

REPORT OF THE AUDIT COMMITTEE OF MINDA INDUSTRIES LIMITED RECOMMENDING THE DRAFT COMPOSITE SCHEME OF AMALGAMATION OF THE HARITA LIMITED ("TRANSFEROR COMPANY 1") AND HARITA VENU PRIVATE LIMITED ("TRANSFEROR COMPANY 2") AND HARITA CHEEMA PRIVATE LIMITED ("TRANSFEROR COMPANY 3") AND HARITA FINANCIAL SERVICES LIMITED ("TRANSFEROR COMPANY 4") AND HARITA SEATING SYSTEMS LIMITED ("TRANSFEROR COMPANY 5") AND MINDA INDUSTRIES LIMITED ("TRANSFEE COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS ("SCHEME").

MEMBERS PRESENT:

Mr Alok Dutta
Mr Anand Kr Minda
Mrs Pravin Tripathi

IN ATTENDANCE:

Mr. Tarun Kr Srivastava Company Secretary

BY INVITATION:

Mr. Sunil Bohra	Group CFO
Mr. Ravi Mehra	Domain CEO (Interior, Controls & Safety Domain)
Mr. Naveesh Garg	Chief Strategy Officer
Mr. Vijay Wadhvani	GM - Finance
Mr. Tripurari Kumar	DGM - Finance
Mr. Ankit Brijpuriya	AM – Legal & Secretarial
Mr. Aman Yagnik	Representative - Khaitan & Co. Advocates
Mr. Parag Ved	Partner - SSPA & Co., Chartered Accountants

1. Background

- 1.1. A meeting of the Audit Committee of the Company was held on February 14, 2019, to consider and recommend the proposed draft Composite Scheme of Amalgamation amongst Harita Limited ("Transferor Company 1") and Harita Venu Private Limited ("Transferor Company 2") and Harita Cheema Private Limited ("Transferor Company 3") and Harita Financial Services Limited ("Transferor Company 4") and Harita Seating Systems Limited ("Transferor Company 5") with Minda Industries Limited ("Transferee Company") and their respective shareholders ("Scheme") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.
- 1.2. The Transferee Company is a listed public company incorporated under the provisions of the Companies Act, 1956. The equity shares of the Transferee Company are listed on BSE Limited and the National Stock Exchange of India Limited
- 1.3. The Transferor Company 5 is a listed public company incorporated under the provisions of the Companies Act, 1956. The equity shares of the Transferor Company 5 are listed on the National Stock Exchange of India Limited.



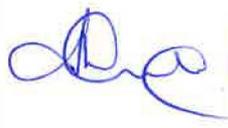
- 1.4. The Transferor Company 1, the Transferor Company 2, the Transferor Company 3 and the Transferor Company 4 are all companies incorporated under the provisions of the Companies Act, 1956 and are promoters of the Transferor Company 5.
- 1.5. This report of the Audit Committee is made in order to comply with the requirements of the SEBI circular number CFD/DIL3/CIR/2017/21 dated 10 March 2017, including amendments thereto, issued under the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**").
- 1.6. The following documents were placed before the Audit Committee:
- (a) Draft Scheme, duly initialed by the Company Secretary of the Company for the purpose of identification;
 - (b) Joint Valuation report dated February 14, 2019 issued by M/s. Bansi S. Mehta & Co, independent Chartered Accountants and M/s. SSPA & Co, Chartered Accountants, ("**Valuation Report**") describing the methodology adopted by them in arriving at the fair value of shares and the share exchange ratios;
 - (c) Fairness opinion dated February 14, 2019 issued by M/s. Keynote Corporate Services Limited, Independent Category-I Merchant Bankers, ("**Fairness Opinion**") certifying fairness of the share exchange ratios as determined in the Valuation Report;
 - (d) Pricing certificate from the M/s. B S R & Co. LLP , Chartered Accountants, the Statutory Auditor of the Company determining floor price for the purpose of issuance of shares of the Company to shareholders of the Transferor Company 1, the Transferor Company 2, the Transferor Company 3 and the Transferor Company 4, as mentioned in the draft Scheme, under paragraph 9 of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 27, 2017; and
 - (e) Certificate dated February 14, 2019, obtained from the Statutory Auditors of the Company viz. B S R & Co. LLP, Chartered Accountants, confirming that the accounting treatment prescribed in the Scheme is in compliance with applicable accounting standards.

2. Proposed Composite Scheme of Amalgamation

- 2.1. The Audit Committee noted the rationale and the benefits of the Scheme which, *inter-alia*, are as follows:
- 1. Both the Transferor Company 5 and Transferee Company are engaged in auto component business;
 - 2. The Transferor Company 5 is a manufacturer of automotive products viz., seating systems catering to the needs of vehicle manufacturers. It has good capabilities in managerial, engineering and financial areas.



3. The Transferee Company desires to expand its business in automotive components and this amalgamation would lead to improved customer connect and enhanced market share across product segments relating to auto sector;
4. The Transferor Company 5's products like Seating Systems will synergize well with the product groups of the Transferee Company;
5. The amalgamation will help the Transferee Company in creation of platform for a new business / product and to act as a gateway for growth and will ensure better operation management and expansion of business operations;
6. By this amalgamation and through enhanced base of product offerings, the Transferee Company would serve as One-stop solution for wide range of components / products to the original equipment manufacturers (OEMs) and others;
7. The merger of Transferor Company 1 to Transferor Company 4 with the Transferee Company will ensure simplification of the holding structure of the Transferee Company after the amalgamation;
8. The proposed amalgamation of the Transferor Company 5 with the Transferee Company in accordance with this Scheme would enable companies to realise benefits of greater synergies between their businesses and avail of the financial, managerial, technical, distribution and marketing resources of each other towards maximising stakeholder value;
9. Synergy of operations will result in incremental benefits through sustained availability and better procurement terms of components, pooling of resources in manufacturing, engineering, manpower and other infrastructure, thus leading to better utilisation and avoidance of duplication;
10. Creation of focused platform for future growth of the Transferee Company being engaged, among other things, in the business of manufacturing auto components;
11. Improvement in competitive position of the Transferee Company as a combined entity and also achieving economies of scale including enhanced access to marketing networks/customers;
12. The Scheme enables the Transferee Company to have control over the operations of the Transferor Company 5; and
13. The Scheme shall not in any manner be prejudicial to interest of the concerned shareholders, creditors or general public at large.;



2.2. The salient features of the draft Scheme are as under:

- (a) amalgamation of the Transferor Company 1, the Transferor Company 2, the Transferor Company 3 and the Transferor Company 4 with the Transferee Company, and the consequent issue of equity shares or non-convertible redeemable preference shares by the Transferee Company in the manner set out in the Scheme; and
- (b) amalgamation of the Transferor Company 5 with the Transferee Company, and the consequent issue of equity shares or non-convertible redeemable preference shares by the Transferee Company in the manner set out in the Scheme.

The Audit Committee reviewed the Pricing Certificate, Valuation Report and noted the recommendations made therein. Further, the Fairness Opinion confirmed that the share exchange ratio in the Valuation Report is fair to the shareholders of the Company.

3. Recommendation of the Audit Committee

Taking into consideration the draft Scheme, Valuation Report, Fairness Opinion, Pricing Certificate and other documents, as placed, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Audit Committee

For and on Behalf of

MINDA INDUSTRIES LIMITED



Alok Dutta
Chairman,
Audit Committee
Place: Gurgaon
Date: 14.02.2019

