

## CERTIFICATE

**The Board of Directors**  
SREI Infrastructure Finance Limited  
"Vishwakarma",  
86C, Topsia Road (South),  
Kolkata - 700046

### **Independent Auditor's Certificate on the proposed accounting treatment contained in the Draft Composite Scheme of Arrangement and Amalgamation**

1. We, Haribhakti & Co. LLP, Chartered Accountants, the Statutory Auditors of SREI Infrastructure Finance Limited (the Company), having its registered office at the above mentioned address, have been requested by the Company, to certify that the proposed accounting treatment contained in **Clause 29 of Part IV and Clause 42.2 of Part V** of the Draft Composite Scheme of Arrangement and Amalgamation, amongst the Company, SREI Equipment Finance Limited (SEFL) and SREI Asset Finance Limited (SAFL) and their respective shareholders and creditors pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the Act) (the Draft Scheme), is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the circulars issued thereunder and all the applicable Accounting Standards notified under Section 133 of the Act and other generally accepted accounting principles. The Certificate is required by the Company for the purpose of onward submission to BSE Limited and National Stock Exchange of India Limited (the Stock Exchanges) in accordance with Paragraph I(A)(5)(a) of Annexure I to SEBI circular CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> March, 2017 (the Circular) and for submission to National Company Law Tribunal (NCLT), as required under proviso to Section 232 (3) of the Act. Accordingly, this certificate is issued in accordance with the terms of our engagement letter dated 18<sup>th</sup> January, 2019.
2. The Company has adopted Indian Accounting Standards (Ind AS) with effect from 1<sup>st</sup> April, 2018. Appendix C of Ind AS on Business Combinations (Ind AS 103) which also deals with "business combinations of entities under common control", does not provide any guidance with respect to the date of acquisition i.e. the date on which acquirer obtains the actual control for such transactions. In terms of Sec. 232 (6) of the Act, under the Draft Scheme, the Appointed Date is proposed as closing business hours of 31<sup>st</sup> March 2017 and based on expert opinion taken by the Company and relied upon by us, it is proposed to follow the accounting treatment prescribed in Accounting Standard on Accounting for Amalgamations (AS 14) and other generally accepted accounting principles, as applicable on the Appointed Date.

### **Management's Responsibility**

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved in the Draft Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Draft Scheme and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.





## Auditor's Responsibility

4. Pursuant to the requirement under proviso to Section 232 (3) of the Act and the Circular, our responsibility is to express reasonable assurance in the form of an opinion based on our examination and according to the information and explanations given to us as to whether the Draft Scheme complies with the Accounting Standards notified by the Central Government under Section 133 of the Act read with the rules framed thereunder 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 as the statutory auditors of any financial statements of the Company.
5. The following documents, inter alia, have been furnished by the Company:
  - a) Copy of the Draft Scheme, duly authenticated on behalf of the Company;
  - b) Extract from the Draft Scheme containing **Clause 29 of Part IV** and **Clause 42.2 of Part V**, duly authenticated on behalf of the Company (attached herewith as **Annexure I**) and initialled by us only for the purposes of identification.
  - c) Certified true copy of the board resolution approving the Draft Scheme.
  - d) Expert opinion dealing inter alia with the relevance of appointed date and applicability of relevant Accounting Standards thereon.
6. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the reporting criteria. Accordingly, we have examined the proposed accounting treatment specified in **Clause 29 of Part IV** and **Clause 42.2 of Part V** of the Draft Scheme with reference to its compliance with the Accounting Standards, as applicable on the Appointed Date, notified under Section 133 of the Act read with rules made thereunder and other generally accepted accounting principles.
7. We conducted our procedures, as stated in paragraph 6 above, in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this Certificate.
8. 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 issued by ICAI. Further, our examination did not extend to any other parts and aspects of a legal or proprietary nature in the Draft Scheme.

## Opinion

9. Based on the procedures performed by us, as stated in paragraph 6 above, the information and explanations given to us and read with paragraph 2 above, we are of the opinion that the accounting treatment contained in **Clause 29 of Part IV** and **Clause 42.2 of Part V** of the Draft Scheme is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the circulars issued thereunder and Accounting Standards as applicable on the Appointed Date, notified under Section 133 of the Act read with rules made thereunder and other generally accepted accounting principles.

## Restriction on Use

10. The certificate is issued pursuant to the requirements of the Circular for onward submission to the Stock Exchanges. This certificate is also issued pursuant to the requirements of proviso to Section 232 (3) of the Act for onward filing with NCLT. This certificate should not be used by any other person or for any other purpose. Haribhakti & Co. LLP shall not be liable to the Company, the Stock Exchanges and the NCLT or to any other concerned for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment. We have no responsibility to update this certificate for any events or circumstances occurring after the date of this certificate.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048



Manoj Daga

Partner

Membership No. 048523

UDIN: 19048523AAAAAA8126



Date: 21<sup>st</sup> February, 2019

Place: Mumbai





## Annexure I

Extract from the Draft Scheme containing Clause 29 of Part IV

Upon Part IV of the Scheme becoming effective, Amalgamated Company shall account for the Amalgamation in its books as under:

- (a) Amalgamated Company shall account for the Amalgamation of Amalgamating Company, in its books of account with effect from the Appointed Date.
- (b) The Amalgamation of Amalgamating Undertaking shall be accounted for in accordance with "Purchase Method" of accounting as per the Accounting Standard 14 "Accounting for Amalgamation" as prescribed in Companies (Accounting Standards) Rules, 2006.
- (c) All the assets and liabilities of Amalgamating Company pertaining to Amalgamating Undertaking shall be recorded in the books of account of Amalgamated Company at their respective fair values and in the same form, except to ensure uniformity of accounting policies.
- (d) To the extent that there are inter-company loans, advances, investments, deposits or other obligations as between Amalgamating Company and Amalgamated Company, the obligation in respect thereof will come to an end and corresponding effect shall be given in the books of account and records of Amalgamating Company as well as Amalgamated Company for the reduction of any such assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, advances, deposits or balances, with effect from the Appointed Date.
- (e) The identity of statutory reserves (including Debt Redemption Reserve) of Amalgamating Company, if any, shall be preserved and they shall appear in the financial statements of Amalgamated Company in the same form and manner in which they appeared in the financial statements of Amalgamating Company prior to this Scheme becoming effective. Statutory Reserves shall be accounted for by debiting 'Amalgamation Adjustment A/c.'
- (f) The value of investments held by Amalgamated Company in Amalgamating Company shall stand cancelled pursuant to Amalgamation.
- (g) In case of any differences in accounting policies between Amalgamated Company and Amalgamating Company, impact of the same till the Appointed Date will be quantified and the same shall be appropriately adjusted and reported in accordance with applicable accounting rules and principles, so as to ensure that the financial statements of Amalgamated Company reflect the financial position on the basis of consistent accounting policies.



**Srei Infrastructure Finance Limited**

CIN: L29219WB1985PLC055352

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- (h) The difference between (i) the value of investment in Amalgamating Company held by Amalgamated Company and cancelled as per Clause 29.1 (f) and (ii) the fair value of net assets of Amalgamating Company taken over & recorded as per Clause 29.1 (c), after due adjustment of Clause 29.1 (d) and Clause 29.1 (g), shall be recorded as goodwill or capital reserve as the case may be, and dealt with in accordance with AS-14.
- (i) Amalgamated Company shall record in its books of account, all transactions of Amalgamating Undertaking in respect of assets, liabilities, income and expenses, from Appointed Date to the Effective Date.
- (j) Entire costs and expenses (including stamp duty) incurred in connection with this step of the Scheme and to put it into operation and any other expenses or charges attributable to the implementation of Amalgamation shall be charged to Profit and Loss Account.
- (k) The Board of Directors may adopt any other accounting treatment for Amalgamation which is in accordance with Accounting Standards and generally accepted accounting principles as applicable.

Clause 42.2 of Part V

Upon Part V of the Scheme becoming effective, SIFL shall account for the Demerger 2 in its books as under:

- (a) SIFL shall reduce in its books, the book value of the assets and liabilities, Statutory Reserves and 'Amalgamation Adjustment A/c' as on Appointed Date pertaining to the Demerged Undertaking 2.
- (b) Excess of value of assets over value of liabilities transferred as on Appointed Date relating to the Demerged Undertaking 2 will be adjusted against the following, in the order specified, to the extent required: (a) Capital Reserve; (b) Securities Premium; (c) General Reserves; and (d) The balance amount, if any, from Profit & Loss.
- (c) The reduction, if any, in the Securities Premium Account of SIFL shall be effected as an integral part of the Scheme in accordance with the provisions of Section 52 of Companies Act, 2013.
- (d) Inter-corporate investments, deposits, loans and advances, if any, between SIFL and SAFL relating to the Demerged Undertaking 2 shall stand cancelled and there shall be no further obligation in this behalf.

*Sandeep Sultana*  
(Chief Finance Officer)

Srei Infrastructure Finance Limited



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