JTEKT

JTEKT INDIA LIMITED
(Formerly known as Sona Koyo Steering Systems Limited)

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AUDIT COMMITTEE REPORT OF JTEKT INDIA LIMITED (FORMERLY KNOWN AS SONA KOYO STEERING SYSTEMS LIMITED) DATED 9TH FEBRUARY 2018

CONSIDERATION OF SCHEME OF AMALGAMATION, VALUATION REPORT, FAIRNESS OPINION AND RECOMMENDATION TO THE BOARD OF DIRECTORS

The Chairperson of the Audit Committee ("**Committee**") briefed the members about the report, as received from the Restructuring Committee, (as constituted by the board of directors of the Company ("**Board**") in its meeting held on 02nd February 2018) ("**Report**") recommending the amalgamation of JTEKT Sona Automotive India Limited ("**JSAI**"/"**Amalgamating Company**"), a joint venture between the Sona Koyo Steering Systems Limited ("**Company**"/"**Amalgamated Company**") and JTEKT Corporation with the Amalgamated Company, on such terms and conditions as mentioned in the draft scheme of amalgamation ("**Scheme**") under section 230 to 232 of the Companies Act, 2013 read with rules framed thereunder ("**Act**"), which shall, *inter alia*, be subject to the approval of Board, shareholders and creditors, if any, stock exchange(s), Securities Exchange Board of India ("**SEBI**"), National Company Law Tribunal and all other appropriate authority(ies), as required under the provisions of the Act, SEBI byelaws and all other applicable laws ("**Scheme**").

The Committee was further informed that, as on date, the Company is holding 2,77,78,094 equity shares of Rs. 10/- each aggregating to 49% (approx.) and JTEKT Corporation is holding 2,89,11,898 equity shares of Rs.10/- each aggregating to 51% (approx.) in JSAI.

The Chairperson of the meeting also informed the Committee that the said Scheme is based upon the valuation report dated 09th February 2018 as obtained from Walker Chandiok & Co LLP ("**Valuation Report**") and fairness opinion dated 09th February 2018 as obtained from KJMC Corporate Advisors (India) Limited ("**Fairness Opinion**"), in relation to the fairness of the said Scheme.

The Committee also noted that since the Scheme involves the promoter / promote group of the Company, therefore, the said Scheme will require to be approved by public shareholders of the Company, in terms of Para No. 9(b) of Schedule I of SEBI's Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**Circular**").

The draft Scheme along with the copy of Valuation Report and Fairness Opinion, as placed before the Committee and initialled by the Chairperson of the Committee for the purpose of identification was duly considered by the Committee.

The Committee also considered the Report as received from Restructuring Committee and decided to recommend to the Board, the said amalgamation of Amalgamating Company with the Amalgamated Company and accordingly, following resolution was passed in this regard:

"**RESOLVED THAT** basis the report as received from Restructuring Committee, the consent of the members of Audit Committee ("**Committee**") be and is hereby accorded to approve and recommend to the board of directors of Sona Koyo Steering Systems Limited ("**Company**"/"**Amalgamated Company**"), the amalgamation of JTEKT Sona Automotive India Limited ("**JSAI**"/"**Amalgamating Company**"), a joint venture between the Company and JTEKT Corporation with the Company, pursuant to the scheme of amalgamation ("**Scheme**") under the provisions of section 230 to 232 of the

JTEKT INDIA LIMITED JTEKT

Companies Act, 2013 read with rules framed thereunder ("**Act**") in consideration of which the Amalgamated Company will issue and allot equity shares, to each member of the Amalgamating Company, whose names are appearing as on record date in the register of members of Amalgamating Company, other than Amalgamated Company, in the following manner:

"*For every 1000 equity shares of Amalgamating Company of face value of Rs. 10/- each held in Amalgamating Company, every equity shareholder of the Amalgamating Company other than Amalgamated Company, shall without any application, act or deed, be entitled to receive 1582 equity shares of face value Re. 1/- each of the Amalgamated Company, credited as fully paid up on the same terms and conditions of issue as prevalent in Amalgamating Company*".

RESOLVED FURTHER THAT the Committee hereby ratifies the appointment of Walker Chandiok & Co LLP as the valuer for undertaking valuation in relation to the Scheme.

RESOLVED FURTHER THAT the Committee hereby ratifies the appointment of KJMC Corporate Advisors (India) Limited for providing fairness opinion on the said Scheme.

RESOLVED FURTHER THAT the valuation report dated 09th February 2018 as obtained from Walker Chandiok & Co LLP ("**Valuation Report**") along with the opinion dated 09th February 2018 as obtained from KJMC Corporate Advisors (India) Limited ("**Fairness Opinion**"), in relation to the fairness of the said Scheme, as placed before the Committee and duly initialled by the Chairperson of the meeting for the purpose of identification is hereby approved.

RESOLVED FURTHER THAT the Committee hereby ratifies the appointment of M/s. Shardul Amarchand Mangaldas & Co. Advocates and Solicitors as legal advisor and counsel for the purpose of the said Scheme.

RESOLVED FURTHER THAT the Scheme shall be effective from 1st April 2018 or such other date as may be approved by the NCLT and / or the Concerned Authority ("**Appointed Date**").

RESOLVED FURTHER THAT in terms of the Para No. 9(b) of Annexure I of SEBI's Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**Circular**"), the said Scheme will require to be approved by public shareholders.

RESOLVED FURTHER THAT Mr. Hidekazu Omura (Director) or Mr. Sudhir Chopra (Director-Corporate Affairs and Company Secretary) or Mr. Dinesh Kumar Agarwal (Sr. Vice President-Corporate Tax) or Mr. Rajiv Chanana (Chief Financial Officer) or Mr. Nitin Sharma (Dy. Company Secretary) of the Company be and are hereby severally authorised on behalf of the Company to take all steps, actions in the name and on behalf of the Company, including issuing/signing of any summary/report/extract of the proceedings on behalf of the Committee, as may be deemed necessary to implement the above.

The Committee thereby approved the Valuation Report and Fairness Opinion along with the Scheme and recommended the same to the board of directors of JTEKT Sona Automotive India Limited.

For **JTEKT INDIA LIMITED**

JTEKT INDIA LIMITED JTEKT

SUDHIR CHOPRA
DIRECTOR (CORPORATE AFFAIRS) &
COMPANY SECRETARY

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AUDIT COMMITTEE REPORT OF JTEKT SONA AUTOMOTIVE INDIA LIMITED DATED 9TH FEBRUARY 2018

CONSIDERATION OF SCHEME OF AMALGAMATION, VALUATION REPORT, FAIRNESS OPINION AND RECOMMENDATION TO THE BOARD OF DIRECTORS

The Chairperson of the Audit Committee ("**Committee**") while reviewing the operations of the Company discussed to explore structuring options for rationalizing the business structure of the Company and its associate companies.

The Chairperson of the Committee, thereafter proposed before the Committee the option to amalgamated JTEKT Sona Automotive India Limited ("**Company**"/"**JSAI**"/"**Amalgamating Company**") with Sona Koyo Steering Systems Limited ("**SKSS**"/"**Amalgamated Company**"), on such terms and conditions as mentioned in the draft scheme of amalgamation ("**Scheme**") under section 230 to 232 of the Companies Act, 2013 read with rules framed thereunder ("**Act**"), which shall, *inter alia*, be subject to the approval of the board of directors, shareholders and creditors, if any, National Company Law Tribunal and all other appropriate authority(ies), as required under the provisions of the Act and all other applicable laws ("**Scheme**").

The Committee was also informed that the Company is a joint venture between the SKSS and JTEKT Corporation, and as on date, SKSS is holding 2,77,78,094 equity shares of Rs. 10/- each aggregating to 49% (approx.) and JTEKT Corporation is holding 2,89,11,898 equity shares of Rs.10/- each aggregating to 51% (approx.) in the Company.

The Committee was also informed that, the said Scheme is based upon the valuation report dated 09th February 2018 as obtained from Walker Chandiok & Co LLP ("**Valuation Report**") and fairness opinion dated 09th February 2018 of KJMC Corporate Advisors (India) Limited ("**Fairness Opinion**"), in relation to the fairness of the said Scheme.

The said Valuation Report and Fairness Opinion along with the Scheme, as placed before the Committee and initialled by the Chairperson of the Committee for the purpose of identification was duly considered and approved by the Committee and the following resolution was passed in this regard:

"**RESOLVED THAT** the consent of the members of the Audit Committee ("**Committee**") be and is hereby accorded to approve and recommend to the board of directors of JTEKT Sona Automotive India Limited ("**Company**"/"**JSAI**"/"**Amalgamating Company**"), a joint venture between Sona Koyo Stering Systems Limited ("**Amalgamated Company**"/"**SKSS**") and JTEKT Corporation, the amalgamation of Amalgamating Company with the Amalgamated Company, pursuant to the scheme of amalgamation ("**Scheme**") under the provisions of section 230 to 232 of the Companies Act, 2013 read with rules framed thereunder ("**Act**") in consideration of which the Amalgamated Company will issue and allot equity shares, to each member of the Amalgamating Company, whose names are appearing as on the record date in the register of members of Amalgamating Company, other than the Amalgamated Company, in the following manner:

"*For every 1000 equity shares of Amalgamating Company of face value of Rs. 10/- each held in Amalgamating Company, every equity shareholder of the Amalgamating Company other than Amalgamated Company, shall without any application, act or deed, be entitled to receive 1582 equity shares of face value Re. 1/- each of the Amalgamated Company, credited as fully paid up on the same terms and conditions of issue as prevalent in Amalgamating Company*".

JTEKT SONA AUTOMOTIVE INDIA LTD.

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JTEKT SONA AUTOMOTIVE INDIA LTD.

RESOLVED FURTHER THAT the Committee hereby ratifies the appointment of Walker Chandiok & Co LLP as the valuer for undertaking valuation in relation to the Scheme.

RESOLVED FURTHER THAT the valuation report dated 09th February 2018 as obtained from Walker Chandiok & Co LLP ("**Valuation Report**") along with the opinion dated 09th February 2018 of KJMC Corporate Advisors (India) Limited ("**Fairness Opinion**"), in relation to the fairness of the said Scheme, as placed before the Committee and duly initialled by the Chairperson of the meeting for the purpose of identification is hereby approved.

RESOLVED FURTHER THAT the Committee hereby ratifies the appointment of Walker Chandiok & Co LLP as a valuer for undertaking valuation in relation to the said Scheme.

RESOLVED FURTHER THAT the Scheme shall be effective from 01st April 2018 or such other date as may be approved by the NCLT and / or the Concerned Authority ("**Appointed Date**").

RESOLVED FURTHER THAT Mr. Hidekazu Omura (Director) or Mr. Sudhir Chopra (Director) or Mr. Hitesh Wadhera (Company Secretary) of the Company are hereby severally authorised on behalf of the Company to take all steps, actions in the name and on behalf of the Company, including issuing/signing of any summary/report/extract of the proceedings on behalf of the Company, as may be deemed necessary to implement the above."

The Committee thereby approved the Valuation Report and Fairness Opinion along with the Scheme and recommended the same to the board of directors of JTEKT Sona Automotive India Limited.

For **JTEKT SONA AUTOMOTIVE INDIA LIMITED**

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Hitesh Wadhera
(Company Secretary)