

**JBM Auto Limited**

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**REPORT OF AUDIT COMMITTEE OF JBM AUTO LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN JBM AUTO LIMITED (TRANSFEREE COMPANY), JBM AUTO SYSTEM PRIVATE LIMITED (TRANSFEROR COMPANY NO. 1) AND JBM MA AUTOMOTIVE PRIVATE LIMITED (TRANSFEROR COMPANY NO. 2) IN THEIR MEETING HELD ON 1<sup>st</sup> MARCH 2018 AT PLOT NO. 9, INSTITUTIONAL AREA, SECTOR-44, GURUGRAM-122003 AT 4.00 P.M.**

**Members Present:**

- |                              |   |          |
|------------------------------|---|----------|
| 1. Mr. Mahesh Kumar Aggarwal | - | Chairman |
| 2. Mr. Surendra Kumar Arya   | - | Member   |
| 3. Mr. Ashok Kumar Agarwal   | - | Member   |
| 4. Mrs. Pravin Tripathi      | - | Member   |

**In Attendance:**

- |                    |   |                         |
|--------------------|---|-------------------------|
| 1. Mr. Vivek Gupta | - | CFO & Company Secretary |
|--------------------|---|-------------------------|

**1 Preamble and Background:**

A draft Scheme of Amalgamation between JBM Auto Limited (**Transferee Company**), JBM Auto System Private Limited (**Transferor Company No. 1**), JBM MA Automotive Private Limited (**Transferor Company No. 2**) and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (**'the Draft Scheme'**) was placed before the Audit Committee for consideration and for providing its recommendation on the Draft Scheme.

This report is made in order to comply with the requirements of Paragraph I.A.2(c) of Annexure 1 of Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (**'SEBI Circular'**) issued by Securities and Exchange Board of India (**'SEBI'**) after taking into consideration, *inter alia*, the following:

- Draft Scheme of Amalgamation;
- Valuation Report dated 1<sup>st</sup> March, 2018 issued by M/s Santosh K Singh & Co., an Independent Chartered Accountant;
- Fairness Opinion Report dated 1<sup>st</sup> March, 2018 issued by M/s Finshore Financial Services Ltd., a SEBI registered Category-I Merchant Banker;
- Limited reviewed financial statements of Transferor Companies and Transferee Company as on 31<sup>st</sup> December, 2017.

After detailed consideration of the aforesaid documents and discussion on the same, the Audit Committee, noted, amongst others, the aforesaid and gave its recommendation as given below in Paragraph 3 of this report.



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**Works:**

Plant II : Plot No. 5, Sector 31, Kasna Indl. Area, Greater Noida, Gautam Budh Nagar-201 306 T: +91 120 4522500, F: +91 120 4522504  
 Plant III : 71-72, M.I.D.C. Satpur, Nashik - 422 007 T: +91 253 2207297 F: +91 253 2360559  
 Plant IV : Plot No. B-2, Survey No. 1, Tata Motors Vendor Park, Sanand, Ahmedabad - 382 170 (Gujrat) T: +91 2717 645180  
 Plant V : Plot No. 157-E, Sector 3, Pithampur Industrial Area, Distt. Dhar-454 775 (M.P.)  
 Plant VI : SP-1/891, RIICO Industrial Area, Pathredi, Distt. Alwar, Rajasthan -303107  
**Corp. Office** : Plot No. 9, Institutional Area, Sector 44, Gurgaon-122003 (Hr.) T: +91-124-4674500, 4674550 F: +91-124-4674599  
**Regd. Office** : 601, Hemkunt Chambers, 89, Nehru Place, New Delhi - 110 019 T: +91 11 26427104, F: +91 11 26427100  
**CIN** : L74899DL1996PLC083073

## **2 Salient features of the Draft Scheme:**

2.1 The following points, amongst others, were noted by the Audit Committee:

- a) Proposed Appointed date of Scheme of Amalgamation is 1<sup>st</sup> April, 2017;
- b) Draft Scheme provides for the merger of Transferor Company No. 1, Transferor Company No. 2 with Transferee Company with following benefits-
  - i. Achieving business and Administration synergies.
  - ii. Consolidation and simplification of the group structure, cost saving resulting from rationalization, standardization and simplification of business processes.
  - iii. Improved organizational capability arising from pooling of financial resources.
  - iv. Avoiding un-necessary duplication of costs of administration, distribution, selling and marketing and reduction in legal and regularity compliances.
  - v. Maximize the overall shareholders value by strengthening its core competencies.

2.2 The Audit Committee reviewed the valuation report and noted the report and recommended the following-

In consideration for the amalgamation of JBM Auto System Private Limited (**Transferor Company No. 1**), JBM MA Automotive Private Limited (**Transferor Company No. 2**) with JBM Auto Limited (**Transferee Company**) in terms of Scheme and based on the Valuation Report dated 1<sup>st</sup> March, 2018 issued by M/s Santosh K Singh & Co. and Fairness Opinion Report dated 1<sup>st</sup> March, 2018 issued by M/s Finshore Management Services Ltd., a SEBI registered Category-I Merchant Banker, the Transferee Company will issue equity shares to the Shareholders of Transferor Company No. 1 and Transferor Company No. 2 in the following ratio-

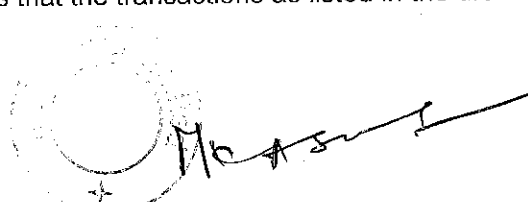
- 86 (Eighty Six Only) equity shares of face value of Rs. 5/- each of Transferee Company to be issued against 100 (One Hundred Only) equity shares of face value of Rs.10/- each of Transferor Company No. 1 to the shareholders of Transferor Company No. 1.
- 3 (Three Only) equity shares of face value of Rs.5/- each of Transferee Company to be issued against 100 (One Hundred Only) equity shares of face value of Rs.10/- each of Transferor Company No. 2 to the shareholders of Transferor Company No. 2.

Pursuant to the Scheme, the Company shall account for Amalgamation as per the Applicable Accounting principles prescribed under Indian Accounting Standard (IND AS).

2.3 The equity shares of the Company to be issued to the Shareholders of Transferor Company No. 1 and Transferor Company No. 2 shall be listed on the stock exchanges, subject to the listing permission being granted by stock exchanges.

## **3 Recommendation of the Audit Committee**

The Audit Committee, after perusal, deliberation and review of the draft Scheme, along with Valuation Report, Fairness Opinion and other documents listed above including benefits as mentioned above finds that the transactions as listed in the draft Scheme,

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along with the appointed date given thereof to be in the interest of all the companies involved, their shareholders and other stakeholders. Accordingly, the Audit Committee approve the draft Scheme and recommends the same to the Board of Directors of the Company, Securities and Exchange Board of India, the BSE Limited and National Stock Exchange of India Limited for their favorable consideration.

For and on behalf of Audit Committee of  
JBM Auto Limited

  
Mahesh Kumar Aggarwal  
(Chairman of Audit Committee)

Place: Gurugram, Haryana

Dated: 01 / 03 / 2018