

FAIRNESS OPINION REPORT

FOR THE PROPOSED AMALGAMATION OF

KOSEI MINDA MOULD PRIVATE LIMITED
("Transferor Company 1")

AND

KOSEI MINDA ALUMINIUM COMPANY PRIVATE LIMITED
("Transferor Company 2")

WITH

UNO MINDA LIMITED
("Transferee Company")

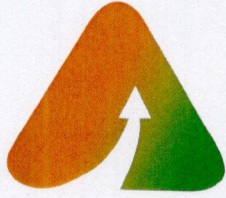
AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
(UNDER SECTION 230 TO 232 OF THE COMPANIES ACT, 2013)

20th March, 2023

Strictly Private & Confidential





GSTIN: 07AAICS6488H1ZS
CIN: U65923DL2001PLC113191

3DIMENSION CAPITAL SERVICES LIMITED

SEBI Registered (Category - I) Merchant Banker
SEBI Registration No. INM000012528

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To

The Board of Directors

Uno Minda Limited

Village Nawada Fatehpur, P.O.
Sikanderpur Badda, Manesar,
Gurgaon, Haryana - 1220004

To

The Board of Directors

Kosei Minda Mould Private Limited

B-64/1, Wazirpur Industrial Area,
New Delhi-110052

To

The Board of Directors

Kosei Minda Aluminium Company Private Limited

Plot No. 20A & 20B, SIPCOT Industrial Growth Center,
Orgadam Extension Scheme, RNS Park, Village: Vadakkupattu,
Sripermbudur, taluk Kancheepuram, Tamil Nadu- 603204

Sub: Fairness Opinion on Share Exchange Ratio for the Proposed Amalgamation of Kosei Minda Mould Private Limited (Transferor Company 1/ KMMPL), Kosei Minda Aluminium Company Private Limited (Transferor Company 2/ KMACPL) with Uno Minda Limited ("Transferee Company"/"UML").

Dear Sir/Madam,

We, 3Dimension Capital Services Limited (SEBI Registered Category I Merchant Banker), have been appointed by Uno Minda Limited ("Transferee Company"/"UML"), to provide a Fairness Opinion on the Valuation report issued by **Samarth Valuation Advisory LLP (Registration No. IBBI/RV-E/06/2021/157)** dated **20th March, 2023** in connection with the proposed merger as subjected above pursuant to a Scheme of Arrangement under Sections 230 to 232 and other applicable clauses of the Companies Act, 2013.

In terms of our engagement, we are enclosing our opinion along with this letter. All comments as contained herein must be read in conjunction with the caveats to this opinion. The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**Listing Regulations**") read with SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, it should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of **3Dimension Capital Services**

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Limited, such consent will only be given after full consideration of the circumstances at the time. We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchanges, Hon'ble National company Law Tribunal ("NCLT") and notices to be dispatched to the shareholders and creditors for convening the meeting pursuant to the directions of Hon'ble NCLT and we provide consent for the same.

Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully,
For 3Dimension Capital Services Limited

[Authorized Signatory]



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CONTEXT AND BACKGROUND

The Board of Directors of Transferor Companies and the Transferee Company believe that the amalgamation of Transferor Companies with Transferee Company is expected to enable better realization of potential of business and yield beneficial results and enhanced value creation for the companies involved in Scheme, their respective Shareholders and Creditors.

Further this Scheme of Arrangement for Amalgamation of the Transferor Companies with the Transferee Company would result, inter-alia, in the following additional benefits to their respective members:

- Optimum and efficient utilization of capital, resources, assets and facilities;
- Enhancement of competitive strengths including financial resources;
- Consolidation of businesses and enhancement of economic value addition and shareholder value;
- Obtaining synergy benefits;
- Better management and focus on growing the businesses.
- The amalgamation would result in reduction of overheads, administrative, managerial and other expenditure and bring about operational rationalization, efficiency and optimum utilization of various resources.
- A larger growing company will mean enhanced financial and growth prospects for the people and organization connected therewith, and will be in public interest. The amalgamation will conducive for better and more efficient and economical control over the business and financial conduct of the Companies.



BRIEF ABOUT COMPANIES

- Kosei Minda Mould Private Limited (herein after also referred to as 'KMMPL' or 'Transferor Company 1')**, bearing CIN U27320DL2018PTC339551 was incorporated on 27th September, 2018 under the provisions of Companies Act, 2013. The Registered office of the Transferor Company 1 is presently situated at B-64/1, Wazirpur Industrial Area, New Delhi-110052. KMMPL is a Joint Venture between Kosei International Trade and Investment Company Limited and Uno Minda Limited. KMM is engaged in the manufacturing, design and development of tools, dies and moulds of any shapes, diameters, specifications, capacities, and applications for alloy wheels.

As of December 31, 2022, the paid up capital of KMM is as follows:

Particulars	No. of Shares	Amount (Rs. in Mn)
Equity Shares of Rs. 10/- each fully paid up	12,708,708	127.09
Total	12,708,708	127.09

Shareholding as at December 31, 2022 is as under:-

Particulars	No. of Shares	% Stake
Kosei International Trade and Investment Company Limited	63,67,063	50.10%
Uno Minda Limited	63,41,645	49.90%
Total	1,27,08,708	100.00%

- Kosei Minda Aluminium Company Private Limited (herein after also referred to as 'KMACPL' or 'Transferor Company 2')**, bearing CIN U28910TN2011PTC079581 was incorporated on 10th March, 2011 under the provisions of Companies Act, 1956. The Registered office of the Transferor Company 2 is presently situated at Plot No. 20A & 20B, SIPCOT Industrial Growth Center, Orgadam Extension Scheme, RNS Park, Village: Vadakkupattu, Sripermbudur, taluk Kancheepuram, Tamil Nadu- 603204. KMACPL is a Joint Venture between Kosei Aluminum Co. Ltd and Uno Minda Limited. KMA is engaged in the development, manufacturing, and sales of

aluminum alloy wheels and precision aluminum die casting parts for major OE car manufacturers and aftermarket. KMA has a strong local production base to offer market-leading, technology-intensive Alloy wheels and Aluminum Die Casting Parts to India and global OEMs.

As of December 31, 2022, the paid-up capital of KMA is as follows:

Particulars	No. of Shares	Amount (Rs. In Mn)
Equity Shares of Rs. 10/- each fully paid up	1,569,91,237	1,569.91
Total	1,569,91,237	1,569.91

Shareholding as at December 31, 2022 is as under

Particulars	No. of Shares	% Stake
Kosei Aluminum Company Limited	10,91,62,586	69.53%
Kosei Aluminum (Thailand) Company Limited	1,90,91,280	12.16%
Uno Minda Limited	2,87,37,371	18.31%
Total	15,69,91,237	100.00%

3. **Uno Minda Limited (herein after also referred to as 'UML' or 'Transferee Company')**, bearing CIN L74899DL1992PLC050333 was incorporated on 16th September, 1992 under the provisions of Companies Act, 1956. The Registered office of the Transferee Company is presently situated at B-64/1, Wazirpur Industrial Area, New Delhi-110052. UML together with its subsidiaries, manufactures and sells auto components in India and internationally. It provides auto electrical parts, including switches, horns, and lighting products. The company's products include switching systems and handlebar solutions for two/three-wheelers and offroad vehicles; sensors, actuators, and controllers, including start-stop sensors, contact and non-contact type speed sensors, HID ballasts, tire pressure monitoring systems, electronic accelerator pedal modules, and DC-DC converters; and lights for two, three, and four-wheelers, as well as off-road vehicles.

As of December 31, 2022, the authorized capital of UML is as follows:

Particulars	No. of Shares	Amount (Rs. in Mn)
Equity Shares of Rs. 2/- each	73,62,13,000	1,472.43
8% Non-Cumulative Redeemable Preference Shares of Rs 10 /- each	2,75,00,000	275.00
0.01% Non-Convertible Redeemable Preference Shares of Rs 100 /- each	3,3694,945	3,369.49
Total		5,116.92

As of December 31, 2022, the paid-up capital of UML is as follows:

Particulars	No. of Shares	Amount (Rs. in Mn)
Equity Shares of Rs. 2/- each fully paid up	57,29,31,494	1,145.86
Total	57,29,31,494	1,145.86

Shareholding of UML as of December 31, 2022 is as under

Particulars	% Holding
Promoters	70.07%
FII's	8.88%
DII's	14.97%
Public	6.08%
Total	100.0%

SHARE EXCHANGE RATIO FOR AMALGAMATION

SHARE EXCHANGE RATIO FOR AMALGAMATION:-

BSE Circular No. LIST/COMP/02/2017-18 dated 29 May 2017 require the valuation report for a Scheme of Arrangement to provide certain requisite information in a specified format. The disclosures as required under BSE Circular is mentioned below:

		Valuation Approach	Asset	Market		Income	Weighted Average Equity Value per share (INR)
		Methodology Applied	Adjusted Book Value	Enterprise to EBITDA multiple	Market Price Method	Discounted Cash Flow	
Uno Minda Limited		Weights	NIL	NIL	100%	NIL	
		Equity Value Per Share (INR)	NIL	NIL	518.00	NIL	
		Weighted Average Equity Value per share (INR)	NIL	NIL	518.00	NIL	518.00
KMAC PL	(Transferor Company 1)	Weights	NIL	NIL	NIL	100%	
		Equity Value Per Share (INR)	0.22	NIL	NIL	0.68	
		Weighted Average Equity Value per share (INR)	NIL	NIL	NIL	0.68	0.68
KMM PL	(Transferor)	Weights	NIL	NIL	NIL	100%	
		Equity Value Per	7.58	NIL	NIL	9.39	

Compan y 2)	Share (INR)					
	Weighted Average Equity Value per share (INR)	NIL	NIL	NIL	9.39	9.39

Method of Valuation:

Adjusted Net Asset Value Method

The asset-based valuation method is based on value of the underlying net assets of the business, either on book value basis or realizable value basis or replacement cost basis. The net asset value ignores the future return the asset can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case assets base dominate earnings capability.

The value arrived at under this approach is based on the financial statements of the company and may be defined as "Shareholders' Funds" or net assets owned by the company. The balance sheet values are adjusted for any contingent liabilities that are likely to materialize. Net Assets value method reflects the net current assets base and value to equity-to-equity shareholders in historic terms.

Comparable Companies Multiples (CCM) Method

Under this method, one attempts to measure the value of the shares/ business by applying an appropriate capitalization rate/ multiple (the EV/Revenue multiple, the EV/EBITDA multiple, etc.), for which one may also consider the market quotations of comparable public/ listed companies possessing attributes similar to the business - to the future maintainable profits of the business (based on past and / or projected working results adjusted to reflect the future earnings potential) after making adjustments to the capitalization rate/ multiple on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued.

Consequently, identifying comparable listed companies to the company being valued, both in business and financial terms, is highly important.

Based on our analysis and discussion with the Management, we understand that there are no listed companies that can be considered as a company comparable to the Companies having regard to the size, business profile and financial performance, we have therefore not used CCM Method to value the equity shares of respective Companies.

Market Price Method [(90 Trading Days (TD))–10 Trading Days (TD)]

The market price of an equity share as quoted on a stock exchange is normally considered as value of the equity shares of that company where such quotation are arising from the share being regularly and freely traded in, subject to speculative support that may be inbuilt in the value of the shares. But there could be situation where the value of the shares as quoted on the stock market would not be regarded as proper index of fair value of the shares especially where the market values are fluctuating in volatile capital market. Further, in case of a merger,



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where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the numbers of shares available for trading on stock exchange over reasonable period would have to be of a comparable standard.

Equity shares of UML are listed on both NSE and BSE and are frequently traded in terms of Part IV, Pricing, Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ('ICDR Regulations'). Equity shares of KMA India and KMM are not listed on any stock exchange.

Discounted Free Cash Flow (DFCF) Method

Under this technique, either

1. the projected free cash flows from business operations available to all providers of capital are discounted at the weighted average cost of capital to such capital providers, from a market participant basis, and the sum of such discounted cash flows is the value of the business, from which value of debt and other capital is deducted, and other relevant adjustments made to arrive at the value of the equity - Free Cash Flows to Firm ("FCFF") technique.

Or

2. the projected free cash flows from business operations available to equity shareholders (after deducting cash flows attributable to the debt and other capital providers) are discounted at the cost of equity, from a market participant basis, and the sum of such discounted free cash flows, after making other relevant adjustments, is the value of the equity - Free Cash Flows to Equity ("FCFE") technique.



CONCLUSION & OPINION

The Management has provided us with long-term business plan of the KMA and KMM. Considering the same we have considered the Discounted Cash Flow Method for arriving at the fair value of the shares of the Specified Companies, we have also evaluated Replacement Cost Approach for KMA and KMM.

Further since UML is listed Company we have considered Market Price for valuation of shares of UML and we have further considered SEBI ICDR Regulations.

In case of a valuation for Amalgamation, the emphasis is on arriving at the "relative" values of the shares of the merging companies to facilitate determination of the "share exchange ratio". Hence, the purpose is not to arrive at absolute values of the shares of the companies.

"Subject to the above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, we have reviewed the proposed Scheme of Arrangement for Amalgamation, the Valuation Report dated 20th March, 2023 of Samarth Valuation Advisory LLP, Registered Valuer Entity, with respect to the share exchange ratio aspects and consider it to be fair and reasonable from the point of view of equity shareholders of the Companies".

Computation of fair share exchange ratio for proposed Amalgamation of KMA and KMM into and with UML

CALCULATION OF EXCHANGE RATIO			
Company Name	Uno Minda Limited	KOSEI MINDA ALUMINIUM COMPANY LIMITED	KOSEI MINDA MOULD PRIVATE LIMITED
Equity Value Per Share (INR)	518.00	0.68	9.45
Exchange Ratio	1.00	0.00	0.0180
Exchange Ratio For 10000 Shares		13	181

- "Uno Minda Limited" (Transferee Company) shall issue and allot 13 Equity Shares of Face Value of INR 2/- (Rupees Two) each to Equity Shareholders of "Kosei Minda Aluminium Company Limited" (Transferor Company 1) for every 10000 Equity Share of Face Value of INR 10/- (Rupees Ten) each held by them in Transferor Company 1.
- "Uno Minda Limited" (Transferee Company) shall issue and allot 181 Equity Shares of Face Value of INR 2/- (Rupees Two) each to Equity Shareholders of "Kosei Minda Mould Private Limited" (Transferor Company 2) for every 10000 Equity Share of Face Value of INR 10/- (Rupees Ten) each held by them in Transferor Company 2.

Kindly note that as per the requirement of SEBI Master Circular dated 23rd November, 2021, any fraction arising out of allotment of equity shares above shall be consolidated and held by the Trust, nominated by the Board of Directors of the Transferee Company on behalf of shareholders of the Transferor Companies entitled to fractional entitlements with the express understanding that such trustee shall sell such shares in the market at such price as the trustee may deem fit, within a period of 90 days from the date of allotment of shares as per the Scheme and the Transferee Company shall distribute the net sale proceeds, subject to tax deductions and other expenses as applicable, to the shareholders of the respective Transferor Companies in proportion to their respective fractional entitlements.



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CAVEATS

- We wish to emphasize that, we have relied on explanations and information provided by the respective management and other publicly available information. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed / validated the financial data except what is provided to us by the Restructured Companies.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this 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 the Restructured Company/ies and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Fairness Opinion Report. This opinion is issued on the understanding that the Management of the Restructured Companies under the Scheme have 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 Fairness Opinion.

