

Pramodkumar Dad & Associates

Chartered Accountants

402, Shivalik – 10, Opp. SBI Zonal Office,
Nr. The Grand Mall, Ambawadi, Ahmedabad-15

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CERTIFICATE ON RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS OF THE AUDITORS

August 13, 2025

To,

The Board of Directors,
Vikran Engineering Limited
401, Odyssey IT Park, Road No. 9,
Industrial Wagle Estate, Thane,
Maharashtra, India, 400604
(The “Company”)

Pantomath Capital Advisors Private Limited
Pantomath Nucleus House,
Saki Vihar Road, Andheri East,
Mumbai - 400072 Maharashtra, India

Systematix Corporate Services Limited
The Capital, A-wing, No. 603–606
6th Floor, Plot No. C-70
G Block, Bandra Kurla Complex
Bandra (East), Mumbai – 400 051, India

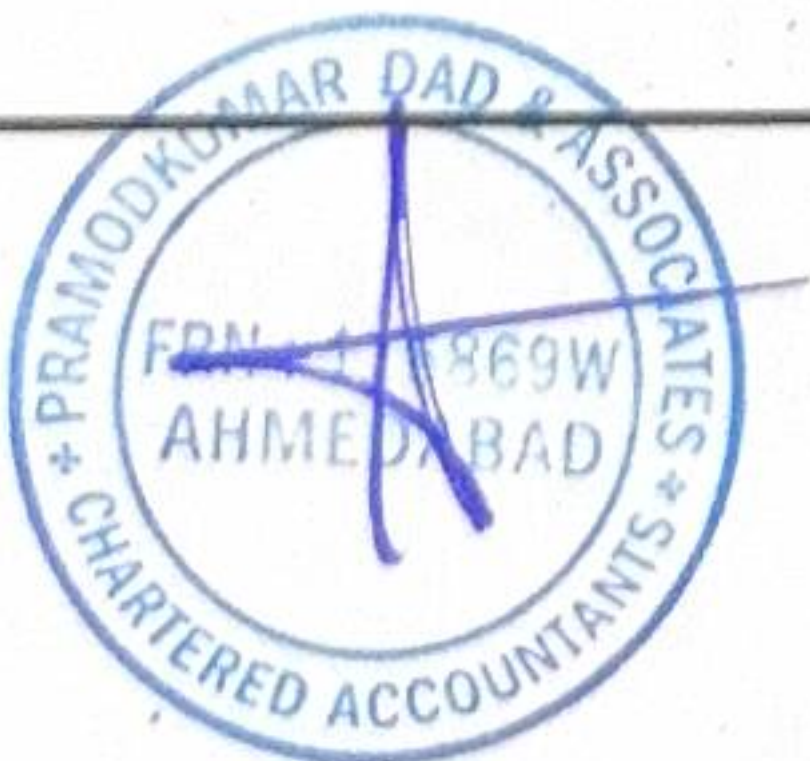
(Pantomath Capital Advisors Private Limited alongwith Systematix Corporate Services Limited are collectively referred to as the “Book Running Lead Managers”, the “BRLMs”)

Re: Proposed initial public offering of Vikran Engineering Limited (the “Company” or “Offeror”)

This certificate is issued in accordance with the terms of our engagement letter and consent letter.

We, M/s Pramodkumar Dad & Associates, Chartered Accountants, the Peer Reviewed Independent Practicing Chartered Accountant, have been informed that the Company proposes to file the Red Herring Prospectus with the Registrar of Companies, Maharashtra at Mumbai (“**Registrar of Companies**” and such Red Herring Prospectus, the “**RHP**”) and with the Securities and Exchange Board of India (“**SEBI**”), BSE Limited and National Stock Exchange of India Limited (collectively, the “**Stock Exchanges**”) in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”) and; (i) Prospectus with SEBI, the Stock Exchanges and the Registrar of Companies (the “**Prospectus**”); and (ii) any other documents or materials to be issued in relation to the Offer (collectively with the RHP and Prospectus, the “**Offer Documents**”).

We have received a request from the Company to certify management response on emphasis of matter w.r.t. customer owned inventory lying made by statutory auditor in audited financial statements as per Indian GAAP for the financial years March 31, 2023, and March 31, 2022.



Management's Responsibility:

The preparation of the information relied on for the purpose of this certificate / the preparation of this statement is primarily the responsibility of the Management of the Company. This responsibility also includes maintenance of all accounting & other records supporting its contents; designing, implementing & maintaining adequate internal control relevant to the size & nature of company that were operating effectively for ensuring the accuracy, authenticity & completeness of the accounting records; making estimates that are reasonable in the circumstances and providing data for verification which is free from any kind of misstatements & errors for reliance by practitioner.

The Management is also primarily responsible for ensuring, with respect to matters disclosed in the certificate, correct identification of details / information required, true & correct determination of facts and figures and accuracy & authenticity in the content and intent so that the certificate serves the desired purpose to the users.

The management is also responsible for ensuring that the Company complies with the requirements of the Companies Act, 2013 (the "**Companies Act**"); the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time (the "**ICDR Regulations**") and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by ICAI, amended from time to time (the "**Guidance Note**") and other relevant regulations in connection with the proposed Issue.

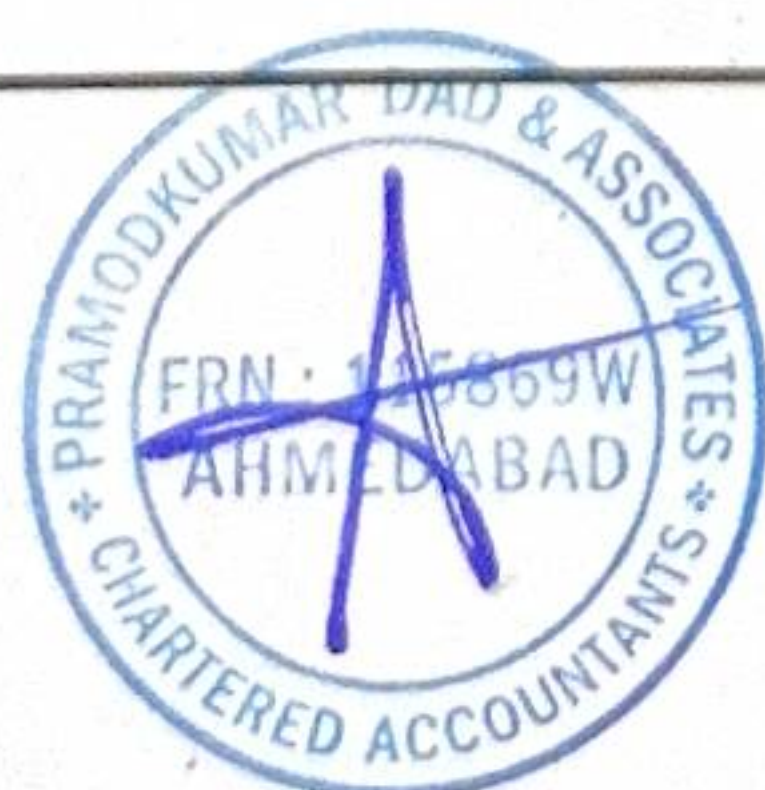
Practitioners Responsibility:

Pursuant to the requirements, it is our responsibility to perform necessary process and procedures to confirm as to whether the details, information, facts and figures relied on for the purpose of this certificate by management / the statement prepared by the management; are in accordance with the relevant records provided for examination.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and the Guidance Note on Reports in Company Prospectuses (Revised 2019) (the "**Guidance Notes**") in accordance with the generally accepted auditing standards in India and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the examination to obtain reasonable assurance about the 'Reporting Criteria'. The Guidance Notes 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 for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

We have performed following procedures:

We have relied on the audited financial statements and special purpose audited financial statements of the Company as of March 31, 2025, March 31, 2024 and corresponding figures of March 31, 2023. Further, we have audited special purpose financial statements of the Company for the financial years ended March 31, 2024 and March 31, 2023. These audited financial statements are prepared in accordance with the Companies Act, 2013, as amended (the "**Companies Act**") and the Indian Accounting Standards ("Ind AS). We have also relied on independent auditors report in respect of the these Financial Statements and such other documents as we deemed necessary for issuing this certificate.



We have also relied on the Restated Financial Information and Examination Report thereon of the Company as of March 31, 2025, March 31, 2024 and corresponding figures of March 31, 2023 prepared in accordance with the Companies Act, 2013, as amended (the "Companies Act") and the Indian Accounting Standards ("Ind AS") and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations") and the reports issued thereon (the "Restated Financial Information") and such other documents as we deemed necessary for issuing this certificate.

Conclusion:

Based on our examination, according to the information & explanations given to us and relying on representations & explanations from the management of the Company, we certify management response w.r.t. customer owned inventory and supplies and the financial impact on the same, as provided in **Annexure A**.

Further, we submit that the customer-owned inventory will be invoiced to the customer as per revenue recognition policy in future. The Company acts as a custodian for such inventory until it is used for the execution of the respective projects. Inventory that is yet to be invoiced is shown in the books under Current Assets.

Further, the Company uses following accounting policy for inventory valuation:

"The stock of construction materials, stores, spares is valued at cost or net realizable value, whichever is lower. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Revenue from sale of scarp material is presented as reduction from cost of materials consumed in the statement of profit or loss."

The ageing of inventory is provided in **Annexure B**. The inventory ordered and procured for specific projects will be utilized in the same project. There is no material impact on the financial statements.

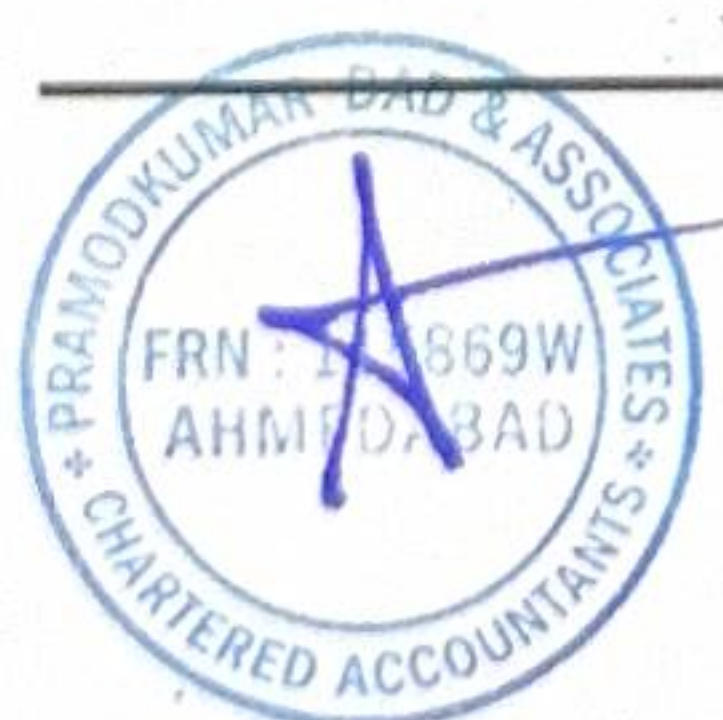
Further, the amount mentioned in the Emphasis of Matter for March 2023 and March 2022 is not shown as part of contingent liability. Further, we submit that the financial impact of the emphasis matter is not material and does not significantly affect the Company's financial position and thus, inventory valuation is not applicable.

We undertake to update you in writing of any changes in the abovementioned position based on written intimation received from management until the date the Equity Shares issued pursuant to the Issue commence trading on the stock exchanges. In the absence of any communication from management till the Equity Shares commence trading on the stock exchanges, you may assume that there is no change in respect of the matters covered in this certificate.

All capitalized terms not defined herein bear the meaning ascribed to them in the Offer Documents.

Restriction on Use:

This certificate is for information and for inclusion (in part or full) in the Red Herring Prospectus of the Company to be submitted/filed with the SEBI and any relevant Stock Exchanges, and the Prospectus which the Company intends to file with the RoC and thereafter file with the SEBI and



the Stock Exchanges and in any other document in relation to the Offer (collectively, the "Offer Documents") or any other Offer related material, and may be relied upon by the Company, the BRLMs and the Legal Counsel to the Offer. We hereby consent to the submission of this certificate as may be necessary to the SEBI, the RoC, the Stock Exchanges and any other regulatory authority and/or for the records to be maintained by the BRLMs and in accordance with applicable law.

This certificate has been prepared at the request of the company solely for the purpose of the issue and addressed to intended & identified users. This certificate 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.

Yours faithfully,

For M/s Pramodkumar Dad & Associates
Chartered Accountants
ICAI Firm Registration Number: 115869W

Abhishek



Partner: Abhishek Dad
Membership No. 131918
Place: Ahmedabad
UDIN: 25131918BMGXUS1717

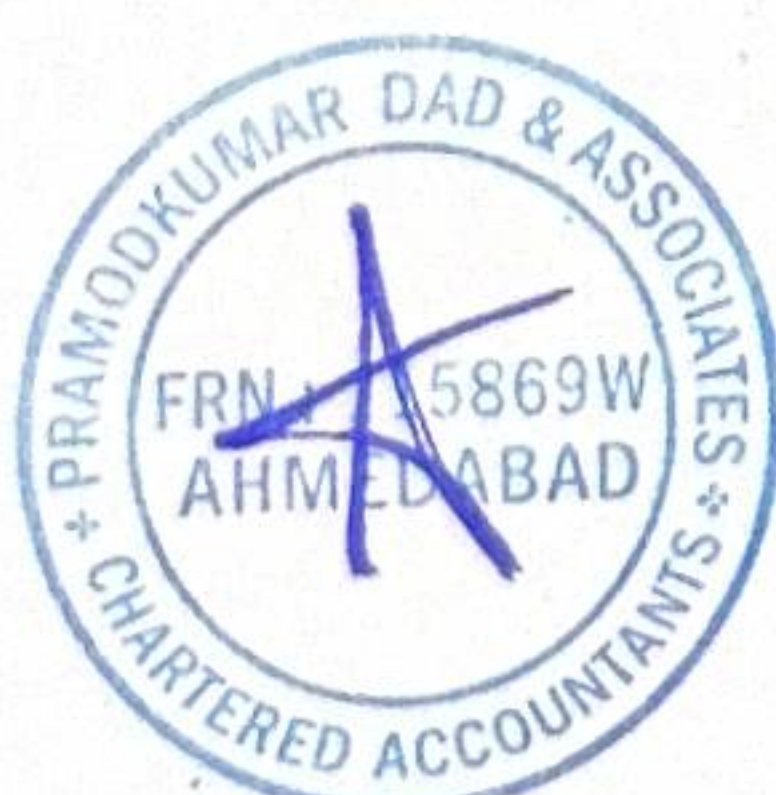
CC:
Legal Counsel to the Company
Kanga & Co.
Readymoney Mansion,
43, Veer Nariman Road,
Mumbai – 400 001

Legal Counsel to the BRLMs
M/s. Crawford Bayley & Co.
State Bank Buildings
N.G. N. Vaidya Marg
Fort, Mumbai 400 023
Maharashtra, India

Annexure A

Management Response on EOM

SN	Emphasis of Matters	Fiscal	Management Response as on date
1	As on 31 March, 2023 company is custodian of customer owned inventory amounting to Rs. 3901.79 Million, where execution / handover to customer is pending. Further during the year company has supplied material having sales value of Rs. 1279.62 Million, which are yet to be invoiced to the customer, was under certification from respective customers. As per the management, these inventories are lying at different / remote locations at various stages of project execution. Hence, physical verification of inventory was not possible.	2023	These inventories are lying at different / remote locations at various stages of project execution. Hence, physical verification of inventory was not possible by the then auditor. However, this inventory are at various stages of execution and hence liable to billing as per revenue recognition policy in the succeeding years.
2	As on 31 March, 2022 company is custodian of customer owned inventory amounting to Rs. 3330.38 Million, where execution / handover to customer is pending. As per the management, these inventories are lying at different / remote locations at various stages of project execution. We are not able to verify the physical inventory neither able to satisfy ourselves with the alternative procedures.	2022	



Annexure B

Ageing of Inventory

(INR in Million)

Particulars	Fiscal 2025	Fiscal 2024	Fiscal 2023
< 1 Month	79.21	170.08	166.30
1 Month - 3 Months	87.82	94.83	34.22
3 Months - 6 Months	95.66	51.80	32.67
6 Months - 1 Year	87.37	86.47	77.49
1 Year - 2 Years	176.67	96.44	32.46
2 Years - 3 Years	74.99	10.71	41.68
> 3 Years	40.12	30.66	-
Total	641.84	540.99	384.82
Devaluation Provision	(42.45)	(33.76)	(28.26)
Net Inventory as per audited financials	599.39	507.23	356.56

