

VA/2018-19/05

Date:

The Board of Directors
Shriram Piston & Rings Limited,
3rd floor, Himalaya House, 23 K.G. Marg,
New Delhi – 110 001

**Independent Auditor's Certificate certifying the accounting treatment contained in the draft
Scheme of Amalgamation (read along with the Board resolution dated May 22, 2018)**

1. This certificate is issued in accordance with the terms of our engagement letter dated July 12, 2017.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Shriram Piston & Rings Limited ("the Company" / "the transferee"), have examined the proposed accounting treatment specified in Clause 6.1 of the proposed Scheme of Amalgamation ("the Scheme") (Annexure-1), as provided by the Company with regard to amalgamation of the Shriram Automotive Products Limited ("SAPL" / "the transferor"); between the Company and SAPL and their respective shareholders and creditors in terms of the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (to the extent notified) and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 and circular issued thereunder, with reference to its compliance with the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the rules made there under and other generally accepted accounting principles.

Management's responsibility

3. The responsibility for the preparation of the Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards read with the rules made there under and other generally accepted accounting principles as aforesaid, is that of the Board of Directors of the Companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's responsibility

1. Our responsibility is only to examine and report whether the accounting treatment in respect of the transferee company, as referred to in Clause 6.1 of the Scheme referred to above comply with the applicable Accounting Standards, as applicable 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.
2. We carried out our examination of the aforesaid accounting treatment with respect to the transferee Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India (ICAI) and Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable



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for the purpose of this certificate. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by (ICAI).

- 3. 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.

Opinion

- 4. Based on our examination and according to the information and explanations given to us, we are of the opinion that the accounting treatment contained in Clause 6.1 in the proposed Scheme is in compliance with SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 and Circular issued thereunder, the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the rules made there under, and Other Generally Accepted Accounting Principles, as applicable. Further, the Company has indicated appointment date of April 1, 2018 or any other date as may be appointed by the Honorable National Company Law Tribunal (NCLT) for accounting of amalgamation.
- 5. For ease of references, Clause 6.1 of the proposed Scheme (Annexure-1) duly authenticated on behalf of the Company, is attached to this Certificate and is initialed by us only for the purposes of identification.

Restriction on use

- 6. This certificate is issued at the request of the Company pursuant to requirement of Circulars under SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, for onward submission by the Company to National Stock Exchange of India Limited. This Certificate 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 without our prior consent in writing.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 015125N)



Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: WASHINGTON, D.C.

Date: May 22, 2018



Annexure 1**Extract of the Scheme of Amalgamation between Shriram Piston & Rings Limited, and Shriram Automotive Products Limited ("SAPL"); in terms of the provisions of Sections 230 to 232 of the Companies Act, Companies Act, 2013****Accounting treatment in the books of Transferee Company and consideration****6. ACCOUNTING TREATMENT**

6.1 The Transferee Company shall account for the amalgamation of the Transferor Company into and with the Transferee Company in its books of account in compliance with the Indian Accounting Standard 103 on Business Combinations and other Indian Accounting Standards, as applicable, and notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 in the following manner:

- a) All the assets including identifiable intangible assets such as Trademarks and Tradenames, , Dealer Network/Customer Contracts and other business and commercial rights etc. and all the liabilities of the Transferor Company transferred to and vested in the Transferee Company pursuant to this scheme shall be recorded in the books of account of the Transferee Company at fair values and adopted by the Board of Directors of the Transferee Company.
- b) Any Excess of the amount of consideration [as per clause 5] over the fair value of net assets of the Transferor acquired by the Transferee Company [as per clause 6(a)] shall be treated as goodwill in accordance with the applicable Indian Accounting Standards. If the amount of consideration [as per clause 5], is lower than the fair value of net assets acquired [as per clause 6(a)], the difference shall be treated as Capital Reserve.
- c) The inter-company balances, loans and/or investments, if any, appearing in the books of account of the Transferee Company and Transferor Company will stand cancelled and nullified.

