

Deloitte Haskins & Sells

Chartered Accountants
Indiabulls Finance Centre,
Tower 3, 27-32nd Floor,
Ephinstone Mill Compound,
Senapati Bapat Marg,
Mumbai - 400 013,
Maharashtra, India

Tel: +91 22 6188 4000
Fax: +91 22 6188 4101

Ref: KR/MM/16-17/

To,

The Board of Directors
Mahindra and Mahindra Limited.
Mahindra Towers,
P.K. Kurne Chowk,
Dr. G.M. Bhosale Marg,
Worli, Mumbai - 400018

Independent Auditor's Certificate certifying the accounting treatment contained in the Scheme of Arrangement between Mahindra Two Wheelers Limited and Mahindra and Mahindra Limited and Their Respective Shareholders and Creditors

1. This certificate is issued in accordance with the terms of our engagement letter dated 29th November, 2016.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Mahindra and Mahindra Limited ("the Company"), have examined the proposed accounting treatment specified in Clause 4 and 11 with regard to demerger of the Two Wheeler's Undertaking of Mahindra Two Wheelers Limited (demerged company); as specified in the proposed "Scheme of arrangement between Mahindra Two Wheelers Limited and Mahindra and Mahindra Limited and their respective Shareholders and Creditors and in terms of the provisions of Sections 391 to 394 read with section 100 to 104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013" (hereinafter referred as 'the Scheme') 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

4. Our responsibility is only to examine and report whether the accounting treatment referred to in Clause 4 and 11 of the Proposed Scheme referred to above comply with the applicable Accounting Standards, 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.
5. We carried out our examination 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,

(51)



2013, in so far as applicable for the purpose of this certificate. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. 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

7. 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 4 and 11 of the Scheme, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under, in terms of the provisions of Sections 391 to 394 read with section 100 to 104 of the Companies Act, 1956 and the Companies Act, 2013 (to the extent notified) 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, as applicable.
8. For ease of references, Clause 4 and 11 of the Scheme, duly authenticated on behalf of the Company, is reproduced in Annexure 1 to this Certificate and is initialed by us only for the purposes of identification.

Restriction on use

9. This certificate is issued at the request of the Company pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for onward submission by the Company to the BSE Limited and the National Stock Exchange of India (NSE). 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 Regn. No. 117364W)

(Signature)

Kedar Raje
Partner
Membership No. 102637

2
Mumbai, 3 December, 2016

2
(52)



Annexure 1

Relevant extract of the Scheme of arrangement between Mahindra Two Wheelers Limited and Mahindra and Mahindra Limited and their respective Shareholders and Creditors in terms of the provisions of Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 and section 52 of the Companies Act, 2013

4 DATE OF TAKING EFFECT AND OPERATIVE DATE

This Scheme set out herein in its present form or with any modification(s) and amendment(s) made under Clause 24 of this Scheme duly approved or imposed or directed by the High Court shall be effective from the Appointed Date but shall be operative from the Effective Date. Therefore, for all regulatory and tax purposes, the Demerger would be effective from the Appointed Date of this Scheme. Notwithstanding the above, the accounting treatment to be adopted to give effect to the provisions of the Scheme would be in consonance with Indian Accounting Standards 103 ("Ind AS 103") and the mere adoption of such accounting treatment will not in any manner affect the vesting of the Demerged Undertaking from the Appointed Date.

11 IN THE BOOKS OF THE RESULTING COMPANY

- 11.1 On the Scheme becoming effective, the Resulting Company shall account for the demerger of the Two Wheelers Undertaking in its books of account with effect from the Appointed Date as under:
 - 11.1.1 The Resulting Company shall account for the demerger in accordance with "Pooling of Interest Method" laid down by Appendix C of Ind AS 103 (Business combinations of entities under common control) notified under the provisions of the Companies Act, 2013.
 - 11.1.2 All the assets and liabilities, after giving effect to clause 6.1.1 of Part II of the Scheme pertaining to the Two Wheelers Undertaking, transferred to the Resulting Company under the Scheme shall be recorded in the books of the Resulting Company at the value and in the same form as recorded in the books of MTWL as on the Appointed Date;
 - 11.1.3 Pursuant to clause 9.2 of the Scheme, the consideration issued to the shareholders of the Demerged Company (other than Resulting Company and/or any subsidiary of Resulting Company) in the form of equity shares of the Resulting Company shall be credited to share capital account at the nominal value of the equity shares issued by it;
 - 11.1.4 If and to the extent there are inter-corporate loans, deposits or balances as between the Resulting Company and Two Wheelers Undertaking, the obligations in respect thereof shall, on and from the Appointed Date, shall stand cancelled and there shall be no obligation/outstanding in that behalf.
 - 11.1.5 The deficit/surplus arising after recording the entries contained in clause 11.1.2 and clause 11.1.3 above shall be transferred to Capital Reserve.

(53)



- 11.1.6 In case of any difference in accounting policies between the Two Wheeler Undertaking and the Resulting Company, the impact of the same till the Appointed Date will be quantified and adjusted to the Reserves of the Resulting Company to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policies.
- 11.1.7 All costs and expenses incurred in connection with the Scheme and to put it into operation and any other expenses or charges attributable to the implementation of the Scheme shall be debited to the statement of profit & loss of the Resulting Company.
- 11.2 Comparative accounting period presented in the financial statements of Resulting Company shall be restated for the accounting impact of demerger, as stated above, as if the demerger had occurred from the beginning of the comparative period in the financial statements.

For Mahindra & Mahindra Limited



Authorised Signatory



Mumbai: 3rd December, 2016

