

Santosh K. Singh & Co., Chartered Accountants

March 01, 2018

STRICTLY PRIVATE AND CONFIDENTIAL

The Board of Directors
JBM Auto limited
601, Hemkunt Chambers 89,
Nehru Place, New Delhi-110019

The Board of Directors
JBM Auto System Private Limited
601, Hemkunt Chambers 89,
Nehru Place, New Delhi-110019

The Board of Directors
JBM MA Automotive Private Limited
Plot No. C-1/2, M.I.D.C. Chakan,
Tal-Khed, Pune- 410501, MH

Dear Sir,

Subject: Recommendation on Swap ratio for allotment of equity shares of JBM Auto Limited ('JBM') to the equity shareholders of JBM Auto System Private Limited ('JBMAS'), JBM MA Automotive Private Limited ('JBMMA') upon the merger of JBMAS, JBMMA with JBM.

In terms of our engagement letter dated February 23, 2018, Santosh K Singh & Co., Chartered Accountants (SKS), has carried out an independent valuation of JBM, JBMAS and JBMMA, with a view to recommend a share exchange ratio for the purpose of determining number of equity shares of JBM to be issued to equity shareholders of JBMAS and JBMMA pursuant to the proposed merger (JBM, JBMAS and JBMMA are collectively referred to as "Companies").

In the following paragraphs, we have summarized the valuation analysis of JBM, JBMAS and JBMMA as on 1st April 2017 ('Appointed Date') together with the description of the methodologies used and limitation on our scope of work.

CONTEXT AND PURPOSE

We understand that the Management of JBM is contemplating a restructuring exercise wherein it proposes to merge JBMAS and JBMMA into JBM to achieve synergies through focused business segments and leverage on its operations for future growth ("Transaction").

This would be achieved by a Scheme of Arrangement for merger ("Scheme") under the relevant provisions of the Companies Act.

In this connection, SKS has been appointed to carry out the relative valuation of JBM, JBMAS and JBMMA with a view to recommend a share exchange ratio.

The information contained herein and our report is confidential. It is intended only for the sole use and information of the Companies, and only in connection with the Scheme of Arrangement. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other

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than in connection with the Scheme of Arrangement as aforesaid, can be done only with our prior permission in writing.

BACKGROUND INFORMATION

JBM Auto Limited (JBM or the Company) is a company registered under Companies Act, 1956 having its registered office at 601, Hemkunt Chambers 89, Nehru Place, New Delh-110019 in the state of Delhi and its equity shares are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). JBM is into business of manufacturing of sheet metal component, welding assemblies and chasis suspension parts and other related parts for automobiles is a group company of JBM Group which is primarily a tier- 1 supplier to the automotive OEM industry. The Group has a diversified portfolio to serve in the field of automotive, engineering & design services, renewable energy and education sectors.

JBM Auto system Pvt Ltd (JBMAS) is a company registered under Companies Act, 1956 having its registered office at 601, Hemkunt Chambers 89, Nehru Place, New Delh-110019 in the state of Delhi and is owned 73.89% by the JBM. JBMAS is into business of manufacturing of sheet metal component, welding assemblies and chasis suspension parts and other related parts for automobiles.

JBM MA Automotive Pvt Ltd (JBMMA) is a company registered under Companies Act, 1956 having its registered office at Plot No. C-1/2, M.I.D.C. Chakan, Tal-Khed, Pune- 410501, Maharashtra. It is owned 50% by JBM and 50% by one of the associate group companies. JBMMA is into business of manufacturing of sheet metal component, welding assemblies and other parts and other related parts for automobiles.

SOURCES OF INFORMATION

For arriving at the share exchange ratio, we have relied upon the following information, as provided to us by the Management of the Companies:

- Brief background of the business of JBM, JBMAS and JBMMA;
- Audited financial statements of JBM, JBMAS and JBMMA for the financial years ended 31st March 2015, 31st March 2016, 31st March 2017;
- Unaudited financials of JBMAS and JBMMA for the nine months period ended Dec 31 2017;
- Limited reviewed financials of JBM for the nine months period ended Dec 31 2017
- Projected financial statements of JBMAS and JBMMA;
- Draft Scheme of Arrangement of proposed merger;
- Shareholding pattern of JBM, JBMAS and JBMMA as at March 31, 2017 and Dec 31 2017;
- Discussions with the management of Companies including necessary information, explanations and representations provided by the management;

VALUATION METHODOLOGY

The standard of value in our analysis is defined as the price that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, in an independent third party arm's length transaction.

For the purpose of arriving at the share exchange ratio for the proposed merger, we have placed reliance on various judicial precedents laid down by Courts while deciding the matters involved in determination of share exchange ratios. The valuation of a business is an exercise which is carried out using various methodologies, to the extent applicable:

1. Net Asset Value (NAV) Method

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2. Comparable Companies (Quoted) Multiple (CCQM or CCM) Method.
3. Discounted Cash Flow (DCF) Method
4. Market Price Method
5. Price Earning Capacity Value (PECV) Method
6. Price of Recent Investment (PORI) Method

The application of any particular method of valuation depends on the purpose for which the valuation exercise is performed, relevance of each method under the circumstances of the case and other factors as determined appropriate.

1. Net Asset Value (NAV) method

The asset based valuation technique is based on the value of the underlying net assets of the business. Under this method, the net assets as per financial statements are adjusted for the market value of surplus/ non-operating assets, contingent liabilities which may be crystallized and other adjustments as determined appropriate.

a) JBMAS AND JBMMA:

We have not used NAV method considering the fact that asset values reflected in books of accounts are generally not a true indicator of the future distributable cash/profit generating ability of the business which is widely regarded as the true determinant of value of assets for most of the industries. The asset values recorded in books of accounts are also impacted by accounting policies which may be discretionary at times.

b) JBM:

We have not used NAV method considering the fact that asset values reflected in books of accounts are generally not a true indicator of the future distributable cash/profit generating ability of the business which is widely regarded as the true determinant of value of assets for most of the industries. The asset values recorded in books of accounts are also impacted by accounting policies which may be discretionary at times.

2. Comparable Companies (Quoted) Multiple (CCM) method:

Under this method, value of the equity shares of the company is arrived at by using multiples derived from valuations of comparable listed companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

a) JBMAS AND JBMMA:

JBMAS and JBMMA are the group companies of JBM, a company listed on NSE and BSE in India, which is directly comparable with JBMAS and JBMMA in terms of its product offerings, and we have used the EV/EBITDA multiple of JBM for arriving at Enterprise Value of JBMAS and JBMMA.

The CCM is based on annualised Trailing Twelve Months (TTM) multiple basis unaudited financials for the three months period ended March 31, 2017 and unaudited financials for the nine months period ended Dec 31 2017 as provided to us by the management. Further, the net debt has been considered based on the financials of JBM as of Dec 31 2017.

b) JBM:



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Since JBM is a listed company as on the Valuation Date, we have not used this method of valuation.

3. Discounted Cash Flow(DCF) method

The DCF method is one of the most scientific methods amongst all the valuation methods in terms of conceptual framework. As per this method, equity value is defined as the 'the present value of future cash flow that are available to all the equity holders of the Company'.

The value so derived is not impacted by accounting practices as it is based on cash flows and not book profits. Further, DCF method incorporate all factors relevant to the business.

a) JBMAS AND JBMMA:

Based on the financial projections for JBMAS and JBMMA provided to us by the Management, we have applied the DCF method by discounting the free cash flows.

b) JBM:

Since the Financial projections of JBM were not available in the public domain, we have not applied the DCF method for computing the enterprise value of JBM.

4. Market price (MP) method

The market price of an equity share as quoted on the stock exchange in the same company is normally considered as the fair value of the shares of that company where such quotation are arising from the shares being regularly and freely traded in.

a) JBMAS AND JBMMA:

As the shares of JBMAS and JBMMA are not listed on stock exchange, the MP method cannot be used for determining the value.

b) JBM:

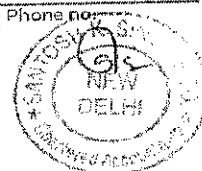
We have used the MP method to determine the value of equity share of JBM which is listed on the BSE and the NSE and there are regular transactions in its equity share with reasonable volumes. We have considered the price arrived at by us using SEBI prescribed formula for calculation of market price of the equity share of JBM as on Feb 23, 2018.

5. Price Earnings Capacity Value (PECV) Method

This method suggests the valuation of the Company by capitalizing the average of profits after tax. Future maintainable net profits are ascertained on the basis of the normalized past earnings of the company. Implied assumption of this method is that future earnings potential of the Company is the underlying value driver of the Company. The profit earning capacity is generally based on the profits actually earned or anticipated. It values a company on the basis of the underlying assets.

a) JBMAS AND JBMMA:

Basis our discussion with the management of JBMAS and JBMMA, we understand that the margins related to these companies are expected to change over a period of time on account of lot of operational synergies and other factors. Considering this, we have not applied this method to JBMAS and JBMMA.



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b) JBM:

Basis our discussion with the management of JBMA and JBMA, we understand that the margins related to these companies are expected to change over a period of time on account of lot of operational synergies and other factors. Considering this, we have not applied this method to JBMA and JBMA.

6. Price of Recent Investment (PORI) Method

This method suggests the valuation of the Company basis the recent transaction in equity shares of the subject company between two independent parties in an arms-length transaction.

RELATIVE VALUATIONS

The Fair basis for the proposed merger of JBMA and JBMA into JBM would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purpose of recommending a share exchange ratio, it is necessary to arrive at the single relative value of the JBMA, JBMA and JBM. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity value, but at their relative values to facilitate the determination of a fair shares exchange ratio. For the purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

Valuation of JBMA

For valuation of JBMA we have applied the following weightages:

- Comparable Companies Multiple (CCM) method (70%),
- Discounted Cash Flow (DCF) method (30%)

We have assigned higher weightage of 70 % to CCM method considering the fact that JBMA is part of JBM and while computing CCM value we have used the earnings multiple of JBM itself as comparable. Moreover, JBM derives substantial value from its subsidiary JBMA. Further, we have assigned weight of 30 % each to DCF method.

Valuation of JBMA

For valuation of JBMA we have applied the following weightages:

- Price of Recent Investment (PORI) Method (100%)

We have assigned weightage of 100% to PORI method considering the fact that there has been buy-out of the equity stake of 50% from JV partner by one of the group company of JBM in an arm's length transaction and the same has been considered for our valuation analysis.

Valuation of JBM

For valuation of JBM we have applied the following weightages:

- Market price (MP) method (100%),

We have assigned weightage of 100% to Market Price method being the most relevant method to value listed companies whose share are regularly traded in good volumes.



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SCOPE LIMITATIONS

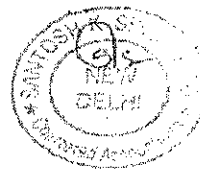
This report is subject to the limitation detailed hereinafter. As such the report has to be read in totality, and not in parts, in conjunction with the relevant documents referred to above.

- Computation of share exchange ratio is specific to the intended purpose as agreed in the terms of our engagement letter. Accordingly, the share exchange ratio should not be used for any other purpose nor would it be applicable as at any other date.
- We owe responsibility only to the Board of Directors of the Companies, and do not accept any liability to any third party, in relation to this report. Neither the report nor the contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of Arrangement, without our prior written consent.
- The determination of share exchange ratio involves considerable exercise of professional judgment as regards alternative methodologies and is also significantly influenced by prevailing industry, economic and market (including capital market) conditions. We have exercised reasonable care while exercising professional judgment and consideration of the aforesaid factors; however it is possible that any other valuer may not agree with the methodologies used by us and the relevant factors considered by us.
- Valuation analysis performed by us is not and should not be construed to constitute an audit. SKS is not expressing any opinion on any GAAP related issues and has not offered any attestation services. The above mentioned procedures were performed to the extent of data provided to us by the management of JBM, JBMA and JBMAA.
- Valuation analysis is also specific to the date of this report. An exercise of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. As such, our results are, to a significant extent, subject to continuance of current trends beyond the date of the report. We, however, have no obligation to update this report for events, trends or transactions relating to JBM / JBMA and JBMAA or the market / economy in general and occurring subsequent to the date of this report.
- Our report on valuation analysis was based on inquiries of and discussions with management of JBM, JBMA and JBMAA and reading of the documents provided to us. In the course of our valuation analysis, we have relied upon financials and other information, including estimates of future financial performance and assumptions thereof, provided by management of JBM, JBMA and JBMAA.
- Our conclusions are dependent on such information being complete and correct in all material respects. We have not conducted an independent audit, due diligence review or validation of such information and estimates of future financial performance for the purpose of this assignment. Accordingly, we don't express an opinion or any other form of assurance thereon and we accept no responsibility or liability for any losses occasioned to JBM or JBMA and JBMAA, their directors or shareholders or to any other party as a result of our reliance on such information. No representation is made as to the accuracy or completeness of such information unless expressly stated and nothing in our report should be relied as a representation of the future.
- We make no representation or warranty as to the accuracy or completeness of the information used for our analysis, including any estimates, and shall have no liability for any representations (expressed or implied) contained in, or for any omission from, these procedures.
- We have performed our analysis of JBM, JBMA and JBMAA for the aforesaid purpose and no account has been taken of any discount or premium that may be negotiated in the market in the event of a distress sale.



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- It is understood that this report is required in connection with the limited purpose and will not be used to solicit either directly or indirectly – investments in JBM or JBMA and JBMA or otherwise for any transaction.
- This report was not prepared by SKS for use by prospective financing sources. If, at any time, a potential financing source reviews this report, such financing source should conduct their own investigation and analysis of the data set forth in this document, obtain their own independent advice, and reach their own conclusions.
- SKS is not required to give testimony or to appear in court by reason of this valuation analysis, with reference to the Companies in the report.
- Any inferences drawn from this valuation report should consider the report in its entirety.
- Nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose. We are not responsible for arithmetical accuracy / logical consistency of any information provided by JBM or JBMA and JBMA and used in our analysis.
- The recommendation rendered in this report only represent the recommendations of SKS based upon information provided by the management of JBMA and JBMA and JBM and other sources and said recommendations shall be considered advisory in nature. Our recommendation will however not be for advising anybody to take buy or sell decision for which specific opinion needs to be taken from expert advisors.
- Our valuation analysis should not be constructed as investment advice; specifically we do not express any opinion on the suitability or otherwise of entering into any transaction with JBMA and JBMA or JBM.



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SHARE EXCHANGE RATIO

In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion, the share exchange ratio for the merger of JBMAS and JBMMA into JBM works out to be as under:

(Amount in Rs. Lacs)	JBMA	JBMAS	JBMMA	JBMA	JBMAS	JBMMA	JBMA	JBMAS	JBMMA
Summary	Values	Values	Values	Weight	Weight	Weight	Weighted	Weighted	Weighted
Net Assets Value	39,687	26,608	10,849	0.0%	0.0%	0.0%	-	-	-
Market Price Method	2,08,809			100.0%	0.0%	0.0%	2,08,809	-	-
CCM		1,00,839	46,064	0.0%	70.0%	0.0%	-	70,587	-
Discounted Cash Flow Method		1,31,463	14,768	0.0%	30.0%	0.0%	-	39,439	-
Price of Recent Investment			8,575			100.0%	-	-	8,575
Weighted Average Value				<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>2,08,809</u>	<u>1,10,026</u>	<u>8,575</u>
Number of Shares							407.95	248.90	608.99
Share Price Value							511.84	442.05	14.08
Share Allotment Ratio for JASPL							0.86	1.00	
Share Allotment Ratio for JASPL (Rounded)							86.00	100.00	
Share Allotment Ratio for JMASPL							0.03		1.00
Share Allotment Ratio for JMASPL (Rounded)							3.00		100.00

- 86 (Eighty Six) equity shares of face value of Rs. 5 each of JBM to be issued against 100 (One Hundred) equity shares of face value of Rs. 10 of JBMAS to the existing shareholders of JBMAS
- 3 (Three) equity shares of face value of Rs. 5 each of JBM to be issued against every 100 (one hundred) equity shares of face value of Rs.10 of JBMMA to the existing shareholders of JBMMA

We have not looked any other aspect of the proposed merger except the aforesaid share Exchange Ratio.

Santosh K Singh & Co., Chartered Accountants

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CA. Santosh Kumar Singh

Partner

M. No. 502320

Place: New Delhi

Dated: March 01, 2018

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