



talati & talati llp
Chartered Accountants

To,
The Board of Directors,
Pitti Engineering Limited
IVth Floor, Padmaja Land Mark, 6-3-648/401,
Somajiguda, Hyderabad,
Telangana, 500082

Independent Auditor's Certificate on compliance of the proposed accounting treatment in the Draft Scheme of Amalgamation with SEBI Guidelines, Companies Act, and the applicable accounting standards

1. This certificate is issued in accordance with the terms of our engagement letter dated June 1, 2023.
2. We, Talati & Talati LLP, Chartered Accountants (Firm's Registration No.110758W / W100377), the statutory auditors of Pitti Engineering Limited (hereinafter referred to as "the Company" or the "Transferee Company"), have examined the proposed accounting treatment specified in Clause 14 of part II of the Draft Scheme of Amalgamation among Pitti Castings Private Limited ("PCPL" or the "Amalgamating Company 1" or the "Transferor Company 1"), Pitti Rail and Engineering Components Limited ("PRECL" or the "Amalgamating Company 2" or the "Transferor Company 2") and Pitti Engineering Limited ("PEL" or "Amalgamated Company" or "Transferee Company") (the "Draft Scheme") as approved by the Board of Directors of the Company in their meeting held on June 15, 2023, in terms of the provisions of sections 230 to 232 of the Companies Act, 2013 (the "Act") with reference to its compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder (hereinafter referred to as "SEBI Guidelines") and the Master Circular no. SEBI/HO/CFD/DILL/CIR/P/2021/0000000665 dated November 23, 2021 issued by SEBI (the "Master Circular"), and the applicable Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (the 'applicable accounting standards'), read with the rules made there under and other Generally Accepted Accounting Principles. We have initialed Clause 14 of part II of the Draft Scheme reproduced in Annexure A to this Certificate for identification purpose only.

Management's responsibility

3. The responsibility for the preparation of the draft Scheme and its compliance with the relevant Act and SEBI Guidelines and the Master Circular, including the applicable Accounting Standards and other generally accepted accounting principles as aforesaid, is that of the Board of Directors of the Company.

Talati & Talati LLP, a Limited Liability Partnership bearing LLP identification NO. AAO-8149

AMBICA CHAMBERS, NEAR OLD HIGH COURT, NAVRANGPURA, AHMEDABAD 380 009.
TEL. : 2754 4571 / 72 / 74, www.talatiandtlati.com

Also at : VADODARA (0265) 235 5053 / 73 • SURAT (0261) 236 1236 • ANAND (02692) 656 405
MUMBAI (022) 2683 3041 / 42 • DELHI (011) 3255 3900 • KOCHI (0484) 640 0102



Auditor's responsibility

4. Pursuant to the requirements of proviso to sub-section (7) of section 230 of the Act read with the Master Circular, our responsibility is only to examine the Draft Scheme and certify whether the accounting treatment referred to in Clause 14 of part II of the Draft Scheme is in compliance with the SEBI Guidelines, to the extent applicable and the Master Circular and the applicable accounting standards specified under Section 133 of the Act and other generally accepted accounting principles.
5. 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. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. 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. Further our examination did not extend to any other parts and aspects of a legal or proprietary nature in the aforesaid Scheme.

Conclusion

7. Based on our examination and according to the information and explanations given to us, pursuant to the requirements of proviso to sub-section (7) of section 230 of the Act read with the Master Circular, we confirm that the accounting treatment contained in Clause 14 of part II of the Draft Scheme, is in compliance with the SEBI Guidelines, to the extent applicable and the Master Circular and the applicable Indian Accounting Standards specified under Section 133 of the Act, and other generally accepted Accounting principles.

Restriction on use

8. Our work was performed solely to assist you in meeting the requirements of the Act and the Master Circular to enable the Company to file the Draft Scheme with the Stock Exchanges and the National Company Law Tribunal (NCLT), Securities and Exchange Board of India and other regulatory bodies as applicable. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have as auditors of the Company or otherwise. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.



9. This certificate is issued at the request of the Board of Directors of the Company to whom it is addressed, for onward submission to the Stock Exchanges, NCLT, Securities and Exchange Board of India and other regulatory bodies as applicable and should not be used 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 save where expressly agreed by our prior consent in writing.



For Talati & Talati LLP
Chartered Accountants
(Firm Reg No: 110758W/W100377)

A handwritten signature in blue ink that reads "Amit Shah" with a horizontal line underneath.

Amit Shah
Partner

Membership Number: 122131
UDIN: 23122131BGYHKR9297

Place of Signature: Hyderabad
Date: June 15, 2023

Annexure A

Accounting Treatment in the books of Amalgamated Company pursuant to Amalgamation of PCPL/Amalgamating Company 1 with PEL/Amalgamated Company

- 14.1. Upon the Scheme coming into effect, the Amalgamated Company shall account for the amalgamation in its books of accounts, in accordance with the Pooling of Interest Method of accounting laid down in Ind AS-103 "Business Combinations" notified under Section 133 of the Companies Act, 2013, as part of the Companies (Indian Accounting Standards) Rules, 2015:
- 14.2. The Amalgamated Company shall record the assets (including the intangible assets, meeting the recognition criteria of Ind AS 103) and liabilities of the Amalgamating Company 1, transferred to and vested in it pursuant to this Scheme, at their respective carrying amounts.
- 14.3. All reserves of the Amalgamating Company 1 are deemed to be carried forward and shall be recorded in the books of the Amalgamated Company in the same form as they appeared in the books of the Amalgamating Company 1 as on the Appointed Date.
- 14.4. The Amalgamated Company shall credit its share capital account in its books of accounts with the aggregate face value of the equity shares issued to shareholders of the Amalgamating Company 1 as per clause 13.1.
- 14.5. Pursuant to the Scheme, the inter-company transactions and balances including loans, advances, Preference Shares, receivable or payable etc. inter se between the Amalgamating Company 1 and the Amalgamated Company, if any, shall stand cancelled;
- 14.6. The difference, if any, between (i) carrying amount of the assets, liabilities and reserves as recorded under 14.2 and 14.3 above after settlement of inter-company transactions and balances as per clause 14.5 above and (ii) the share capital recorded as per clause 14.4 above, shall be debited or credited to capital reserve, in the books of the Amalgamated Company;

CIN: L29253TG1983PLC004141

Registered Office

6-3-648/401, 4th Floor
Padmaja Landmark, Somajiguda
Hyderabad - 500 082
Telangana, India
T: +91 40 2331 2774 / 2331 2770
F: +91 40 2339 3985
info@pitti.in



- 14.7. In case of any differences in the accounting policy between the Amalgamating Company 1 and the Amalgamated Company, the impact of the same till the Appointed Date will be quantified and adjusted in the reserves of the Amalgamated Company to ensure that the financial statements of the Amalgamated Company reflect the financial position on the basis of consistent accounting policy.

Accounting Treatment in the books of Amalgamated Company pursuant to Amalgamation of PRECL/Amalgamating Company 2 with PEL/Amalgamated Company

- 14.8. Notwithstanding anything else contained in the Scheme, the Amalgamated Company shall account for the amalgamation of the Amalgamating Company 2 in its books of accounts in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time.
- 14.9. The Amalgamated Company shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in Ind AS 38 Intangible Assets) and liabilities assumed of the Amalgamating Company 2 at fair value, subject to any adjustment that may be required in terms of paragraph 14.11 below;
- 14.10. The value of all investments, net of impairment loss (if any) in accordance with Ind AS, held by the Amalgamated Company in the Amalgamating Company 2 shall stand cancelled pursuant to amalgamation.
- 14.11. Difference, if any, arising after taking effect of clause 14.9 and clause 14.10 subject to impairment assessment shall be apportioned over the assets acquired (other than asset initially measured at an amount other than cost) in proportion of their respective fair values;



CIN: L29253TG1983PLC004141

Registered Office

6-3-648/401, 4th Floor
Padmaja Landmark, Somajiguda
Hyderabad - 500 082
Telangana, India
T: +91 40 2331 2774 / 2331 2770
F: +91 40 2339 3985
info@pitti.in

- 14.12. Pursuant to the amalgamation of the Amalgamating Company 2 with the Amalgamated Company, the inter-company balances between the Amalgamated Company and Amalgamating Company 2, if any, appearing in the books of Amalgamated Company and Amalgamating Company 2, shall stand cancelled and there shall be no further obligation in that behalf;
- 14.13. For accounting purpose, the Scheme will be given effect on the date when all substantial conditions for the transfer of assets and liabilities of the Amalgamating Company 2 are completed;
- 14.14. Any matter not dealt with in Clause hereinabove shall be dealt with in accordance with the Indian Accounting Standards applicable to the Amalgamated Company

For Pitti Engineering Limited



Chief Financial Officer

M.No : 216936

Date: 15/06/2023

Place: Hyderabad



Registered Office

6-3-648/401, 4th Floor
Padmaja Landmark, Somajiguda
Hyderabad - 500 082
Telangana, India
T: +91 40 2331 2774 / 2331 2770
F: +91 40 2339 3985
info@pitti.in