

Deloitte Haskins & Sells

Chartered Accountants

7th Floor, Building 10, Tower B,
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DLF City Phase II,
Gurugram - 122 002,
Haryana, India

To,
The Board of Directors,
Shriram Pistons & Rings Limited
3rd Floor, Himalaya House,
23, Kasturba Gandhi Marg
New Delhi - 110001

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Re: Statutory Auditor's Report in respect of proposed buyback of equity shares by Shriram Pistons & Rings Limited ("the Company") in terms of Clause (xi) of Schedule I of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended ("the Buyback Regulations")

1. This Report is issued in accordance with the terms of our engagement letter dated July 26, 2021.
2. The Board of Directors of the Company have approved a proposal for buyback of 350,000 equity shares of Rs. 10 at a price of Rs. 1,020 per equity share of the Company at its Meeting held on July 30, 2021, in pursuance of the provisions of Sections 68, 69 and 70 of the Companies Act, 2013, as amended (the "Act") and the Buyback Regulations. We have been requested by the Management of the Company to provide a report on the accompanying "Statement of Permissible Capital Payment (including premium) as at March 31, 2021" ('Annexure A') (hereinafter referred to as the "Statement"). This Statement has been prepared by the Management, which we have initialled for the purposes of identification only.

Management's Responsibility.

3. The preparation of the Statement in compliance with Section 68(2)(c) of the Act, Regulation 4(i) of the Buyback Regulations and the proviso to Regulation 5(i)(b) of the Buyback Regulations and in compliance with the Buyback Regulations, is the responsibility of the Management of the Company, including the computation of the amount of the permissible capital payment (including premium), the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

In the absence of any definition of or guideline for "Insolvent" in the Buyback Regulations, the Company has considered a situation for not being able to continue as going concern (as mentioned in Standard on Auditing 570 (Revised) issued by Institute of Chartered Accountants of India) for a period of 1 year from July 30, 2021 as "Insolvent".

Auditor's Responsibility:

4. Pursuant to the requirements of the Buyback Regulations, it is our responsibility to provide a reasonable assurance that:
 - i. we have inquired into the state of affairs of the Company in relation to the annual audited standalone and consolidated financial statements as at March 31, 2021 which was adopted by the Members of the Company at the Annual General Meeting held on July 6, 2021;
 - ii. the amount of permissible capital payment as stated in Annexure A, has been determined considering the annual audited standalone and consolidated financial statements as at March 31, 2021 in accordance



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with Section 68(2)(c) of the Act, Regulation 4(i) of the Buyback Regulations and the proviso to Regulation 5(i)(b) of the Buyback Regulations; and

- iii. the Board of Directors of the Company, in their Meeting held on July 30, 2021 has formed the opinion as specified in Clause (x) of Schedule I to the Buyback Regulations, on reasonable grounds that the Company will not, having regard to its state of affairs, be rendered insolvent (as defined in management responsibility above) within a period of one year from the aforesaid date with regard to the proposed buyback are declared.
5. The annual standalone and consolidated financial statements referred to in paragraph 4 above, have been audited by us, on which we have issued an unmodified audit opinion in our reports dated May 7, 2021. We conducted our audit of the annual standalone and consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
6. We conducted our examination of the Statement in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India (the "Guidance Note") and Standards on Auditing specified under Section 143(10) of the Act, in so far as applicable for the purpose of this certificate. 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.
7. 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 buyback.

Opinion

8. Based on inquiries conducted and our examination as above, we report that:
 - i. We have inquired into the state of affairs of the Company in relation to its annual audited standalone and consolidated financial statements as at and for the year ended March 31, 2021, which have been approved by the Board of Directors at board meeting and Members of the Company at the Annual General Meeting held on May 7, 2021 and on July 6, 2021 respectively. The amount of permissible capital payment (including premium) towards the proposed buy back of equity shares as computed in the Statement attached herewith, as Annexure A, in our view has been properly determined in accordance with Section 68 (2)(c) of the Act, Regulation 4(i) of the Buyback Regulations and the proviso to Regulation 5(i)(b) of the Buyback Regulations.
 - ii. The Board of Directors of the Company, in their meeting held on July 30, 2021 has formed opinion as specified in clause (x) of Schedule I to the Buyback Regulations, on reasonable grounds that the Company having regard to its state of affairs, will not be rendered insolvent (as defined in management responsibility above) within a period of one year from the date of passing the Board Resolution dated July 30, 2021.

Restriction on use

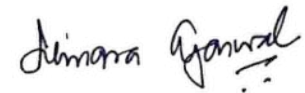
9. This report has been issued at the request of the Company solely for use of the Company (i) in connection with the proposed buyback of equity shares of the Company as mentioned in paragraph 2 above, (ii) to



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enable the Board of Directors of the Company to include in the public announcement and other documents pertaining to buyback to be sent to the shareholders of the Company or to be filed with (a) the Registrar of Companies, Securities and Exchange Board of India, stock exchanges and any other regulatory authority as per applicable law in India and (b) the Central Depository Services (India) Limited, National Securities Depository Limited and (iii) can be shared with the merchant banker(s) involved in connection with the proposed buyback of equity shares of the Company for onward submission to SEBI, stock exchanges and / or any other regulatory authority as required under the law in India, and may not be suitable for any other purpose. This report 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. 15125N)



Jitendra Agarwal
Partner

(Membership No. 087104)

(UDIN 21087104AAAAEZ5028)

New Delhi, July 30, 2021

Annexure A - Statement of Permissible Capital Payment (including premium) as at March 31, 2021

Computation of amount of permissible capital payment towards buyback of equity shares in compliance with Section 68(2)(c) of the Act and provisions under the Buyback Regulations, based on annual audited standalone and consolidated financial statements as at and for the year ended March 31, 2021.

Particulars		Amount (Rs. in Millions) – Standalone	Amount (Rs. in Millions) - Consolidated
Paid up equity capital as at March 31, 2021	(A)	223.75	223.75
Free Reserves as at March 31, 2021:			
- Retained earnings		1,300.00	1,300.00
- Securities Premium reserve		-	-
- General reserve		9,472.12	9,472.12
Total Free Reserves	(B)	10,772.12	10,772.12
Total paid up Equity capital and free reserves	C = (A+B)	10,995.87	10,995.87
Maximum amount permissible for buyback under Section 68 of the Act and Regulation 4(i) of the Buyback Regulations, i.e. 25% of the aggregate total paid up capital and free reserves.	C * 25%	2,748.97	2,748.97
Maximum amount permissible for buyback under the proviso to Regulation 5(i)(b) of the Buyback Regulations, i.e. 10% of the total paid up capital and free reserves	C * 10%	1,099.58	1,099.58

Note: The amounts of paid up equity capital as at March 31, 2021 and free reserves as at March 31, 2021 have been extracted from the annual audited standalone and consolidated financial statements of the Company as at and for the year ended March 31, 2021.

For and on behalf of Board of Directors of

Shriram Pistons & Rings Limited

Raaj

Prem Prakash Rathi
(Chief Financial officer)

Krishnakumar Srinivasan

Krishnakumar Srinivasan
(Managing Director and CEO)

Date: 30.07.2021
Place New Delhi



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