

REPORT OF THE AUDIT COMMITTEE OF UNO MINDA LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF KOSEI MINDA ALUMINUM COMPANY PRIVATE LIMITED, KOSEI MINDA MOULD PRIVATE LIMITED, MINDA KOSEI ALUMINUM WHEEL PRIVATE LIMITED WITH UNO MINDA LIMITED.

MEMBERS PRESENT:

Mr. Rajiv Batra	Chairman
Mr. Krishan Kumar Jalan	Member
Mr. Rakesh Batra	Member
Ms. Rashmi Hemant Urdhwaresh	Member

INVITEES:

Mr. Nirmal K Minda	Chairman & Managing Director
Mr. Anand Kumar Minda	Director
Ms. Paridhi Minda	Whole-time Director
Mr. Sunil Bohra	Group Chief Financial Officer
Mr. Kundan Kumar Jha	CEO- LAS Domain
Mr. Ankur Modi	Head Corporate Finance & Communication,
Mr. Vaibhav Panwar	Head Audit and Risk Management
Mr. Pawan Agarwal	CFO- LAS Domain
Mr. Ompal	Lead-Legal & Secretarial
Mr. Brijesh Kumar	Lead-Legal & Secretarial

IN ATTENDANCE:

Mr. Tarun Kumar Srivastava	Company Secretary & Compliance Officer
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1. Background

- 1.1. A meeting of the Audit Committee of Uno Minda Limited ("Transferee Company") was held on March 20, 2023, to consider and recommend to the Board of Directors of the Transferee Company ("Board"), the proposed scheme of amalgamation of Kosei Minda Aluminum Company Private Limited ("Transferor Company 1"), Kosei Minda Mould Private Limited ("Transferor Company 2"), Minda Kosei Aluminum Wheel Private Limited ("Transferor Company 3") (collectively "Transferor Companies") with

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the Transferee Company and their respective shareholders and creditors pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the rules and/or regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("Act") and other applicable laws including the Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665, dated November 23, 2021 issued by the Securities and Exchange Board of India ("SEBI") or any other circulars issues by SEBI applicable to schemes of arrangement from time to time ("SEBI Scheme Circular") and such scheme, the "Scheme".

- 1.2. The Transferee Company is a public listed company incorporated under the provisions of the Companies Act, 1956. The equity shares of the Transferee Company are listed on National Stock Exchange of India Limited (NSE) and BSE Ltd. (BSE) ("Stock Exchanges").
- 1.3. In terms of the SEBI Scheme Circular, a report from the Audit Committee recommending the draft Scheme is required, taking into consideration inter alia the Valuation Report (as defined hereinafter), and commenting on the need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the Transferee Company and the shareholders of the Transferee Company and cost benefit analysis of the Scheme. This report of the Audit Committee is made in compliance with the requirements of the SEBI Scheme Circular issued by SEBI pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. Sallent features of the Scheme

- 2.1. The Scheme is for amalgamating the entire business of the Transferor Companies with the Transferee Company in accordance with the Sections 230 to 232 and other applicable provisions of the Act, the provisions of the SEBI Scheme Circular and the Income Tax Act, 1961, including Sections 2(1B) thereof.
- 2.2. Upon the Scheme becoming effective, the Transferor Companies will dissolve without winding up and in consideration of transfer and vesting of the Transferor Companies in the Transferee Company in terms of the Scheme, the Transferee Company shall issue and allot its fully paid-up equity shares to all shareholders of the Transferor Company 1 and Transfer Company 2 as on the Record Date (as defined under the Scheme) or to their respective heirs, executors, administrators or other legal



representative or other successors in title as on the Record Date in the following manner:

"for every 10,000 (Ten Thousand) equity share of face value of Rs. 10 each held in Kosei Minda Aluminum Company Private Limited as on the record date, the equity shareholders thereof shall be issued 13 (Thirteen) equity shares of face value Rs. 2 each of Uno Minda Limited credited as fully paid-up"

"for every 10,000 (Ten Thousand) equity share of face value of Rs. 10 each held in Kosei Minda Mould Private Limited as on the record date, the equity shareholders thereof shall be issued 181 (One Hundred Eighty-One) equity shares of face value Rs. 2 each of Uno Minda Limited credited as fully paid-up"

- 2.3. The Audit Committee noted that out of three shareholders, two of the shareholders of the Transferor Company 3 viz. Kosei International Trade and Investment Company Limited and Minda Investments Limited, are in the process of selling their entire shareholding in the Transferor Company 3 to the Transferee Company, post which, the Transferor Company 3 will become a wholly owned subsidiary of the Transferee Company prior to the Scheme coming into effect. As a result of which the entire shareholding of the Transferor Company 3 shall stand automatically cancelled without any further application, act or deed and no new shares in form of consideration shall be issued against the same for the purposes of the amalgamation of the Transferor Company 3 into the Transferee Company.
- 2.4. The issuance of equity shares in accordance with paragraph 2.2 above, in consideration of the amalgamation will be undertaken following effectiveness of the Scheme and these shares shall be listed on the Stock Exchanges.
- 2.5. The Appointed Date for the proposed Scheme is April 1, 2023 or such other date as may be mutually agreed by the Boards of the Transferee Company and the Transferor Companies and conveyed to the NCLT (as defined under the Scheme) in writing ("Appointed Date"). If and when the Scheme comes into effect upon the satisfaction (or waiver, as the case may be) of the conditions mentioned in the Scheme, it shall be deemed to have taken effect on the Appointed Date.
- 2.6. The Scheme is subject to certain conditions precedent including:
 - (a) The Scheme being approved by the requisite majority of members and/or secured and unsecured creditors (where applicable) of the Companies in

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accordance with the Act and the SEBI Scheme Circular, and as may be directed by the NCLT;

- (b) Scheme being approved by the public shareholders of the Transferee Company in terms of Paragraph 10 of the Part I of the SEBI Scheme Circular and this Scheme shall be acted upon only if votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against it;
- (c) Scheme being sanctioned by the NCLT in terms of Section 230 to Section 232 and other relevant provisions of the Act; and
- (d) certified copies of the sanction orders of the NCLT approving the Scheme being filed with the relevant Registrar of the Company and the Transferor Companies.

3. Rationale of the Scheme

3.1. The amalgamation would be in the best interest of the companies and their respective shareholders, employees, creditors and other stakeholders as the amalgamation is expected to, *inter-alia*:

- (a) result in an amalgamated company that is expected to have improved financial strength. Particularly, the Transferor Companies and Transferee Company believe that the combined business will augment revenue growth and merged profitability;
- (b) enable more economic and efficient management, control and running of the businesses of the companies concerned;
- (c) enable a focused business approach for the maximization of benefits to all stakeholders;
- (d) achieve simplification of holding structure of entities forming part of the group, improve operational and management efficiencies, streamline business operations and decision-making process and enable greater economies of scale;

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- (e) achieve greater transparency, operational efficiency and better utilization of resources by combining the business strength of the Transferor Companies and the Transferee Company;
 - (f) provide combined access to business relationships and other intangible benefits that the Transferor Companies have built over the years;
 - (g) significantly enhance scale for the combined business and bridge the gap between the companies and their peers;
 - (h) strengthening of the Transferee Company's Alloy Wheel product portfolio
- 3.2. The amalgamation is in the interest of the Transferee Company and the Transferor Companies, their respective shareholders, creditors and all other stakeholders and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

4. Need for the amalgamation.

The Scheme would enable significant enhancement of scale for the combined business, a cohesive marketing and selling opportunities as part of combined business, diversification, reduced concentration of risks, combined business to exploit the complimentary capabilities of the combined business including consolidating its position in the alloy wheel business in auto components industry, scaling in high-growth verticals and expand into new verticals.

5. Synergies of the business of the entities involved

The amalgamation is expected to enable the combined business to develop stronger relationships across its partner ecosystem, using the augmented intellectual capital and stronger implementation capabilities resulting from the amalgamation. Particularly, the combined business experience and expertise will enable tier-status upgrades with some clients. The amalgamation is expected to create more opportunity for growth in customer relationships/value creation through enhanced attention to brand building, including the corporate brand. Similarly, it is expected that the amalgamation will result in a combined collaboration opportunity with several unique partners.

6. Impact of the Scheme on the Transferee Company and Its Shareholders

- 6.1. The combined entity is expected to have improved financial strength. Particularly:

Uno Minda Limited (Formerly known as Minda Industries Limited) Corporate Office: Village Nawada Fatehpur, PO Sikanderpur Badli, Manesar, Distt. Gurgaon, Haryana - 122004, INDIA. T: +91 124 2290427/28, 2290693/94/96 F: +91 124 2290676/93 Email: info@mindagroup.com
www.unominda.com Regd. Office: B-64/1, Wazirpur Industrial Area, Delhi - 110052 CIN No. U74899DL1922PLC050333



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- (a) It is expected that the combined business will augment revenue growth and profitability;
 - (b) expected that the combined balance sheet will provide diverse strategic options and flexibility;
 - (c) efficiencies and synergies such as optimization of sales, general and administration costs, consolidation of delivery operations.
 - (d) Strengthening of the Transferee Company's Alloy Wheel product portfolio.
- 6.2. The Scheme will not adversely affect the rights or interest of any shareholders of the Transferee Company or creditors, in any manner whatsoever.

7. Cost benefit analysis of the Scheme

The Scheme is expected to increase the value of the Company primarily on account of benefits and synergies detailed above. The benefits of the scheme outweigh such costs for the Company and its stakeholders.

8. Documents placed before the Audit Committee

- 8.1. Draft Scheme, duly initialled by the Company Secretary of the Company for the purpose of identification;
- 8.2. Independent valuation report dated March 20, 2023 ("**Valuation Report**") issued by M/s Samarth Valuation Advisory LLP (Registered Valuer Entity) describing, *inter alia*, the methodologies adopted by them in arriving at the recommended share exchange ratio and setting out the detailed computation of share exchange ratio for the proposed amalgamation;
- 8.3. fairness Opinion dated March 20, 2023 issued by M/s 3Dimension Capital Services Limited (SEBI Registered Merchant Banker) providing its opinion on the fairness of share exchange ratio, as recommended in the Valuation Report;
- 8.4. Presentation on proposed merger *inter alia* detailing manufacturing capacities, customers, business size, financials of Transferor Companies, rationale for



amalgamation of Transferor Companies with Transferee Company, benefits of merger, cost of merger etc.

9. Recommendations of the Audit Committee

- 9.1. The Audit Committee has reviewed the valuation report and noted the recommendations made therein. Further, the fairness opinion has confirmed that the recommended share exchange ratio by the valuers in the valuation report are fair to the shareholders of the Transferee Company. The Audit Committee has noted that Mr. Nirmal Kumar Minda, Chairman and Managing Director of Transferee Company is also director on the Board of Transferor Company 1 and Transferor Company 3. Mr. Satish Balkrishna Borwankar, Independent Director of Transferee Company is Independent Director on the Board of Transferor Company 3. Other than the aforesaid Directors, none of the directors of the Transferee Company have any concern or interest in the Transferor Companies.
- 9.2. Taking into consideration the draft Scheme, valuation report, fairness opinion, need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders, cost benefit analysis, and other relevant documents, as placed, the Audit Committee recommends the draft Scheme for favourable consideration and approval by the Board of the Transferee Company, Stock Exchanges and other appropriate authorities.

**For and on behalf of the Audit Committee of
Uno Minda Limited**



Rajiv Batra
DIN: 00082866
Designation: Chairman
Date: 20th March 2023
Place: Gurgaon



