,715.29 | 9,715.29 |
| Basic EPS (₹) | A/B | (0.04) | (2.71) | (1.85) |
| Diluted EPS | | | | |
| Profit / (Loss) after Tax as per Accounts (₹ lakhs) | A | (490.38) | (26,370.37) | (17,947.33) |
| Add: Interest Cost on CCD | B | 777.12 | - | - |
| Profit / (Loss) after Tax as per Accounts (₹ lakhs) for diluted EPS | A | 286.74 | (26,370.37) | (17,947.33) |
| Weighted Average Number of Equity Shares Outstanding | | 12,240.86 | 9,715.29 | 9,715.29 |
| Weighted Average Number of shares upon conversion of CCD | | 125.81 | 0.00 | 0.00 |
| Weighted Average Number of Equity Shares Outstanding for Diluted EPS | E | 12,366.67 | 9,715.29 | 9,715.29 |
| Profit / (Loss) after Tax as per Accounts (₹ lakhs) for diluted EPS * | A/B | (0.04) | (2.71) | (1.85) |

* Since the diluted EPS as per computation is anti diluted, dilutive EPS is taken as basic EPS.

46 Disclosures pursuant to EPC Contracts:

| S. No | Particulars | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|-------|---|------------------------|------------------------|------------------------|
| 1 | Contract revenue recognised for the financial year | 37,884.66 | 32,944.17 | 57,992.37 |
| 2 | Aggregate amount of Contract costs incurred and recognized profits (less recognized losses) upto the reporting date | 31,905.01 | 29,250.43 | 55,748.40 |
| 3 | Advances received for contracts in progress | 5,511.05 | 8,136.95 | 12,958.42 |
| 4 | Retention amount by customers for contracts in progress | 28,020.65 | 28,718.62 | 28,481.99 |
| 5 | Gross amount due from customers for contract work (Asset) | 80,598.49 | 83,664.76 | 86,639.78 |
| 6 | Gross amount due to customers for contract work (Liability) | 222.68 | 948.11 | 2,673.39 |

47 Disclosure pursuant to Ind AS 19 "Employee Benefits"

(A) Defined Contribution Plans

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss

Employers' Contribution to Provident Fund and Employee State Insurance (Refer note 39)

| 2022-23 | 2021-22 | 2020-21 |
|---------|---------|---------|
| 197.83 | 196.18 | 228.49 |



(B) Defined benefit plans (Unfunded)

Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

| | |
|------------------------|--|
| Investment Risk | The probability or likelihood of occurrence of losses relative to the expected return on any particular investment. |
| Interest risk | The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability. |
| Salary Escalation Risk | The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability. |
| Demographic Risk | The Company has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption. |

In respect of the plan in India, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at March 31, 2023, March 31, 2022, 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.

| | 2022-23 | 2021-22 | 2020-21 |
|---|---------|---------|---------|
| i) Actuarial assumptions | | | |
| Discount rate (per annum) | 7.20% | 7.28% | 6.92% |
| Rate of increase in Salary | 5.00% | 5.00% | 5.00% |
| Expected average remaining working lives of employees (years) | 12.70 | 12.80 | 13.30 |
| Attrition rate | 3.00% | 3.00% | 3.00% |

ii) Changes in the present value of defined benefit obligation

| | Gratuity | | Long Term Compensated Absences | |
|--|----------|----------|--------------------------------|----------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Present value of obligation at the beginning of the year | 564.20 | 581.13 | 480.83 | 385.95 |
| Interest cost | 33.93 | 35.62 | 32.26 | 25.05 |
| Past service cost | - | - | - | - |
| Current service cost | 42.42 | 97.76 | 139.01 | 380.31 |
| Curtailments | - | - | - | - |
| Settlements | - | - | - | - |
| Benefits paid | (196.14) | (136.70) | (75.43) | (47.95) |
| Actuarial gain on obligations | 56.35 | (15.61) | (329.84) | (262.53) |
| Present value of obligation at the end of the year* | 500.79 | 564.20 | 246.83 | 480.83 |

*Included in provision for employee benefits (Refer notes 27 and 34)

Changes in the present value of defined benefit obligation

| | Gratuity | | Long Term Compensated Absences | |
|--|----------|----------|--------------------------------|------------|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| Present value of obligation at the beginning of the year | 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 |
| Curtailments | - | - | - | - |
| Settlements | - | - | - | - |
| Benefits paid | (131.49) | (104.97) | (74.61) | (61.11) |
| Actuarial gain on obligations | (17.10) | (21.31) | (354.78) | (1,222.81) |
| Present value of obligation at the end of the year* | 583.13 | 638.62 | 386.40 | 534.47 |

*Included in provision for employee benefits (Refer notes 27 and 34)



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(ii) Expense recognized in the Statement of Profit and Loss

| | Gratuity | | Long Term Compensated Absences | |
|--|----------|---------|--------------------------------|----------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Current service cost | 33.93 | 35.62 | 139.01 | 380.31 |
| Past service cost | - | - | - | - |
| Interest cost | 42.42 | 97.75 | 33.26 | 25.05 |
| Expected return on plan assets | - | - | - | - |
| Actuarial gain on obligations | 56.38 | (15.61) | (329.84) | (262.53) |
| Settlements | - | - | - | - |
| Curtailments | - | - | - | - |
| Total expenses recognized in the Statement Profit and Loss | 76.35 | 133.37 | -158.57 | 142.83 |
| Total expenses recognized in OCI | 56.38 | (15.61) | - | - |

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 | - | - | - | - |
| Total expenses recognized in the Statement Profit and Loss | 76.00 | 54.31 | (73.92) | 93.31 |

(iv) Assets and liabilities recognized in the Balance Sheet:

| | Gratuity | | Long Term Compensated Absences | |
|--|----------|----------|--------------------------------|----------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Present value of unfunded obligation as at the end of the year | (500.79) | (564.20) | (246.83) | (480.83) |
| Unrecognized actuarial (gains)/losses | - | - | - | - |
| Unfunded net liability recognized in Balance Sheet* | (500.79) | (564.20) | (246.83) | (480.83) |

*Included in provision for employee benefits (Refer notes 27 and 34)

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) | (386.40) | (534.47) |
| Unrecognized actuarial (gains)/losses | - | - | - | - |
| Unfunded net liability recognized in Balance Sheet* | (583.13) | (638.62) | (386.40) | (534.47) |

*Included in provision for employee benefits (Refer notes 27 and 34)

(v) A quantitative sensitivity analysis for significant assumption as at 31 March 2023 is as shown below:

| Impact on defined benefit obligation | 2022-23 | 2021-22 | 2020-21 |
|--------------------------------------|---------|---------|---------|
| Discount rate | | | |
| 0.5% increase | -3.08% | -2.86% | -3.09% |
| 0.5% decrease | 3.27% | 3.04% | 3.29% |
| Rate of increase in salary | | | |
| 0.5% increase | 3.27% | 3.04% | 3.29% |
| 0.5% decrease | -3.08% | -2.86% | -3.09% |

(vi) Maturity profile of defined benefit obligation

| Period | (in ₹ lakhs) | | |
|------------------------------|--------------|---------|---------|
| | 2022-23 | 2021-22 | 2020-21 |
| By the end of the First Year | 105.03 | 167.89 | 172.76 |
| Between Year 1 and Year 2 | 70.24 | 11.21 | 30.62 |
| Between Year 2 and Year 3 | 20.37 | 69.93 | 9.16 |
| Between Year 3 and Year 4 | 42.28 | 99.03 | 58.35 |
| Between Year 4 and Year 5 | 76.82 | 45.28 | 100.38 |
| Between Year 5 and Year 10 | 285.78 | 374.94 | 364.20 |



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

(A) Finance leases where Company is a lessee:

The following is the summary of practical expedients elected on application:

1. Used a single discount rate to a portfolio of leases with reasonably similar characteristics
2. Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

The Company has lease contracts for its head office building and furniture and fixtures. Lessee is restricted from assigning and subleasing the leased assets. The Company applies the

The effective interest rate for lease liabilities is 9%.

Maturity analysis of lease liabilities

The maturity analysis of lease liabilities are given as below:

| Particulars | 31st March 2023 | 31st March 2022 | 31st March 2021 |
|---|-----------------|-----------------|-----------------|
| Within one year | 98.45 | 36.60 | - |
| After one year but not more than five years | 163.20 | 195.58 | - |
| More than five years | 88.74 | 106.40 | - |

Amounts recognised in the Statement of Profit and Loss:

| Particulars | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|--|------------------------|------------------------|------------------------|
| Amortization expense of right-of-use assets | 63.77 | 29.76 | - |
| Interest expense on lease liabilities | 29.06 | 23.13 | - |
| Expense relating to short-term leases (included in other expenses) | 68.86 | 105.26 | 119.49 |
| Total amount recognised in statement profit or loss | 161.70 | 158.14 | 119.49 |

Amounts recognised in statement of Cash Flows:

| Particulars | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|-------------------------------|------------------------|------------------------|------------------------|
| Total Cash outflow for leases | 58.19 | 36.60 | - |

49 Disclosure of Related Parties/related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

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

Entities exercising significant influence over the Company

SVL Ltd (upto 23rd September 2022)

Mark A B Investment LLC (effective from 24th September 2022)

Subsidiary of Entities exercising significant influence over the Company (upto 23rd September 2022)

Bharat Coal Chemicals Limited (BCLL)

Subsidiary of Entities exercising significant influence over the Company (Effective from 24th September 2022)

Mark AB Capital Investment India Private Limited

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

Leitwind Shriram Manufacturing Private Limited (upto 23rd September 2022)

Key management personnel

T. Shivaraman - Managing Director (upto 20th September 2022)

M. Amjad Shariff - Joint Managing Director (upto 20th September 2022)

N K Suryanarayanan - Managing Director (effective from 24th September 2022)

Other enterprises under the control of the key management personnel

Orient Green Power Company Limited (upto 20th September 2022)

Bharath Wind Farm Limited (upto 20th September 2022)

Beta Wind Farm Private Limited (upto 20th September 2022)

Anvik Environmental Technologies P Ltd (upto 20th September 2022)

Joint Operations

Larsen & Toubro Limited Shriram EPC JV

Makul Shriram EPC JV

Shriram EPC Eurotech Environmental Pvt Ltd - JV

SEPC DRS ITPL JV



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

| | 2022-23 | 2021-22 | 2020-21 |
|--|-----------|----------|-----------|
| (i) Entities exercising significant influence over the Company | | | |
| SVL Ltd (upto 23rd September 2022) | | | |
| Transfer of Advances/Receivables & Investment | 7,433.87 | 2,793.80 | 4,758.88 |
| Fund Received (Net) | | 2,454.85 | 5,194.75 |
| Mark A B Investment LLC (effective from 24th September 2022) | | | |
| Amount invested as Equity | 35,000.00 | | |
| (ii) Subsidiary of Entities exercising significant influence over the Company (Effective from 24th September 2022) | | | |
| MARK AB Capital Investment India Private Limited (Effective from 24th September 2022) | 900.00 | | |
| (iii) Key Management Personnel (KMP) | | | |
| Compensation of key management personnel | | | |
| T. Shivarman (upto 20th September 2022) | 119.61 | 60.40 | 60.40 |
| M. Arjod Shariff (upto 20th September 2022) | 79.68 | 60.15 | 60.15 |
| N K Suryanarayanan (Effective from 24th September 2022) | 43.40 | | |
| (iv) Other enterprises under the control of the key management personnel | | | |
| (a) Orient Green Power Company Limited | | | |
| Payments made | - | 0.41 | - |
| (b) Bharath Wind Farm Limited | | | |
| Fund Receipts | - | 4.11 | - |
| (v) Joint Operations | | | |
| (a) Larsen & Toubro Limited Shriram EPC JV | | | |
| Company's share in profit of Integrated Joint Ventures | - | 1.48 | 286.15 |
| Company's share in Loss of Integrated Joint Ventures | 10.36 | 390.77 | - |
| Fund Receipts | | | |
| (b) Shriram EPC Eurotech Environmental Pvt Ltd - JV | | | |
| Progressive Billings/ Revenue | 121.00 | 698.18 | 532.66 |
| Expenses reimbursed by the party | | 4.51 | 123.33 |
| (c) SEPC DRS (TPL JV) | | | |
| Progressive Billings/ Revenue | 102.00 | 1.99 | 590.73 |
| Expenses reimbursed by the party | | - | 260.85 |
| (d) Mokul Shriram EPC JV | | | |
| Progressive Billings/ Revenue | | 8,624.17 | 25,983.90 |
| Cost incurred for Materials and Labour | - | 8,624.17 | 25,983.90 |



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(C) Amount due (to)/from related party as on:

| (i) Particulars | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|------------------------|
| Advances / (Borrowings): | | | |
| MARK AB Capital Investment India Private Limited (Effective from 24th September 2022) | (900.00) | - | - |
| SVL Limited | - | - | (339.55) |
| Lectwind Shiram Manufacturing Private Limited (Net of Provision for Expected Credit Loss of ₹ 9,141.70 Lakhs (March 31, 2022: ₹ 9,141.70 Lakhs)(March 31, 2021: ₹ 9,141.70 Lakhs) | 0.00 | 477.77 | 3,201.62 |
| Bharat Wind Farm Limited | 0.00 | - | 4.71 |
| Orient Green Power Company Limited | - | - | (0.41) |
| Receivables / (Payables): | | | |
| Amrit Environmental Technologies P Ltd | 1,966.38 | 1,966.38 | 2,300.00 |
| Shriram EPC Eurotech Environmental Pvt Ltd - JV | - | - | (0.11) |
| SEPC DRS ITPIL JV | - | - | 523.85 |
| Larsen & Toubro Limited Shiram EPC JV | (0.90) | (0.90) | 445.71 |
| Mokul Shiram EPC JV | 1,669.28 | 1,669.28 | 3,338.55 |

50 Disclosure pursuant to Ind AS 1 "Presentation of Financial Statements"

(A) Current Assets expected to be recovered within twelve months and after twelve months from the reporting date

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|--|----------------------|---------------------|-----------|----------------------|---------------------|-----------|
| | Within twelve months | After twelve months | Total | Within twelve months | After twelve months | Total |
| Trade Receivables - Note 17 | 29,206.01 | - | 29,206.01 | 37,250.48 | - | 37,250.48 |
| Other Current Financial Assets - Note 20 | 123.37 | - | 123.37 | 879.25 | - | 879.25 |

| Particulars | As at March 31, 2021 | | |
|--|----------------------|---------------------|-----------|
| | Within twelve months | After twelve months | Total |
| Inventories - Note 15 | 248.20 | - | 248.20 |
| Trade Receivables - Note 17 | 40,207.54 | - | 40,207.54 |
| Other Current Financial Assets - Note 20 | 844.27 | - | 844.27 |

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

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|----------------------|---------------------|-----------|----------------------|---------------------|-----------|
| | Within twelve months | After twelve months | Total | Within twelve months | After twelve months | Total |
| Acceptances - Note 30 | 9,605.31 | - | 9,605.31 | 323.42 | - | 323.42 |
| Trade and Other Payables - Note 30 | 28,351.71 | - | 28,351.71 | 33,644.80 | - | 33,644.80 |
| Other Current Financial Liabilities - Note 31 | 1,625.07 | - | 1,625.07 | 1,875.25 | - | 1,875.25 |

| Particulars | As at March 31, 2021 | | |
|---|----------------------|---------------------|-----------|
| | Within twelve months | After twelve months | Total |
| Acceptances - Note 30 | 842.43 | - | 842.43 |
| Trade and Other Payables - Note 30 | 33,160.17 | - | 33,160.17 |
| Other Current Financial Liabilities - Note 31 | 1,663.25 | - | 1,663.25 |



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51 Segment reporting

The Chief Operating Decision Maker (CODM) reviews the operations of the Company for the year ended March 31, 2020 as one operating segment being Construction Contracts. Hence no separate primary segment information has been furnished herewith as required by Ind AS 108, "Operating segment". However, Geographical Segments being secondary segments are disclosed below :

| Particulars | (in ₹ Lakhs) | | |
|---------------------|--------------|-------------|-------------|
| | 31-Mar-23 | 31-Mar-22 | 31-Mar-21 |
| Rest of the World | | | |
| Revenue | - | 8,624.16 | 31,069.19 |
| Assets | 819.18 | 819.18 | 7,004.55 |
| India | | | |
| Revenue | 37,884.66 | 24,320.00 | 26,925.18 |
| Assets | 1,99,363.18 | 2,21,502.83 | 2,20,142.91 |
| Capital Expenditure | 13.91 | 14.97 | 628.89 |

52 Expenditure in Foreign Currency

| Particulars | (in ₹ Lakhs) | | |
|--|--------------|---------------|--------------|
| | 31-Mar-23 | 31-Mar-22 | 31-Mar-21 |
| Professional & Consultancy Fees | 19.29 | 4.85 | - |
| Material Consumed in Execution of Engineering Co | - | 201.72 | 40.62 |
| Erection, Construction & Operation Exp | 32.02 | 59.00 | - |
| Travelling & Conveyance | 4.68 | 3.74 | 5.18 |
| Salaries and wages | - | 67.95 | - |
| Others | 12.38 | 154.84 | 0.44 |
| Total | 68.37 | 492.10 | 46.24 |



SPEC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

53 Fair Value Measurement

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

| 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 |
| Assets | | | | | | | | | | |
| Financial Assets Measured at Fair Value | | | | | | | | | | |
| Investments | 9 | - | - | - | 40.93 | 40.93 | - | - | - | 40.93 |
| Financial Assets not Measured at Fair Value* | | | | | | | | | | |
| Loans | 10 | 697.48 | - | - | - | - | - | - | - | - |
| Trade Receivables | 11 & 17 | 47,412.26 | - | - | - | - | - | - | - | - |
| Cash and Cash Equivalents | 18 | 3,304.59 | - | - | - | - | - | - | - | - |
| Other Bank balances | 19 | 1,730.33 | - | - | - | - | - | - | - | - |
| Other financial assets | 12 & 20 | 1,144.51 | - | - | - | - | - | - | - | - |
| Total | | 54,309.17 | - | - | 40.93 | 40.93 | - | - | - | 40.93 |
| Liabilities | | | | | | | | | | |
| Financial Liabilities not Measured at Fair Value* | | | | | | | | | | |
| Non Current Borrowings | 25 | - | - | 26,616.64 | - | - | - | - | - | - |
| Current Borrowings | 29 | - | - | 13,966.58 | - | - | - | - | - | - |
| Trade payables | 30 | - | - | 37,957.02 | - | - | - | - | - | - |
| Other financial liabilities | 26 & 31 | - | - | 5,649.33 | - | - | - | - | - | - |
| Total | | - | - | 84,189.57 | 40.93 | 40.93 | - | - | - | 40.93 |

31-Mar-22

| Particulars | Note | Carrying Amount | | | Fair Value | | | | | |
|---|---------|------------------------------------|----------------------|---|--|----------------------|----------|----------|----------|--------------|
| | | Financial Assets at amortised cost | Mandatorily at FVTPL | Other Financial liabilities at amortised cost | Investments at Fair Value through Other comprehensive income | Total carrying value | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | | | | | | | |
| Financial Assets Measured at Fair Value | | | | | | | | | | |
| Investments | 9 | - | - | - | 52.72 | 52.72 | - | - | - | 52.72 |
| Financial Assets not Measured at Fair Value* | | | | | | | | | | |
| Loans | 11 | - | - | - | - | - | - | - | - | - |
| Trade Receivables | 10 | 8,131.35 | - | - | - | - | - | - | - | - |
| Cash and Cash Equivalents | 11 & 17 | 56,018.98 | - | - | - | - | - | - | - | - |
| Other Bank balances | 18 | 582.67 | - | - | - | - | - | - | - | - |
| Other financial assets | 19 | 2,387.49 | - | - | - | - | - | - | - | - |
| Other financial assets | 12 & 20 | 1,970.84 | - | - | - | - | - | - | - | - |
| Total | | 69,091.33 | - | - | 52.72 | 52.72 | - | - | - | 52.72 |
| Liabilities | | | | | | | | | | |
| Financial Liabilities not Measured at Fair Value* | | | | | | | | | | |
| Non Current Borrowings | 25 | - | - | 15,364.47 | - | - | - | - | - | - |
| Current Borrowings | 29 | - | - | 82,462.97 | - | - | - | - | - | - |
| Trade payables | 30 | - | - | 33,968.23 | - | - | - | - | - | - |
| Other financial liabilities | 26 & 31 | - | - | 6,340.63 | - | - | - | - | - | - |
| Total | | - | - | 1,38,136.29 | 52.72 | 52.72 | - | - | - | 52.72 |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

31-Mar-21

| Particulars | Note | Financial Assets at amortised cost | Mandatory at FYFPL | Carrying Amount | | Fair Value | | | Total |
|---|---------|------------------------------------|--------------------|------------------------------------|---|--|--------------|---------|--------------|
| | | | | Financial Assets at amortised cost | Other Financial Liabilities at amortised cost | Investments at Fair Value through Other comprehensive income | Level 1 | Level 2 | |
| Assets | | | | | | | | | |
| Financial Assets Measured at Fair Value | | | | | | | | | |
| Investments | 9 | - | - | - | 38.65 | 38.65 | - | - | 38.65 |
| Financial Assets not Measured at Fair Value* | | | | | | | | | |
| Investments | 11 | - | - | - | 66.13 | 66.13 | - | - | - |
| Loans | 10 | 10,913.30 | - | - | 10,913.30 | 10,913.30 | - | - | - |
| Trade Receivables | 11 & 17 | 61,223.68 | - | - | 61,223.68 | 61,223.68 | - | - | - |
| Cash and Cash Equivalents | 16 | 840.86 | - | - | 840.86 | 840.86 | - | - | - |
| Other Bank balances | 19 | 2,866.88 | - | - | 2,866.88 | 2,866.88 | - | - | - |
| Other financial assets | 12 & 20 | 2,030.33 | - | - | 2,030.33 | 2,030.33 | - | - | - |
| Total | | 77,874.05 | | | 77,978.84 | 77,978.84 | 38.65 | | 38.65 |
| Liabilities | | | | | | | | | |
| Financial Liabilities not measured at fair value* | | | | | | | | | |
| Non Current Borrowings | 25 | - | - | - | 20,072.84 | 20,072.84 | - | - | - |
| Current Borrowings | 29 | - | - | - | 63,515.81 | 63,515.81 | - | - | - |
| Trade payables | 30 | - | - | - | 34,002.60 | 34,002.60 | - | - | - |
| Other financial liabilities | 24 & 31 | - | - | - | 6,025.62 | 6,025.62 | - | - | - |
| Total | | | | | 1,23,617.87 | 1,23,617.87 | | | |

* The Company has not disclosed the fair value for Financial Instruments mentioned above because their carrying amounts are a reasonable approximation of fair value.

54 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial Instruments affected by market risk include borrowings and 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).



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

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, 2023 - Nil; (March 31, 2022 - Nil); (March 31, 2021 - Nil)

b) Foreign Currency exposure

| Particulars | 31-Mar-23 | | In ₹ lakhs |
|---|-----------|---------------------------------------|------------|
| | Currency | Amount in Foreign Currency (In Lakhs) | |
| Bank Balances | INR | 2.43 | 0.13 |
| Trade Payables (including Payables on purchase of fixed assets) | EUR | 5.74 | 513.39 |
| Trade and Other Receivables | USD | 22.18 | 1,822.12 |

| Particulars | 31-Mar-22 | | In ₹ lakhs |
|---|-----------|---------------------------------------|------------|
| | Currency | Amount in Foreign Currency (In Lakhs) | |
| Bank Balances | USD | 0.07 | 5.16 |
| | INR | 2.43 | 0.13 |
| Trade Payables (including Payables on purchase of fixed assets) | USD | 1.11 | 84.44 |
| | EUR | 37.17 | 3,136.82 |
| Trade and Other Receivables | USD | 31.62 | 2,396.93 |

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

Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's import payments and cost of borrowings.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net (foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. The following table details the Company's sensitivity movement in the increase / decrease in foreign currencies exposures (net):

| USD Impact | | March 31, 2023 | March 31, 2022 | March 31, 2021 |
|----------------|--|----------------|----------------|----------------|
| Particulars | | | | |
| Profit or Loss | | 0.61 | 0.62 | 0.81 |
| Equity | | 0.61 | 0.62 | 0.81 |
| IQD Impact | | | | |
| Particulars | | | | |
| Profit or Loss | | 0.04 | 0.04 | 0.04 |
| Equity | | 0.04 | 0.04 | 0.04 |
| EUR Impact | | | | |
| Particulars | | | | |
| Profit or Loss | | 0.74 | 0.75 | 0.75 |
| Equity | | 0.74 | 0.75 | 0.75 |
| QMR Impact | | | | |
| Particulars | | | | |
| Profit or Loss | | - | - | 0.01 |
| Equity | | - | - | 0.01 |
| AED Impact | | | | |
| Particulars | | | | |
| Profit or Loss | | - | - | 0.01 |
| Equity | | - | - | 0.01 |
| Yuan Impact | | | | |
| Particulars | | | | |
| Profit or Loss | | - | - | 0.01 |
| Equity | | - | - | 0.01 |

(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.



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(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 / under arbitrations. The realiability 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 realiability of these claims

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

| 31-Mar-23 | | | | |
|-----------------------|--|----------------------------------|---|--|
| Particulars | Estimated Gross Carrying Amount at default | Provisions/ Expected Credit Loss | Carrying amount net of Impairment provision | |
| Trade receivables | 38,507.62 | (9,301.61) | 29,206.01 | |
| Contract Assets | 78,215.17 | (4,966.58) | 73,248.59 | |
| Advances to Suppliers | 16,400.92 | (1,640.30) | 14,850.62 | |
| 31-Mar-22 | | | | |
| Particulars | Estimated Gross Carrying Amount at default | Provisions/ Expected Credit Loss | Carrying amount net of Impairment provision | |
| Trade receivables | 46,326.35 | (9,075.87) | 37,250.48 | |
| Contract Assets | 83,029.75 | (3,321.01) | 79,708.74 | |
| Advances to Suppliers | 14,972.40 | (1,640.30) | 13,332.09 | |
| 31-Mar-21 | | | | |
| Particulars | Estimated Gross Carrying Amount at default | Provisions/ Expected Credit Loss | Carrying amount net of Impairment provision | |
| Trade receivables | 47,179.51 | (6,571.47) | 40,608.04 | |
| Contract Assets | 83,594.71 | (915.95) | 82,678.76 | |
| Advances to Suppliers | 15,008.20 | (1,640.30) | 13,367.90 | |

Reconciliation of Provision and Expected Credit Loss - Other financial assets

| Particulars | Trade receivables | Contract Asset | Advances to suppliers |
|--|-------------------|----------------|-----------------------|
| Provision and Expected Credit Loss on March 31, 2022 | 9,075.87 | 3,321.01 | 1,640.30 |
| Written Off | - | (3,321.01) | - |
| Allowance for Doubtful Debts | 289.07 | 4,966.59 | - |
| Provision and Expected Credit Loss on March 31, 2023 | 9,364.94 | 4,966.59 | 1,640.30 |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

| Particulars | Trade receivables | Contact Asset | Advances to suppliers |
|--|-------------------|---------------|-----------------------|
| Provision and Expected Credit Loss on March 31, 2021 | 6,971.47 | 910.95 | 1,640.30 |
| Allowance for Doubtful Debts | 2,104.40 | 2,410.06 | - |
| Provision and Expected Credit Loss on March 31, 2022 | 9,075.87 | 3,321.01 | 1,640.30 |

Reconciliation of Provision and Expected Credit Loss - Other financial assets

| Particulars | Trade receivables | Contact Asset | Advances to suppliers |
|--|-------------------|---------------|-----------------------|
| Provision and Expected Credit Loss on March 31, 2020 | 5,200.48 | 1,859.96 | 1,640.30 |
| Allowance for Doubtful Debts | 2,505.35 | 480.70 | - |
| Interest Income derecognized | -607.92 | - | - |
| Provision on longer financial assets | -18.00 | - | - |
| Interest Income on Financial Assets | -116.34 | -1,395.73 | - |
| Provision and Expected Credit Loss on March 31, 2021 | 6,971.47 | 910.95 | 1,640.30 |

(C) Liquidity risk

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

The table below summarizes the maturity profile of the Company's financial liabilities:

| | Within 12 months | More than 12 months | Total |
|---------------------------|--------------------|---------------------|--------------------|
| 31-Mar-23 | | | |
| Short term borrowings | 13,966.58 | - | 13,966.58 |
| Long-term borrowings | - | 26,616.64 | 26,616.64 |
| Trade payables | 17,114.13 | 20,842.89 | 37,957.02 |
| Other financial liability | 1,625.07 | 4,024.26 | 5,649.33 |
| | 32,705.78 | 51,483.79 | 84,189.57 |
| 31-Mar-22 | | | |
| Short term borrowings | 82,462.97 | - | 82,462.97 |
| Long-term borrowings | - | 15,364.47 | 15,364.47 |
| Trade payables | 26,874.24 | 7,094.02 | 33,968.26 |
| Other financial liability | 1,875.25 | 4,465.38 | 6,340.63 |
| | 1,11,212.46 | 26,923.86 | 1,38,136.31 |
| 31-Mar-21 | | | |
| Short term borrowings | 63,515.81 | - | 63,515.81 |
| Long-term borrowings | - | 20,072.84 | 20,072.84 |
| Trade payables | 34,818.32 | 9,184.28 | 44,002.60 |
| Other financial liability | 4,882.17 | - | 4,882.17 |
| | 93,216.30 | 29,257.12 | 1,22,473.43 |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

35 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-23 | 31-Mar-22 | 31-Mar-21 | |
|---------------------------|---------------------|-------------|-------------|-------------|
| Total equity | (i) | 1,06,809.16 | 73,946.62 | 1,00,510.84 |
| Total debt | (ii) | 40,533.22 | 97,837.44 | 83,588.66 |
| Cash and Cash Equivalents | (iii) | 3,304.59 | 582.67 | 640.86 |
| Net Debt | (iv) = (ii) - (iii) | 37,228.63 | 97,254.77 | 82,947.80 |
| Total Capital | (v) = (i) + (iv) | 1,44,037.79 | 1,71,191.39 | 1,83,258.64 |
| Net Debt to Capital ratio | (vi) / (v) | 0.26 | 0.57 | 0.45 |

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

56 Disclosures pursuant to Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

Movement in Provisions:

| Particulars | Provision for Expected Credit Losses | | Provision for Doubtful Advances | |
|---|--------------------------------------|-------------|---------------------------------|-------------|
| | Current | Non-Current | Current | Non-Current |
| Opening Balance as on April 01, 2022 | 12,396.88 | 13,900.14 | 1,640.30 | - |
| Add: Additional Provision during the year | 1,871.30 | 431.12 | - | - |
| Closing Balance as on March 31, 2023 | 14,278.18 | 14,331.26 | 1,640.30 | - |

2021-22

| Particulars | Provision for Expected Credit Losses | | Provision for Doubtful Receivables | | Provision for Doubtful Advances | |
|---|--------------------------------------|-------------|------------------------------------|----------|---------------------------------|---------|
| | Current | Non-Current | Non-Current | Current | Non-Current | Current |
| Opening Balance as on April 01, 2021 | 7,882.42 | 11,198.05 | 1,521.48 | 1,640.30 | - | - |
| Add: Additional Provision during the year | 4,514.46 | 132.86 | 1,047.75 | - | - | - |
| Closing Balance as on March 31, 2022 | 12,396.88 | 11,330.91 | 2,569.23 | 1,640.30 | - | - |

2020-21

| Particulars | Provision for Expected Credit Losses | | Provision for Doubtful Receivables | | Provision for Doubtful Advances | |
|---|--------------------------------------|-------------|------------------------------------|----------|---------------------------------|---------|
| | Current | Non-Current | Non-Current | Current | Non-Current | Current |
| Opening Balance as on April 01, 2020 | 7,056.47 | 11,810.97 | 2,552.87 | 1,640.30 | - | - |
| Add: Additional Provision during the year | 2,955.95 | - | 225.55 | - | - | - |
| Less: Interest Income de-recognised | (607.93) | - | - | - | - | - |
| Provision No Longer Required | - | (612.92) | (1,260.94) | - | - | - |
| Closing Balance as on March 31, 2021 | 7,882.42 | 11,198.05 | 1,521.48 | 1,640.30 | - | - |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

57 Assets under charge for borrowings

The carrying amounts of assets under charge for current and non-current borrowings are:

| | 31-Mar-23 | 31-Mar-22 | 31-Mar-21 |
|--|--------------------|--------------------|--------------------|
| Current assets | | | |
| Contract Asset | 73,246.59 | 79,708.75 | 82,683.76 |
| Trade receivables | 29,206.01 | 37,250.48 | 40,207.54 |
| Cash and cash equivalents | 3,304.59 | 582.67 | 840.86 |
| Other bank balances | 1,730.33 | 2,387.49 | 2,866.88 |
| Other current assets | 19,737.49 | 20,052.12 | 20,727.54 |
| Inventory | | | 248.20 |
| Asset classified as held for sale | | 596.06 | 596.06 |
| Other Financial Asset | 123.37 | 879.25 | 844.27 |
| Total Current assets under charge | 1,27,348.38 | 1,41,456.82 | 1,49,015.11 |
| Non-Current assets | 72,833.98 | 80,865.20 | 92,614.00 |
| Total Non-Current assets under charge | 72,833.98 | 80,865.20 | 92,614.00 |
| Total Assets under charge | 2,00,182.36 | 2,22,322.02 | 2,41,629.11 |

Sanctioned limit with various Banks for various facilities has been Secured by 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 MARK AB LLC Dubai, Mark AB Capital Investments India Private Limited, SVL Ltd and SVL Trust. However, the Corporate Guarantees of SVL Ltd and SVL Trust shall be released after 18 months from the date of RP, if there is no default for a consecutive period of 12 months as defined in RBI Circular dated 7th June 2019.

The quarterly statements filed by the Company with the banks and financial institutions are in agreement with the books of accounts

58 Commitments

| Particulars | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|------------------------|
| Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for | Nil | Nil | Nil |

59 Contingent Liabilities

| Particulars | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|--|------------------------|------------------------|------------------------|
| a) Claims against the Company not acknowledged as debts * | 10,188.40 | 15,835.06 | 10,879.21 |
| b) Central Excise, Service Tax and customs Duties demands contested in Appeals, not provided for * | 408.00 | 408.00 | 408.00 |
| c) Disputed VAT/ Central Sales tax demands contested in Appeals, not provided for * | 3,166.00 | 9,669.88 | 9,256.75 |
| d) Income tax demands contested in Appeals, not provided for* | - | - | 1,800.58 |
| e) Bank Guarantees outstanding # | 33,636.06 | 32,002.18 | 41,353.20 |

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

#In respect of matters at (d), the cash outflows, if any, could generally occur up to two years, being the period over which the validity of the guarantees extends.



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

60 Summary of Restatement Adjustments:
Part A: Particulars of Restated Consolidated Summary Statements for prior year
Reconciliation between audited Total Equity and Restated Total Equity

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| Total Equity (as per audited financial statements) | 1,08,809.36 | 73,946.62 | 1,00,510.81 |
| Adjustment | - | - | - |
| Total Equity as per Restated Statement of Consolidated Assets and Liabilities | 1,08,809.36 | 73,946.62 | 1,00,510.81 |

Reconciliation between audited profit/(loss) and restated profit/(loss)

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| Profit/ (Loss) after tax (as per audited financial statements) | (490.38) | 26,370.37 | (17,947.33) |
| Adjustment | - | - | - |
| Restated profit/(loss) after tax for the year | (490.38) | 26,370.37 | (17,947.33) |

Part A: Notes to Adjustments

- Adjustments for Audit Qualifications: None (also refer Part B below for non-adjusted items)
- Material regrouping/reclassifications: Appropriate regroupings have been made in the Restated Statement of Assets and Liabilities, Restated Statement of Profit & Loss and Restated Statement of Cash Flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per Ind AS financial information of the Company for the period ended March 31, 2023 prepared in accordance with Schedule III of Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2018, as amended.
- Material errors: There were no material errors in Audited Consolidated Financial Statements for the financial year ended March 31, 2023. Audited Consolidated Financial Statements for the financial year ended March 31, 2022 and Audited Consolidated Financial Statements for the year ended March 31, 2021 requiring any adjustments in Restated Consolidated Financial Information.

Part B: Non-adjusted Items

- Auditor's Comments in the Independent Auditors' Report -
Statutory Auditors have made the following comments in their Auditor's Report for Financial Year 2022-23, 2021-22, 2020-21.
Financial Year ended 31 March 2023
4) Qualifications:
i) The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. 33,289.93 Lakhs (March 31, 2022: Rs. 39,645 Lakhs) which is recognized on unabsorbed business losses. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment that sufficient taxable profits will be available in the future against which such unabsorbed business losses can be utilized as required by Ind AS 12 on Income taxes, we are unable to ascertain the extent to which the deferred tax asset can be utilized. (Refer Note 41B of the consolidated financial statements).
ii) Contract Assets (Non-Current) include Rs. 7,351.90 Lakhs (Net of provisions amounting to Rs. 928.98 Lakhs) (March 31, 2022: Rs. 3,956.02 Lakhs) and Trade Receivables (Non-Current) include Rs. 575.21 Lakhs (Net of provisions amounting to Rs. 82.99 Lakhs) relating to dues on projects which are not progressing on account of statutory delays faced by the customer. In the absence of positive development in this matter till date, there is uncertainty on the amount that would be recoverable by the Company. Further, we do not have sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the said amounts. Accordingly, we are unable to comment on the carrying value of above-mentioned Contract Asset (Non-Current) and Trade Receivables (Non-Current) and the impact if any, on account of non-provisioning of the said balances on the consolidated financial statements. (Refer to Note 8.1 and Note 11.1 of the Consolidated Financial Statements).
These matters were also qualified in our report on the consolidated Ind AS financial statements for the year ended March 31, 2022.



Qualified Opinion on the Internal Financial Controls under Clause (f) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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 consolidated financial statements as at March 31, 2023:

- a) Provisioning of expected credit loss against contract assets and receivables which are outstanding for a substantial period of time, which could potentially result in the Company not recognizing a provision for the said assets.
- b) Assessment of future taxable profits which could result in recognition of excess deferred tax asset which the Company may not be able to utilize for set-off against sufficient taxable profits.
- A. 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to consolidated financial statements, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.
- In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary Company, have in all material respects, maintained adequate internal financial controls with reference to consolidated financial statements as of March 31, 2023, based on the internal financial control with reference to consolidated financial statements criteria established by respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI") and except for the possible effects of the material weaknesses described below on the achievement of the objectives of the control criteria. The internal financial controls with reference to consolidated financial statements of the Holding Company were operating effectively as of March 31, 2023.
- We have considered the material weaknesses identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2023 consolidated financial statements of the Company, and these material weaknesses have affected our opinion on the consolidated financial statements of the Company for the year ended on that date and we have issued a qualified opinion on the consolidated financial statements.

b) Emphasis of Matters:

We draw attention to the following matters in the notes to the consolidated financial statements:

- a) Note 42.7(i) of the consolidated financial statements, which describes the implementation of Resolution Plan entered into with the lenders dated June 22, 2022, wherein interest waiver, and the difference between the carrying amounts of the facilities before restructuring and the fair values of the new facilities has been recognised as income and disclosed under Exceptional Items in the statement of profit and loss in accordance with INDAS 109 - Financial Instruments.
- b) Note 42.7(ii) of the consolidated financial statements, which states that the management written off an amount of Rs. 5,810.89 Lakhs towards amounts due on account of work performed on a contract entered into with a customer which was subsequently wrongfully terminated before the completion of the contract due to certain issues at the contract site. Legal disputes / arbitration proceedings have been initiated during the period in respect of projects with the customers.

Our opinion is not modified in respect of these matters.

c) Financial Year ended 31 March 2022

Qualifications:

- i) The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. 39,645.00 Lakhs (March 31, 2021: Rs. 43,389.00 Lakhs) which is recognized on unabsorbed business losses. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment on reasonable certainty of future taxable profits, as required by Ind AS 12- Income taxes and considering the current pandemic situation, we are unable to ascertain the extent to which the deferred tax asset can be utilized. (Refer Note 44 of the consolidated financial statements). This matter was also qualified in our report on the Consolidated financial statements for the year ended March 31, 2021.

- ii) Contract Asset (Non-Current) include Rs. 1,956.02 Lakhs (Net of provisions amounting to Rs. 926.98 Lakhs) relating to project dues which is not progressing on account of statutory delays faced by the Customer. In the absence of positive development in this matter till date, there is uncertainty on the amount that would be recoverable by the Company. Further, sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amount is not available. Accordingly, we are unable to comment on the carrying value of above-mentioned Contract Asset (Non-Current) and the impact, if any, on account of non-provisioning of the said balance on the consolidated financial statements. (Refer to Note 08 of the consolidated Financial Statements)

Qualified Opinion on the Internal Financial Controls under Clause (f) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

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

1. Provisioning of contract assets which is outstanding for a substantial period of time, which could potentially result in the Company not recognizing a provision for the said assets.

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

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, have in all material respects, maintained adequate internal financial controls with reference to financial statements as at March 31, 2022, based on the internal control with reference to financial statements criteria established by respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls (over Financial Reporting) issued by the Institute of Chartered Accountants of India ("ICAI") except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the internal financial controls with reference to financial statements of the Holding Company were operating effectively as at March 31, 2022.

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



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

d) Material Uncertainty Related to Going Concern

We draw attention to Note 4 (e) to the standalone financial statements, which states that the Company has incurred a net loss of Rs. 24,370.37 Lakhs during the year ended March 31, 2022, and as of that date has accumulated losses aggregating to Rs. 2,15,105.50 Lakhs which has resulted in substantial erosion of its net worth. Further, the COVID-19 pandemic has also impacted the operations resulting in delay of collection relating to project dues. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, having regard to the restructuring plan for the borrowings, infusion of additional equity subsequent to the year and the Management's plans to meet financial obligations in foreseeable future out of the cash flows from execution of the pipeline of orders in hand, future business plans, non-ferrous based facilities, and realisation of trade receivables, the consolidated financial statements of the Company for the year ended March 31, 2022 have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

e) Emphasis of Matter:

We draw attention to Notes 43 to the consolidated financial statements which states that the Management has made an assessment of the impact of Covid-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2022 and accordingly recognized an impairment loss of Rs. 6,361.26 Lakhs (March 31, 2021: Rs. 1,149.11 Lakhs) on financial assets and contract assets to reflect the business impact arising from the COVID 19 pandemic. Our opinion is not modified in respect of this matter.

Financial Year ended 31 March 2021

f) Qualifications:

i. Financial Assets Loans (Non-Current) include Rs. 3,201.62 Lakhs (March 31, 2020: Rs. 3,809.40 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.

ii. The carrying value of Deferred Tax Asset (DTA) include an amount of Rs. Rs. 43,899.00 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 law 65 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 46 of the Consolidated financial statements.

Qualified Opinion on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") :

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.

g) 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.



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

8) Auditor's Comment In Company Auditor's Report Order -
Statutory auditors have made the following comments in terms with the requirements of the Companies (Auditor's Report) Order, 2020 for Financial Year 2021-22. B. Companies (Auditor's Report) Order, 2016, Issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Companies act, 2013 of India for Financial Year 2020-21 and 2019-20.

| Annexure to Auditor's Report for the Financial Year ended 31 March, 2023 | | If in our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any lender except in the following cases, details of which are as follows: | | | | |
|--|--|---|-----------------------------|-------------------------------|-----------------------------|---|
| Nature of borrowing, including debt securities | | Name of Lender (Rs. Lakhs) | Amount not paid on due date | Whether principal or Interest | No. of Days delay or unpaid | Remarks, if any |
| Term Loan | | Central Bank | 24 | Interest | 1 - 61 days | Interest has been paid subsequently in FY 2022-23 |
| Working Capital term loan (WC TL) | | IFCI | 12.35 | Interest | 1 - 61 days | Interest has been paid subsequently in FY 2022-23 |
| Funded interest term loan (FITL) | | IFCI | 1.68 | Interest | 1 - 61 days | Interest has been paid subsequently in FY 2022-23 |
| Emergency Covid Loan | | Bank of Maharashtra | 4.00 | Interest | 1 - 82 days | Interest has been paid subsequently in FY 2022-23 |
| Cash Credit | | Punjab National Bank | 20.80 | Interest | 1 - 62 days | Interest has been paid subsequently in FY 2022-23 |
| | | State Bank Of India | 95.00 | Interest | 1 - 214 days | |
| | | Union Bank | 9.00 | Interest | 1 - 61 days | |
| | | Yes Bank | 2.40 | Interest | 1 - 90 days | |
| | | Axis Bank | 4.80 | Interest | 1 - 62 days | |
| | | Bank of Baroda | 6.00 | Interest | 1 - 62 days | |
| | | Bank of India | 4.40 | Interest | 1 - 131 days | |
| | | Bank of Maharashtra | 10.00 | Interest | 1 - 82 days | |
| | | Central Bank of India | 17.20 | Interest | 1 - 61 days | |
| | | DBS bank India Ltd | 22.08 | Interest | 1 - 62 days | |
| | | Federal Bank | 4.40 | Interest | 1 - 62 days | |
| | | KCICI Bank | 0.80 | Interest | 1 - 62 days | |
| | | IDBI Bank | 48.00 | Interest | 1 - 104 days | |
| | | IFCI Factors | 4.00 | Interest | 1 - 61 days | |
| | | Indus Bank | 12.00 | Interest | 1 - 72 days | |
| | | Indusind Bank | 7.20 | Interest | 1 - 62 days | |
| | | ARCIL | 25.00 | Interest | 1 - 131 days | |
| Working Capital Demand Loan (WC DL) | | Punjab National Bank | 31.20 | Interest | 1 - 62 days | Interest has been paid subsequently in FY 2022-23 |
| | | Yes Bank | 3.60 | Interest | 1 - 90 days | |
| | | AxIS Bank | 7.20 | Interest | 1 - 62 days | |
| | | Bank of Baroda | 9.00 | Interest | 1 - 62 days | |
| | | Bank of India | 6.60 | Interest | 1 - 131 days | |
| | | Central Bank of India | 25.80 | Interest | 1 - 61 days | |
| | | Federal Bank | 6.60 | Interest | 1 - 62 days | |
| | | KCICI Bank | 1.20 | Interest | 1 - 61 days | |
| | | Indusind Bank | 10.80 | Interest | 1 - 62 days | |

ii) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues have not been regularly deposited by the Company with the appropriate authorities and there have been delays in some cases. There were no undisputed amounts payable in respect of Goods and Services tax, income-tax, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess, and other statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

iii) According to the information and explanation given to us and examination of records of the Company, details of statutory dues referred to in sub-clause (ii) above which have not been deposited as on March 31, 2023 on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount, Rs. in Lakhs | Period to which the amount relates | Forum where dispute is pending |
|--|---------------------------------|----------------------|------------------------------------|---|
| Service Tax (Chapter V of the Finance Act, 1994) | Service Tax and Penalty | 405.00 | 2010-11 to 2012-13 | Customs Excise and Service Tax Appellate Tribunal |
| Andhra Pradesh Value Added Tax Act | Value Added Tax | 223.33 | 2008-09 and 2009-10 | Assistant Commissioner, Commercial tax-Andhra Pradesh |
| Tamil Nadu Value Added Tax Act | Value Added Tax | 60.00 | 2008-09 to 2014-15 | The Assistant Commissioner (ST) Emrore Assessment |
| West Bengal Value Added Tax Act | Value Added Tax | 1,990.00 | 2007-08 to 2015-16 | Revolucion Board |
| Kerala value added tax act | Dispute on Penalty | 658.00 | 2015-16 | Assistant Commissioner (NT), Kerala |
| Uttarakhand value added tax act | VAT Tax Amount and Interest | 180.00 | 2013-14 to 2014-15 | Dr. Commissioner of commercial tax |
| Rajasthan Goods & Services tax act | Disputed on exemption turnover | 2.00 | 2013-14 to 2014-15 | Dr. Commissioner of commercial tax |
| Uttar Pradesh Goods & Services tax act | Disputed on Royalty | 6.00 | 2013-14 to 2014-15 | Superintendent of GST, Rajasthan |
| | Tax demand on disputed turnover | 58.00 | 2013-14 to 2014-15 | Commercial Taxes Department Uttar Pradesh |

This does not include Show Cause Notices (pending formal demand notices) received by the Company

Annexure to Auditor's Report for the Financial Year ended 31 March 2022

w) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any lender except in the following cases, details of which are as follows:

| Nature of borrowing, including debt securities | Name of Lender | Amount not paid on due date (Rs. Lakhs) | Whether principal or Interest | No. of Days delay or unpaid | Remarks, if any |
|--|----------------|---|-------------------------------|-----------------------------|--------------------------------|
| Term Loan | Central Bank | 4,100.87 | Principal | 547-1 days | Principal pending to be repaid |
| | | 2,346.23 | Interest | 547-1 days | Interest pending to be repaid |
| WCPL | IFCI | 177.82 | Principal | 547-1 days | Principal pending to be repaid |
| | | 121.10 | Interest | 547-1 days | Interest pending to be repaid |
| RTL | IFCI | 75.88 | Principal | 547-1 days | Principal pending to be repaid |
| | | 16.28 | Interest | 547-1 days | Interest pending to be repaid |
| ACRE | ACRE | 2,900.00 | Principal | 547-1 days | Principal pending to be repaid |
| Covid Loan | BOB | 150.00 | Principal | 547-1 days | Principal pending to be repaid |



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

| Nature of borrowing, including debt securities | Name of Lender | Amount not paid on due date | Whether principal or interest | No. of Days delay or | Remarks, if any |
|--|-----------------------|-----------------------------|-------------------------------|--------------------------------|--------------------------------|
| Cash Credit | Punjab National Bank | 8,838.00 | Interest | 759-1 Days | Interest pending to be repaid |
| | Bank of India | 1,158.00 | Interest | 764-1 Days | Interest pending to be repaid |
| WCDL | Yes Bank | 256.00 | Interest | 485-1 Days | Interest pending to be repaid |
| | State Bank Of India | 1,190.00 | Interest | 705-1 Days | Interest pending to be repaid |
| | Indian Bank | 3,682.00 | Interest | 705-1 Days | Interest pending to be repaid |
| | Indusind Bank | 165.00 | Interest | 493-1 Days | Interest pending to be repaid |
| | IDBI Bank | 298.00 | Interest | 516-1 Days | Interest pending to be repaid |
| | Federal Bank | 720.00 | Interest | 756-1 Days | Interest pending to be repaid |
| | DBS bank India Ltd | 692.00 | Interest | 547-1 Days | Interest pending to be repaid |
| | Central Bank of India | 1,982.00 | Interest | 764-1 Days | Interest pending to be repaid |
| | Bank of Baroda | 202.00 | Interest | 466-1 Days | Interest pending to be repaid |
| | ARCI | 528.00 | Interest | 495-1 Days | Interest pending to be repaid |
| | Union Bank | 206.00 | Interest | 365-1 Days | Interest pending to be repaid |
| | IFCI Factors | 131.00 | Interest | 547-1 Days | Interest pending to be repaid |
| | Axix Bank | 1,635.30 | Interest | 172-1 Days | Interest pending to be repaid |
| | Bank of Maharashtra | 329.05 | Interest | 335-1 Days | Interest pending to be repaid |
| | KCICI Bank | 100.00 | Interest | 670-1 Days | Interest pending to be repaid |
| | Punjab National Bank | 1107 | Interest | 547-1 Days | Interest pending to be repaid |
| | Bank of India | 101 | Interest | 547-1 Days | Interest pending to be repaid |
| Indian Bank | 235 | Interest | 547-1 Days | Interest pending to be repaid | |
| Indusind Bank | 351 | Interest | 547-1 Days | Interest pending to be repaid | |
| IDBI Bank | 576 | Interest | 547-1 Days | Interest pending to be repaid | |
| Central Bank of India | 278 | Interest | 485-1 Days | Interest pending to be repaid | |
| Bank of Baroda | 262 | Interest | 486-1 Days | Interest pending to be repaid | |
| Axix Bank | 34 | Interest | 424-1 Days | Interest pending to be repaid | |
| Yes Bank | 100 | Principal | 516-1 Days | Principal Pending to be repaid | |
| FTL | State Bank of India | 3 | Interest | 485-1 Days | Interest Pending to be repaid |
| | Industrial Bank | 500 | Principal | 547-1 Days | Principal Pending to be repaid |
| | IDBI Bank | 221 | Interest | 547-1 Days | Interest Pending to be repaid |
| | Yes Bank | 156 | Principal | 485-1 Days | Principal Pending to be repaid |
| | Yes Bank | 31 | Interest | 485-1 Days | Interest Pending to be repaid |
| | Yes Bank | 320 | Principal | 516-1 Days | Principal Pending to be repaid |
| | Yes Bank | 48 | Interest | 516-1 Days | Interest Pending to be repaid |
| | Yes Bank | 189 | Principal | 485-1 Days | Principal Pending to be repaid |
| | Yes Bank | 22 | Interest | 485-1 Days | Interest Pending to be repaid |
| | Yes Bank | 284 | Principal | 485-1 Days | Principal Pending to be repaid |
| | Yes Bank | 54 | Interest | 485-1 Days | Interest Pending to be repaid |
| | Yes Bank | 117 | Principal | 485-1 Days | Principal Pending to be repaid |
| | Yes Bank | 29 | Interest | 485-1 Days | Interest Pending to be repaid |
| | Yes Bank | 38 | Principal | 485-1 Days | Principal Pending to be repaid |
| | Yes Bank | 5 | Interest | 485-1 Days | Interest Pending to be repaid |
| | Yes Bank | 7 | Principal | 547-1 Days | Principal Pending to be repaid |
| | Yes Bank | 2 | Interest | 547-1 Days | Interest Pending to be repaid |

v) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and service tax, employees' state insurance, income-tax, duty of custom, cess have not been regularly deposited by the Company with the appropriate authorities, and there have been serious delays in large number of cases. According to the information and explanations given to us, no undisputed amount payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, cess and any other statutory dues applicable to it were outstanding, at the year end, for a period of more than six months from the date they became payable.



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

v) 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 | Rebate of dues | Amount Rs. (in Lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|--|-----------------------|------------------------------------|---|
| Service Tax, Chapter V of the Finance Act, 1994 | Service Tax and Penalty | 408.00 | 2010-11 to 2012-13 | Customs Excise and Service Tax Appellate Tribunal |
| Andhra Pradesh Value Added Tax Act | Value Added Tax | 233.33 | 2008-09 and 2009-10 | Supreme Court |
| Tamil Nadu Value Added Tax Act | Value Added Tax | 57.16 | 2008-09 to 2014-15 | High Court |
| West Bengal Value Added Tax Act | Value Added Tax | 1,690.00 | 2007-08 to 2015-16 | Revisional Board |
| Orissa Value Added Tax Act | Value Added Tax | 6,700.75 | 2011-12 and 2012-13 | High Court |
| Kerala value added tax Act | Dispute on Penalty | 659.00 | 2015-16 | High Court |
| Jharkhand Value added tax Act | Interest VAT Tax Amount | 41.64 | 2013-14 to 2014-15 | Dy. Commissioner of commercial tax |
| Goods & Service Tax Act | Disputed on Transitional credit - Interest | 8.00 | 2017-2022 | C.G.S.T & Central Excise -Bhilai |

vii) According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realization of financial assets and payment of liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that a material uncertainty exists as on the date of audit report. However, the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. Further, as stated in the note 4 (ii), considering the restructuring plan for the borrowings, infusion of additional equity subsequent to the year end by the investor and the management's plans to meet financial obligations in foreseeable future out of the cash flows from execution of the pipeline of orders in hand, (future business plans, non-fund based facilities, and realization of trade receivables, the standalone financial statements of the Company for the year ended March 31, 2022 have been prepared on a going concern basis. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Assurance to Auditor's Report for the Financial Year ended 31 March 2021

viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any lender except in the following cases, details of which are as follows:

| Nature of borrowing, including debt securities | Name of Lender | Amount not paid on due date (Rs. Lakhs) | Whether principal or Interest | No. of days delay or unpaid | Remarks, if any |
|--|-----------------------|---|-------------------------------|-----------------------------|--------------------------------|
| Term Loan | Central Bank of India | 368.88 | Principal | 182 Days | Principal Pending to be repaid |
| | | 541.63 | Principal | 90 Days | |
| | | 541.63 | Principal | 1 Day | |
| | | 52.85 | Interest | 3 days to 90 Days | |
| WCTL | IFCI | 874.12 | Interest | 121 Days to 365 Days | Interest Pending to be repaid |
| | | 16.78 | Principal | 182 Days | |
| | | 23.49 | Principal | 90 Days | |
| | | 23.49 | Principal | 1 Day | |
| FTL | IFCI | 27.26 | Interest | 3 days to 90 Days | Interest Pending to be repaid |
| | | 49.26 | Interest | 121 Days to 365 Days | |
| | | 12.46 | Principal | 182 Days | |
| | | 15.35 | Principal | 90 Days | |
| | | 15.86 | Principal | 1 Day | |
| | | 6.59 | Interest | 3 days to 90 Days | |
| ACRE | ACRE | 200.00 | Principal | 121 Days to 365 Days | Principal Pending to be repaid |
| | | 400.00 | Principal | 90 Days | |
| | | 400.00 | Principal | 1 Day | |
| | | 400.00 | Principal | 1 Day | |

ix) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undeposited 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 317 days & Tax deducted at Source delay range - 61 to 327 days).



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ Lakhs, unless otherwise stated)

x) 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 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 the statute | Nature of dues | Amount Rs. (₹ Lakhs) | Period to which the amount relates | Due date | Date of payment | Remarks, if any |
|-----------------------------------|------------------------|----------------------|------------------------------------|---------------|-----------------|--------------------|
| Employee provident fund act, 1952 | Provident fund | 51.77 | April 2020- August 2020 | Various dates | Various dates | Subsequently paid |
| Income tax Act, 1961 | Tax deducted at source | 60.6 | April 2020- August 2020 | Various dates | Various dates | Pending to be paid |
| | | 154.75 | April 2020- August 2020 | Various dates | Various dates | Subsequently paid |
| | | 46.78 | | | | Pending to be paid |

x1) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount Rs. (₹ Lakhs) | Period to which the amount relates | Forum where dispute is pending |
|--|-----------------------------------|----------------------|------------------------------------|---|
| Income tax Act, 1961 | Income tax, interest and penalty | 1,800.58 | 2010-11 | Income tax appellate tribunal |
| Service Tax (Chapter V of the Finance Act, 1994) | Service Tax and Penalty | 408.00 | 2010-11 to 2012-13 | Customs Excise and Service Tax Appellate Tribunal |
| Andhra Pradesh Value Added Tax Act | Value Added Tax | 223.33 | 2008-09 and 2009-10 | Supreme Court |
| Tamil Nadu Value Added Tax Act | Value Added Tax | 57.16 | 2008-09 to 2014-15 | High Court |
| West Bengal Value Added Tax Act | Value Added Tax | 2,007.00 | 2007-08 to 2015-16 | Revisonal Board |
| Orissa Value Added Tax Act | Value Added Tax | 6,700.75 | 2011-12 and 2012-13 | High Court |
| Kerala value added tax Act | Dispute on Penalty | 137.19 | 2013-14 to 2016-17 | Sales tax officer |
| Kerala value added tax Act | Dispute on Penalty | 78.83 | 2009-10 | Assistant Commissioner |
| Kerala value added tax Act | Interest VAT Tax Amount | 41.04 | 2013-14 to 2014-15 | Dy. Commissioner of commercial tax |
| Goods & Service Tax Act | Disputed on Transitional credit - | 8.00 | 2017-2022 | C.G.S.T & Central Excise -Bhilai |



61 There are no transactions with vendors under the Micro, Small and Medium Enterprises Development Act, 2006, this has been determined on the basis of information available with the Company

62 The Company (SEPC) and Twarik Consultancy Services Private Limited (TCPL) were the Respondents in respect of an International Arbitration before The Singapore International Arbitration Centre (SIAC) filed by GPE (INDIA) Ltd, GPE JV1 Ltd, Gaja Trustee Company Private Ltd (the Claimants) in connection with the investments made by the claimants in an associate company of the Company. SIAC vide its award dated January 07, 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 July 21, 2017 until the date of payment. The Respondents preferred an appeal before the High Court of Republic of Singapore against the award of SIAC and the same is held in favour of the claimants. Recognition and Enforcement petition was filed by the claimants before Madras High Court which recognized the foreign award subject to obtaining of prior approval from the RBI. Aggrieved by this the claimants have moved the Supreme Court for certain directions which is pending. 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 above.

63 Mokul Shriram EPC JV (JV Company) have won the complaint against Export Credit Guarantee Corporation of India Limited (ECGC) before the National Consumer Disputes Redressal Commission, (NCDRC) New Delhi, in connection with the project executed in Basra, Iraq, NCDRC, vide their order dated January 27, 2021, which has allowed the claims and directed ECGC to pay a sum of Rs. 26,501 lakhs along with simple interest @ 10% pa. with effect from September 19, 2016 till the date of realization to the JV Company within a period of three months from the date of order, failing which ECGC will be liable to pay compensation in the form of simple interest @ 12% pa. ECGC had filed an appeal against the order of NCDRC New Delhi, before Supreme Court, and the case is pending for disposal.

64 The Company has incurred net loss before exceptional items during the year ended March 31, 2023 amounting to Rs. 11,925.42 Lakhs and as of that date accumulated losses is aggregating to Rs. 2,15,649.26 Lakhs. Resolution Plan submitted in accordance with the requirement set out in the circular issued by the Reserve Bank of India No RBI/20119/203DBR.No-BP.DC.45/21.04.048./2018-19 dated June 07, 2019 has been approved and implemented by Company and Lenders on September 30, 2022. Considering the positive developments of implementing the resolution plan, infusion of equity by the investor, completion of Rights issue post year-end and the change in management, additional funding by investor for working capital together with plans to meet financial obligations in future out of the cash flows from execution of the pipeline of orders in hand, business plans, sanctioned non-fund based facilities etc, the financial statements are prepared on a going concern basis.

65 The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued. The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

66 Relationship with Struck off Companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956,

The Company does not have transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, during 2022-23, 2021-22, 2020-21. Outstanding balances for 2020-21 have been included below.

| Name of struck off Company | Nature of transactions with struck-off Company | Relationship with the Struck off company, if any | Balance outstanding as at March 31, 2021 |
|-------------------------------|--|--|--|
| MOODY INDUSTRIES (FC) P LTD | Payables | NA | (2.91) |
| SCHNEIDER ELECTRIC | Payables | NA | (13.29) |
| Harim Tradewin Pvt Ltd | Payables | NA | (0.05) |
| ORIENT CARGO MOVERS (P) LTD. | Payables | NA | (0.22) |
| DEVACHANDANA FOUNDATIONS | Payables | NA | (0.40) |
| FILTREX CONSULTANTS ENGINEERS | Payables | NA | (11.91) |

67 Utilisation of Borrowed funds and Securities Premium:

- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

68 Details of Benami Property held

The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

69 Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

70 Undisclosed income

The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as Income during 2022-23, 2021-22, 2020-21 in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.)

71 Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual Currency during during 2022-23, 2021-22, 2020-21.

72 Registration of charges or satisfaction with Registrar of Companies (ROC)

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

73 During March 2023, the Company has obtained Services Investment License to incorporate a 100% subsidiary namely - SBC Limited Company, in Saudi Arabia for the purpose of exploiting the market potential in the kingdom of Saudi Arabia as well as strengthen the presence in Gulf Cooperation Council region (GCC) using Company's qualifications and promoter MARK AB experience in that region.



SEPC Limited
Notes forming part of the Restated Consolidated Financial Statements
(Amount in ₹ lakhs, unless otherwise stated)

74 These Restated Consolidated Financial Information were approved by the Rights Issue Committee of the Board of Directors on October 12, 2023, for submission to regulatory authorities in connection with the proposed Rights Issue

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



Geetha Jayakumar
Partner
Membership No: 029409

Place: Chennai
Date: October 12, 2023



For and on behalf of the Board of Directors of
SEPC Limited
CIN - L74210TN2000PLC045167



H K Suryanarayana
Managing Director & CEO
DIN - 01714066

T. Srinivasan
Company Secretary
Membership No: A68102

Place: Chennai
Date: October 12, 2023



Arun Kumar Gopalaswamy
Director
DIN: 07212557



R S Chandrasekharan
Chief Financial Officer

Place: Chennai
Date: October 12, 2023



STATEMENT OF ACCOUNTING RATIO

The following table sets forth the accounting ratios as at March 31, 2023, March 31, 2022 and March 31, 2021:

(Rs. In Lakhs)

| Particulars | | | |
|---|----------------------|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
| Basic and Diluted Earnings Per Share Rs. | | | |
| Basic Earnings Per Share (Basic EPS) | | | |
| Set loss after tax, attributable to equity shareholders | (558.55) | (26,315.75) | (17,927.72) |
| Weighted average number of Equity Shares outstanding | 1,32,15,29,025 | 97,15,29,018 | 97,15,29,018 |
| Basic EPS in Rs. | (0.04) | (2.71) | (1.85) |
| Face value in Rs. | 10 | 10 | 10 |
| Diluted Earnings Per Share fluted EPS | | | |
| Net loss after tax, attributable to equity shareholders | (558.55) | (26,315.75) | (17,927.72) |
| Weighted average number of Equity Shares considered for calculating Diluted EPS | 1,32,15,29,025 | 97,15,29,018 | 97,15,29,08 |
| Diluted EPS in Rs. | (0.04) | (2.71) | (1.85) |
| Face value in Rs. | 10 | 10 | 10 |
| Net Asset Value Per Equity Share Rs. | | | |
| Net Asset Value (Net-worth) | 1,08,809.16 | 73,946.62 | 1,00,510.81 |
| Number of equity shares outstanding at the end of the year | 1,32,15,29,018 | 97,15,29,018 | 97,15,29,018 |
| Number of adjusted equity shares outstanding at the end of the year | 1,32,15,29,018 | 97,15,29,018 | 97,15,29,018 |
| Net Assets Value per equity share Rs. | 8.23 | 7.61 | 10.35 |
| Return on Net worth | | | |
| Net loss after tax | (558.55) | (26,370.37) | (17,947.33) |
| Net worth | 1,08,809.16 | 73,946.62 | 1,00,510.81 |
| Return on net worth | -0.51% | -35.66% | -17.86% |
| EBITDA | | | |
| Loss after tax A) | (558.55) | (26,370.37) | (17,947.33) |
| Income tax expense (B) | 3,021.95 | 4,278.00 | 122.17 |
| Finance costs C) | 6039.75 | 11,568.37 | 10,658.93 |
| Depreciation and amortization expense (D) | 614.73 | 582.66 | 556.04 |
| EBITDA A+B+C+D | 9,117.88 | (9,941.33) | (6,610.19) |



Notes:

The ratios have been computed as per the following formulae:

(i) **Basic and Diluted Earnings per Share**

Net Profit after tax for the year/period, attributable to equity shareholders

Weighted average number of equity shares outstanding during the year/period

(ii) **Net Assets Value (NAV)**

Net Asset Value at the end of the year/period

Number of equity shares outstanding at the end of the year/period

(iii) **Return on Net worth (%)**

Net Profit after tax for the year/period, attributable to equity shareholders Net worth (excluding revaluation reserve) at the end of the year/period

Net-worth (excluding revaluation reserve), means the aggregate value of the paid-up share capital (including shares pending allotment) and securities premium account, after adding surplus in Statement of Profit and Loss.

(iv) **EBITDA**

Profit/(loss) after tax for the period adjusted for income tax, expense, finance costs, depreciation and amortization expense, as presented in the restated financial statement of profit and loss.



ANNEXURE A

Capitalisation Statement

(Rs. in Lakhs)

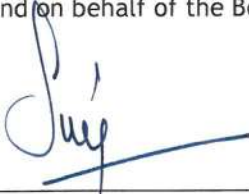
| | Pre-Issue as at March 31, 2023 | As adjusted for the Issue (Post Issue) |
|---|-----------------------------------|--|
| Total Borrowings | | |
| Current Borrowings (A) (including current maturity*) | 13,966.58 | [•] |
| Non-current Borrowings (B) | 26,616.64 | [•] |
| Total Borrowings (C)= (A)+(B) | 40,583.22 | [•] |
| | | |
| Total Equity attributable to the owners of the parent | | |
| Equity Share Capital (D) | 1,32,152.90 | [•] |
| Reserves and Surplus (E) | (23,503.32) | [•] |
| Total Equity attributable to the owners of the parent (F)= (D)+(E) | 1,08,649.58 | [•] |
| | | |
| Non-current Borrowings / Total Equity attributable to the owners of the parent (B)/(F) | 0.24 | [•] |
| Total Borrowings/ Total Equity attributable to the owners of the parent (C)/(F) | 0.37 | [•] |

* These terms shall carry the meaning as per Schedule III of the Companies Act, 2013 (as amended)

Note:

The corresponding post-Issue capitalization data for each of the amounts given in the above table is not determinable at this stage and hence the same have not been provided in the above statement.

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



N K Suryanarayanan
Managing Director & CEO
Place: Chennai
Date: October 12, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited consolidated financial statements as of and for the Fiscal 2023, 2022 and 2021 and our limited reviewed unaudited consolidated Financial Results as of and for three months period ended June 30, 2023 and corresponding three months period ended June 30, 2022 included in this Draft Letter of Offer. Our audited consolidated financial statements for Fiscal 2023, 2022 and 2021, are prepared in accordance with Ind – AS. Unless otherwise stated, the financial information used in this chapter is derived from the Audited Consolidated Financial Statements of our Company.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

In this section, unless the context otherwise requires, any reference to “we”, “us” or “our” refers to SEPC Limited, our Company. Unless otherwise indicated, financial information included therein are based on our “**Audited Consolidated Financial Statements**” for Financial Years 2023, 2022 and 2021 along with limited reviewed unaudited consolidated financial results for the three months period ended June 30, 2023 and corresponding three months period ended June 30, 2022 included in this Draft Letter of offer beginning on page 113 of this Draft Letter of Offer.

*Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be “**Forward Looking Statements**” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in Government Regulations, Tax Laws and other Statutes and incidental factors.*

OVERVIEW OF OUR BUSINESS

Primary Business of Issuer

The Company is in the business of executing turnkey contracts in Engineering, Procurement, and Construction (EPC) and providing end-to-end solutions offering multi-disciplinary services and project management solutions.

Details of Technology, process & infrastructure facilities

The Company is responsible for design, procurement and construction of projects on turnkey basis and the main resource comprising of Engineers and employees specialised in a dedicated sector who offer appropriate solutions for a project in a cost effective way. In addition, the company has a suite of software on project management control like MS Project, Primavera, design software like AutoCADD, Teckla etc.

Company also owns batching plants, equipment for civil construction and Material handling equipment like cranes, hydra etc. Further, Company also owns shaft sinking equipment which are specialised equipment for mine development.

Nature of products/ services, etc

SEPC is focused on providing turnkey solutions in the following business areas:

1 Infrastructure

- a. Installation of drinking water distribution system
- b. Installation of sewerage treatment system
- c. Road works.

2 Process & Metallurgy

- a. Green field and brown field projects on Turnkey basis in respect of Steel Plants, Coke oven plants, Cement, Power plants both conventional and Non-conventional etc.
- b. Balance of Plants and utility services in respect of the above including civil and structural work.

Providing infrastructure for mine development for various minerals like, copper, gold, coal, etc.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled **“Risk Factors”** on page 24. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Growth of unorganized sector and threat from local regional players;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Our Company’s ability to successfully implement our growth strategy;
- Changes in laws and regulations relating to the industry in which we operate;
- Any adverse outcome in the legal proceedings in which our Company is involved;
- Any adverse changes in central or state government policies;
- Any qualifications or other observations made by our statutory auditors which may affect our results of operations;
- Loss of one or more of our key customers and/or suppliers;
- An increase in the productivity and overall efficiency of our competitors;
- Our ability to maintain and enhance our brand image;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;
- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- Other factors beyond our control;
- Termination of customer contracts without cause and with little or no notice or penalty; and
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in, safety, health and environmental laws and other applicable regulation, may adversely affect our business, financial condition, results of operations and prospects.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Consolidated Financial Statements. For details of our significant accounting policies, please refer section titled **“Financial Information”** beginning on page 113 of this Draft Letter of Offer.

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

Except as mentioned in chapter **“Financial Information”** on page 113, there has been no change in accounting policies in last 3 years.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

For details, see section titled **“Financial Information”** on page 113.

OVERVIEW OF REVENUE & EXPENDITURE

Revenue and Expenses

Our revenue and expenses are reported in the following manner:

Total Income

Our Total Income comprises of revenue from operations and other income.

Revenue from operations - Our revenue from operations consists of revenue from Engineering and Construction Contracts, other operating revenue and Company’s share in profit of Integrated Joint Ventures.

Other Income - Other income primarily comprises interest income from Margin Money Deposit, Interest Income on Financial Assets and Income Tax refund, Liabilities Written back and miscellaneous income.

Expenses

Our expenses comprise of Erection, Construction & Operation Expenses, changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress, employee benefit expenses, finance costs, depreciation & amortization expenses and other expenses.

- **Erection, Construction & Operation Expenses** – Erection, Construction & Operation Expenses comprises of Cost of Material and Labor and other Contract Related Costs.
- **Changes in inventories of Finished Goods** - Changes in inventories of Finished Goods includes increase / decrease in the finished goods during the year.
- **Employee benefit expenses** – Our employee benefit expenses mainly include salaries & wages expense, bonus and allowance, contribution to provident fund and other funds, contribution to Gratuity and staff welfare expenses.
- **Finance Cost** – Finance Cost comprise of Interest on Cash Credits, Term Loans, Lease Liabilities and interest on financial liabilities measures at effective interest rates and others.
- **Depreciation and amortization expenses** – Our depreciation and amortization expenses comprise of depreciation on tangible fixed assets and amortization of intangible assets.
- **Other expenses** – Other expenses mainly include expenses towards Electricity and Water, Rates and taxes, Rent, Repairs and Maintenance w.r.t. Building, Plant and Machinery, Equipment and others, Auditors remuneration, Bank Charges, Travel and Conveyance, Insurance premium, Printing and Stationary, Communication, broadband and internet expenses, sitting fees, Consultancy charges, Legal Expenses, Advertisement, Bad debts, Donations, Provision for doubtful trade and Other receivables and Loans and Advances, Loss on Sale of assets and others.

Tax expenses

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or asset is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Our Results of Operations

The following table sets forth, for the limited reviewed unaudited consolidated financial results for the three months period ended June 30, 2023 and June 30, 2022, certain items derived from our Summary Statements, in each case also stated as a percentage of our total income:

(Amount in lakhs)

| Particulars | Three months period ended June 30, 2023 | | Three months period ended June 30, 2022 | |
|---|---|-------------|---|-------------|
| | Amount | (%)* | Amount | (%)* |
| Revenue | | | | |
| Revenue from Operations | 14,327.71 | 98.23% | 5,924.17 | 86.42% |
| Other Incomes | 257.82 | 1.77% | 931.28 | 13.58% |
| Total Income | 14,585.53 | 100% | 6,855.45 | 100% |
| Expenses: | | | | |
| Erection, Construction & Operation Expenses | 11,645.85 | 79.85% | 5,303.51 | 77.36% |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | (115.73) | (0.79)% | - | - |
| Employee Benefit Expenses | 790.97 | 5.42% | 863.39 | 12.59% |

| Particulars | Three months period ended June 30, 2023 | | Three months period ended June 30, 2022 | |
|---|---|--------------|---|-----------------|
| | Amount | (%)* | Amount | (%)* |
| Finance Costs | 908.42 | 6.23% | 2,722.55 | 39.71% |
| Depreciation & Amortization expenses | 133.82 | 0.92% | 137.39 | 2.00% |
| Other Expenses | 729.11 | 5.00% | 913.31 | 13.32% |
| Total Expenses | 14,092.44 | | 9940.15 | |
| Profit/(Loss) before exceptional items and tax | 493.09 | | (3084.70) | |
| Exceptional Items | - | | - | |
| Profit/(Loss) before tax | 493.09 | | (3,084.70) | |
| Tax Expenses: | | | | |
| (i) Current tax | - | 0% | - | 0% |
| (ii) Deferred Tax | - | 0% | - | 0% |
| Total Tax Expenses | | | | |
| Profit/ (Loss) After Tax | 493.09 | | (3,084.70) | |
| Other Comprehensive Income | | | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods | - | 0% | - | 0% |
| Re-measurement gains on defined benefit plans (Net of Taxes) | 16.53 | 0.11% | 3.28 | 0.05% |
| Fair Value of Equity Instruments through OCI (Net of Taxes) | 8.11 | 0.06% | (12.36) | (0.18%) |
| Total Other Comprehensive Income for the year | 517.73 | 3.55% | (3093.78) | (45.13%) |
| Total Comprehensive Income/(Loss) for the year | 517.73 | 3.55% | (3093.78) | (45.13%) |

* (%) column represents percentage of total income.

COMPARISION OF THREE MONTHS PERIOD ENDED JUNE 30, 2023 WITH THREE MONTHS PERIOD ENDED JUNE 30, 2022

Our total income has increased by 113 % to ₹ 14,585.53 lakhs for the three months period ended June 30, 2023 from ₹ 6,855.45 lakhs for the three months period ended June 30, 2022 bifurcated into revenue from operations and other income.

Revenue from operations

Our revenue from operations for three months period ended June 30, 2023 was ₹ 14,327.71 lakhs (comprising of 98.23 % of our total income for the three months period ended June 30, 2023) from ₹ 5,924.17 lakhs for the three months period ended June 30, 2022 (comprising 86.42% of our total income for the three months period ended June 30, 2022), representing an increase of 141.85%.

Other income

Our other income for the three months period ended June 30, 2023 was ₹ 257.82 lakhs from ₹ 931.28 for the three months period ended June 30, 2022 representing a decrease of 72.32%. This decrease was mainly due to one off income to the tune of ₹ 482.30 lakhs in previous three months period ended June 30, 2022 relating to levy of liquidated damages on vendors, which was not available in three months period ended June 30, 2023.

Total Expenses

Our total expenses increased from ₹ 9,940.15 lakhs for the three months period ended June 30, 2022 to ₹ 14,092.44 lakhs for the three months period ended June 30, 2023 representing 41.8% increase. This increase was mainly due to increase in Erection, Construction and Operation expenses for three months period ended June 30, 2023, however there was decrease in Finance costs for the three months period ended June 30, 2023.

Cost of Material, Erection, Construction & Operation Expenses

Erection, Construction & Operation Expenses for the three months period ended June 30, 2023 increased to ₹ 11,645.85 lakhs from ₹ 5,303.51 lakhs for three months period ended June 30, 2022, representing an increase of 119.59%. This correlates with the increases in revenue to the tune of 141.85% during the same period.

Changes in inventories of Finished Goods, work in progress and stock in trade

Change in inventories of Finished Goods, stock in trade and work in progress for the three months period ended June 30, 2023 recorded an increase to ₹ (115.73) from Nil in the three months period ended June 30, 2022, representing an overall increase of 100%.

Employee Benefit Expenses

Our Company has incurred ₹ 790.97 lakhs of employee benefit expenses for the three months period ended June 30, 2023, as compared to ₹ 863.39 lakhs for the three months period ended June 30, 2022, reflecting a decrease of 8.39%. This was mainly due to decrease in contribution towards gratuity in the three months period ended June 30, 2023 compared to previous year.

Finance Cost

Finance costs decreased to ₹ 908.42 lakhs for the three months period ended June 30, 2023 from ₹ 2,722.55 lakhs for the three months period ended June 30, 2022 representing a decrease of 66.63% from the corresponding previous three months. The major reasons for reduction in finance costs includes reduction in interest rate to 9% , conversion of debt of Rs 350 crores into NCD and CCD, consequent to implementation of Resolution Plan.

Depreciation & Amortization expense

Depreciation and amortization expenses decreased to ₹ 133.82 lakhs for the three months period ended June 30, 2023 from ₹ 137.39 lakhs for the three months period ended June 30, 2022. This minor decrease was due to decrease cost of amortization of Intangible assets.

Other expense

Our other expenses decreased to ₹ 729.11 Lakhs for the three months period ended June 30, 2023 from ₹ 913.31 lakhs for the three months period ended June 30, 2022 representing 20.17%. This decrease was mainly due to reduction in Electricity and water, rent expenses, repairs and maintenance of plant and machinery, equipment.

Profit / (Loss) before Tax

Our profit before tax for the three months period ended June 30, 2023 was ₹ 493.09 lakhs (comprising 3.38% of our total income) as compared to the loss before tax ₹ (3084.7) lakhs (comprising 45% of our total income) for the three months period ended June 30, 2022.

Taxation

Our tax expenses are ₹ NIL for the both three months period ended June 30, 2023 and three months period ended June 30, 2022.

Profit/Loss after Tax

Our profit after tax for the three months period ended June 30, 2023 was ₹ 493.09 lakhs (comprising 3.38% of our total income) as compared to the loss before tax ₹ (3084.7) lakhs (comprising 45% of our total income), for the three months period ended June 30, 2022, representing an increase of 115.99%. This is mainly due to exceptional income of 13529.64 lakhs comprising of reversal of interest by lenders on implementation of RP and interest credit on account of IND AS.

The following table sets forth, for the year ended 2023, 2022 and 2021 indicated, certain items derived from our Consolidated Financial Statements, in each case also stated as a percentage of our total income:

(Amount in lakhs)

| Particulars | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | | For the Year Ended March 31, 2021 | |
|---|--------------------------------------|-----------------|--------------------------------------|---------------|--------------------------------------|--------------|
| | Amount | (%)* | Amount | (%)* | Amount | (%)* |
| Revenue | | | | | | |
| Revenue from Operations | 37,884.66 | 94.98% | 32,945.65 | 97% | 58,278.52 | 96% |
| Other Incomes | 2,003.15 | 5.02% | 1,113.42 | 3% | 2,334.79 | 4% |
| Total Income | 39,887.81 | 100.00% | 34,059.07 | 100% | 60,613.31 | 100% |
| Expenses | | | | | | |
| Erection, Construction & Operation Expenses | 31,905.03 | 79.99% | 29,002.23 | 85% | 55,671.74 | 92% |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | - | - | 248.20 | 1% | 76.66 | 0% |
| Employee Benefit Expenses | 3,340.15 | 8.37% | 3,699.44 | 11% | 3808.41 | 6% |
| Finance Costs | 6,039.75 | 15.14% | 11,568.38 | 34% | 10,658.93 | 18% |
| Depreciation & Amortization expenses | 614.73 | 1.54% | 582.66 | 2% | 556.04 | 1% |
| Other Expenses | 9,271.71 | 23.24% | 4,689.27 | 14% | 6,517.58 | 11% |
| Total Expenses | 51,171.37 | 128.29% | 49,790.18 | 146% | 77,289.36 | 128% |
| Profit/(Loss) before exceptional items and tax | (11,283.56) | (28.29%) | (15,731.11) | (46%) | (16,676.05) | (28%) |
| Exceptional Items | (13,815.13) | (34.63%) | 6,361.26 | (19 %) | (1,149.11) | (2%) |
| Profit/(Loss) before tax | 2,531.57 | (6.35%) | (22,092.37) | (65%) | (17,825.16) | (29%) |
| Tax Expenses: | | | | | | |
| (i) Current tax | - | | | | 122.17 | 0% |
| (ii) Deferred Tax | 3,021.95 | 7.58% | 4,278.00 | 13% | | |
| Total Tax Expenses | | | 4,278.00 | 13% | 122.17 | 0% |
| Profit/ (Loss) After Tax | (490.38) | (1.23%) | (26,370.37) | (77%) | (17,947.33) | (30%) |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods | | | | | | |
| Re-measurement gains on defined benefit plans (Net of Taxes) | (56.38) | (0.14%) | 15.61 | 0% | 17.10 | 0% |
| Fair Value of Equity Instruments through OCI (Net of Taxes) | (11.79) | (0.03%) | 39.01 | 0% | 2.51 | 0% |
| Other Comprehensive Income for the year | (68.17) | (0.17%) | 54.62 | 0% | 19.61 | 0% |
| Total Comprehensive Income/(Loss) for the year | (558.55) | (1.40%) | (26,315.75) | (77%) | (17,927.72) | (30%) |

* (%) column represents percentage of total income.

COMPARISION OF FINANCIAL YEAR ENDED MARCH 31, 2023 WITH FINANCIAL YEAR ENDED MARCH 31, 2022

Total Income:

Our total income for Fiscal 2023 was ₹ 39,887.81 lakhs as compared to ₹ 34,059.07 lakhs for the Fiscal 2022, representing an increase of 17.11%. Further, total income was bifurcated into revenue from operations and other income.

Revenue from operations

Revenue from operations increased to ₹ 37,884.66 lakhs (comprising of 94.98% of our total income) in Fiscal 2023 from ₹ 32,945.65 lakhs (comprising 96.73% % of our total income) in Fiscal 2022, representing an increase of 14.99%. This was primarily due to considering unsatisfied performance obligation as revenue.

Other income

Our other income for the Fiscal 2023 was ₹ 2,003.15 lakhs as compared to ₹ 1,113.42 lakhs for the Fiscal 2022, representing an increase of 79.91%. This was mainly due to Fair value gain on unsecured loan of ₹ 613.58 lakhs and liabilities written back amounting to ₹ 911.59 lakhs.

Total Expenses

Our total expenses increased to ₹ 51,171.37 lakhs in Fiscal 2023 from ₹ 49,790.18 lakhs in Fiscal 2022 representing 2.77 % increase. This increase in total expenses was mainly due to increase in other expenses reduction in Erection, Construction and Operation Expenses.

Erection, Construction & Operation Expenses

Erection, Construction & Operation Expenses for the Fiscal 2023 increased to ₹ 31,905.03 lakhs from ₹ 29,002.23 lakhs in Fiscal 2022, representing an increase of 10.01%%. This increase was mainly due to increase in cost of materials and labour and other contract related costs.

Changes in inventories of Finished Goods, stock in trade and work in progress

Our change in inventories of Finished Goods, stock in trade and work in progress in the Fiscal 2023 was NIL as compared to ₹ 248.20 lakhs in the Fiscal 2022, representing an overall decrease of 100%.

Employee Benefit Expenses

Our Company has incurred ₹ 3,340.15 lakhs of employee benefit expenses in the Fiscal 2023, as compared to ₹ 3,699.44 lakhs in the Fiscal 2022, reflecting a decrease of 9.71%. This decrease was mainly on account of decrease in contribution of provident and other funds and Staff welfare expenses in Fiscal 2023.

Finance Cost

Our Finance costs decreased to ₹ 6,039. 76 lakhs in the Fiscal 2023 from ₹ 11,568.38 lakhs in the Fiscal 2022, representing a change of 47.79 %, majorly due to decrease in interest on cash credits, interest on term loans and interest on financial liabilities measured at effective interest rates in the Fiscal 2023.

Depreciation & Amortization expense

Our depreciation and amortization expense was ₹ 614.73 lakhs in the Fiscal 2023 as compared to ₹ 582.66 lakhs in the Fiscal 2022, representing an increase of 5.50%. This was due cost of amortization of right to use assets from ₹ 29.76 lakhs in the Fiscal 2022 to ₹ 63.77 lakhs in Fiscal 2023.

Other expense

Our other expenses was ₹ 9271.71 Lakhs in the Fiscal 2023 as compared to ₹ 4,689.27 Lakhs in the Fiscal 2022, representing an increase of 97.72%. This increase pertains to increase in bank charges, electricity and water and others.

Profit / (Loss) before Tax

Our Loss before tax was ₹ 11,283.56 lakhs in the Fiscal 2023 as compared to ₹ 15,731.11 lakhs in the Fiscal 2022, representing a decrease in loss of 28.27%.

Taxation

Our tax expenses decreased from ₹ 4,278 lakhs in the Fiscal 2022 to ₹ 3,021.95 lakhs in the Fiscal 2023. This was due to charging of deferred tax asset on account of expiry of carried forward loss.

Profit/Loss after Tax

Our Loss for the year decreased from ₹ 26,370.37 lakhs (comprising 77.43 % of our total income) in the Fiscal 2022 to ₹ 490.38 lakhs (comprising 1.23% of our total income) in the Fiscal 2023, representing an decrease in loss of 98.14%.

COMPARISION OF FINANCIAL YEAR ENDED MARCH 31, 2022 WITH FINANCIAL YEAR ENDED MARCH 31, 2021

Total Income:

Our total income for Fiscal 2022 was ₹ 34,059.07 lakhs as compared to ₹ 60,613.31 lakhs for the Fiscal 2021, representing a decrease of 44%. Further, total income was bifurcated into revenue from operations and other income.

Revenue from operations

Revenue from operations decreased to ₹ 32,945.65 lakhs (comprising of 97 % of our total income) in Fiscal 2022 from ₹ 58,278.52 lakhs (comprising 96 % of our total income) in Fiscal 2021, representing a decrease of 43%. This was primarily due to stoppage of work in various projects on account of Covid 19 Lock down in various states. Further, previous year revenue includes ₹ 25,984 lakhs from Basra project against ₹ 8,624 lakhs in Fiscal 2022 on account of completion of Basra Project in Dec 2021.

Other income

Our other income for the Fiscal 2022 was ₹ 1,113.42 lakhs as compared to ₹ 2,334.79 lakhs for the Fiscal 2021, representing a decrease of 52%. This was mainly due to ₹ 1,512.07 lakhs as interest income on Financial Assets (INDAS) recognized in Fiscal 2021 which is NIL in Fiscal 2022.

Total Expenses

Our total expenses decreased to ₹ 49,790.18 lakhs in Fiscal 2022 from ₹ 77,289.36 lakhs in Fiscal 2021 representing 36 % decrease. This decrease in total expenses was mainly due to reduction in Erection, Construction and Operation Expenses.

Erection, Construction & Operation Expenses

Erection, Construction & Operation Expenses for the Fiscal 2022 decreased to ₹ 29,002.23 lakhs from ₹ 55,671.74 lakhs in Fiscal 2021, representing a decrease of 47.90 %. This decrease was mainly on account of reduction in cost of material and labour and other contract related costs.

Changes in inventories of Finished Goods, stock in trade and work in progress

Our change in inventories of Finished Goods, stock in trade and work in progress in the Fiscal 2022 was ₹ 248.20 lakhs as compared to ₹ 76.66 lakhs in the Fiscal 2021, representing an overall increase of 223%.

Employee Benefit Expenses

Our Company has incurred ₹ 3,699.44 lakhs of employee benefit expenses in the Fiscal 2022, as compared to ₹ 3,808.41 lakhs in the Fiscal 2021, reflecting a decrease of 2.86%. This decrease was mainly on account of decrease in contribution of provident and other funds and Staff welfare expenses in Fiscal 2022.

Finance Cost

Our Finance costs increased to ₹ 11,568.38 lakhs in the Fiscal 2022 from ₹ 10,658.93 lakhs in the Fiscal 2021, representing a change of 8.53 %, majorly due to increase in interest on cash credits in the Fiscal 2022.

Depreciation & Amortization expense

Our depreciation and amortization expense was ₹ 582.66 lakhs in the Fiscal 2022 as compared to ₹ 556.04 lakhs in the Fiscal 2021, representing an increase of 4.79%. This was due cost of amortization of right to use assets from Nil in the Fiscal 2021 to ₹ 29.76 lakhs in the Fiscal 2022.

Other expense

Our other expenses was ₹ 4,689.27 Lakhs in the Fiscal 2022 as compared to ₹ 6,517.58 Lakhs in the Fiscal 2021, representing a decrease of 28.05%. This decrease pertains to decrease in bank charges, electricity and water and others.

Profit / (Loss) before Tax

Our Loss before tax was ₹ 22,092.37 lakhs in the Fiscal 2022 as compared to ₹ 17,825.16 lakhs in the Fiscal 2021, representing an increase in loss of 23.93%.

Taxation

Our tax expenses increased from ₹ 122.17 lakhs in the Fiscal 2021 to ₹ 4,278.00 lakhs in the Fiscal 2022. This was due to charging of deferred tax asset on account of expiry of carried forward loss.

Profit/Loss after Tax

Our Loss for the year increased from ₹ 17,947.33 lakhs (comprising 30 % of our total income) in the Fiscal 2021 to ₹ 26,370.36 lakhs (comprising 77 % of our total income) in the Fiscal 2022, representing an increase in loss of 46.93%.

Comparison of Cash Flow for the Year Ended March 31, 2023, March 31, 2022 and March 31, 2021:

The table below summaries our cash flows from our audited consolidated financial information for the financial years ended March 31, 2023, 2022 and 2021.

(Amount in lakhs)

| Particulars | For the year ended March 31 | | |
|---|-----------------------------|---------------|-----------------|
| | 2022-2023 | 2021 - 22 | 2020 - 21 |
| Net (Loss)/Profit before tax | 2,531.57 | (22,092.37) | (17,825.16) |
| Net cash generated from / (used in) operating activities | 2,088.01 | (7,199.39) | (4,989.19) |
| Net cash generated from / (used in) Investing Activities | 1,248.11 | 102.50 | 2,108.64 |
| Net cash generated from / (used in) from financing activities | (614.20) | 6,838.68 | 2,515.86 |
| Net Increase / (decrease) in Cash & Cash Equivalents | 2,721.92 | 258.19 | (364.69) |
| Cash and cash equivalents at the beginning of the year | 582.67 | 840.86 | 1,205.55 |
| Cash and cash equivalents at the end of the year | 3,304.59 | 582.67 | 840.86 |

Operating Activities

Our net cash used in operating activities was ₹ 2,088.01 lakhs for the financial year 2022-23. Our operating profit before working capital changes was ₹ 3,931.08 lakhs for the financial year 2022-23 which was primarily adjusted for increase in working capital by ₹ 2,224.98 lakhs.

Our net cash used in operating activities was ₹ (7199.39) lakhs for the financial year 2021-22. Our operating loss before working capital changes was ₹ 1418.10 lakhs for the financial year 2021-22 which was primarily adjusted for decrease in working capital by ₹ 5,284.25 lakhs.

Our net cash used in operating activities was ₹ 4,989.19 lakhs for the financial year 2020-21. Our operating loss before working capital changes was ₹ 3,691.19 lakhs for the financial year 2020-21 which was primarily adjusted for decrease in working capital by ₹ 4,578.81 lakhs.

Investing activities

Net cash generated from investing activities was ₹ 1,248.11 lakhs for the financial year 2022-23. This was primarily on account of movement in margin money.

Net cash generated from investing activities was ₹ 102.50 lakhs for the financial year 2021-22. This was primarily on account of movement in margin money.

Net cash generated from investing activities was ₹ 2,108.65 lakhs for the financial year 2020-21. This was primarily on account of movement in margin money.

Financing activities

Net cash used in financing activities for the financial year 2022-23 was ₹ (614.20) lakhs. This was on account of increase in borrowing

Net cash generated from financing activities for the financial year 2021-22 was ₹ 6,838.68 lakhs. This was on account of repayment of borrowing

Net cash generated from financing activities for the financial year 2020-21 was ₹ 2,515.86 lakhs. This was on account of repayment of borrowing

Related party transactions

Related party transactions with certain of our promoters, directors and their entities and relatives primarily relate to purchase and sale of remuneration, sitting fees, borrowing, deposits, rent, interest, quality complain, reimbursements, disinvestments, employee benefit expenses, corporate social responsibility, contribution to gratuity fund, etc. The details of related party transaction for the three month period ended June 30, 2023 and for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 have been provided below:

| <i>(₹ in lakhs)</i> | | | | |
|--|--|-----------|----------|----------|
| Entities exercising significant influence over the Company | Three months period ended June 30, 2023 [^] | 2022-23 | 2021-22 | 2020-21 |
| Transfer of Advances/Receivables & Investment | --- | 7,433.87 | 2,793.80 | 4,758.88 |
| Fund Received (Net) | --- | - | 2,454.85 | 5,194.75 |
| Amount invested as Equity (Mark AB Investment LLC- effective from 24 th September 2022) | -- | 35,000.00 | | |
| Subsidiary | | | | |
| Funds received | --- | 700.00 | - | - |
| Key Management Personnel (KMP) | | | | |
| Compensation of key management personnel | | | | |
| T. Shivaraman (upto 19th September 2022) | - | 119.61 | 60.40 | 60.40 |
| M.Amjad Shariff (upto 19th September 2022) | - | 79.68 | 60.15 | 60.15 |
| N K Suryanarayanan(Effective from 24th September 2022) | 21.70 | 43.40 | - | - |
| Subsidiary of entities exercising significant influence over the company | | | | |
| Other enterprises under the control of the key management personnel | | | | |
| (a) Orient Green Power Company Limited | | | | |
| Payments made | - | | 0.41 | - |
| (b) Bharath Wind Farm Limited | | | | |
| Fund Receipts | - | - | 4.11 | - |

| Entities exercising significant influence over the Company | Three months period ended June 30, 2023 [^] | 2022-23 | 2021-22 | 2020-21 |
|--|--|---------|----------|-----------|
| Joint Operations | | | | |
| (a) Larsen & Toubro Limited Shriram EPC JV | | | | |
| Company's share in profit of Integrated Joint Ventures | - | - | 1.48 | 286.15 |
| Company's share in Loss of Integrated Joint Ventures | - | 10.36 | 390.77 | - |
| (b) Shriram EPC Eurotech Environmental Pvt Ltd - JV | | | | |
| Progressive Billings/ Revenue | 65.00 | 121.00 | 698.18 | 532.66 |
| Expenses reimbursed by the party | | | 4.51 | 125.33 |
| (c) SEPC DRS ITPL JV | | | | |
| Progressive Billings/ Revenue | --- | 102.00 | 1.99 | 590.73 |
| Expenses reimbursed by the party | -- | - | - | 260.85 |
| (d) Mokul Shriram EPC JV | | | | |
| Progressive Billings/ Revenue | -- | - | 8,624.17 | 25,983.90 |
| Cost incurred for Materials and Labour | -- | - | 8,624.17 | 25,983.90 |
| Expenses reimbursed by the party | -- | - | - | 10.00 |

[^]Certified by K. Rajagopal, Chartered Accountants, pursuant to its certificate dated October 9, 2023

Amount due (to)/from related party as on:

| Particulars | As at June 30, 2023 [^] | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|--|----------------------------------|---------------------|---------------------|---------------------|
| Advances / (Borrowings): | | | | |
| SVL Limited (upto 23rd September 2022) | - | Nil | - | (339.55) |
| Mark AB Capital Investment India Private Limited (Effective from 24th September 2022) | (900.00) | (900.00) | - | - |
| Leitwind Shriram Manufacturing Private Limited (Expected Credit Loss of ₹ 9,141.70 Lakhs (March 31, 2021: ₹ 9,141.70 Lakhs) (upto 23rd September 2022) | - | - | 477.77 | 3,201.62 |
| Bharath Wind Farm Limited (upto 20th September 2022) | - | - | - | 4.71 |
| Orient Green Power Company Limited (upto 20th September 2022) | - | - | - | (0.41) |
| Receivables / (Payables): | | | | |
| Amrit Environmental Technologies P Ltd (upto 20th September 2022) | 966.38 | 1966.38 | 1,966.38 | 2,300.00 |
| Shriram EPC Eurotech Environmental Pvt Ltd - JV | - | - | - | (0.11) |
| SEPC DRS ITPL JV | - | - | - | 523.85 |
| Larsen & Toubro Limited Shriram EPC JV | (0.90) | (0.90) | (0.90) | 445.71 |
| Mokul Shriram EPC JV | 1669.28 | 1,669.28 | 1,669.28 | 3,338.55 |

[^]Certified by K. Rajagopal, Chartered Accountants, pursuant to its certificate dated October 9, 2023

For further details, please refer to the section titled "Financial Information" at page no. 113 of this Draft Letter of Offer.

Capital Expenditure

In the financial year ended March 31, 2023 and 2022, our capital expenditure was ₹ 8.12 and ₹ 14.97 lakhs, respectively. Our capital expenditures are mainly related to the purchase of computer, plant & machinery. The primary source of financing for our capital expenditures has been cash generated from our operations and capital infused by the promoters of our company.

Indebtedness

As of March 31, 2023, we had long-term borrowings of ₹ 26,616.64 lakhs and short-term borrowings of ₹ 13,789.38 lakhs. The following table sets forth certain information relating to our outstanding indebtedness and our repayment obligations in the periods indicated:

| Category of Borrowings | (Amount in Lakhs) | | |
|-----------------------------|-------------------------|--------------------------|--------------------------|
| | O/s as on June 30, 2023 | O/s as on March 31, 2023 | O/s as on March 31, 2022 |
| Long-term Borrowings | | | |
| - Non – current liability | 27226.26 | 26,616.64 | 22,775.19 |
| - Current maturities | 156.00 | 156.00 | 13,189.00 |
| Short-term borrowings | 14,140.25 | 13,789.38 | 69,273.97 |
| Grand Total | 41,522.51 | 40,583.22 | 1,05,238.16 |

For further details regarding our indebtedness, see “*Financial Information*” on page 113, respectively.

Contingent Liabilities

The following table sets forth our contingent liabilities and commitments for the period ended June 30, 2023 and as on March 31, 2023, March 31, 2022 and March 31, 2021:

| (₹ in lakhs) | | | | | |
|--------------|--|---------------------|------------------------|------------------------|------------------------|
| S. No. | Particulars | As at June 30, 2023 | As at 31st March, 2023 | As at 31st March, 2022 | As at 31st March, 2021 |
| 1. | Claims against the company not acknowledged as debts | 10,188.40 | 10,188.40 | 15,835.06 | 10,879.21 |
| 2. | Central Excise, Service tax and customs duties demand contested in Appeals, not provided for | 408.00 | 408.00 | 408.00 | 408.00 |
| 3. | Disputed VAT/ Central Sales tax demands contested in Appeals, not provided for | 2813.72 | 3,166.00 | 9,669.88 | 9,256.75 |
| 4. | Income tax demands contested in appeals not provided for | - | -- | - | 1,800.58 |
| 5. | Bank Guarantees Outstanding | 35,135.72 | 33,636.06 | 32,002.18 | 41,353.20 |
| | Total | 48,545.89 | 47,398.46 | 57,915.12 | 63,697.74 |

^Certified by K. Rajagopal, Chartered Accountants, pursuant to its certificate dated October 9, 2023

Note:

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

Off-Balance Sheet Items

We do not have any other off – balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off – balance sheet arrangements.

QUALITATIVE DISCLOSURE ABOUT 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).

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 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-realizable, 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

Liquidity risk

Company being an EPC contractor, has a constant liquidity pressure 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 prioritizing the site level payments and regulatory payments above other requirements.

We do not have any other off – balance sheet arrangements, derivative instruments or other relationships with any

entity that have been established for the purposes of facilitating off – balance sheet arrangements.

OTHER QUALITATIVE FACTORS

Reservations, qualifications and adverse remarks

For Details, see section titled “*Financial Information*” on page 113.

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. The same has been addressed in chapter titled “*Financial information*” beginning on page 113 of this Draft Letter of Offer.

Unusual or infrequent events or transactions

During the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

Significant economic changes that materially affected or are likely to affect income from continuing operations.

Indian rules and regulations as well as the overall growth of Indian economy have a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

Other than as described in the section titled “*Risk Factors*” beginning on page 24 of this Draft Letter of Offer to our knowledge there are no significant economic changes that materially affects or are likely to affect income of our Company from continuing operations.

Significant economic/regulatory changes

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company’s operations or are likely to affect income except as mentioned in the section titled “*Risk Factors*” on page 24 Draft Letter of Offer, to our knowledge, there are no significant regulatory changes that materially affected or are likely to affect our income from continuing operations.

Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in the section titled “*Risk Factors*” and chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on page 24 and 187, respectively, and elsewhere in this Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company’s future costs and revenues will be determined by demand/supply situation and government policies.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the section titled “*Risk Factors*” and chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on page 24 and 187, respectively, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Not Applicable

The extent to which the business is seasonal

Our Company's business is not seasonal in nature.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to vary. However, on account of our core strengths like quality products, brand loyalty, timely supply and better sourcing of raw-material. Due to which, we are able to stay competitive. For further details, kindly refer the chapter titled "***Our Business***" beginning on page 93 of this Draft Letter of Offer.

Total Turnover of Each Major Business Segment

We operate in the sole activity of carrying on the business of "Engineering, Procurement and Construction" (EPC) and therefore have only one reportable segment. The turnover details are given in "***Financial Information***" at page 113.

New Product or Business Segment

Our Company has not announced any new product or business segment.

Significant dependence on a Single or Few Suppliers or Customers

Our Company does not significantly depend on single or few suppliers or Customers.

SIGNIFICANT DEVELOPMENTS SINCE LAST BALANCE SHEET DATE

Except as disclosed above and in this Draft Letter of Offer, including under "***Our Business***" and "***Risk Factors***" on pages 93 and 24 respectively, to our knowledge no circumstances have arisen since June 30, 2023, the date of the last financial information disclosed in this Draft Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

MARKET PRICE INFORMATION

Our Company's Equity Shares have been listed and actively being traded on BSE and NSE from February 20, 2008.

- a) Year is a Financial Year;
- b) Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- c) High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
- d) In case of two days with the same high / low / closing price, the date with higher volume has been considered.

Stock Market Data of the Equity Shares

The high, low and average market closing prices recorded on the Stock Exchanges during the last three years and the number of Equity Shares traded on these days are stated below:

a) BSE Limited

| Financial Year | High (₹) | Date of high | No. of shares traded on date of high | Total volume traded on date of high (in ₹) | Low (₹) | Date of low | No. of shares traded on date of low | Total volume of traded on date of low (in ₹) | Average price for the year (₹) |
|---------------------------------|----------|--------------|--------------------------------------|--|---------|-------------|-------------------------------------|--|--------------------------------|
| 2023* (01-01-23 to 01-05-23) | 15.89 | 10-03-23 | 1267721 | 19305515 | 9.63 | 18-04-23 | 417050 | 4086196 | 12.78 |
| 2023* (02-03-23 to 31-12-23) | 15.9 | 17-08-23 | 2056622 | 31209465 | 7.45 | 05-06-23 | 3026986 | 24497232 | 11.55 |
| 2022 | 12.17 | 06-01-22 | 3981678 | 47887709 | 3.86 | 23-04-21 | 27522 | 107807 | 6.50 |
| 2021 | 6.18 | 24-06-20 | 411572 | 2543469 | 2.31 | 07-04-20 | 19937 | 46377 | 4.03 |

(Source: www.bseindia.com)

* The Period indicates the change in Capital structure commencing from the date the stock exchange recognised the change in capital structure pursuant to Rights issue)

b) National Stock Exchange of India Limited

The high, low and average market closing prices recorded on the Stock Exchanges during the last three years and the number of Equity Shares traded on these days are stated below.

| Financial Year | High (₹) | Date of high | No. of shares traded on date of high | Total volume traded on date of high (in ₹) | Low (₹) | Date of low | No. of shares traded on date of low | Total volume of traded on date of low (in ₹) | Average price for the year (₹) |
|---------------------------------|----------|--------------|--------------------------------------|--|---------|-------------|-------------------------------------|--|--------------------------------|
| 2023* (01-01-23 to 01-05-23) | 15.9 | 10-03-23 | 92,27,434 | 14,00,80,031.55 | 9.55 | 18-04-23 | 63,16,129 | 6,22,56,387.70 | 12.77 |

| | | | | | | | | | |
|--|-------|------------------|-------------|-----------------|------|------------------|-------------|-----------------|-------|
| 2023* (02-03-23 to 31-12- 23) | 15.9 | 17- 08- 23 | 1,52,84,681 | 23,13,69,185.65 | 7.5 | 05- 06- 23 | 1,40,01,327 | 11,09,49,161.65 | 11.54 |
| 2022 | 12.45 | 07- 01- 22 | 61,28,664 | 7,32,31,742.95 | 7.10 | 24- 02- 22 | 17,71,661 | 1,30,38,306.15 | 8.76 |
| 2021 | 11.00 | 31- 12- 21 | 71,74,978 | 7,84,03,377.95 | 3.80 | 23- 04- 21 | 3,14,563 | 12,19,578.10 | 5.44 |

(Source: www.nseindia.com)

* The Period indicates the change in Capital structure commencing from the date the stock exchange recognised the change in capital structure)

Market Prices for the last six calendar months

The total number of days trading during the past six months from March 2023 to August 2023 was 124. The average volume of equity shares traded on the BSE was 10,56,094 per day.

The high and low prices and volume of Equity Shares traded on the respective date on the BSE during the last six months preceding the date of filing of this Draft Letter of Offer are as follows:

a) BSE Limited

| Month | Date of high | High (₹)* | Volume (No. of shares) | Total volume traded on date of high (in ₹) | Date of low | Low (₹)* | Volume (No. of shares) | Total volume traded on date of low (in ₹) | Average price for the month (₹)** |
|-----------------------|--------------|-----------|------------------------|--|-------------|----------|------------------------|---|-----------------------------------|
| August 2023 | 17-08-23 | 15.90 | 20,56,622 | 3,12,09,465 | 21-08-23 | 13.43 | 11,47,687 | 1,56,92,225 | 14.51 |
| July 2023 | 27-07-23 | 14.53 | 55,04,916 | 7,85,10,671 | 03-07-23 | 9.25 | 13,68,376 | 1,33,03,500 | 11.39 |
| June 2023 | 22-06-23 | 10.27 | 6,23,513 | 61,30,392 | 05-06-23 | 7.45 | 30,26,986 | 2,44,97,232 | 8.74 |
| May ^s 2023 | 05-05-23 | 11.10 | 5,90,638 | 65,13,411 | 31-05-23 | 8.14 | 5,74,956 | 46,80,141 | 9.99 |
| April 2023 | 06-04-23 | 11.91 | 5,18,525 | 59,85,646 | 18-04-23 | 9.63 | 4,17,050 | 40,86,196 | 10.69 |
| March 2023 | 10-03-23 | 15.89 | 12,67,721 | 1,93,05,515 | 31-03-23 | 10.21 | 13,30,329 | 1,51,44,624 | 13.51 |

(Source: www.bseindia.com)

* High and low prices are based on the high and low of the daily closing prices.

**Average of the daily closing prices.

\$ On 2nd May, 2023, the stock exchange has recognised the change in capital structure pursuant to a Rights issue

b) National Stock Exchange of India Limited

The total number of days trading during the past six months from March 2023 to August 2023 was 124. The average volume of equity shares traded on the NSE was 54,46,869 per day.

The high and low prices and volume of Equity Shares traded on the respective date on the NSE during the last six months preceding the date of filing of this Letter of Offer are as follows'

| Month | Date of high | High (₹)* | Volume (No. of shares) | Total volume traded on date of high (in ₹) | Date of low | Low (₹)* | Volume (No. of shares) | Total volume traded on date of low (in ₹) | Average price for the month (₹)** |
|-----------------------|--------------|-----------|------------------------|--|-------------|----------|------------------------|---|-----------------------------------|
| August 2023 | 17-08-23 | 15.90 | 1,52,84,681 | 23,13,69,185.65 | 21-08-23 | 13.40 | 93,64,969 | 12,75,07,948.90 | 14.49 |
| July 2023 | 27-07-23 | 14.40 | 2,47,30,385 | 35,10,50,081.70 | 06-07-23 | 9.30 | 32,49,302 | 3,10,92,933.80 | 11.36 |
| June 2023 | 22-06-23 | 10.25 | 44,61,743 | 4,38,68,685.80 | 05-06-23 | 7.50 | 1,40,01,327 | 11,09,49,161.65 | 8.72 |
| May 2023 ^s | 05-05-23 | 11.10 | 26,79,766 | 2,94,74,728.85 | 31-05-23 | 8.20 | 4,14,088 | 33,95,521.60 | 10.01 |
| April 2023 | 06-04-23 | 11.90 | 32,96,472 | 3,81,73,088.60 | 18-04-23 | 9.55 | 63,16,129 | 6,22,56,387.70 | 10.66 |
| March 2023 | 10-03-23 | 15.90 | 92,27,434 | 14,00,80,031.55 | 31-03-23 | 10.30 | 1,13,14,666 | 12,56,14,329.65 | 13.48 |

(Source: www.nseindia.com)

* High and low prices are based on the high and low of the daily closing prices.

**Average of the daily closing prices.

\$ On 2nd May, 2023, the stock exchange has recognised the change in capital structure pursuant to a Rights issue

In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

The Board of our Company has approved the Issue at their meeting held on August 21, 2023. The high and low prices of our Company's shares as quoted on the BSE and NSE on August 21, 2023, the day on which the trading happened immediately following the date of the Board meeting is as follows:

| Date | Volume (No of equity Shares) | Highest Price (₹) | Low price (₹) |
|-----------------|------------------------------|-------------------|---------------|
| BSE | | | |
| August 21, 2023 | 11,47,687 | 15.90 | 13.43 |
| NSE | | | |
| August 21, 2023 | 93,64,969 | 15.90 | 13.40 |

Source: www.nseindia.com and www.bseindia.com

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding (i) criminal proceedings involving our Company, Directors, Subsidiaries or Promoter; (ii) actions by any statutory or regulatory authorities involving our Company, Directors, Subsidiaries or Promoter; or (iii) claim involving our Company, Directors, Subsidiaries or Promoter for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved), (iv) proceeding involving our Company, Directors, Subsidiaries or Promoter (other than proceedings covered under (i) to (iii) above) which has been determined to be “material” pursuant to our Company’s ‘Policy on determination of materiality of events’ framed in accordance with Regulation 30 of the SEBI Listing Regulations (“**Materiality Policy**”).

In terms of the Materiality Policy, other than outstanding criminal proceedings, actions taken by any statutory or regulatory authority and claims for any direct or indirect tax liabilities mentioned in point (i) to (iii) above, all other pending litigation:

- A. involving our Company, Promoter and Subsidiaries (“**Relevant Parties**”):
- i. where the aggregate monetary claim made by or against the Relevant Parties, in any pending civil litigation proceeding exceeds the lower of the following: (a) two percent of turnover, as per the last Restated Consolidated Financial Statements of the listed entity; (b) two percent of net worth, as per the last Restated Consolidated Financial Statements of the listed entity, except in case the arithmetic value of the net worth is negative; (c) five percent of the average of absolute value of profit or loss after tax, as per the last three Restated Consolidated Financial Statements of the listed entity shall be considered material and will be disclosed in the Offer Documents. 2% of 39,887.81 lakhs as per the Restated Consolidated Financial Statements amounts to ₹ 797.75 lakhs. Accordingly, all outstanding civil litigation proceedings where the aggregate monetary claim made by or against the Relevant Parties, in any such pending litigation proceeding is in excess of ₹ 797.75 lakhs shall be considered material;
 - ii. where the monetary liability is not quantifiable, or which does not fulfil the threshold specified in (i) above, but the outcome of which could, nonetheless may have a material adverse effect on the position, business, operations, prospects or reputation of our Company will be considered “material” and will be disclosed in the Offer Documents.
- B. involving our Directors and our Promoter (individually or in aggregate), the outcome of which would materially and adversely affect the business, operations, prospects, financial position or reputation of our Company, irrespective of the amount involved, has been considered as material.

Further, except as disclosed in this section, there are no (i) disciplinary action taken against any of our Promoter by SEBI or the Stock Exchange in the five Fiscals preceding the date of this Draft Letter of Offer; and (ii) litigation involving our Subsidiaries which may have a material impact on our Company.

Further, in accordance with the Materiality Policy, a creditor of our Company, shall be considered to be material creditor (except banks and financial institutions from whom our Company has availed financing facilities) for the purpose of disclosure in the offer documents, if amounts due to such creditor exceeds 10 per cent of the total trade payables of our Company as per the most recently completed Fiscal as per the Restated Consolidated Financial Information. Accordingly, we have disclosed consolidated information of outstanding dues owed to any creditors of our Company, separately giving details of number of cases and amount for all dues where each of the dues exceed 2,425.28 lakhs (being approximately 10% of total trade payables of our Company as at June 30, 2023 as per the Restated Consolidated Financial Information) (“**Material Dues**”). Further, in accordance with the Materiality Policy for the disclosure of the outstanding dues to any party which is a micro, small or a medium enterprise (“**MSME**”) will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

Unless stated to the contrary, the information provided in this section is as of the date of this Draft Letter of Offer. All terms defined in a summary pertaining to a particular litigation shall be construed only in respect of the summary of the litigation where such term is used.

1. LITIGATION INVOLVING OUR COMPANY

i. Litigation against our Company

1. Criminal Proceedings

- a) Our Company received a notice dated February 21, 2023 from Additional Superintendent of Police (Urban), Durg, Chhattisgarh (“ASP”) instructing our Company to appear before the ASP for the purpose of providing statement in relation to an alleged complaint filed by an entity named M/s Starex Minerals Private Limited. Our Company has submitted a reply dated February 24, 2023, requesting for a copy of the impugned complaint along with any document that might have been submitted by M/s Starex Minerals Private Limited. We have not received any further correspondence in this matter.

2. Actions taken by Statutory/Regulatory Authorities

A complaint dated August 25, 2023 was filed by GPE (India) Limited (“Complainant”) with the Securities and Exchange Board of India, Ministry of Corporate Affairs, National Stock Exchange of India Limited, BSE Limited and MSKA & Associates alleging that our Company, Twarit Consultancy Services Private Limited and Complainant had entered into a share purchase agreement, to purchase the preference shares of Haldia Coke and Chemicals Private Limited (“Haldia”), which were held by the Complainant. However, on account of failure of our Company and Twarit Consultancy Services Private Limited to purchase the preference shares of Haldia, an arbitration was filed under the rules of the Singapore International Arbitration Centre. An award dated January 7, 2021 was passed in favour of the Complainant, directing our Company and Twarit Consultancy Services Private Limited to pay a sum of approximately, INR 1,98,54,10,661. Subsequently, the award was challenged by our Company and Twarit Consultancy Services Private Limited before the Singapore International Commercial Court, which was later dismissed. The Complainant has alleged that our Company has failed to disclose the aforementioned award before the Stock Exchanges under Regulation 30 of the SEBI Listing Regulations. Our Company has replied to the aforementioned complaint vide emails dated September 15, 2023, September 22, 2023 and October 5, 2023. Our Company has denied the allegations and has submitted the following responses in its emails: (i) The Complainant is admittedly, not the shareholders or investors of our Company and therefore, the alleged Complaint will not fall within the meaning of ‘investor grievances’; (ii) the complaint relates to an international arbitration award rendered by the Singapore International Arbitration Centre and the enforcement proceedings and appeal proceedings arising therefrom which are presently *sub judice* before the Hon’ble Madras High Court and the Hon’ble Supreme Court as also duly admitted by the Complainants; and (iii) disclosure obligations are not triggered or attracted in the fact and circumstances of the matter. Incidentally, we are also in the process of preferring our legal challenge to the order dated January 5, 2023 passed by the Hon’ble High Court and as such the matter has not attained finality till date; and (iii) our Company had, from time to time, made due and appropriate disclosures through its Annual Reports and the quarterly Unaudited Financial Reports, as published and uploaded in the Company’s website. We had also submitted our Annual Reports and the quarterly Unaudited Financial Reports to the stock exchanges, including NSE, as per extant regulations, which reports, *inter alia*, contain notes in relation to the arbitral award and the ensuing legal proceedings arising therefrom. Thus, there is no merit or substance in the motivated allegations levelled in the Complaint of any non-disclosure, as alleged or at all therein, for reasons of which the impugned Complaint deserves to be ignored and rejected at the threshold itself, in the interests of justice. The above matter is presently pending.

3. Tax Proceedings

Below are the details of pending tax cases involving our Company, specifying the number of cases pending and the total amount involved :

(₹ in lakhs)

| Particulars | Number of cases | Amount involved* |
|---------------------|----------------------|------------------|
| <i>Indirect Tax</i> | | |
| Sales Tax/VAT/GST | 7 [^] | 2,813.72 |
| Central Excise | Nil | Nil |
| Customs | Nil | Nil |
| Service Tax | 1 [^] | 408.09 |
| Total | 8[^] | 3,221.82 |

| Particulars | Number of cases | Amount involved* |
|---------------------------------|-----------------|------------------|
| Direct Tax | | |
| Cases filed against our Company | Nil | Nil |
| Cases filed by our Company | 2 | -- |
| Total | 2 | -- |
| Total | 10 | 3,221.82 |

*To the extent quantifiable

^Cases filed by our Company

4. Other Material Litigations

- a) Our Company is one of the Respondent along with Twarit Consultancy Private Limited (“**TCPL**”, collectively, the “**Respondents**”) in respect of an arbitration filed by the Singapore International Arbitration Centre (“**SIAC**”) filed by GPE (INDIA) Limited, GPE JV1 Limited, Gaja Trustee Company Private Limited (the “**Claimants**”) in connection with the Claimants’ investments in an associate company of our Company. GPE (INDIA) Limited, GPE JV1 Limited and Gaja Trustee Company Private Limited had invested through preference shares in Haldia Coke and Chemicals Private Limited (“**Haldia**”) in the year 2010. Our Company, TCPL and the Claimants had entered into a share purchase agreement wherein our Company and TCPL had agreed to purchase all preference shares held in Haldia. On account of alleged failure to execute the said agreement, the Claimants initiated Arbitration under the Rules of the Singapore International Arbitration Centre (“**SIAC**”) as per the provisions of the share purchase agreement. SIAC *vide* their Order dated January 07, 2021 awarded damages jointly and severally on the Respondents to the tune of ₹ 1,98,54.10 lakhs and a sum of SGD 372,754.79 towards arbitration expenses (the “**Award**”). 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 held in favour of the Complainants. The Claimants have filed an execution petition before the Hon’ble Madras High Court for enforcement of the Award under Section 47 of the Arbitration and Conciliation Act, 1996 (“**Arbitration Act**”). The application was allowed by the Court by an order dated January 5, 2023. In view of certain provision in the aforesaid court order dated January 5, 2023, the Claimants were required to obtain approval from the Reserve Bank of India before initiating execution proceedings. Accordingly, the Claimants challenged the said order by filing a special leave petition before the Hon’ble Supreme Court of India. Our Company and TCPL have filed counter-affidavits to the petition and the said matter is pending before the Hon’ble Supreme Court of India.
- b) M/s. Sai Sudhir Infrastructure Private Limited (“**Sai Sudhir**”), Sub contractor challenged the cancellation of contract and claimed damages of ₹ 4,652 lakhs in arbitration in respect of sub contract work awarded by Bangalore Water Supply & Sewerage Board (“**BWSSB**”) to which SEPC has filed its Defence Statement and Counter Claims. Initially Hon’ble Mr. Justice Shiv Shankar Bhat (Retd.) was the sole arbitrator and once due to poor health Hon’ble Mr. Justice Shiv Shankar Bhat (Retd.) recused himself from the said office of the arbitrator, Hon’ble Mr. Justice Patri Basavan Goud (Retd. Judge, High Court of Karnataka) was appointed as the Sole Arbitrator who has also resigned in view of health issues. Sai Sudhir approached Hon’ble High Court of Karnataka, Bangalore in an application under Section 11 of the Arbitration and Conciliation Act 1996 for appointment of an arbitrator by the Court. Pursuant to the said application, Hon’ble High Court of Karnataka, Bangalore has appointed Hon’ble Mr. Justice A.V. Chandrashekar (Retd. Judge, High Court of Karnataka) to be the Sole Arbitrator to fill in the above casual vacancy. The said Sole Arbitrator, Hon’ble Mr. Justice A.V. Chandrashekar is yet to start arbitration proceedings by issuing necessary notice to the parties.
- c) M/s. IDEB Construction Project Limited (“**IDEB**”), the claimant filed a claim amount of ₹ 903 lakhs before the Hon’ble Arbitrator and our Company has filed their counter disputing the claim. The Learned Arbitrator has fixed the fees as ₹15 Lakhs towards his remuneration by the Parties. Our Company feels that the remuneration fixed is on the higher side and has filed an O.P. 876 of 2005 in the High Court of Madras to terminate the mandate of Arbitrator since the fees charged by him for the proceedings are on the higher side. The petition has been admitted and notice ordered. The said O.P. is pending. In view of the above the arbitration has been stayed.
- d) R.P. Singh (“**Plaintiff**”) had filed a summary suit before the Addl. Chief Judge, City Civil Court at Hyderabad in respect of the severance package ₹ 746.37 lakhs payable consequent to his resignation from service of the cement business upon sale and transfer of the same to a third party in August 2013 against our

Company. Our Company prayed for leave to defend the suit, which was allowed on October 4, 2018. Aggrieved by the same, the Plaintiff had preferred a petition before the High Court of Telangana and an interim stay on the aforementioned order was granted by the High Court *vide* its order dated February 7, 2019 until the disposal of the said petition. In view of this no progress in the summary suit.

- e) Waterbury Farrel (“WF”) and our Company as a consortium was awarded a project for design, Engineering, Manufacture, Supply, Erection and Commissioning and demonstration of Performance Guarantees of 20 Hi-Sendzimir Mill Package under Salem Steel Plant (SSP) expansion project (“Project”), in the year 2007. In the Project, WF was basically responsible for design, drawings, supply of equipment and spares, whereas, the role of SEPC was installation, commissioning and maintenance. While majority of the Project outlay was to the share of WF, the liabilities of the consortium parties under the contract with SAIL (“Contract”) was on joint and several basis. While execution of the Project was going on Hi-Sendzimir Mill Housing supplied by WF from abroad, met with a road accident on May 6, 2010 while being carried from Chennai port to Salem in a trailer truck and was damaged. To repair the said damage, WF demanded USD 1.6 Million, whereas SAIL resorted to risk purchase at the costs and risks of the consortium and for recovery of such risk purchase costs, arbitration proceedings under ICC Paris Rules were initiated by constituting an arbitration tribunal comprising of Justice A.K. Patnaik (Retd), (Presiding Arbitrator), Justice R.V. Raveendran (Retd), Co-Arbitrator and Justice S.S. Nijjar (Retd), Co-Arbitrator. The Arbitral Tribunal passed an arbitral Award on February 28, 2019, awarding ₹ 1,952 lakhs towards cost, ₹ 402 lakhs towards pre arbitration interest and ₹ 150 lakhs towards cost of arbitration, while rejecting the counter claims of both WF and SEPC.

The above award was impugned by WF in Salem Court by way of an Application under Section 34 of the Arbitration and Conciliation Act, 1996 and SEPC was challenging the same as Respondent No. 2 in the said Section 34 Application. The petition was disposed off with a direction to file in the Court of jurisdiction which is High Court of New Delhi within three months of the date of receipt of the order. SSP filed a execution petition before Delhi High Court against the award of ₹ 2,522 lakhs *vide* order dated 28th February, 2019. SEPC challenged the Jurisdiction of EP Court. The matter is presently pending.

5. Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals

Our Company has paid certain fines and penalties levied by BSE Limited and National Stock Exchange of India Limited, for non-compliances committed by us under the SEBI Listing Regulations and SEBI ICDR Regulations. We have paid the fines levied by the Stock Exchanges. The details of such fines and penalties have been provided below:

| S. No. | Non-compliance alleged | Fine/ penalty levied (in ₹) | Date of payment of fine |
|--------|---|-----------------------------|-------------------------|
| 1. | Failure to obtain approval of Stock Exchange(s) before filing request for change of name with the registrar of companies under Regulation 45 of the Listing Regulations. | 59,000 | March 24, 2021 |
| 2. | Non-compliance under Regulation 6(1) of the SEBI Listing Regulations | 63,280 | March 22, 2022 |
| 3. | Late submission of the financial results within the period prescribed under Regulation 33 of the Listing Regulations | 3,06,800 | July 2, 2022 |
| 4. | Non-compliance under Schedule XIX – Para 2 of the SEBI ICDR Regulations for not approaching the Stock Exchange for listing of equity shares issued under preferential issue within twenty days from the date of allotment | 5,43,200 | August 25, 2022 |
| 5. | Non Compliance under Regulation 17(1) of the SEBI pertaining to the composition of the Board including failure to appoint woman director (BSE) | 53,100 | February 22, 2023 |
| 6. | Non Compliance under Regulation 17(1) of the SEBI pertaining to the composition of the Board including failure to appoint woman director(NSE) | 53,100 | March 10, 2023 |
| | Total | 10,78,480 | |

ii. Litigation by our Company

1. Criminal Proceedings

Nil

2. Civil and other Material Litigations

- a) Our Company invoked an arbitration clause against Hindustan Copper Limited, (“HCL”) in respect of breach of the terms and conditions of the contract and made a claim of ₹ 11,913.72 lakhs including illegal encashment of bank guarantee of ₹ 920.52 lakhs, before the three-member panel of Arbitrators constituted for the purpose. HCL filed the statement of defense and counter claim for an amount of ₹14,817.17 lakhs and also made jurisdictional objection of the tribunal. The Hon’ble Tribunal rejected the jurisdictional objection of HCL and provided interim protection against the invocation of the bank guarantees for an amount of ₹ 3,024.92 lakhs. Arbitration proceedings are in progress.
- b) Our Company invoked an arbitration clause against National Mineral Development Corporation (“NMDC”) in respect of contract value for ₹ 27,499 lakhs and made a claim of ₹ 8,486.62 lakhs including illegal encashment of bank guarantee for ₹ 2,625.01 lakhs before the sole arbitrator. NMDC filed their statement of defense with counter claim of ₹ 16,807.78 lakhs. Our Company filed a rejoinder to the counter claim and statement of defense. The proceedings are pending.
- c) Our Company filed a winding up proceeding (Company Petition No.173/2014) against Prakash Industries Limited (“PIL”) before the Punjab & Haryana High Court, Chandigarh for recovery of ₹ 1,472 lakhs. In the wake of the enforcement of the IBC, the abovesaid Company Petition was transferred by the Punjab & Haryana High Court *vide* order dated January 29, 2020 to the NCLT, Chandigarh Bench. The said matter is currently pending.
- d) Our Company initiated Arbitration against Centrum for non-performance as mandated in the engagement letter and initiated an Arbitration proceeding. Bombay high court *vide* its Order dated July 26, 2018 appointed Mr. Arif Doctor as Sole Arbitrator. SEPC filed Statement of Claim for an amount of ₹ 3,631 lakhs, Centrum filed their Statement of Defense and Counter Claim. In the meanwhile, the Sole Arbitrator appointed by the High Court of Bombay has been elevated as Judge of Bombay High Court. No further proceedings have happened. The said matter is currently pending.
- e) Our Company initiated Arbitration proceedings to recover ₹ 1,476 lakhs against Kerala Feeds Limited (KLF) in respect of the Kozhikode Project before sole arbitrator appointed by Kerala High Court. KFL filed their Statement of Defense, Counter Claim and Section 16 application. The matter is presently pending.
- f) Our Company initiated Arbitration proceedings against R.K.Chavan for recovery of an amount of ₹ 1,014 lakhs in respect of the execution of the Road project and appointed Justice R. Subramanian (Former Judge of Madras High Court) - Co- Arbitrator of SEPC. R.K.Chavan appointed Shri Sanjiv Sathe (ER/ Advocate) Co- Arbitrator. The Two Arbitrators jointly nominated Justice J.D Kapoor (Former Judge Delhi High Court) as Presiding Arbitrator. The Arbitrators has completed the framing of issues and the matter is pending for Cross Examination of the Witness. The said matter is currently pending.
- g) Our Company initiated Arbitration proceedings against Valecha in respect of certain disputes in the execution of the Road project for an amount of ₹ 2,240 lakhs and appointed Mr. Justice J.D. Kapoor, Former Judge, High Court of Delhi, Co-Arbitrator of SEPC. Valecha appointed Hon’ble Mr. Justice Kailash Gambhir, Former Judge, High Court of Delhi, Co-Arbitrator. The Two Arbitrators jointly nominated Hon’ble Mr. Justice A.K. Sikri, Former Judge, Supreme Court of India as Presiding Arbitrator. Meanwhile NCLT has admitted an application by a vendor against Valecha *vide* CIRP Order dated October 21, 2022 and appointed Mr. Anurag Kumar Sinha as IRP. SEPC filed the claims before the IRP in the prescribed format but the same was rejected by the IRP *vide* his mail dated September 30, 2023. The said matter is currently pending.

2. LITIGATION INVOLVING OUR PROMOTER

Cases filed against our Promoter

1. *Criminal Proceedings*

Nil

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. *Tax Proceedings*

Below are the details of pending tax cases involving our Promoter, specifying the number of cases pending and the total amount involved:

(₹ in lakhs)

| Particulars | Number of cases | Amount involved* |
|----------------------------------|------------------------|-------------------------|
| Indirect Tax | | |
| Sales Tax/VAT/GST | Nil | Nil |
| Central Excise | Nil | Nil |
| Customs | Nil | Nil |
| Service Tax | Nil | Nil |
| Total | Nil | Nil |
| Direct Tax | | |
| Cases filed against our Promoter | Nil | Nil |
| Cases filed by our Promoter | Nil | Nil |
| Total | Nil | Nil |
| Total | Nil | Nil |

*To the extent quantifiable

4. *Other Material Litigations*

Nil

5. *Disciplinary action against our Promoter by SEBI or any stock exchange in the last five Fiscals*

Nil

Cases filed by our Promoter

1. *Criminal Proceedings*

Nil

2. *Other Material Litigations*

Nil

3. LITIGATION INVOLVING OUR DIRECTORS

Cases filed against our Directors

1. *Criminal Proceedings*

Nil

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. *Tax Proceedings*

Nil

4. *Other Material Litigations*

Nil

5. *Disciplinary action against our Directors by SEBI or any stock exchange in the last five Fiscals*

Nil

Cases filed by our Directors

1. *Criminal Proceedings*

Nil

2. *Other Material Litigations*

Nil

4. LITIGATION INVOLVING OUR SUBSIDIARIES

Cases filed against our Subsidiaries

1. *Criminal Proceedings*

Nil

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. *Tax Proceedings*

Below are the details of pending tax cases involving our Subsidiaries, specifying the number of cases pending and the total amount involved:

(₹ in lakhs)

| Particulars | Number of cases | Amount involved^ |
|--------------------------------------|-----------------|------------------|
| Indirect Tax | | |
| Sales Tax/VAT | Nil | Nil |
| Central Excise and Customs | Nil | Nil |
| Service Tax | Nil | Nil |
| Total | Nil | Nil |
| Direct Tax | | |
| Cases filed against our Subsidiaries | Nil | Nil |
| Cases filed by our Subsidiaries | 1 | 103.26 |
| Total | 1 | 103.26 |

^To the extent quantifiable

4. *Other Material Litigations*

- a) M/s Towell Construction & Co LLC (Towell) had initiated recovery suit in Seeb Primary Court in Sultanate of Oman against Shriam EPC Arkan LLC (SEPCA), step down subsidiary of our Company, demanding a payment of OMR 7,65,903.83 equivalent to ₹ 1,654.35 lakhs. SEPCA filed the Settlement Agreement dated March 16, 2022 signed between Towell, MISCO (Client and owner of project in Oman) & SEPCA for direct payment of ₹ 1,654.35 lakhs by MISCO to Towell with the Court and requested for disposal of the case and the same is pending.

- b) M/s Jal Engineering has initiated recovery suit in Supreme Council, Sultanate of Oman against Shriam EPC Arkan LLC (SEPICA), step down subsidiary of our Company, demanding a payment of USD 9,97,355 equivalent to ₹ 817.83 lakhs. SEPICA filed the Settlement Agreement dated December 20, 2021 signed between Jal Engineering, MISCO (Client and owner of project in Oman) & SEPICA for direct payment of ₹ 817.83 lakhs by MISCO to Jal Engineering with the Court and requested for disposal of the case and the same is pending.

5. *Disciplinary action against our Subsidiaries by SEBI or any stock exchange in the last five Fiscals*

Nil

Cases filed by our Subsidiaries

1. *Criminal Proceedings*

Nil

2. *Other Material Litigations*

Nil

5. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

In terms of the Materiality Policy, our Company has Nil material creditors, as on June 30, 2023.

As June 30, 2023, the details of amounts outstanding towards material creditors, small scale undertakings and other creditors are as follows:

| <i>(₹ in lakhs)</i> | | |
|--|-------------------------|------------------|
| Particulars | No. of Creditors | Amount |
| Outstanding dues to small scale undertakings | Nil | Nil |
| Outstanding dues to other creditors | 525 | 17,889.13 |
| Total outstanding dues | 525 | 17,889.13 |

For further details, refer to the section titled “*Financial Information*” on page 113 of this Draft Letter of Offer.

6. DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither our Company, nor our Promoter, and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

7. MATERIAL DEVELOPMENT SINCE JUNE 30, 2023.

There have not arisen, since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months. For further details, please refer to the chapter titled “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” on page 187 of this Draft Letter of Offer.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please refer to the chapter titled "*Objects of the Issue*" at page 66 of this Draft Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors in its meeting dated August 21, 2023 read with the resolution passed by the Board at its meeting held on October 13, 2023, have authorized this Issue under Section 62(1)(a) of the Companies Act, 2013.

The Rights Issue Committee of the Board of Directors has, at its meeting held on [●], determined the Issue Price as ₹ [●]/- per Rights Equity Share, and the Rights Entitlement as [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date.

Our Company has received 'in-principle' approvals for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, *vide* letters dated [●] and [●] issued by BSE and NSE, respectively for listing of the Rights Equity Shares to be Allotted pursuant to the Issue.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoter, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

Further, our Promoter and our Directors are not promoter or director of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. Except for Chandra Ramesh, who is a director on the board of directors of Procap Financial Services Private Limited, none of our Directors or Promoter are associated with the securities market in any manner. There is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Draft Letter of Offer.

Neither our Promoter nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Neither our Company, nor our Promoter, and Directors have been categorized or identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters and fraudulent borrowers issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company and our Promoter and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Draft Letter of Offer.

Eligibility for the Issue

Our Company is a listed company, incorporated under Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE and NSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations. Pursuant to Clauses (1) and (2) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is required to make disclosures in accordance with Part B-1 of Schedule VI to the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI

ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE is the Designated Stock Exchange for the Issue.

DISCLAIMER CLAUSE OF SEBI

This Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is up to ₹ 4,990 lakhs. The present Issue being of less than ₹ 5,000 lakhs, our Company is in compliance with first proviso to Regulation 3 of the SEBI ICDR Regulations and our Company shall file the copy of the Letter of Offer prepared in accordance with the SEBI ICDR Regulations with SEBI for information and dissemination on the website of SEBI i.e. www.sebi.gov.in.

Disclaimer from our Company and our Directors

Our Company and our Directors accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.sepc.in or the respective websites of our Promoter Group, the affiliates of our Company would be doing so at his or her own risk.

All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Investors will be required to confirm and will be deemed to have represented to our Company and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

No information which is extraneous to the information disclosed in this Draft Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centers.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

Disclaimer in respect of Jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Tamil Nadu, India only.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with the Stock Exchange.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with the Stock Exchange.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is [●].

Listing

Our Company will apply to BSE and NSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Selling Restrictions

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer and the Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer and the Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer and the Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with the Stock Exchanges and the Letter of Offer will be filed with SEBI for its information and record and the Stock Exchanges.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer and the Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer and the Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of this Draft Letter of Offer and the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER AND THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE DRAFT LETTER OF OFFER AND THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Consents

Consents in writing of: our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, legal advisor, the Registrar to the Issue and the Banker to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

Our Company has received written consent dated October 12, 2023 from the Statutory Auditor to include its name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “*expert*” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated October 12, 2023 on our Restated Consolidated Financial Statements for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021; (ii) limited reviewed report dated August 10, 2023 on the unaudited consolidated financial results for the three months period ended June 30, 2023; and (iii) Statement of Special Tax Benefits dated October 12, 2023 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Expert Opinion

Our Company has received written consent dated October 12, 2023 from the Statutory Auditor to include its name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “*expert*” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated October 12, 2023 on our Restated Consolidated Financial Statements for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021; (ii) limited reviewed report dated August 10, 2023 on the unaudited consolidated financial results for the three months period ended June 30, 2023; and (iii) Statement of Special Tax Benefits dated October 12, 2023 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Except for the abovementioned documents, provided by our Statutory Auditor, our Company has not obtained any expert opinions.

Performance vis-à-vis objects – Public/Rights Issue of our Company

Except as stated below, our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Draft Letter of Offer:

| Date of Allotment | Nature of Allotment | Number of Equity Shares Allotted | Face Value per Equity Shares | Issue price per Equity Share (in ₹) | Date of listing on the stock exchange |
|--------------------------|----------------------------|---|-------------------------------------|--|--|
| May 2, 2023 | Rights Issue | 4,99,00,000 | 10 | 10 | May 8, 2023 |

There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates

None of our Subsidiaries or associate companies are listed as on date of this Draft Letter of Offer.

Stock Market Data of the Equity Shares

Our Equity Shares are listed and traded on BSE and NSE. For details in connection with the stock market data of the Stock Exchanges, please refer to the chapter titled “*Market Price Information*” on page 203 of this Draft Letter of Offer.

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS DRAFT LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS DRAFT LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR

JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS IS SUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for Rights Issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with BSE Limited and National Stock Exchange of India Limited and not with SEBI. However, this Letter of Offer will be submitted with SEBI for information and dissemination purposes and shall be filed with the Stock Exchanges.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Cameo Corporate Services Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue or our Company Secretary for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see “*Terms of the Issue*” beginning at page 222 of this Draft Letter of Offer. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

Registrar to the Issue

Cameo Corporate Services Limited

No. 01, Club House Road, Mount Road,
Chennai- 600 002, Tamil Nadu, India.

Telephone: +91 44 4002 0700/ 2846 0390

Facsimile: N.A.

Email: rights@cameoindia.com

Website: www.cameoindia.com

Online Investor Portal: [https:// wisdom.cameoindia.com](https://wisdom.cameoindia.com)

Contact Person: K. Sreepriya

SEBI Registration No.: INR000003753

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment / share certificates/ demat credit/ Refund Orders etc.

Thiruppathi Sriraman, Company Secretary of our Company. His contact details are set forth hereunder.

4th Floor, Bascon Futura SV,
IT Park Venkatanarayana Road,
Parthasarathy Puram,
T. Nagar Chennai – 600 017,
Tamil Nadu, India
Telephone: 44 4900 5555
E-mail: tsr@sepc.in

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in the Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Draft Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Master Circular, Investors proposing to apply in the Issue can apply only through ASBA or by mechanism as disclosed in this Draft Letter of Offer.

Investors are requested to note that application in the Issue can only be made through ASBA or any other mode which may be notified by SEBI.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

The Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the RBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations and SEBI Master Circular, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Further, this Draft Letter of Offer and the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard.

Investors can access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

- (i) our Company at www.sepc.in;

- (ii) the Registrar at <https://rights.cameoindia.com/sepc2>; and
- (iii) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/sepc2>) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.sepc.in).

Further, our Company will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. Please note that neither our Company nor the Registrar shall be responsible for not sending the physical copies of Issue materials, including this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).

Our Company is undertaking the Issue on a rights basis to the Eligible Equity Shareholders and will send this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid email addresses and an Indian address to our Company.

This Draft Letter of Offer is being provided, primarily through e-mail, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

- In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Master Circular and the ASBA Circulars, all Investors desiring to make an Application in the Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in the Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “- *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page 234 of this Draft Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in the Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see “- *Grounds for Technical Rejection*” on page 229 of this Draft Letter of Offer.

Our Company, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in the Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in the Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 226 of this Draft Letter of Offer.

- *Options available to the Eligible Equity Shareholders*

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. Details of each of the Eligible Equity Shareholders’ Rights Entitlement will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at <https://rights.cameoindia.com/sepc2> and link of the same would also be available on the website of our Company at www.sepc.in. Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

If the Eligible Equity Shareholder applies in the Issue, then such Eligible Equity Shareholder can:

1. apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or

2. apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
3. apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
4. apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or
5. renounce its Rights Entitlements in full.

- *Making of an Application through the ASBA process*

An Investor, wishing to participate in the Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in the Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34. Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in the Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, our directors, employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's:

- (a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- (b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

- (f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.
- (i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts:

- (a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
 - (b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
 - (c) Do not send your physical Application to the Registrar, the Banker to the Issue, a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
 - (d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
 - (e) Do not submit Application Form using third party ASBA account.
 - (f) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
 - (g) Do not submit multiple Applications.
- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to the Issue on plain paper in case of non-receipt of Application Form as detailed above and only such plain paper applications which provide all the details required in terms of Regulation 78 of SEBI ICDR Regulations shall be accepted by SCSBs. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to the Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, the Stock Exchanges.

An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently. The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being SEPC Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total amount paid at the rate of ₹[●] per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in “*Restrictions on Foreign Ownership of Indian Securities*” on page 248, of this Draft Letter of Offer and shall include the following:

“I/ We hereby make representations, warranties and agreements set forth in “Restrictions on Foreign Ownership of Indian Securities” on page 248 of the Draft Letter of Offer.

I/ We acknowledge that the Company, its affiliates and others will rely upon the truth and accuracy of the representations, warranties and agreements set forth therein.”

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at <https://rights.cameoindia.com/sepc2>.

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

- *Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form*

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in the Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in the Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The remaining procedure for Application shall be same as set out in “- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 226 of this Draft Letter of Offer.

In accordance with the SEBI Master Circular, Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

- *Application for Additional Rights Equity Shares*

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “-*Basis of Allotment*” on page 241.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

Additional general instructions for Investors in relation to making of an Application

- (a) Please read this Draft Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under “*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 226.
- (d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing

Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by BSE.

- (e) Applications should not be submitted to the Banker to the Issue, our Company or the Registrar.
- (f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.
- (g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, folio number, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under the Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under the Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.
- (h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (j) Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.
- (k) In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant.
- (l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in the Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (n) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (o) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for the Issue as an incorporated non-resident must do so in accordance with the FDI Policy and FEMA Rules.
- (p) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

- Grounds for Technical Rejection

Applications made in the Issue are liable to be rejected on the following grounds:

- (a) DP ID, folio number and Client ID mentioned in Application does not match with the DP ID, folio number and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, Registrar, Banker to the Issue, to a branch of a SCSB which is not a Designated Branch of the SCSB.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Draft Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and “qualified purchasers” (as defined under the U.S. Investment Company Act of 1940, as amended and referred to in this Draft Letter of Offer as “QPs”) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- (q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).
- (s) Applicants not having the requisite approvals to make application in the Issue.
- (t) **IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**

- (u) Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.
- (v) These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (w) The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.
- (x) In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

- **Multiple Applications**

In case where multiple Applications are made using same demat account in respect of the same Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further, additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “- Procedure for Applications by Mutual Funds” on page 232.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by our Promoter to meet the minimum subscription requirements applicable to the Issue as described in “General Information – Minimum Subscription” on page 62.

- **Procedure for Applications by certain categories of Investors**

Procedure for Applications by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post- Issue Equity Share capital. Further, in terms of FEMA Rules, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of a company on a fully-diluted basis and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company on a fully diluted basis.

Further, pursuant to the FEMA Rules the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid up value of each series of debentures or preference shares or warrants.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the

Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions: (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in the Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in the Issue. Other categories of AIFs are permitted to apply in the Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in the Issue under applicable securities laws. As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically

state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

- *Last date for Application*

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in “- Basis of Allotment” on page 241.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by BSE. Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

- *Withdrawal of Application*

An Investor who has applied in the Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, applying through ASBA facility, may withdraw their Application post 5.00 p.m. (Indian Standard Time) on the Issue Closing Date.

- *Disposal of Application and Application Money*

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto. In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of four days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/sepc2>) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.sepc.in).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Issue for subscribing to the Rights Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. <https://rights.cameoindia.com/sepc2>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only.

Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “SEPC Limited – Rights issue Suspense Escrow Demat Account”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of

the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., by [●], [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in the Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard.

Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- Renounees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to the Renounee(s) as well.

- Renunciation of Rights Entitlements

The Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off market transfer.

- Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the “**On Market Renunciation**”); or (b) through an off market transfer (the “**Off Market Renunciation**”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

In accordance with the SEBI Master Circular, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to Issue Closing Date, such that credit of REs in their demat account takes place at least one day before Issue Closing Date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

- Payment Schedule of Rights Equity Shares

₹[●] per Rights Equity Share (including premium of ₹[●] per Rights Equity Share) shall be payable on Application.

Our Company accepts no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company. In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the the Stock Exchanges under ISIN: [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●], [●] to [●], [●] (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: [●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of the Stock Exchanges under automatic order matching mechanism and on T+1 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only. Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date to enable Renounees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

The Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company in accordance with sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in the Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renounees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

VI. BASIS FOR THE ISSUE AND TERMS OF THE ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see “*The Issue*” beginning on page 55.

- *Fractional Entitlements*

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Rights Equity Shares or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Equity Share and will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if such Eligible Equity Shareholder has applied for Additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in the Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have ‘zero’ entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

- *Ranking*

The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall be subject to the provisions of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under the Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

- *Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue*

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE and NSE through its letters bearing reference number [●] dated [●] and [●] dated [●], respectively. Our Company will apply to the Stock Exchanges for final approval for the listing and trading of the Rights Equity Shares subsequent to its Allotment.

No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof. The existing Equity Shares are listed and traded on BSE (Scrip Code: 532945) and NSE (Symbol: SEPC) under the ISIN: INE964H01014. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges.

Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from BSE, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from BSE, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- Subscription to the Issue by our Promoter and members of the Promoter Group

For details of the intent and extent of subscription by our Promoter, see “*Capital Structure – Intention and extent of participation by our Promoter and Promoter Group in the Issue*” on page 62. As of date of this Draft Letter of Offer, except our Promoter, none of the members of our Promoter Group, hold Equity Shares in our Company.

VII. GENERAL TERMS OF THE ISSUE

- Market Lot

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in the Issue.

- Nomination

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in the Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- Arrangements for Disposal of Odd Lots

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue. However, the Investors should note that pursuant to provisions of the SEBI LODR Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be effected unless the securities are held in the dematerialized form with a depository.

- Notices

In accordance with the SEBI ICDR Regulations and the SEBI Master Circular, and MCA General Circular No. 21/2020 dated May 11, 2020, our Company will send through email and speed post, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one regional Tamil daily newspaper with wide circulation (Chennai being the regional language in the place where our Registered and Corporate Office is located).

This Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the the Stock Exchanges for making the same available on their websites.

- Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to a person resident outside India and having investment in an Indian company to make investment in rights equity shares issued by such company subject to certain conditions. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, subject to the conditions set out therein (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice.

If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at rights@cameoindia.com. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions. Eligible Equity Shareholders can access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Stock Exchanges.

Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as

may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis. In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened.

Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “- ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 242.

VIII. ISSUE SCHEDULE

| | |
|---|-----|
| Issue Opening Date | [•] |
| Last date for receiving requests for Application Form and Rights Entitlement Letter# | [•] |
| Issue Closing Date | [•] |
| Finalising the basis of allotment with the Designated Stock Exchange | [•] |
| Date of Allotment (on or about) | [•] |
| Initiation of refunds | [•] |
| Date of credit (on or about) | [•] |
| Date of listing (on or about) | [•] |

**Our Board may, however, decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).*

***Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms or on before the Issue Closing Date.*

#Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) on or prior to the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., [•], [•] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [•], [•].

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part, as adjusted for fraction entitlement.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required

for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations, if applicable or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at such rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XI.PAYMENT OF REFUND

- Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes:

- (a) Unblocking amounts blocked using ASBA facility.
- (b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition (“MICR”) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- (c) National Electronic Fund Transfer (“NEFT”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“IFSC Code”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- (d) Direct Credit – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- (e) RTGS – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

- Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY

ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates: tripartite agreements amongst our Company, NSDL and CDSL, and the Registrar to the Issue, each dated October 12, 2007.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, through physical dispatch.
7. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.
9. Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (ii) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (iii) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 lacs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 lacs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lacs or with both.

Utilization of Issue Proceeds

Our Board of Directors declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- (d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

Undertakings by our Company

Our Company undertakes the following:

- (i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- (ii) All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- (iii) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- (iv) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (v) Other than any Equity Shares that may be issued pursuant to exercise options under the ESOP 2016 and ESOP 2018, no further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.

- (vi) In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- (vii) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment.
- (viii) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.
- (ix) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- (x) Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

Minimum Subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project and our Promoter and the member of our Promoter Group has undertaken to (i) subscribe to the full extent of their respective Rights Entitlements, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR; and (ii) have also confirmed that they shall not renounce their Rights Entitlements, except to the extent of renunciation within the Promoter Group.

Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue is not applicable.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for Rights Issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, this Draft Letter of Offer has been filed with BSE Limited and National Stock Exchange of India Limited and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination purposes and shall be filed with the Stock Exchanges.

Withdrawal of the Issue

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, our Company reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue any time after the Issue Opening Date, a public notice within two (2) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchanges will also be informed promptly.

The Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchanges.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the Stock Exchanges where the Equity Shares may be proposed to be listed.

Important

Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “*Risk Factors*” on page 24.

All enquiries in connection with this Draft Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “*SEPC Limited– Rights Issue*” on the envelope to the Registrar at the following address:

Cameo Corporate Services Limited

No. 01, Club House Road, Mount Road,

Chennai- 600 002, Tamil Nadu, India.

Telephone: +91 44 4002 0700/ 2846 0390

Facsimile: N.A.

Email: rights@cameoindia.com

Website: www.cameoindia.com

Online Investor Portal: [https:// wisdom.cameoindia.com](https://wisdom.cameoindia.com)

Contact Person: K. Sreepriya

SEBI Registration No.: INR000003753

The Issue will remain open for a minimum period of 7 (seven) days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).

The Investors can visit following links for the below-mentioned purposes:

- (a) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: <https://rights.cameoindia.com/sepc2>;
- (b) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: <https://rights.cameoindia.com/sepc2>; and
- (c) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: <https://rights.cameoindia.com/sepc2>.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2017 (“**FDI Circular 2017**”), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DIPP, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION VIII – STATUTORY AND OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue shall be allotted only in dematerialized form and to (a) the same depository account/ corresponding pan in which the Equity Shares are held by such Investor as on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least two working days prior to the Issue Closing Date by the Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available on the website of the Company at www.sepc.in from the date of this Draft Letter of Offer until the Issue Closing Date.

1. MATERIAL CONTRACTS FOR THE ISSUE

- Registrar Agreement dated September 29, 2023 entered into amongst our Company and the Registrar to the Issue.
- Escrow Agreement dated [●] amongst our Company, the Registrar to the Issue and the Banker to the Issue.

2. MATERIAL DOCUMENTS

- Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
- Annual Reports of the Company for the past three years.
- Certificate of incorporation dated June 12, 2000 and certificate of commencement of business dated June 30, 2000.
- Fresh certificate of incorporation dated February 12, 2021 issued by Ministry of Corporate Affairs, pursuant to change of name of our Company to '*SEPC Limited*'.
- Prospectus dated February 8, 2008 filed with SEBI, Stock Exchange, RoC and other regulatory authorities during the initial public offering of our Company.
- Draft letter of offer dated February 7, 2023 and Letter of offer dated March 23, 2023 issued pursuant to the 2023 Rights Issue.
- Resolution of the Board of Directors at its meeting held on August 21, 2023 read with the resolution passed by the Board at its meeting held on October 13, 2023 in relation to the Issue authorization.
- Resolution of the Rights Issue Committee of the Board of Directors dated October 13, 2023 approving and adopting this Draft Letter of Offer.
- Resolution of the Rights Issue Committee dated [●] approving and adopting the Letter of Offer.
- Resolution of our Rights Issue Committee dated [●], finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
- Consents of our Promoter, Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, Peer Review Auditor, Banker to the Issue, Legal Advisor, the Registrar to the Issue for inclusion of their names in the Draft Letter of Offer.
- The examination reports dated October 12, 2023 on our Company's Restated Financial Statements for the Fiscals 2023, 2022 and 2021.
- The limited reviewed report dated August 10, 2023 on the unaudited consolidated financial results for the three months period ended June 30, 2023.

- Statement of Special Tax Benefits dated October 12, 2023 available to our Company and its shareholders under the applicable laws in India issued by our Statutory Auditor.
- Tripartite Agreement dated October 12, 2007 between our Company, NSDL and the Registrar to the Issue.
- Tripartite Agreement dated October 12, 2007 between our Company, CSDL and the Registrar to the Issue.
- In principle listing approval dated [●] and [●] issued by BSE and NSE, respectively.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the, shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

Abdulla Mohammad Ibrahim Hassan Abdulla
(Chairman and Non-Executive Director)

Sd/-

Nemmara Krishnan Suryanarayanan
(Managing Director and Chief Executive Officer)

Sd/-

Dr. Ravichandran Rajagopalan
(Independent Director)

Sd/-

Dr. Arun Kumar Gopalswamy
(Independent Director)

Sd/

Rajesh Kumar Bansal
(Independent Director)

Sd/

Sundaram Gayathri
(Independent Director)

SIGNED BY OUR CHIEF FINANCIAL OFFICER

Sd/-

Chandrasekharan Sivaprakasam Ramalingam

Place: Chennai, Tamil Nadu

Date: October 13, 2023