

L B Jha & Co

CHARTERED ACCOUNTANTS

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Ref: SA/T/14P

To,
The Board of Directors,
Texmaco Rail & Engineering Limited
Belgharia,
Kolkata - 700 056

We, the statutory auditors of Texmaco Rail & Engineering Limited, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in Clause 5.6 of the Draft Scheme of Amalgamation (extract attached herewith) between Texmaco Rail & Engineering Limited, Texmaco Hi-tech Private Limited and Bright Power Projects (India) Private Limited in terms of the provisions of section(s) 230 to 232 of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and Other Generally Accepted Accounting Principles.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted 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 of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 1956/ Companies Act, 2013.

This Certificate is issued at the request of the Texmaco Rail & Engineering Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the BSE Limited, National Stock Exchange Limited and The Calcutta Stock Exchange Limited. This Certificate should not be used for any other purpose without our prior written consent.

Certified to be true copy

For Texmaco Rail & Engineering Limited



Ravi Varma
Company Secretary

For L.B. Jha & Co
Chartered Accountants

(Registration number: 301088E)

(D. N. Roy)
Partner

(Membership number 300389)

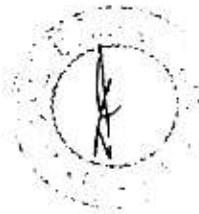
Place : Kolkata

Date : 25th September, 2017

5.6 Accounting Treatment

5.6.1 Upon this Scheme becoming effective, the Amalgamated Company shall account for the amalgamation of the Amalgamating Companies in its books of accounts as given below and the provisions of this Clause 5.6 and Clause 5.7 shall operate notwithstanding anything to the contrary contained in any other instrument, deed or writing:

- (i) for the purpose of accounting for and dealing with the value of the assets, liabilities, reserves, etc., as dealt with hereinbelow in the books of account of the Amalgamated Company, statements of accounts and financial statements of the Amalgamating Companies as on the close of business of the date immediately preceding the Appointed Date shall be drawn-up on the basis of the books of accounts of the Amalgamating Companies, as audited by the auditors. Such statements of accounts shall be drawn up considering the book value of the assets and liabilities of the Amalgamating Companies;
- (ii) the Amalgamated Company shall record the assets and current liabilities of the Amalgamating Companies transferred pursuant to the Scheme at its book value in the books of accounts of the Amalgamated Company as on the Appointed Date;
- (iii) investment in the share capital of the Amalgamating Companies in the books of accounts of the Amalgamated Company shall stand cancelled;
- (iv) to the extent that there are inter-company loans, deposits, obligations, balances or other outstanding between any of the Amalgamating Companies and the Amalgamated Company, appearing in the books of account of the Amalgamated Company and the Amalgamating Companies as on the Appointed Date, the obligations in respect thereof shall stand cancelled and there shall be no liability in that behalf and corresponding effect shall be given in the books of accounts and records of the Amalgamated Company for the reductions of such assets or liabilities, as the case may be, and there would be no accrual of interest or other charges in respect of any such inter-corporate loans, deposits, advances and other balances or obligations as between the Amalgamating Companies and the Amalgamated Company with effect from the Appointed Date;
- (v) the Amalgamated Company shall credit the aggregate par value of the equity shares issued to the shareholders of the Amalgamating Company pursuant to this Scheme to the 'equity share capital account' in its books of accounts;
- (vi) surplus or deficit, if any, arising as a result of such amalgamations, i.e., excess or shortfall of the value of net assets of each of the Amalgamating Companies transferred to the Amalgamated Company over the paid-up value of shares to be issued and allotted to the shareholders of the respective Amalgamating Company by the Amalgamated Company, shall be recorded as and credited to the Capital Reserve or Goodwill, as the case may be, in the financial statements of the Amalgamated Company as per Appendix C of Indian Accounting Standards (IND AS) 103 – Business Combinations; and



- (vii) The Amalgamated Company shall account for the amalgamation of the Amalgamating Companies on the basis of 'pooling of interests' method as stated in the Appendix C of Indian Accounting Standard (IND AS) 103 – Business Combinations.
- 5.6.2 Upon this Scheme becoming effective, the accounts of the Amalgamated Company as on the Appointed Date shall be reconstructed in accordance with the terms of this Scheme. The Amalgamated Company shall be entitled to revise its income tax returns, TDS returns, and other statutory returns as may be required under respective statutes pertaining to indirect taxes, such as sales-tax, value added tax, excise duties, service tax, goods and services tax, etc., and shall also have the right to claim refunds, advance tax credits, credit of tax under Section 115JB of the Income-tax Act, 1961, credit of tax deducted at source, credit of foreign taxes paid/ withheld, etc., if any, as may be required consequent to implementation of this Scheme.
- 5.6.3 All reserves of the Amalgamating Companies shall be recorded in the financial statements of Amalgamated Company in the same form in which they appeared in the financial statements of the Amalgamating Companies, as on the date immediately preceding the Appointed Date. Accordingly, if prior to this Scheme becoming effective there is any reserve in the financial statements of either of the Amalgamating Companies available for distribution to shareholders, whether as bonus shares or dividend or otherwise, the same would continue to remain available for such distribution by the Amalgamated Company, subsequent to this Scheme becoming effective.
- 5.6.4 The Amalgamated Company shall record in its books of account, all transactions of the Amalgamating Companies in respect of assets, liabilities, income and expenses, from the Appointed Date till the Effective Date.
- 5.6.5 In case of any differences in accounting policies followed by either of the Amalgamating Companies from that of the Amalgamated Company, a uniform set of accounting policies shall be adopted following the amalgamation. The effect on the financial statements of any changes in the accounting policies are to be reported in accordance with the Indian Accounting Standard (IND-AS) 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- 5.6.6 Notwithstanding the above, the Board of Directors of the Amalgamated Company, in consultation with its statutory auditors, is authorised to account any of the balances in any other manner, if such accounting treatment is considered more appropriate and is permissible under applicable laws.
- 5.7 **Miscellaneous Provisions**
- 5.7.1 It is hereby clarified that pursuant to amalgamation of the Amalgamating Companies into and with the Amalgamated Company, the control over the Amalgamated Company shall not change.

Certified to be true copy

For Texmaco Rail & Engineering Limited




Ravi Varma
Company Secretary