KJMC CORPORATE ADVISORS (INDIA) LTD.

Merchant Banker : SEBI Registration No : MB/INM000002509

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Date: 23rd July, 2018

To,

JTEKT India Limited
UGF-6, Indraprakash Building,
21, Barakhamba Road,
New Delhi 110001.

RE: Fairness Opinion dated 9th February, 2018 (hereinafter referred to as "**Fairness Opinion**") issued by KJMC Corporate Advisors (India) Limited ("**KJMC**") on the Share Exchange Ratio for the proposed Scheme of amalgamation of JTEKT Sona Automotive India Limited with Sona Koyo Steering Systems Limited.

Dear Sir,

This is with reference to the letter dated 20th July, 2018 received from JTEKT India Limited (formerly known as Sona Koyo Steering Systems Limited).

We refer to the Fairness Opinion issued by KJMC on the above mentioned subject.

Pursuant to issuing the Fairness Opinion, the name of the company was changed from Sona Koyo Steering Systems Limited to JTEKT India Limited vide Certificate of Incorporation pursuant to change of name dated 7th April, 2018. Accordingly, the name of the company – Sona Koyo Steering Systems Limited on our Fairness Opinion shall be read as "JTEKT India Limited".

Thanking you,
For KJMC Corporate Advisors (India) Ltd.

KJMC CORPORATE ADVISORS (INDIA) LIMITED MUMBAI

Kaushal Patwa
AVP – Investment Banking

Parag Koshti
Manager – Investment Banking

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For JTEKT INDIA LIMITED

Sudhir Chopra
Director (Corporate Affairs)
& Company Secretary

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CIN : L67120MH1998PLC113888

Fairness Opinion on share exchange ratio

for the proposed Scheme of Amalgamation of

JTEKT Sona Automotive India Limited

with

Sona Koyo Steering Systems Limited

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For JTEKT INDIA LIMITED

Sudhir Chopra
Director (Corporate Affairs)
& Company Secretary

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For JTEKT SONA AUTOMOTIVE INDIA LIMITED

Company Secretary

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Date: February 9, 2018

The Board of Directors,
Sona Koyo Steering Systems Limited
UGF- 6, Indra Prakash,
21, Barakhamba Road,
New Delhi –110 001.

Dear Sirs,

Sub: Fairness Opinion on the share exchange ratio for the proposed Scheme of Amalgamation of JTEKT Sona Automotive India Limited with Sona Koyo Steering Systems Limited

1. SCOPE & PURPOSE OF THIS REPORT

The management of Sona Koyo Steering Systems Limited has appointed KJMC Corporate Advisors (India) Limited ("**KJMC**"), Category I Merchant Banker registered with SEBI having its Permanent Registration No. INM000002509, vide Engagement Letter dated February 5, 2018 to issue a 'Fairness Opinion' on the share exchange ratio recommended in valuation report dated February 9, 2018 issued by M/s Walker Chandiok & Co, LLP, Chartered Accountants ("**Independent Valuer**") on the Scheme of Amalgamation of JTEKT Sona Automotive India Limited with Sona Koyo Steering Systems Limited.

The Draft Scheme of Amalgamation ("**Draft Scheme**") provides for the merger of JTEKT Sona Automotive India Limited ("**Transferor Company**" / "**JSAI**") with Sona Koyo Steering Systems Limited ("**Transferee Company**" / "**SKSSL**") pursuant to Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions.

The Fairness Opinion has been issued to facilitate the Transferee Company to comply with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

2. BRIEF BACKGROUND OF THE COMPANIES UNDER REFERENCE

a. Transferee Company

Sona Koyo Steering Systems Limited was initially incorporated as a public company in the name and style of "Sona Steering Systems Limited" under the Companies Act, 1956 on June 14, 1984 and received the certificate of commencement of business on September 20, 1985. The name of the Company was changed to the current name vide fresh certificate of incorporation dated September 18, 1998 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. The registered office of the company is located at UGF- 6, Indra Prakash, 21, Barakhamba Road, New Delhi – 110 001.

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Sudhir Chopra
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SKSSL manufactures steering gears in India and supplies Hydraulic Power Steering Systems, Manual Rack & Pinion Steering Systems and Collapsible, Tilt and Rigid Steering Columns for Passenger Vans and MUVs. Amongst its customers, SKSSL counts many names viz. Maruti Suzuki, Mahindra & Mahindra, Tata Motors, Honda, Fiat India, Toyota Kirloskar, General Motors, John Deere, Club Car, E-z-go and Renault-Nissan. SKSSL has its Plants located at Gurugram, Dharuhera, Chennai and Sanand.

The shares of SKSSL are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company Identification Number (CIN) for SKSSL is L29113DL1984PLC018415.

As on December 31, 2017, the issued, subscribed and paid-up equity share capital of SKSSL consists of 19,87,41,832 equity shares of Face Value Re. 1/- each and the Shareholding Pattern is as under:

Category of Shareholder	Shareholding of Equity Shares (%)
Promoters	77.39
Non-Promoter (including Institutions)	22.61
Total	**100.00**

b. <u>Transferor Company</u>

JTEKT Sona Automotive India Limited, having CIN U29268DL2007PLC165741, is a public limited company incorporated under the Companies Act, 1956 on July 11, 2007 having its registered office at UGF-6 Indra Prakash, 21 Barakhamba Road, New Delhi – 110 001 and its works are situated at Plot No. 26, Sector-5, Growth Centre-II, Bawal, Dist. Rewari-123501. JSAI is a joint venture company of SKSSL and JTEKT Corporation, Japan which hold 49% and 51% shareholding respectively in the company. The company is presently engaged in the business of manufacturing/production, sale and supply of Column Type Electric Power Steering (C-EPS) Systems.

As on December 31, 2017, the issued, subscribed and paid-up equity share capital of JSAI consists of 5,66,90,000 equity shares of Face Value Rs. 10/- each and the Shareholding Pattern is as under:

Name of Shareholder	Shareholding of Equity Shares (%)
SKSSL	49.00
JTEKT Corporation	51.00
Total	**100.00**

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FOR JTEKT INDIA LIMITED

Sudhir Chopra
Director (Corporate Affairs)
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For JTEKT SONA AUTOMOTIVE INDIA LIMITED

Company Secretary

3. DRAFT SCHEME OF AMALGAMATION

The Draft Scheme of Amalgamation pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 provides for the merger of JSAI with SKSSL. The Draft Scheme includes, inter alia, following points:

i. With effect from the Appointed Date and upon the Scheme becoming effective, the Transferor Company shall stand transferred to and be vested in the Transferee Company as a going concern, without any further deed or act, together with all the properties, assets, rights, liabilities, benefits and interest therein.

ii. Upon the Draft Scheme becoming finally effective, in consideration of the amalgamation of the Transferor Company in the Transferee Company in terms of the Draft Scheme, the Transferee Company shall issue and allot Equity Shares of the Transferee Company to the Equity Shareholders of the Transferor Company in the recommended share exchange ratio. However, the equity shares of the Transferor Company held by the Transferee Company shall be cancelled and no allotment shall be made in respect of these shares.

iii. With effect from the Effective Date, the Transferee Company shall be authorized to and will commence and carry on the business of the Transferor Company.

iv. Upon the Draft Scheme becoming effective, the Transferor Company shall be dissolved without following the procedure of winding up prescribed under The Insolvency and Bankruptcy Code, 2016.

4. RATIONALE FOR SCHEME OF AMALGAMATION

The Rationale of the Draft Scheme as shared with us by SKSSL is based on the following benefits:

i. Transferor Company is a joint venture between the Transferee Company and the majority shareholder of Transferee Company, JTEKT Corporation. Apart from essentially being under one management, both the companies also have business and operational synergies. The Transferee Company is engaged in making manual steering systems which is in turn an input for electrical steering system manufactured by the Transferor Company. The business of the Transferor Company and the Transferee Company can be combined conveniently and carried out in conjunction more advantageously to the customers.

ii. It enhances the shareholder's value accruing from consolidation of the business operations resulting in economies of scale, improving allocation of capital, and

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optimizing cash flows, thus contributing to the overall growth prospects of the combined entity.

iii. It ensures optimum utilisation of resources due to pooling of management, administrative and technical skills of various resources of both the Transferee Company and Transferor Company, better administration and cost reduction, including reduction in managerial, administrative and other common costs.

iv. It creates larger asset base and facilitate access to better financial resources.

5. SOURCES OF INFORMATION

We have relied on the following information in issuing this Fairness Opinion for the purpose of merger:

i. Draft Scheme of Amalgamation of JSAI with SKSSL

ii. Valuation report issued by the Independent Valuer, M/s Walker Chandiok & Co., LLP, Chartered Accountants, dated February 9, 2018, recommending the share exchange ratio for the Scheme of Amalgamation of JSAI with SKSSL

iii. Reviewed certain publicly available information with respect to each of the relevant entities

iv. Reviewed certain business and historical and projected financial information relating to each of the entities, as provided by the Company

v. Historical Market prices and trading volume of SKSSL on BSE and NSE

vi. Shareholding Pattern of SKSSL and JSAI as on December 31, 2017.

vii. Certain publicly available information with respect to certain other companies in the same line of business and which we believe to be generally relevant in the context of the business of SKSSL and JSAI

viii. Such other information, documents, data, reports, discussions and verbal & written explanations from the management of SKSSL and JSAI as were considered relevant for the purpose of Fairness Opinion

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For JTEKT INDIA LIMITED

Sudhir Chopra
Director (Corporate Affairs)
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Company Secretary

6. LIMITATIONS

Our opinion is subject to the following Limitations / Exclusions:

i. Our work purely constitutes assessing the fairness of share exchange ratio recommended in the valuation report dated February 9, 2018 issued by the Independent Valuer. The assessment is carried out with the information provided to us by the Transferee Company on as is basis.

ii. This Report is based on the equity share capital of Transferor Company and Transferee Company as on December 31, 2017.

iii. This Fairness Opinion did not cover undertaking a field survey for the purpose of determining market potential for the products, services and brands of the Transferor Company and/or Transferee Company.

We have relied upon and assumed the accuracy and completeness of all such information that has been furnished to us by the Transferee Company.

7. RELIANCE AND LEGAL DISCLAIMER

This Report is prepared by KJMC under a mandate from Transferee Company on the basis of information, documents, papers, and explanations given by the management, officers, and executives of Transferee Company to KJMC. In the preparation of this Opinion, KJMC has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the data provided by Transferee Company. KJMC has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information. Publicly available information deemed relevant for the purpose of the analysis contained in the Fairness Opinion has also been used. Therefore the Fairness Opinion is based on our interpretation of the information provided by Transferee Company including its representatives and advisors, as supplied to us to date. KJMC has also considered Draft Scheme as furnished. We have assumed that the Draft Scheme will be approved by the regulatory authorities and the final Scheme will not differ in any material respect from the Draft Scheme and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme.

No investigation for claim to title of assets of the Transferor Company and Transferee Company has been made by us for the purpose of this Report and claim of the Transferor Company and Transferee Company to such rights has been assumed to be valid. We are not experts in the evaluation of litigation or other actual or threatened claims. No responsibility whatsoever is assumed for matters of a legal nature. Our report is not and should not be construed as our opining or certifying the compliance of the Draft Scheme with the provisions of any law including companies, taxation and/or capital market related laws or as regards any legal implications or issues arising from such proposed merger.

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For JTEKT INDIA LIMITED

Sudhir Chopra
Director (Corporate Affairs)
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One should note that valuation is an art as well as a science. It is very subjective and based on individual perception. Large number of valuation models and its countless variants are in vogue, each of which has its own strength and weakness. Such practices leads to varying values arrived at by expert which at times may differ by larger margin.

Our opinion also does not address any matters otherwise than as expressly stated herein including but not limited to matters such as corporate governance matters, shareholder rights or any other equitable considerations. We were not requested to and we did not participate in the negotiations of the proposed merger. We have also not opined in the fairness of any terms and conditions of the Draft Scheme other than the fairness, from financial point of view of the share exchange ratio.

KJMC has not provided any accounting, tax or legal advice to the Transferee Company. Fairness Opinion should not be construed as investment advice or any form of recommendation either for making or divesting investment in any of the companies involved in the Draft Scheme. We do not express any opinion on the suitability or otherwise of entering into the proposed transaction. We express no view as to and our Opinion does not address, the underlying business decisions of the Company to effect the merger, the relative merits of the proposed transaction as compared to any other alternative business strategy. KJMC shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out herein in this Report.

We express no opinion whatsoever and make no recommendation at all to the companies underlying decision to effect the Draft Scheme or as to how the holders of the equity shares or secured or unsecured creditors of the Companies should vote at the respective meetings held in connection with the Draft Scheme. We do not express and should not be deemed to have expressed any views on any other term of the Draft Scheme. We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of SKSSL will trade following the announcement of the Draft Scheme or as to the financial performance of SKSSL following the consummation of the Draft Scheme.

This Opinion is necessarily based on various factors and conditions and the written and oral information made available to us as of the date hereof. This opinion is issued on the understanding that the Management of Transferee Company under the Scheme has drawn our attention to all matters of which they are aware, which may have an impact on our Opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.

We have not independently investigated or otherwise verified the data provided. There may be matters, other than those noted in the Draft Scheme, which might be relevant in the context of the transaction and which a wider scope might uncover.

We have no present or planned future interest in Transferee Company or in any of its subsidiaries / associate companies and the fee payable for this Report are not contingent upon the opinion reported herein. We may currently or in the future, provide investment banking and / or other financial related services to the Transferee Company and / or its subsidiaries or their respective affiliates that are unrelated

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Company Secretary

to the Draft Scheme, for which services we may receive customary fees. Our engagement and the Opinion expressed herein are for the benefit of the Board of Directors of the Transferee Company in connection with its consideration of the Draft Scheme and for none other. Neither KJMC nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied as to the information and documents provided to us, based on which this Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

This report has been issued for the sole purpose to facilitate the Company to comply with SEBI Regulations and the requirements of the Stock Exchanges on which SKSSL is listed and not for any other purpose. This report is issued on the understanding that it is solely for the use of the persons to whom it is addressed i.e. Board of Directors of SKSSL and for the purpose described above. We will not be liable.or responsible to any person other than those to whom it is addressed. The information contained herein and this Opinion is absolutely confidential. The report must not be made available or copied in whole or in part to any other person without our express written permission.

8. CONCLUSION

The Independent Valuer, M/s Walker Chandiok & Co., LLP, Chartered Accountants, vide its report dated February 9, 2018 has recommended a share exchange ratio of 1,582 (One Thousand Five Hundred and Eighty Two) fully paid up equity share of face value Rs. 1/- each of Transferee Company for every 1,000 (One Thousand) fully paid up equity shares of face value Rs. 10/- each of Transferor Company.

Based on the above read with the caveats as detailed in this report and based on the information / data made available to us, we have reviewed the share exchange ratio certificate of the Independent Valuer, analysis of various assumptions underlying therein and methodologies used by the Independent Valuer to arrive at share exchange ratio. We as a Merchant Banker believe that the share exchange ratio suggested by the Independent Valuer under the proposed Scheme of Amalgamation is "Fair" in our opinion.

For **KJMC Corporate Advisors (India) Ltd.**

Kaushal Patwa
AVP – Investment Banking

KJMC CORPORATE ADVISORS (INDIA) LIMITED MUMBAI

Parag Koshti
Manager – Investment Banking

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