

**National Stock Exchange Of India Limited**

Ref: NSE/LIST/2023/36263\_I

October 26, 2023

The Company Secretary  
Pitti Engineering Limited  
6-3-648/401, 4<sup>th</sup> Floor,  
Padmaja Landmark,  
Somajiguda,  
Hyderabad-500 082

**Kind Attn.: Ms. Mary Monica Braganza**

Dear Madam,

**Sub: Observation Letter for draft scheme of amalgamation among Pitti Castings Private Limited (“Amalgamating Company 1”) and Pitti Rail and Engineering Components Limited (“Amalgamating Company 2”) and Pitti Engineering Limited (“Amalgamated Company”) and their respective shareholders and creditors.**

We are in receipt for draft scheme of amalgamation among Pitti Castings Private Limited (“Amalgamating Company 1”) and Pitti Rail and Engineering Components Limited (“Amalgamating Company 2”) and Pitti Engineering Limited (“Amalgamated Company”) and their respective shareholders and creditors under section 230 to 232 of the Companies Act, 2013 read with rules made thereunder vide application dated June 26, 2023.

Based on our letter reference no. NSE/LIST/36263 dated August 17, 2023, submitted to SEBI pursuant to SEBI Master circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with Master circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/665 dated November 23, 2021 and Regulation 94(2) of SEBI (LODR) Regulations, 2015, SEBI vide its letter dated October 25, 2023, has inter alia given the following comment(s) on the draft scheme of amalgamation:

- a. *Company shall ensure to disclose all details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters, and directors, before Hon'ble NCLT and shareholders, while seeking approval of the Scheme.*
- b. *Company shall ensure that additional information, if any, submitted by the Company after filing the Scheme with the stock exchange, from the date of receipt of this letter, is displayed on the websites of the listed Company and the stock Exchanges.*
- c. *The entities involved in the scheme shall duly comply with various provisions of the Circular.*
- d. *Company shall ensure that information pertaining to all the unlisted companies involved in the scheme, shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval.*
- e. *Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old.*

- f. Companies shall disclose the following as a part of explanatory statement or notice or proposal accompanying resolution to be passed to be forwarded by the company to the shareholders while seeking approval u/s 230 to 232 of the Companies Act 2013, so that public shareholders can make an informed decision in the matter:
- The details of the Assets & Liabilities and revenue being transferred to the merged entity.
  - The details of legal proceedings and contingent liabilities merged in Pitti Engineering Limited.
  - The details of regulatory actions initiated against the three companies in last 8 financial years.
  - The reconciliation of share capital of all the companies, prior and post the scheme.
  - The details of the open offer made by M/s Pitti Electrical Equipment Ltd. and Smt. Madhuri S Pitti in the matter of Pitti Engineering Limited and subsequent developments in the same.
  - Any type of arrangement between the demerged company/resulting company/ merged/ amalgamated company/creditors/shareholders/promoters/directors etc., which may have any implication on the scheme of arrangement.
  - Brief history of the demerged undertaking / transferor Company.
  - Build-up and nature of reserves of the companies involved in the scheme.
  - List of comparable companies considered for CCM method.
  - How the scheme will be beneficial to the public shareholders of the listed entity.
  - Details of business activities undertaken by unlisted companies along with discussion on their financials.
  - Tax/other liability/ benefit arising to the entities involved in the scheme, if any.
  - Calculation pertaining to shares issued to each promoter of PCPL pursuant to the scheme and final shareholding of PEL.
- g. Company shall ensure that the details of the proposed Scheme under consideration as provided by the Company to the Stock Exchange shall be prominently disclosed in the notice sent to the Shareholders.
- h. Company shall ensure that the proposed equity shares to be issued in terms of the “scheme” shall mandatorily be in demat form only.
- i. Company shall ensure that the “Scheme” shall be acted upon subject to the applicant complying with the relevant clauses mentioned in the scheme document.
- j. Company shall ensure that no changes to the draft scheme except those mandated by the regulators/authorities/ tribunals shall be made without specific written consent of SEBI.
- k. Company shall ensure that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before NCLT and the Company is obliged to bring the observations to the notice of NCLT.
- l. Company shall ensure that all the applicable provisions of the Companies Act,2013, rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed scheme.
- m. It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ Stock Exchange. Hence, the Company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/ observations/ representations.

**It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/representations.**

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the Circular.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No objection” in terms of Regulation 94(2) of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

Please note that the submission of documents/information, in accordance with the Circular to SEBI and National Stock Exchange of India (NSE), should not in any way be deemed or construed that the same has been cleared or approved by SEBI and NSE. SEBI and NSE does not take any responsibility either for the financial soundness of any scheme or for the correctness of the statements made or opinions expressed in the documents submitted.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines/ Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from October 26, 2023, within which the Scheme shall be submitted to NCLT.

Kindly note, this Exchange letter should not be construed as approval under any other Act /Regulation/rule/bye laws (except as referred above) for which the Company may be required to obtain approval from other department(s) of the Exchange. The Company is requested to separately take up matter with the concerned departments for approval, if any.

**The Company shall ensure filing of compliance status report stating the compliance with each point of Observation Letter on draft scheme of arrangement on the following path: NEAPS > Issue > Scheme of arrangement > Reg 37(1) of SEBI LODR, 2015> Seeking Observation letter to Compliance Status.**

Yours faithfully,  
For National Stock Exchange of India Limited

Dipti Chinchkhede  
Senior Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL: <https://www.nseindia.com/companies-listing/raising-capital-further-issues-main-sme-checklist>