



**REPORT OF AUDIT COMMITTEE RECOMMENDING DRAFT SCHEME OF
AMALGAMATION OF SHRIRAM AUTOMOTIVE PRODUCTS LTD.
WITH SHRIRAM PISTONS & RINGS LTD.**

(AUDIT COMMITTEE MEETING DATE 22.05.2018)

The Securities and Exchange Board of India (SEBI) vide its Circular No. CFD/DIL3/CIR/2017/21 dated 10.03.2017 and further clarification by Circular No. CFD/DIL3/CIR/2018/2 dated 03.01.2018 (hereinafter collectively referred to as "Circular") has amongst other requirements, sought a report from Audit Committee of Listed Companies recommending the draft Scheme under Section 230 to 232 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof) ("hereinafter referred to as Act").

Pursuant to the above, a scheme of Amalgamation by the way of vesting of the undertaking (as defined in the draft Scheme) of Shriram Automotive Products Ltd. (SAPL) with Shriram Pistons & Rings Ltd. (SPRL), with Appointed Date as 01.04.2018, was placed before the Audit Committee in its meeting of 22.05.2018 for its consideration.

The Audit Committee noted rationale for the said Scheme which shall enable to reap several benefits as under:

- (a) Help in increasing sales in both Domestic & Exports After Market
- (b) Economize on administrative and other expenses;
- (c) Increase the efficiency of combined business by pooling of resources and their optimum utilization, thereby availing synergies from combined resources;
- (d) Facilitate expansion of business offerings by the Transferee
- (e) Improve management focus and facilitate the unified control over operations;
- (f) Leverage the operational, capital and corporate synergies and help optimal utilization of resources viz business promotion, managerial pool, etc.;
- (g) Reduce overheads, administrative, managerial and other expenditure;
- (h) Seamless availability of technical expertise and
- (i) Facilitate greater integration, provide greater financial strength, which would result in maximizing overall shareholder value and will improve the competitive position of the combined entity.



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After consideration of the Due Diligence Reports (Financial, Secretarial and Legal), Recommendation of Share Exchange Ratio in Valuation Report, Fairness Opinion Certificate, Certificate from Auditors regarding accounting treatment and Draft Scheme, the members of the Audit Committee formed an opinion that the implementation of the proposed Scheme of Amalgamation by way of transfer of undertaking of SAPL with the Company is in the best interest of the Company and its Shareholders and other Stakeholders. Besides, Scheme of Amalgamation does not envisage any Corporate Debt Restructuring in respect of the liabilities towards the creditors of the Company.

Therefore, the Audit Committee recommends the draft Scheme of Amalgamation for the consideration of the Board of Directors.

Place: New Delhi
May 22, 2018




(Inderdeep Singh)
Chairman Audit Committee
Shriram Pistons & Ring Ltd.
DIN: 00173538

