

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
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Independent auditor's certificate on the proposed accounting treatment included in the Draft Scheme of arrangement pursuant to sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

To,
The Board of Directors,
Napino Auto and Electronics Limited
Plot No.7, Sector 3 IMT Manesar
Gurugram - 122050, Haryana, India

1. This certificate is issued in accordance with the terms of our engagement letter dated 13 June 2023 with Napino Auto and Electronics Limited ('the Company' or 'the Transferee Company' or 'Napino Auto').
2. We, the statutory auditors of the Company, have examined the proposed accounting treatment specified in Clause 6.1 of the Draft Scheme of arrangement between the Company and Napino Digital Solutions Private Limited ('the Transferor Company' or 'NDS') and their respective shareholders and creditors (hereinafter referred to as the 'Draft Scheme') as approved by the Board of Directors in their meeting held on 6 July 2023, in terms of the provisions of the **Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('the Act')** and with reference to its compliance with the accounting standards prescribed under section 133 of the Act, read with relevant rules issued thereunder (the 'applicable accounting standards') and other generally accepted accounting principles in India. A certified true copy of the Draft Scheme, with the proposed accounting treatment specified in Clause 6.1 of the Draft Scheme, as attached herewith in **Appendix I**, has been initialed and stamped by us for identification purpose only.

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme, and its compliance with the relevant laws and regulations, including the applicable accounting standards and other generally accepted accounting principles in India, is that of the management/ Board of directors of the companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Draft Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management is also responsible for ensuring that the Company complies with the requirements of the Act and the rules, and the applicable accounting standards, in relation to the Draft Scheme, and for providing all relevant information to the relevant National Company Law Tribunal(s).

Auditor's Responsibility

5. Pursuant to the requirements of the relevant laws and regulations, it is our responsibility to provide a reasonable assurance as to whether the proposed accounting treatment specified in Clause 6.1 of the Draft Scheme complies with the applicable accounting standards and other generally accepted accounting principles.

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune



Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India



Walker Chandiok & Co LLP

- 6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
- 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, issued by the ICAI.

Opinion

- 8. Based on our examination as above and according to the information and explanations given to us, along with the representations provided by the management, in our opinion, the proposed accounting treatment specified in clause 6.1 of the Draft Scheme, attached herewith and stamped by us for identification only, is in compliance with the applicable accounting standards and other generally accepted accounting principles in India.

Restriction on distribution or use

- 9. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the requirements of the provisions of Sections 230 to 232 and other applicable provisions of the Act read with the rules, for onward submission along with the Draft Scheme to the relevant National Company Law Tribunal. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.
- 10. This certificate is issued at the request of the Company's management for onward submission along with the Draft Scheme to the relevant National Company Law Tribunal. Accordingly, this certificate may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**
 Chartered Accountants
 Firm Registration No.: 001076N/N500013

Tarun



Tarun Gupta
 Partner
 Membership No. 507892
 UDIN: 23507892BGXQWS5780

Place: Gurugram
 Date: 6 July 2023

Chartered Accountants



Appendix 1

Accounting treatment in the books of Napino Auto

6.1 Upon the Scheme becoming effective, Napino Auto shall account for the amalgamation as per Ind AS inter alia taking into consideration the Pooling of interest method prescribed under Appendix C of Ind AS 103 - Business Combinations and principles of any other applicable Ind AS prescribed under Section 133 of Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015. It would inter alia include the following:

- 6.1.1 All the assets, liabilities and reserves of NDS, subject to Clause 6.1.2 and 6.1.4 below, shall be transferred to and vested in the books of Napino Auto and shall be recorded by the Napino Auto at their respective carrying values and in the same form as appearing in the consolidated financial statements of Napino Auto.
- 6.1.2 No adjustments are to be made to reflect fair values or recognise any new assets or liabilities except to harmonise accounting policies between the NDS and Napino Auto. In case of any differences in accounting policies between NDS and Napino Auto, the accounting policies followed by Napino Auto shall prevail and the difference shall be adjusted in Revenue Reserves of Napino Auto, to ensure that the merged financial statements of Napino Auto reflect the financial position on the basis of consistent accounting policies.
- 6.1.3 The identity of the reserves, including balance of profit and loss account, of NDS shall be preserved and they shall appear in the financial statements of Napino Auto in the same form and manner in which they appeared in the consolidated financial statements of Napino Auto, prior to this Scheme becoming effective. As a result of preserving the identity, reserves which are available for distribution as dividend before the business combination would also be available for distribution as dividend after the business combination.
- 6.1.4 Inter-company balances, if any, between NDS and the Napino Auto shall stand cancelled and there shall be no further obligation/outstanding in that behalf.
- 6.1.5 The excess of carrying value of investment in the equity shares of NDS in the books of Napino Auto, and the amount of equity share capital of NDS, after considering the cancellation of inter-company balances as per Clause 6.1.4 above, shall be adjusted against the existing capital or revenue reserves of the Napino Auto to the extent available, in that order, and unadjusted remaining amount, if any, would be recorded separately in amalgamation adjustment deficit account and any excess of equity



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Corporate Identity Number (CIN). U34300HR1991PLC031470



**SIGNED FOR
IDENTIFICATION
PURPOSE ONLY**



NAPINO

AUTO & ELECTRONICS LTD

share capital of NDS over carrying value of investment in the equity shares of NDS in the books of Napino Auto shall be credited to capital reserve on amalgamation and shall be presented separately from other capital reserves in the books of Napino Auto.

- 6.1.6 NDS is a wholly owned subsidiary of Napino Auto and accordingly, pursuant to the Scheme, no new shares shall be issued by Napino Auto upon the Scheme becoming effective.
- 6.1.7 The comparative financial information presented in the financial statements of Napino Auto shall be restated for the accounting impact of the merger from the beginning of the preceding period or from the date from which NDS and Napino Auto came under common control, whichever is later.

For Napino Auto and Electronics Limited



RVJ
Rajat Jain
 Chief Financial Officer
 PAN: AAIPJ6067E
 Place: Gurugram
 Date: 6 July 2023



**SIGNED FOR
 IDENTIFICATION
 PURPOSE ONLY**

Registered Office: Plot No 7, Sector 3, IMT, Manesar 122 050, District Gurugram, Haryana, India
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 Corporate Identity Number (CIN): U34300HR1991PLC031470

