

To,

The Board of Directors
SEPC Limited.
4th Floor, Bascon Futura SV IT Park
Venkatanarayana Road,
Parthasarathy Puram, T.Nagar
Chennai-600017

Sumedha Fiscal Services Limited
6A Geetanjali, 6th Floor,
8B Middleton Street,
Kolkata - 700071, India

(Sumedha Fiscal Services Limited referred to as the "Book Running Lead Manager" ('BRLM'))

Auditors' Report on Compliance with Corporate Governance

Sub: Proposed right issue of equity shares of face value of Rs. 10 each, amounting to Rs.20,000 lakhs (the 'Rights Equity Shares') (the 'Offer' or 'Rights Issue') of SEPC Limited (the 'Company') in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations").

1. We have been requested by SEPC Limited ("the Company") having its registered office at the above mentioned address vide Engagement Letter dated February 28, 2024 with the Company to issue a certificate on the Company's compliance with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), the Companies Act, 2013 ("the Act"), as amended and read with the rules, circulars and notifications issued in relation thereto for the purposes of disclosures in the Draft Letter of Offer and Letter of Offer (together referred to as "Offer Document") as well as to assist the BRLM in undertaking their due-diligence and due-enquiry of the affairs of the Company in connection with the Offer, in respect of the corporate governance provisions relating to composition of Board of directors and constitution and terms of reference of the board committees, including the constitution of the Audit committee, Stakeholders' relationship committee, Nomination and Remuneration committee, Risk Management committee (such committees together referred to as the "Committees"); and to certify the details contained in "Annexure A" on Composition of the Board of Directors and Committees and "Annexure B" on terms of reference of the Committees, prepared by the management of the Company which we have initialled for identification purposed only.

Management's Responsibility

2. The compliance of the conditions of Corporate Governance and preparation of Annexure A and B is the responsibility of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes designing, implementing and maintaining internal control relevant to such compliance and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
3. The Management is responsible for ensuring that the Company complies with the requirements of the applicable provisions of the Listing Regulations, the Act read with rules framed thereunder and other relevant circulars and guidelines issued under the Act as applicable to the Company.

Auditors' Responsibility

4. Pursuant to the requirements of the Engagement Letter, our responsibility is to examine the books and records maintained by the Company, obtain reasonable assurance and form an opinion as to, whether as on the date of this report:
 - a. the Company is in compliance with the requirement of the applicable provisions of the Listing Regulations and the Act read with rules framed thereunder and other relevant circulars and guidelines issued under the Act in respect of the corporate governance provisions relating to composition of Board of directors and the Committees (including the terms of reference; and



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- b. Annexure A on composition of Board of Directors and Committees as on date (March 31, 2024) is in agreement with the books and records of the Company.
- c. Annexure B on terms of reference of the Committees as on date (March 31, 2024) is in agreement with the books and records of the Company.
5. We have performed the following procedures in relation to Annexure A and Annexure B : “
 - a. Obtained the list of committees formed by the Company and their composition from the management of the Company.
 - b. Obtained and reviewed directors’ register maintained by the Company;
 - c. Obtained and reviewed certified true copies of most recent resolutions passed by the Board of Directors in relation to constitution/re-constitution of committees and laying down the terms of reference for such committees (annexed as appendices to Annexure B);
 - d. Obtained and reviewed copies of minutes of the meetings referred to in (b) above in para 4 of the board of directors of the Company;
 - e. Obtained and reviewed copies of minutes of the meetings of shareholders of the Company and meetings of all the Committees;
 - f. Obtained signed copies of terms of reference for various committees formed, namely, the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholder’s Relationship Committee and ensured adequate disclosure in the Statement;
 - g. Obtained and reviewed the forms filed with the Registrar of Companies (‘ROC’) with respect to appointment of directors;
 - h. Obtained requisite written representations from the management of the Company; and
 - i. We have also verified the details available on the Ministry of Corporate Affairs Website (www.mca.gov.in/) for list of Board of Directors of the Company as on date.
6. We conducted our examination in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes’ issued by the Institute of Chartered Accountants of India (the “Guidance Note”). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. 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.

Opinion

8. Based on our examination as above, and according to the information, explanations and representation given to us by the management of the Company, we report that:
 - a. the Company is in compliance with the requirement of the applicable provisions of the Listing Regulations, the Act read with rules framed thereunder in respect of the corporate governance provisions relating to composition of Board of directors and the Committees (including terms of reference of the Committees); and
 - b. Annexure A and B on composition of Board of Directors and Committees and terms of references of the Committees respectively, as on date are in agreement with the books and records of the Company.



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Restriction on Use

9. This report is addressed to Board of Directors and BRLM and issued at specific request of the Company for submission to the BRLM to assist them in conducting their due-diligence and documenting their investigations of the affairs of the Company in connection with the proposed Offer. This report may be delivered to Securities and Exchange Board of India ('SEBI') or the stock exchanges by the BRLM only when called upon by SEBI or the stock exchanges in writing in connection with any inspection, enquiry or investigation, as the case may be, to evidence BRLM due diligence obligations pertaining to subject matter of this report or for any defence that the BRLM may wish to advance in any claim or proceeding with SEBI or stock exchanges in connection with due diligence obligations of the BRLM in the Offer pertaining to subject matter of this report. It should not be used by any other person or for any other purpose. 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 report is shown or into whose hands it may come without our prior consent in writing.

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

Geetha K

Geetha Jeyakumar
Partner

Membership No. 029409

UDIN: 24029409 BKDEIA4880



Place: Chennai

Date: April 15, 2024

Enclosed: Annexures A and B

Annexure A

1. Composition of Board of Directors

Sr. no.	Name of Director	Designation
1	Mr. Abdulla Mohammad Ibrahim Hassan Abdulla	Chairman
2	Mr. N K Suryanarayanan	Managing Director & CEO
3	Dr. R Ravichandran	Independent Director
4	Dr. Arun Kumar Gopaldaswamy	Independent Director
5	Mr. Rajesh Kumar Bansal	Independent Director
6	Ms. S Gayathri	Independent Director

We further confirm that the composition of the Board and the Committees are in accordance with the Act and the Listing Regulations.

2. Composition of Audit Committee

The Company has reconstituted the Audit Committee (the "Audit Committee") pursuant to resolution of the Board of Directors dated September 24, 2022. The Audit Committee is in compliance with Section 177 of the Act and Regulation 18 of the Listing Regulations. The Audit Committee consists of the following directors:

Sr. no.	Name of Director	Designation
1	Dr. R Ravichandran	Chairperson - Independent Director
2	Dr. Arun Kumar Gopaldaswamy	Member - Independent Director
3	Mr. N K Suryanarayanan	Member- Managing Director & CEO



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E-mail : info@sepc.in Website : www.sepc.in

CIN: L74210TN2000PLC045167



3. Composition of Nomination and Remuneration Committee of the Board

The Company has reconstituted the Nomination and Remuneration Committee of the Board (the "Nomination and Remuneration Committee") pursuant to resolution of the Board dated September 24, 2022. The Nomination and Remuneration Committee consists of the following directors:

Sr. no.	Name of Director	Designation
1	Dr. R Ravichandran	Chairperson - Independent Director
2	Dr. Arun Kumar Gopaldaswamy	Member - Independent Director
3	Mr. Abdulla Mohammad Ibrahim Hassan Abdulla	Member - Chairman

4. Composition of Stakeholders Relationship Committee

The Company has constituted the Stakeholders Relationship Committee of the Board (the "SRC Committee") pursuant to resolution of the Board dated September 24, 2022. The SRC Committee consists of the following directors:

Sr. no.	Name of Director	Designation
1	Dr. Arun Kumar Gopaldaswamy	Member - Chairperson
2	Dr. R Ravichandran	Member - Independent Director
3	Mr. N K Suryanarayanan	Member- Managing Director & CEO



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5. Composition of Risk Management Committee

The Company has constituted the Risk Management Committee of the Board pursuant to resolution of the Board dated September 24, 2022. The Risk Management Committee consists of the following directors:

Sr. no.	Name of Director	Designation
1	Dr. Arun Kumar Gopaldaswamy	Member - Chairperson
2	Dr. R Ravichandran	Member - Independent Director
3	Mr. N K Suryanarayanan	Member- Managing Director & CEO

For SEPC Limited



N K Suryanarayanan
Managing Director & CEO
Date: April 15, 2024
Place: Chennai




T. Sriraman
Company Secretary
Date: April 15, 2024



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Engineering the Future

Annexure B

A. Terms of reference of Audit Committee:

Powers of Audit Committee

The Audit Committee shall have powers, including the following:

- (a) To investigate any activity within its terms of reference;
- (b) To seek information from any employee of the Company;
- (c) To obtain outside legal or other professional advice;
- (d) To secure attendance of outsiders with relevant expertise, if it considers necessary; and
- (e) Such powers as may be prescribed under the Companies Act, 2013 (together with the rules thereunder) and SEBI Listing Regulations

Role of Audit Committee

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the director's responsibility statement to be included in the Board's report, in terms of the Companies Act, 2013, as amended;
 - 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 relating 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, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the issue document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;



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7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as may be required / mandated by the Board from time to time and/ or mandated as per the provisions of the SEBI Listing Obligations, the Companies Act, 2013, the listing agreements to be entered into between the Company and the respective stock exchanges on which the equity shares of the Company are proposed to be listed and/or any other applicable laws;
21. Reviewing the utilization of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
22. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.



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B. Terms of reference of Nomination and Remuneration Committee:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
3. Formulating criteria for evaluation of performance of independent directors and the Board of Directors;
4. Devising a policy on diversity of Board;
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
6. Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
7. Recommending to the Board, all remuneration, in whatever form, payable to senior management.
8. Carrying out any other function as may be required/ mandated by the Board from time to time and/ or mandated as per the provisions of the SEBI Listing Obligations, the Companies Act, 2013, the listing agreements to be entered into between the Company and the respective stock exchanges on which the equity shares of the Company are proposed to be listed and/or any other applicable laws; and
9. Performing such other functions as may be necessary or appropriate for the performance of its duties.

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C. Terms of reference of Stakeholders Relationship Committee:

1. To consider and resolve the grievances of the security holders of the Company 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. and assisting with quarterly reporting of such complaints;
2. To review measures taken for effective exercise of voting rights by shareholders;
3. To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
5. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or the SEBI Listing Obligations or by any other regulatory authority.

D. Terms of Reference of Risk Management Committee

1. To formulate a detailed risk management policy which shall include:
 - (i) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, environmental social and governance related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee.
 - (ii) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (iii) 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;



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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.

For SEPC Limited



N K Suryanarayanan
Managing Director & CEO
Date: April 15, 2024
Place: Chennai



T. Sriraman
Company Secretary
Date: April 15, 2024

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