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Date: August 28, 2024

To  
The Board of Directors  
**Kirloskar Electric Company Limited**  
19, 2nd Main Road, Peenya 1st stage,  
Phase – I, Peenya,  
Bangalore – 560058

Statutory Auditor’s Report on the proposed accounting treatment contained in the Draft Scheme of Merger (By Absorption) between Kelbuzz Trading Private Limited, Luxquisite Parkland Private Limited, SLPKG Estate Holdings Private Limited, SKG Terra Promenade Private Limited and Kirloskar Electric Company Limited and their respective shareholders and creditors.

Dear Sir,

We, the Statutory Auditors of M/s Kirloskar Electric Company Limited (hereinafter referred to as the “Company” / the “Transferee Company”), have examined the proposed accounting treatment specified in Clause 8 (8.1 to 8.8) of the Draft Scheme of Merger (By Absorption) between Kelbuzz Trading Private Limited (herein after referred to as “Transferor Company -1”) and Luxquisite Parkland Private Limited (herein after referred to as “Transferor Company -2”) and SLPKG Estate Holdings Private Limited (herein after referred to as “Transferor Company -3” ) and SKG Terra Promenade Private Limited (herein after referred to as “Transferor Company -4”) with Kirloskar Electric Company Limited hereinafter referred to as “Transferee Company”) along with arrangement with their respective shareholders and creditors in terms of provision of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the rules made thereunder and other generally accepted accounting principles.



### **Management's Responsibility**

The responsibility for the preparation of the Draft Scheme and other records supporting its contents and its compliance with the relevant laws and regulations, including the applicable Accounting Standards read with rules made thereunder and other generally accepted accounting principles as aforesaid, are solely is that of the Board of Directors and Management of the Companies involved. The Company's Board of Directors and management is responsible for the designing, implementing and maintaining internal control relevant to the preparation and presentation of the Scheme, and applying an appropriate basis of preparation; and making estimates that are responsible in the circumstances.

### **Practitioner's Responsibility**

It is our responsibility is to examine and report whether the accounting treatment in respect of the Transferee Company as referred to in Clause 8 (8.1 to 8.8) of the Scheme complies with the applicable Accounting Standards read with the Rules made thereunder and Other Generally Acceptable Accounting Principles. 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 as the statutory auditors of any financial statements of the Company.

We have conducted our examination of the accounting treatment with respect to the Transferee Company in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, 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 Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control of 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.

### **Opinion**

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment with respect to the Transferee Company as contained in Clause 8 (8.1 to 8.8) of the Scheme is in compliance with all the applicable Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.

**Proposed accounting treatment specified in Clause 8 is as under:**

- 8.1 Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Transferee Company shall give effect to the accounting treatment in the books of accounts in accordance with the accounting standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, or any other relevant or related requirement under the Act, as applicable on the Appointed Date.
- 8.2 The Transferee Company shall account for the amalgamation in its books in accordance with applicable Accounting Standards and generally accepted accounting principles adopted in India to reflect the substance of the transaction.
- 8.3 The Transferee Company, shall upon the Scheme coming into effect, record all the assets, liabilities, retained earnings and Scheme liabilities, if any, of the Transferor Company vested in it pursuant to this Scheme, in the same form as appearing in the consolidated financial statements of the Transferee Company.
- 8.4 As on the appointed date, and subject to any corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company be required, the reserve of the Transferor Companies will be merged with those of the Transferee Company in the same form as they appear in the financial statements of the Transferor Companies.
- 8.5 Further, in case of any difference in accounting policy between the Transferor Companies and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the Profit and Loss account and/or Revenue Reserve(s) as mentioned earlier, at the discretion of the Transferee Company to ensure that the financial statement of the Transferee Company reflects the financial position on the basis of consistency in the accounting policy.
- 8.6 An amount equal to the balance lying to the debit of Profit and Loss as on the appointed date in the books of Transferor Companies shall be adjusted by the Transferee Company; at the discretion of the Transferee Company, against the provisions made towards receivables by Transferee Company from the Transferor Companies and/or credit of the Profit and Loss Account and/or Reserve & Surplus Account in the books of Transferee Company.
- 8.7 In case of any differences between the amount recorded as liability, if any, held by Transferee Company in the books of the Transferor Companies and corresponding amount of assets/receivables including investment in, if any of the Transferor Companies in the books of the Transferee Company, the same difference shall be transferred to or adjusted in Reserves in the books of the Transferee Company.
- 8.8 Pursuant to the amalgamation of the Transferor Company with the Transferee Company, the inter-company balances between the Transferee Company and the Transferor Company, if any, appearing in the books of the Transferee Company shall stand cancelled.

### **Restriction of Use**

This Certificate is issued at the request of “the Company” pursuant to the requirements of the Act for onward submission to Regional Director of Registrar of Companies, Official Liquidator and National Company Law Tribunal (NCLT) or any other authority as required under the Act in connection with the Scheme. Our report should not be used for any other purpose or by any person other than the addressees of this report. Accordingly, we do not accept or assume any liability or 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 save where expressly agreed by our prior consent in writing.

For K N Prabhashankar & Co.

Chartered Accountants

Firm Reg No. 004982S

**UMESH** Digitally signed  
by UMESH

**ANANTH** ANANTH

**PATWARD** PATWARDHAN  
Date: 2024.08.28

**HAN** 15:51:06 +05'30'  
A.Umesh Patwardhan

Partner

Membership No. 222945

Place: Bengaluru

UDIN: 24222945BKFANP9207